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ADDRESS BY W. RANDOLPH BURGESS, UNDER SECRETARY
OF THE TREASURY, TO THE NATIONAL FEDERATION OF
BUSINESS AND PROFESSIONAL WOMEN'S CLUBS, INC.,
AT LOUISVILLE, KENTUCKY, 8:00 PM EDT,
SATURDAY, JULY 2, 1955

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FINANCIAL ROOTS OF DYNAMIC GROWTH

I was particularly glad to accept the invitation from this association because your President, Marguerite Rawalt, is a valued and effective member of our Treasury team. Also, my wife has been active in this organization for many years, and at the time when she was conducting an educational program of public information for the Marshall Plan this organization gave enthusiastic and helpful support and took an active part in spreading an understanding of the importance of international trade. Therefore, I feel not only that I am among good friends, but that your organization has earned by hard, persistent, and able work the fine reputation you have among professional associations.

On this Fourth of July holiday weekend it is customary to recall the political foundations of the United States. It is well that we do so; for the great principles of political freedom and self-government do not perpetuate themselves automatically. Each generation must battle to secure and regain its freedom from the constant pressures without and within toward ~~summary~~ *totalitarian* government.

In the field of finance where I labor we are, perhaps, less frequently reminded of our founding traditions. It has therefore seemed to me it might be appropriate

for me to remind you that this country has certain financial traditions which parallel those in the political arena; - I could even say that they undergird the political ones.

Great Financial Traditions

Every day in my office at the Treasury I am surrounded by these traditions.

My 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 and borrowing money, despair over the spending pressures of the Congress and the people, the constant importunity of people looking for federal jobs.

This evening, I should like to remind you of the nature of the great financial traditions which we inherited along with our Declaration of Independence and Constitution and then examine those traditions in the light of the pressures and problems of this new dynamic atomic age in which we live.

It was in the year 1789, immediately following the adoption of the Constitution, that Alexander Hamilton became the first Secretary of the Treasury. He was the

first cabinet officer appointed by George Washington.

Hamilton's most immediate and challenging 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. It has come down to us today - and still means what it did then - something which has no soundness, nor integrity behind it.

Hamilton realized that a politically independent and permanent nation was virtually impossible without national financial stability. To achieve this in a raw, new country, with credit virtually destroyed both at home and abroad, and with 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 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."

Despite its small size and the extensive area of its operations, the Revenue Marine Service gradually established an effective blockade against smuggling. Hamilton's aims were realized. The Coast Guard remains today an important agency of the Treasury.

Thus, the first steps were designed to assure that the Nation's income would be adequate to meet its current expenditures, as well as to begin some payment on the debt.

The second step in support of a program of handling the debt was the establishment of the Bank of the United States which was chartered in 1791 to act as a central bank and as the core of the new American banking system.

These policies of Alexander Hamilton, supported by the great moral force of George Washington, were adopted by a reluctant Congress and carried out under great difficulties. The result was that the foundations were laid for making the dollar the best money in the world. You of this organization who have traveled in many countries and have such wide international experience know what this means. The dollar today is a standard of value for the whole world.

"Sound as a dollar" has taken the place of "not worth a continental."

The Treasury as the National Bookkeeper

These rigorous principles which Alexander Hamilton inaugurated have an implication far beyond technical finance. The Treasury of the United States is, in a sense, the bookkeeper for the country's civilization. It keeps the books, not only for the National treasury, but for the whole economic and social life of the country. Women are theoretically the Nation's bookkeepers so they, particularly, will understand the importance of sound bookkeeping. On this subject, I quote from an article by Esther Eberstadt Brooke in the second challenging volume of "The Spiritual Woman," edited by Marion Turner Sheehan, a member of this association:

"One creaky relic of the didies-not-dollars-for-women era is the deathless myth that women hate figures. The truth is that woman brought

to business an orderly mind, trained by years of battling with the budget. Woman is the only creature on earth able to multiply nothing by nothing and get something out of it. She is inherently a bookkeeper with an accountant's delight in the profit column and a determined broom to sweep away the loss."

Our own personal check books reflect almost every aspect of our personal lives -- food, clothing, education, transportation, medical, recreation, charitable, social. Anyone who flipped over the stubs in our check books would have a pretty good idea of the life of the family. So, the accounts of the Treasury give a vivid picture of the life of the nation.

When the Nation's check book is out of balance, when income fails to meet outgo, then people begin to question the sound value of their money and the many transactions which depend on money are thrown out of gear.

Hamilton and his associates in the government knew that, because he saw how the disorganization of the value of money during the Revolution held back the war effort, made people even more reluctant to serve in the Army and Navy, made the people desire to hoard their foodstuffs instead of making them available to feed the troops. His tremendous determination to establish the country's money

on a sound and reliable basis was a direct result of what he had seen and known.

Sound Traditions Followed

Fortunately, the sound principles of finance on which this country was founded have been cherished during most of our history.

There have been exceptions. At times of each great war we have had serious inflation, more than was necessary had wiser policies been followed.

Over the span of history we have had tremendous disputes about money in and out of Congress. The central bank which Hamilton set up, The Bank of the United States, and its successor bank were the subject of violent political arguments and the lives of both banks were terminated for political reasons. It was, indeed, not until 1914 that we had re-established in this country a sound central banking system, ~~and during this interim period we suffered from inadequate monetary policies.~~

Other great disputes about money included the question of the resumption of specie payments after the Civil War; and there was the struggle for free silver, led by William Jennings Bryan and defeated so decisively in 1896.

But, in the main, and in the long run, the American people have clung to the concept of sound money and the dollar has been so secure in people's minds that the flow of trade and business could go on unimpeded by worry about the value of their money. This, of course, is one of the reasons for the great prosperity

and economic growth of this country.

Some Questions

But in the past few years some voices have been raised to question these old principles.

World War II with its long duration and the succeeding cold war produced an inflation which seriously reduced the buying power of the dollar and brought hardship to people who were depending on savings or were living on pensions or fixed incomes.

It is this recent experience, particularly, which has led some to wonder whether traditional policies of sound money could be maintained and whether it is possible, in the long run, to avoid inflation. I am sure you have heard people say, "What's the use of saving your money because it will not buy as much when you come to spend it?"

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.

Our Policies Today

Let me reassure you: Today in the Treasury Department 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 the years. We believe also, that this is the best foundation for a sound and growing economy.

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We are, in fact, in the Treasury today following policies which are closely parallel to those inaugurated by Alexander Hamilton 165 years ago. Let me list them:

(1) We believe in, and are working toward, a balanced Federal budget. The first year we came into office (1953), there was a deficit of $\$9\frac{1}{2}$ billion, which we inherited from our predecessors. This we have reduced so that, this coming year, it is estimated at about $\$2\frac{1}{2}$ billion; *we shall try to make it less.* This has been done, primarily, by reducing expenditures by about \$12 billion. With the recognition that our tax rates are too high for the maximum dynamic growth of the economy, taxes have also been reduced by $\$7\frac{1}{2}$ billion. The road block in the way of further economy is the cold war and the imperative need it imposes to keep our country's defenses strong. Until we bring the budget into complete balance, the debt, of course, will continue to increase and the legal debt limit will have to be temporarily raised, just as the Secretary of the Treasury requested of Congress this week.

(2) We have sought by many means to distribute the debt more widely among more people. We are trying to lengthen its maturity by the sale of long-term and medium-term bonds. The amount of the floating, or short-term, debt has been reduced. The Savings Bond Program has been stepped up.

(3) We have worked unceasingly to carry out Hamilton's policies of an effective central banking system as the core of a sound financial mechanism. Our principal objective has been to relieve our Federal Reserve System from political pressure and make sure that its activities are devoted solely to serving the welfare of the people.

We are -- as I hope I have been able to show you -- following financial principles which go back to the establishment of the Republic, *adapting them, of course, to current conditions.*

What is our answer to those critics who say that these old-fashioned principles are lacking in dynamism and that more and more government spending is required to assure the country's growth and prosperity? Here is our reply:

First, that the dynamic growth of the United States has exceeded that of almost any other country in the world. The principle that good money is the best foundation for economic growth is supported by our economic history.

This year, under a continuation of these policies, indices of industrial production, employment, retail trade, and other economic factors have gone steadily upward until the country is once more at a high level of prosperity. The national income and gross national product are both setting new high records

this year and without any price inflation. Confidence that comes from sound principles is proving the best stimulus to dynamism that could be found.

Second, Evidence from Overseas

Let me cite evidence in another area -- which I know particularly interests you -- of the dynamic force of our traditional financial policies. In the Treasury Department, we have an Office of International Finance, the business of which is to follow carefully the financial developments abroad as a guide to the policies of the United States with respect to the financial aspects of foreign aid, the lending policies of the International Bank, the Export-Import Bank, and the operations of the International Monetary Fund. This U. S. Treasury division has representatives in many foreign countries. We receive a steady flow of information from them and other sources and have been able to watch at first hand financial developments throughout the world. From this listening post, we have seen startling and almost incredible evidence of the return to traditional and tested methods by country after country.

The period from 1951 on, I would say, could be designated the period of revival of sound monetary policy throughout the world.

It stands out very vividly to me personally because I visited Germany in 1946 and again in 1950. The thing that happened between those dates was the revaluation of the currency and the reestablishment of the German currency system *under* after the Dodge Plan, devised by our own Joe Dodge, Director of the Budget in *and 1951* 1953. There you saw an economy turning from night to day in the space of a few months when a sound monetary and fiscal policy was adopted.

The International Monetary Fund has published a study entitled, "The Revival of Monetary Policy." A conclusion drawn in this study is that experience through-
out the world indicates "...the use of monetary policy in recent years has strengthened confidence in currencies. It can no longer be assumed that the value of money will move uninterruptedly in one direction -- downward. People are again encouraged to save and to keep their savings in their national currency, instead of seeking refuge in gold and dollars."

What You Can Do About It

All of this may seem remote to some of the members of your organization, but, in reality, it is very close.

First, many of you are direct participants in the financial program of the

Government and related institutions. Your President this year deals every day in the Treasury with parts of the problem of maintaining sound money -- the problem of honest tax collection. A former President, Sally Butler, was a roving representative of the Treasury. Another member, Ivy Baker Priest, Treasurer of the United States, is a particularly persuasive advocate of our policies.

Many other members are in responsible positions in finance and business, and it is my confident prediction that this number will increase year by year and that their responsibilities will grow. So the members of this organization will have a direct share in the country's monetary future.

Second, the education both of youth and of adults in this country is peculiarly within the sphere of women's influence. Early youth may not be the time to teach the theory of sound money in the technical sense, but it is the time in which to inculcate an attitude of mind, an approach to life's problems. It is then that the foundation is laid for an attitude of sympathetic understanding for the great achievements of the past and the great men and women in the country's history. Youth is the time to build bulwarks against the cynical attitudes which find satisfaction in debunking our historical traditions.

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We need to help our youth to respect integrity, whether it is integrity of statement, or of character, or of money. ~~The great principles of finance on which this country is founded rest, in their turn, on an attitude of mind.~~

Beyond this, I believe we can go much further and earlier in teaching more specifically the elementary principles of finance and their human and political, as well as their technical aspects. A business group is, today, organizing a program in this direction, and your organization may be interested in studying their program.

Third, your organization is taking a helpful part in one particular phase of the Treasury's sound money program. I refer to the Savings Bond program. This year, millions of Americans are purchasing about \$5-1/2 billion of E and H Savings Bonds. This is in response to the work of many thousands of volunteer workers, including many business and professional women.

The immediate purpose of this program is to distribute the debt widely among our citizens, following the precedent set by Alexander Hamilton in 1791.

Less directly, but just as important, the Savings Bonds program is a method of educating more people in this country in habits of thrift and in giving them

greater understanding and sympathy with the work of our Government. Through their Savings Bonds, they become shareholders in the United States.

In these three ways, the members of your Association have already rendered distinguished service, and our appreciation is not only real and heartfelt but it conforms to the definition of "gratitude" as "a lively anticipation of favors yet to come."

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TREASURY DEPARTMENT
Washington

Address by W. Randolph Burgess, Under Secretary of the Treasury, to the National Federation of Business and Professional Women's Clubs, Inc., at Louisville, Kentucky, 8:00 P.M. EDT, Saturday, July 2, 1955

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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.

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THE TREASURY AS THE NATIONAL BOOKKEEPER

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SOUND TRADITIONS FOLLOWED

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EVIDENCE FROM OVERSEAS

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Third, your organization is taking a helpful part in one particular phase of the Treasury's sound money program. I refer to the Savings Bond program. This year, millions of Americans are purchasing about \$5-1/2 billion of E and H Savings Bonds. This is in response to the work of many thousands of volunteer workers, including many business and professional women.

The immediate purpose of this program is to distribute the debt widely among our citizens, following the precedent set by Alexander Hamilton in 1791.

Less directly, but just as important, the Savings Bonds program is a method of educating more people in this country in habits of thrift and in giving them greater understanding and sympathy with the work of our Government. Through their Savings Bonds, they become shareholders in the United States.

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In these three ways, the members of your Association have already rendered distinguished service, and our appreciation is not only real and heartfelt but it conforms to the definition of "gratitude" as "a lively anticipation of favors yet to come."

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17-811

RELEASE MORNING NEWSPAPERS,
Saturday, July 2, 1955.

The Treasury Department announced last evening that the tenders for \$1,600,000,000 or thereabouts, of 91-day Treasury bills to be dated July 7 and to mature October 6, 1955 which were offered on June 28, were opened at the Federal Reserve Banks on July 1.

The details of this issue are as follows:

Total applied for - \$2,119,089,000
 Total accepted - 1,600,029,000 (includes \$175,868,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Average price - 99.611 Equivalent rate of discount approx. 1.541% per annum

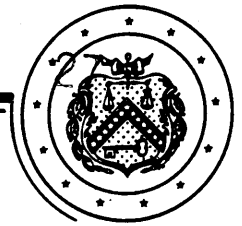
Range of accepted competitive bids:

High - 99.655 Equivalent rate of discount approx. 1.365% per annum
 Low - 99.601 " " " " " 1.578% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 21,417,000	\$ 15,997,000
New York	1,528,787,000	1,113,987,000
Philadelphia	31,545,000	16,545,000
Cleveland	37,201,000	37,201,000
Richmond	10,651,000	10,651,000
Atlanta	17,348,000	17,348,000
Chicago	273,556,000	224,716,000
St. Louis	15,565,000	15,565,000
Minneapolis	9,177,000	9,177,000
Kansas City	41,717,000	41,717,000
Dallas	50,496,000	40,496,000
San Francisco	81,629,000	56,629,000
TOTAL	\$2,119,089,000	\$1,600,029,000

TREASURY DEPARTMENT



WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Saturday, July 2, 1955.

H-841

The Treasury Department announced last evening that the tenders for \$1,600,000,000, or thereabouts, of 91-day Treasury bills to be dated July 7 and to mature October 6, 1955, which were offered on June 28, were opened at the Federal Reserve Banks on July 1.

The details of this issue are as follows:

Total applied for - \$2,119,089,000
Total accepted - 1,600,029,000 (includes \$175,868,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.611 Equivalent rate of discount approx. 1.541% per annum

Range of accepted competitive bids:

High - 99.655 Equivalent rate of discount approx. 1.365% per annum
Low - 99.601 Equivalent rate of discount approx. 1.578% per annum

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
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New York	1,528,787,000	1,113,987,000
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Atlanta	17,348,000	17,348,000
Chicago	273,556,000	224,716,000
St. Louis	15,565,000	15,565,000
Minneapolis	9,177,000	9,177,000
Kansas City	41,717,000	41,717,000
Dallas	50,496,000	40,496,000
San Francisco	81,629,000	56,629,000
TOTAL	\$2,119,089,000	\$1,600,029,000

TREASURY DEPARTMENT



WASHINGTON, D.C.

IMMEDIATE RELEASE,
Tuesday, July 5, 1955.

H-842

The Secretary of the Treasury announced today that an offering will be made next Monday, July 11, of an additional \$750,000,000 of the 3% bonds of 1995, which were issued last February. He also announced that on July 8 an offering would be made of \$2,000,000,000 of 1-7/8% tax anticipation certificates of indebtedness maturing March 22, 1956.

The offering of 3% bonds is designed primarily to meet the recurring investment needs of savings-type investors, such as pension and retirement funds, insurance companies, savings banks and other savings institutions. To encourage subscriptions from such sources, they will be permitted to pay for bonds allotted to them in installments up to October 3. (Not less than 25% by July 20, the issue date; 60% by September 1; and full payment by October 3) Amounts allotted to other classes of subscribers must be paid for in full on July 20. All subscriptions, from others than commercial banks for their own account, must be accompanied by a cash down payment of 10% at the time of the subscription. Commercial bank subscriptions will be limited to an amount not exceeding 25% of combined capital, surplus and undivided profits, or 10% of time deposits, whichever is greater. The Secretary of the Treasury may allocate part of the issue to Government investment accounts.

The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of bonds applied for, and to make different percentage allotments, if necessary, to avoid excessive allotment of bonds to non-savings-type investors.

Savings-type investors who may subscribe to the 3% bonds on a deferred payment basis are:

- Pension & Retirement Funds -- public and private
- Endowment Funds
- Insurance Companies
- Mutual Savings Banks
- Fraternal Benefit Associations & Labor Unions' insurance funds
- Savings & Loan Associations
- Credit Unions
- Other Savings Organizations (not including commercial banks)

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Where subscribers in this group elect to pay for such bonds in installments, delivery of 5% of the total par amount allotted will be withheld until payment for the total amount allotted has been completed.

The offering of \$2,000,000,000 of 1-7/8% Tax Anticipation Certificates of Indebtedness will be dated July 18, 1955, will mature March 22, 1956, and will be receivable at par and accrued interest to maturity in payment of income and profits taxes due on March 15, 1956. A cash down payment of 5% will be required from non-bank subscribers to this offering. Subscriptions from commercial banks to the certificates will be limited in each case to an amount not exceeding 50% of the combined capital, surplus and undivided profits of the subscribing bank.

Commercial banks and other lenders are requested to refrain from making unsecured loans, or loans collateralized in whole or in part by the bonds or certificates subscribed for, to cover the deposits required to be paid when subscriptions are entered, and banks will be required to make the usual certification to that effect.

The subscription books will be open only for one day for each of these offerings; on July 8 for the Tax Anticipation Certificates and on July 11 for the 3% Treasury Bonds of 1995. Any subscriptions for either issue addressed to a Federal Reserve Bank or Branch or to the Treasurer of the United States and placed in the mail before midnight of the respective dates will be considered as timely.

The new bonds and certificates may be paid for by credit in Treasury tax and loan accounts.

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Statement of H. Chapman Rose, Assistant
Secretary of the Treasury, before the
Senate Finance Committee July 6, 1955

Mr. Chairman and Members of the Committee:

I very much appreciate this opportunity to appear before your Committee to testify on H.R. 6040, the Customs Simplification Act of 1955. You will recall that I have appeared before your Committee in executive session with respect to ~~both~~ the Customs Simplification Acts of 1953 and 1954. The Customs Simplification Act of 1953 provided for the elimination of many procedural impediments to trade, authorized the modernization of administrative procedures, and eliminated a number of inequities that had developed in the operation of the customs law. The Customs Simplification Act of 1954 ^{directed} ~~authorized~~ the Tariff Commission to undertake a study looking towards the modernization of the classification descriptions in the Tariff Act of 1930 and the elimination of certain anomalies and difficulties in existing tariff descriptions. This Act also made certain ~~changes~~ changes in the Antidumping Act of 1921 and in other administrative provisions of the tariff laws.

We in the Treasury are very grateful to the Congress for the assistance that these Acts have given the Treasury Department and the Customs Service. The authority granted by these laws, together with new administrative procedures which have been adopted in Customs, have greatly changed the current workload picture. In September of

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1953, at ^{about} the time the Customs Simplification Act of 1953 became effective, the backlog of unliquidated customs entries had reached an all-time high of 900,000. This meant that at the then current rate of liquidation it would have taken ^{the} Customs ^{Service} one year to dispose of the backlog ^{without handling any current work.} This backlog of customs entries awaiting liquidation had risen steadily ever since the War from a low point of 275,000 in 1947 to 700,000 when this Administration took office, and then to 900,000 in September 1953. As of the end of the first quarter of this year, this backlog had been reduced by nearly one-third - to 655,000. 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 ^{to} ~~this rapid~~ rise.

~~Although~~ I ^{know} ~~hope~~ you will agree with me that this record of progress is heartening, ^{but} ^{more} ^{still} needs to be done. The modernization and simplification of customs procedures cannot be accomplished merely by the enactment of two or three statutes or by two or three years' intensive effort. It is a continuing problem which requires the constant attention of all customs management and personnel and the continued support of the Congress through the enactment of further revisions in the customs laws when their need becomes apparent.

At the present time the one area of customs administration which most urgently needs revision and simplification is that relating

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to the procedures for the valuation of imports. No matter how efficient the liquidation procedures in the collector's office may be, the collector's final determination of duty must await, in the case of ad valorem ^{duty} imports, a value ^{decision} decision by the appraiser. As of March 31, 1955, 150, ¹⁸² ~~300~~ entries ^{were} ~~have been~~ in the hands of the appraisers awaiting valuation for more than thirty days. 38,870 of these entries were delayed because ~~a~~ foreign value investigation had been found necessary.

Section 2 of H.R. 6040, which we believe is the most important part of this bill, is intended to revise and simplify the valuation provisions so that this backlog of entries (unappraised) in the hands of the appraisers for more than thirty days may be ~~drastically~~ reduced, primarily by eliminating the necessity for a great number of investigations in foreign countries. Section 2 is also intended to make valuations more predictable and certain for all persons concerned with international trade and to make valuations approach more closely ^{the} ~~a~~ commercially realistic prices for the wholesale trade with the United States.

Valuation of merchandise for customs purposes is necessary only in connection with those imports which are assessed ^{duties} ~~duty~~ on the basis of a percentage of their value. Such duties are called ad valorem duties. Under existing law, the appraiser is required to determine

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*any future
accumulation
as*

both the foreign value, which is the going wholesale price in the country of origin for domestic consumption, and the export value, which is the going wholesale price in the country of origin for export to the United States. After both of these values have been determined, the appraiser is required to ^{use} ~~take~~ the higher of the two. The first change which H.R. 6040 would make is to eliminate foreign value as a basis of appraisal and make export value the single primary basis of valuation. This elimination of foreign value would, of course, permit the Treasury greatly to reduce ^{more than} the thirty-eight thousand entries which are now being held up because a foreign value investigation is needed.

The second substantial change made by this bill is to redefine a number of terms contained in the valuation provisions. The value to be used under the present law is stated to be 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 placed upon them, have been responsible for a number of results which are inconsistent with normal trading practices. Consequently, the valuations arrived at are often surprising to businessmen not experienced with import practices. Thus, for example, the courts have held that in determining wholesale value

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the price at which the largest number of transactions occur must be used rather than the price at which the largest quantity of goods is moved. Court decisions have prohibited the use of a wholesale price which is freely offered to wholesalers but not to retailers who purchase in the same wholesale quantities. They have also prohibited the use of a wholesale price if the seller, pursuant to a frequent business practice, selects 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 present valuation methods is to define these terms 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 relates to amendments to the secondary methods of valuation which are to be used in case export value cannot be determined. These secondary methods of valuation are basically the same as they are under existing law. The first method of valuation which is resorted to if export value cannot be determined is 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 and selling it. At present, the deductions permitted for general expenses and profit are limited by the statute to a fixed percentage of ^{the price.} ~~value.~~ Under

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H.R. 6040 actual expenses and profits would be permitted to be deducted. The final method of valuation, if all else fails, is to construct a value out of the ^{costs} ~~components~~ of materials and labor and expenses going into the product ^{plus an amount for profit.} This method of valuation formerly called "cost of production" has been retitled "constructed value". H.R. 6040 will also revise the determination of constructed value by permitting actual expenses and profit to be used ^{when they are less} ~~rather~~ than the fixed minimum percentages now required by law.

In redrafting the valuation standards, we have sought to make the ^{secondary} ~~subsidiary~~ standards of valuation (United States value and constructed value) as nearly comparable as possible to an export value if one had existed. By doing so, we hope to discourage the practice which is sometimes resorted to now, of creating artificial conditions in the trade in a particular product so as to shift the valuation basis to a more favorable standard.

Some imports, particularly certain ~~coal~~-tar products and rubber-soled footwear, are valued on the basis of the American selling price. This bill leaves the American selling price applicable to all such imports as well as to any imports to which the American selling price may be made applicable in the future.

H.R. 6040 differs in three substantive respects from the valuation provisions in bills H.R. 6584 and H.R. 5877 of the 83rd Congress which were before your Committee in 1953.

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(1) Those bills contained an additional valuation standard, "comparative value", which was intended to be used, if possible, before resorting to the complicated determination of constructed value. This proposal was deleted from the present bill because our valuation survey, which I shall describe to you in more detail later, indicated that comparative value would have been used in less than one-half of one percent of the cases which were examined in that survey.

(2) For the purpose 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 under the former language consideration would have had to have been given to transactions between related companies which would be unreliable bases for valuation. A new subsection (g) has therefore been inserted in amended section 402 to provide that related company transactions may be disregarded in those circumstances and 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.

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Hearings before the Ways and Means Committee of the House of Representatives and debate on H.R. 6040 on the floor of the House have disclosed that one of the principal objections raised to H.R. 6040 is ^{the allegation} that it is a tariff reduction measure rather than a customs simplification proposal. ^{That is not the purpose of this bill.} ~~This we categorically deny.~~ However, ^{Of course,} ~~we admit that~~ there is bound to be some reduction in the valuation of imported merchandise resulting from a change from ^{the use of} a "whichever is higher" of two standards to the use of just one of those standards. In order to obtain as accurate an indication as possible of the probable results of all proposed changes on the level of valuations, the Bureau of Customs conducted ^{very extensive} a sample survey of imports made during the fiscal year 1954. In that survey, the appraised value of imports was recalculated to determine what the valuation would have been if the proposed methods of valuation had then been in effect. 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 and Laredo as representative of Mexican trade, and selected every twentieth entry at those ports for reappraisal. Detroit and Buffalo were chosen as representative for the Canadian border trade, Los Angeles and San Francisco for the Pacific coast, and New Orleans and Houston for the Gulf ~~coast~~ trade. Every fortieth entry at these ports was reappraised. According to 1954 statistics,

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about ^{100%}~~75%~~ by value of all imports subject to ad valorem duties were appraised at these eight ports, and about 75% of all ad valorem duties were collected there.

A total of 19,908 recomputations of dutiable value were made, ^{covering more than \$42 million of goods.} 59.12% of these 19,908 entries were appraised on the basis of export value under existing law. That means that for slightly over 59% of these entries, export value ^{had been} ~~was~~ determined to be the same or higher than foreign value. In 29.07% of the entries, appraisal was made on the basis of foreign value. United States value, cost of production and American selling price accounted for the remaining 11.81% of the sample.

Turning now to the charts, Chart 1, which corresponds with the small Chart 1 which you have in front of you, is intended to explain the relationship of the sample study which we made to all imports for 1954. Total imports for this period were 10.491 billion dollars. Of that amount, 5.8³⁴ billion dollars were nondutiable, and therefore not affected by the provisions of this bill. An additional amount of 3.258 billion dollars of imports were dutiable without regard to the valuation of the product and therefore would not be affected by this bill. The total value of imports which would be affected by the bill, those subject to ad valorem rates of duty, was 1.411 billion dollars. Projecting our sample study to total imports indicates that under the

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~~provisions~~ provisions of this bill they would have been valued at 1.376 billion dollars, or a total decrease in valuation of 2.5%.

The bottom half of Chart 1 is designed to show the effect on ~~revenues~~ ^{duty paid,} again based upon the projection of customs study to total customs revenue for 1954. During that year, ^{the} Customs ^{Service} collected a total of 545⁹ million dollars, of which 286⁴ million dollars was derived from specific duties. The ad valorem component of the duties collected was 259⁶ million dollars, which according to the projection from the sample study would have been reduced to 254⁵ million dollars, a 2% decrease if the provisions of H.R. 6040 had then been in effect.

It is true, however, that an average decrease in value of 2.5%, or in ~~revenue~~ ^{duty payments} collection of 2%, may mean that particular commodities are being affected to a greater extent. ^{To determine the variations between commodity groups} We compiled information from ~~the~~ 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 ^{indicated} 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.

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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 not find~~ In only four commodity groups is the decrease in after-duty cost more than 2% and ~~the~~ 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 ^{recomputations made in 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 ^{in H.R. 6040} more nearly reflect commercially realistic valuations.

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We believe that the results of this survey establish as definitely as possible that while some reductions in valuation will result from the changes proposed in this bill, such valuation changes are quite small and the loss in revenue protection is not significant as to any commodity group. Moreover, the provisions of new subsection (e) make it clear that any possible loss in valuation resulting from this bill will be taken into full account in connection with any Tariff Commission or executive consideration of a tariff adjustment, including possible relief through escape clause action.

The other principal objection raised against the valuation proposals is that they would interfere with or infringe upon the protection afforded domestic industry by the countervailing duty provisions of ^{Section 303 of} the Tariff Act and ^{by} the Antidumping Act of 1921. To avoid any possible question of repeal or modification of the Antidumping Act of 1921, the Committee on Ways and Means, at the suggestion of the Treasury, inserted a new section 5 in the bill. This section specifically provides that nothing in the Act shall be considered in any way to modify the provisions of the Antidumping Act of 1921.

Moreover, I can assure your Committee that the Treasury will continue to require on customs invoices the foreign ^{value} information necessary to permit enforcement of the provisions of the antidumping

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laws. We will obtain this information and record it for ^{antidumping} reference purposes ~~while~~ ^{but} still ~~ensuring~~ ^{obtain} a considerable saving in customs operations. At the present time, appraisers are required to make a determination of foreign value in the case of every ad valorem import. Under this bill, this investigation and verification of the information on foreign value contained on the customs invoice would not have to be made unless the difference between that value and the price charged the U.S. importer indicated a likelihood of dumping. This procedure would permit a substantial reduction in the number of foreign value inquiries and permit more effective concentration by the available customs overseas staff on prompt investigation of suspected dumping cases.

Countervailing duties would be wholly unaffected by the enactment of this bill. Countervailing duties are assessed in an amount equal to the amount of any bounty or grant paid or bestowed in connection with the manufacture or exportation of any product to the United States. This duty does not depend in any way upon the valuation of the imported merchandise either in this country or in the home market. Consequently, the provisions of this bill relating to ~~such~~ valuation standards have no relation to the countervailing duty law.

Active enforcement of both the countervailing duty law and the antidumping law will ^{not be affected by} ~~continue after~~ the enactment of this bill and will continue to be a discouragement to the dumping of foreign merchandise in this country.

Section 3 of H.R. 6040 provides for ~~the~~ more efficient administrative procedures in converting foreign currencies into dollars for the purpose of customs valuation. A proposal to accomplish this purpose was also contained in H.R. 6584 and H.R. 5877 of the 83rd Congress.

Whenever the value of an imported commodity is stated in a foreign currency, it is necessary to convert that value 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 ~~Federal Reserve Bank of New York~~, ^{Secretary of the Treasury,} 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 5% or more from this proclaimed coinage parity. If as is true in the great majority of cases, this certified rate varies by 5% or more, the rate certified by the Federal Reserve Bank is used by ~~the~~ ^{the} Customs Service. /

One of the difficulties with the administration of this law is that rates of currencies vary by fractional amounts from day to day. Thus, although the change is ^{usually} so insignificant as to have ~~little~~ ^{no} practical significance in determining ^{ing} the duty to be paid, each collector is required to maintain a daily record of certified rates in order to apply the correct daily rate.

The proposal in the 1953 bills would have authorized the Secretary of the Treasury to proclaim the par values maintained by foreign countries, which would normally have been used for currency conversion purposes. Specific legislative direction would also have been given as to the procedure for handling currencies where there is more than one effective rate. You may recall that this proposal caused some members of your Committee concern because of the possibility that it might 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. The 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 5% or more from the first certified rate. This procedure would permit individual collectors to use one rate for each currency for a three-month period unless notice was received from the Bureau of Customs that on a particular day the certified commercial rate differed by 5% or more from that first certified rate. In that case, the daily rate would be used.

The Treasury expects that this authority to maintain the same rate for a quarter would be used only for those principal trading countries from which imports arrive each day and for which the Federal Reserve Bank now 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 certification of daily commercial rates, particularly when there is no market in the United States for the currency in question.

Section 4 is a clean-up provision repealing a number of obsolete sections of the tariff laws. These proposed repeals do not affect any present operations, duties or obligations of the Customs Bureau. Each change is explained in detail in an analysis of the bill prepared ~~in~~^{by} the Treasury which I request may be made a part of the record.

Statement of H. Chapman Rose, Assistant
Secretary of the Treasury, before the
Senate Finance Committee, July 6, 1955

Mr. Chairman and Members of the Committee:

I very much appreciate this opportunity to appear before your Committee to testify on H.R. 6040, the Customs Simplification Act of 1955. You will recall that I have appeared before your Committee in executive session with respect to the Customs Simplification Acts of 1953 and 1954. The Customs Simplification Act of 1953 provided for the elimination of many procedural impediments to trade, authorized the modernization of administrative procedures, and eliminated a number of inequities that had developed in the operation of the customs law. The Customs Simplification Act of 1954 directed the Tariff Commission to undertake a study looking towards the modernization of the classification descriptions in the Tariff Act of 1930 and the elimination of certain anomalies and difficulties in existing tariff descriptions. This Act also made certain changes in the Antidumping Act of 1921 and in other administrative provisions of the tariff laws.

We in the Treasury are very grateful to the Congress for the assistance that these Acts have given the Treasury Department and the Customs Service. The authority granted by these laws, together with new administrative procedures which have been adopted in Customs, have greatly changed the current workload picture. In September of 1953, at about the time the Customs Simplification Act of 1953 became effective, the backlog of unliquidated customs entries had reached an all-time high of 900,000. This meant that at the then current rate of liquidation it would have taken the Customs Service one year to dispose of the backlog without handling any current work. This backlog of customs entries awaiting liquidation had risen steadily ever since the War from a low point of 275,000 in 1947 to 700,000 when this Administration took office, and then to 900,000 in September 1953. As of the end of the first quarter of this year, this backlog had been reduced by nearly one-third -- to 655,000. 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 to rise.

I know you will agree with me that this record of progress is heartening, but more still needs to be done. The modernization and simplification of customs procedures cannot be accomplished merely by the enactment of two or three statutes or by two or three years' intensive effort. It is a continuing problem which requires the constant attention of all customs management and personnel and the continued support of the Congress through the enactment of further revisions in the customs laws when their need becomes apparent.

At the present time the one area of customs administration which most urgently needs revision and simplification is that relating to the procedures for the valuation of imports. No matter how efficient the liquidation procedures in the collector's office may be, the collector's final determination of duty must await, in the case of ad valorem duty imports, a valuation decision by the appraiser. As of March 31, 1955, 150,182 entries were in the hands of the appraisers awaiting valuation for more than thirty days. 38,870 of these entries were delayed because foreign value investigation had been found necessary.

Section 2 of H.R. 6040, which we believe is the most important part of this bill, is intended to revise and simplify the valuation provisions so that this backlog of unappraised entries in the hands of the appraisers for more than thirty days may be reduced, primarily by eliminating the necessity for a great number of investigations in foreign countries. Section 2 is also intended to make valuations more predictable and certain for all persons concerned with international trade and to make valuations approach more closely the commercially realistic prices for the wholesale trade with the United States.

Valuation of merchandise for customs purposes is necessary only in connection with those imports which are assessed duties on the basis of a percentage of their value. Such duties are called ad valorem duties. Under existing law, the appraiser is required to determine both the foreign value, which is the going wholesale price in the country of origin for domestic consumption, and the export value, which is the going wholesale price in the country of origin for export to the United States. After both of these values have been determined, the appraiser is required to use the higher of the two. The first change which H.R. 6040 would make is to eliminate foreign value as a basis of appraisement and make export value the single primary basis of valuation. This elimination of foreign value would, of course, permit the Treasury greatly to reduce any future accumulations such as the more than thirty-eight thousand entries which are now being held up because a foreign value investigation is needed.

The second substantial change made by this bill is to redefine a number of terms contained in the valuation provisions. The value to be used under the present law is stated to be 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 placed upon them, have been responsible for a number of results which are inconsistent with normal trading practices. Consequently, the valuations arrived at are often surprising to businessmen not experienced with import practices. Thus, for example, the courts have held that in determining wholesale value the price at which the largest number of transactions occur must be used rather than the price at which the largest quantity of goods is moved. Court decisions have prohibited the use of a wholesale price which is freely offered to wholesalers but not to retailers who purchase in the same wholesale quantities. They have also prohibited the use of a wholesale price if the seller, pursuant to a frequent business practice, selects 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 present valuation methods is to define these terms 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 relates to amendments to the secondary methods of valuation which are to be used in case export value cannot be determined. These secondary methods of valuation are basically the same as they are under existing law. The first method of valuation which is resorted to if export value cannot be determined is 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 and selling it. At present, the deductions permitted for general expenses and profit are limited by the statute to a fixed percentage of the price. Under H.R. 6040 actual expenses and profits would be permitted to be deducted. The final method of valuation, if all else fails, is to construct a value out of the costs of materials and labor and expenses going into the product plus an amount for profit. This method of valuation formerly called "cost of production" has been retitled "constructed value". H.R. 6040 will also revise the determination of constructed value by permitting actual expenses and profit to be used when they are less than the fixed minimum percentages now required by law.

In redrafting the valuation standards, we have sought to make the secondary standards of valuation (United States value and constructed value) as nearly comparable as possible to an export value if one had existed. By doing so, we hope to discourage the practice which is sometimes resorted to now, of creating artificial conditions in the trade in a particular product so as to shift the valuation basis to a more favorable standard.

Some imports, particularly certain coal-tar products and rubber-soled footwear, are valued on the basis of the American selling price. This bill leaves the American selling price

applicable to all such imports as well as to any imports to which the American selling price may be made applicable in the future.

H.R. 6040 differs in three substantive respects from the valuation provisions in bills H.R. 6584 and H.R. 5877 of the 83rd Congress which were before your Committee in 1953.

(1) Those bills contained an additional valuation standard, "comparative value", which was intended to be used, if possible, before resorting to the complicated determination of constructed value. This proposal was deleted from the present bill because our valuation survey, which I shall describe to you in more detail later, indicated that comparative value would have been used in less than one-half of one percent of the cases which were examined in that survey.

(2) For the purpose 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 under the former language consideration would have had to have been given to transactions between related companies which would be unreliable bases for valuation. A new subsection (g) has therefore been inserted in amended section 402 to provide that related company transactions may be disregarded in those circumstances and 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.

Hearings before the Ways and Means Committee of the House of Representatives and debate on H.R. 6040 on the floor of the House have disclosed that one of the principal objections raised to H.R. 6040 is the allegation that it is a tariff reduction measure rather than a customs simplification proposal. That is not the purpose of this bill. Of course, there is bound to be some reduction in the valuation of imported merchandise resulting from a change from the use of a "whichever is higher" of two standards to the use of just one of those standards. In order to obtain as accurate an indication as possible of the probable results of all proposed changes on the level of valuations, the Bureau of Customs conducted a very extensive sample survey of imports made during the fiscal year 1954. In that survey, the appraised value of imports was recalculated to determine what the valuation would have been if the proposed methods of valuation had then been in effect. 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 and

Laredo as representative of Mexican trade, and selected every twentieth entry at those ports for reappraisal. Detroit and Buffalo were chosen as representative for the Canadian border trade, Los Angeles and San Francisco for the Pacific coast, and New Orleans and Houston for the Gulf trade. Every fortieth entry at these ports was reappraised. According to 1954 statistics, about 70% by value of all imports subject to ad valorem duties were appraised at these eight ports, and about 75% of all ad valorem duties were collected there.

A total of 19,908 recomputations of dutiable value were made, covering more than \$42 million of goods. 59.12% of these 19,908 entries were appraised on the basis of export value under existing law. That means that for slightly over 59% of these entries, export value had been determined to be the same or higher than foreign value. In 29.07% of the entries, appraisal was made on the basis of foreign value. United States value, cost of production and American selling price accounted for the remaining 11.81% of the sample.

Turning now to the charts, Chart 1, which corresponds with the small Chart 1 which you have in front of you, is intended to explain the relationship of the sample study which we made to all imports for 1954. Total imports for this period were 10.491 billion dollars. Of that amount, 5.822 billion dollars were nondutiable, and therefore not affected by the provisions of this bill. An additional amount of 3.258 billion dollars of imports were dutiable without regard to the valuation of the product and therefore would not be affected by this bill. The total value of imports which would be affected by the bill, those subject to ad valorem rates of duty, was 1.411 billion dollars. Projecting our sample study to total imports indicates that under the provisions of this bill they would have been valued at 1.376 billion dollars, or a total decrease in valuation of 2.5%.

The bottom half of Chart 1 is designed to show the effect on duties paid, again based upon the projection of customs study to total customs revenue for 1954. During that year, the Customs Service collected a total of 545.7 million dollars, of which 286.1 million dollars was derived from specific duties. The ad valorem component of the duties collected was 259.6 million dollars, which according to the projection from the sample study would have been reduced to 254.5 million dollars, a 2% decrease if the provisions of H.R. 6040 had then been in effect.

It is true, however, that an average decrease in value of 2.5%, or in duty payments of 2%, may mean that particular commodities are being affected to a greater extent. To determine the variations between commodity groups we compiled information from the sample survey according to the Schedule A commodity classification of the Bureau of Census. 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 indicated 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. In only four commodity groups is the decrease in after-duty cost more than 2% and 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 recomputations made in the sample survey totalled 8.8 million dollars as compared to a total invoice value of 8.7 million. This is an indication that the valuation proposals in H.R. 6040 more nearly reflect commercially realistic valuations.

We believe that the results of this survey establish as definitely as possible that while some reductions in valuation will result from the changes proposed in this bill, such valuation changes are quite small and the loss in revenue protection is not significant as to any commodity group. Moreover, the provisions of new subsection (e) make it clear that any possible loss in valuation resulting from this bill will be taken into full account in connection with any Tariff Commission or executive consideration of a tariff adjustment, including possible relief through escape clause action.

The other principal objection raised against the valuation proposals is that they would interfere with or infringe upon the protection afforded domestic industry by the countervailing duty provisions of Section 303 of the Tariff Act and by the Antidumping Act of 1921. To avoid any possible question of repeal or modification of the Antidumping Act of 1921, the Committee on

Ways and Means, at the suggestion of the Treasury, inserted a new section 5 in the bill. This section specifically provides that nothing in the Act shall be considered in any way to modify the provisions of the Antidumping Act of 1921.

Moreover, I can assure your Committee that the Treasury will continue to require on customs invoices the foreign value information necessary to permit enforcement of the provisions of the antidumping laws. We will obtain this information and record it for antidumping purposes but still obtain a considerable saving in customs operations. At the present time, appraisers are required to make a determination of foreign value in the case of every ad valorem import. Under this bill, this investigation and verification of the information on foreign value contained on the customs invoice would not have to be made unless the difference between that value and the price charged the U.S. importer indicated a likelihood of dumping. This procedure would permit a substantial reduction in the number of foreign value inquiries and permit more effective concentration by the available customs overseas staff on prompt investigation of suspected dumping cases.

Countervailing duties would be wholly unaffected by the enactment of this bill. Countervailing duties are assessed in an amount equal to the amount of any bounty or grant paid or bestowed in connection with the manufacture or exportation of any product to the United States. This duty does not depend in any way upon the valuation of the imported merchandise either in this country or in the home market. Consequently, the provisions of this bill relating to valuation standards have no relation to the countervailing duty law.

Active enforcement of both the countervailing duty law and the antidumping law will not be affected by the enactment of this bill and will continue to be a discouragement to the dumping of foreign merchandise in this country.

Section 3 of H.R. 6040 provides for more efficient administrative procedures in converting foreign currencies into dollars for the purpose of customs valuation. A proposal to accomplish this purpose was also contained in H.R. 6584 and H.R. 5877 of the 83rd Congress.

Whenever the value of an imported commodity is stated in a foreign currency, it is necessary to convert that value 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, 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 5% or more from this proclaimed coinage parity. If as is true in the great majority of cases, this certified rate varies by 5% or more, the rate certified by the Federal Reserve Bank is used by the Customs Service.

One of the difficulties with the administration of this law is that rates of currencies vary by fractional amounts from day to day. Thus, although the change is usually so insignificant as to have no practical significance in determining the duty to be paid, each collector is required to maintain a daily record of certified rates in order to apply the correct daily rate.

The proposal in the 1953 bills would have authorized the Secretary of the Treasury to proclaim the par values maintained by foreign countries, which would normally have been used for currency conversion purposes. Specific legislative direction would also have been given as to the procedure for handling currencies where there is more than one effective rate. You may recall that this proposal caused some members of your Committee concern because of the possibility that it might 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. The 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 5% or more from the first certified rate. This procedure would permit individual collectors to use one rate for each currency for a three-month period unless notice was received from the Bureau of Customs that on a particular day the certified commercial rate differed by 5% or more from that first certified rate. In that case, the daily rate would be used.

The Treasury expects that this authority to maintain the same rate for a quarter would be used only for those principal trading countries from which imports arrive each day and for which the Federal Reserve Bank now 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 certification of daily commercial rates, particularly when there is no market in the United States for the currency in question.

Section 4 is a clean-up provision repealing a number of obsolete sections of the tariff laws. These proposed repeals do not affect any present operations, duties or obligations of the Customs Bureau. Each change is explained in detail in an analysis of the bill prepared by the Treasury which I request may be made a part of the record.

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TREASURY DEPARTMENT
Washington

17-844

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, July 7, 1955.
~~(S)~~

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 14, 1955, in the amount of
\$ 1,500,291,000, 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 14, 1955, and will mature October 13, 1955, when the face
amount will be payable without interest. They will be issued in bearer form only,
and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000 and \$1,000,000
(maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the
closing hour, two o'clock p.m., Eastern/~~Standard~~ Daylight Saving time, Monday, July 11, 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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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 14, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 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,

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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.

TREASURY DEPARTMENT

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WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, July 7, 1955.

H-844

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 14, 1955, in the amount of \$1,500,291,000, 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 14, 1955, and will mature October 13, 1955, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Daylight Saving time, Monday, July 11, 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 14, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 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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TREASURY DEPARTMENT
Washington

Statement by Treasury Secretary Humphrey before
the Committee on Banking and Currency, House of
Representatives, 10 A.M. EDT, Monday, July 11,
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. Appropriate bills, H.R. 6228 and H.R. 6229, have been introduced in the House and are pending before your Committee. A similar bill, S. 1894, recently passed the Senate.

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 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 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 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.

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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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FISCAL SERVICE
OFFICE OF
FISCAL ASST. SECRETARY

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TREASURY DEPARTMENT

STATUTORY DEBT LIMITATION
AS OF June 30, 1955

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Washington, July 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 Act of June 30, 1955 (P.L. 124 84th Congress) continues this temporary increase until June 30, 1956.

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	\$19,513,969,000	
Certificates of indebtedness.....	13,835,700,000	
Treasury notes	<u>42,642,418,600</u>	\$ 75,992,087,600
Bonds-		
Treasury	81,057,253,200	
Savings (current redemp. value)	58,365,426,807	
Depository.....	417,113,500	
Investment series	<u>12,588,570,000</u>	152,428,363,507
Special Funds-		
Certificates of indebtedness	31,029,603,000	
Treasury notes.....	<u>12,220,669,400</u>	43,250,272,400
Total interest-bearing		<u>271,670,720,507</u>
Matured, interest-ceased		583,792,600

Bearing no interest:

United States Savings Stamps.....	48,099,713	
Excess profits tax refund bonds	1,090,915	
Special notes of the United States:		
Internat'l Monetary Fund series.....	<u>1,567,000,000</u>	1,616,190,628
Total		<u>273,870,706,735</u>

Guaranteed obligations (not held by Treasury):

Interest-bearing:

Debentures: F.H.A.	43,257,786	
Matured, interest-ceased	<u>885,175</u>	44,142,961

Grand total outstanding 273,914,849,696

Balance face amount of obligations issuable under above authority 7,085,150,304

Reconciliation with Statement of the Public Debt June 30, 1955
(Date)

(Daily Statement of the United States Treasury, June 30, 1955)
(Date)

Outstanding-

Total gross public debt	274,374,222,803
Guaranteed obligations not owned by the Treasury.....	<u>44,142,961</u>
Total gross public debt and guaranteed obligations.....	274,418,365,764
Deduct - other outstanding public debt obligations not subject to debt limitation.....	<u>503,516,068</u>
	<u>273,914,849,696</u>

STATUTORY DEBT LIMITATION
AS OF June 30, 1955

Washington, July 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 Act of June 30, 1955 (P.L. 124 84th Congress) continues this temporary increase until June 30, 1956.

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	\$19,513,969,000	
Certificates of indebtedness.....	13,835,700,000	
Treasury notes	<u>42,642,418,600</u>	\$ 75,992,087,600
Bonds-		
Treasury	81,057,253,200	
Savings (current redemp. value)	58,365,426,807	
Depository.....	417,113,500	
Investment series	<u>12,588,570,000</u>	152,428,363,507
Special Funds-		
Certificates of indebtedness	31,029,603,000	
Treasury notes.....	<u>12,220,669,400</u>	43,250,272,400
Total interest-bearing		<u>271,670,723,507</u>
Matured, interest-ceased		583,792,600
Bearing no interest:		
United States Savings Stamps.....	48,099,713	
Excess profits tax refund bonds	1,090,915	
Special notes of the United States:		
Internat'l Monetary Fund series.....	<u>1,567,000,000</u>	1,616,190,628
Total		<u>273,870,706,735</u>
Guaranteed obligations (not held by Treasury):		
Interest-bearing:		
Debentures: F.H.A.	43,257,786	
Matured, interest-ceased	<u>885,175</u>	<u>44,142,961</u>
Grand total outstanding		<u>273,914,849,696</u>
Balance face amount of obligations issuable under above authority		<u>7,085,150,304</u>

Reconciliation with Statement of the Public Debt June 30, 1955
(Date)
(Daily Statement of the United States Treasury, June 30, 1955)
(Date)

Outstanding-		
Total gross public debt		274,374,222,803
Guaranteed obligations not owned by the Treasury.....		<u>44,142,961</u>
Total gross public debt and guaranteed obligations.....		<u>274,418,365,764</u>
Deduct - other outstanding public debt obligations not subject to debt limitation.....		503,516,068
		<u>273,914,849,696</u>

The Treasury Department announced last evening that the tenders for \$1,600,000,000, or thereabouts, of 91-day Treasury bills to be dated July 14 and to mature October 13, 1955, which were offered on July 7, were opened at the Federal Reserve Banks on July 11.

The details of this issue are as follows:

Total applied for - \$2,257,759,000
Total accepted - 1,600,459,000 (includes \$222,914,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.594/4 Equivalent rate of discount approx. 1.606% per annum

Range of accepted competitive bids:

High - 99.621 Equivalent rate of discount approx. 1.499% per annum
Low - 99.588 " " " " " " 1.630% " "

of the amount

(48 percent/bid for at the low price was accepted)

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 33,511,000	\$ 33,511,000
New York	1,608,905,000	1,043,925,000
Philadelphia	39,101,000	26,101,000
Cleveland	43,889,000	43,889,000
Richmond	14,514,000	13,754,000
Atlanta	21,676,000	20,416,000
Chicago	258,396,000	193,716,000
St. Louis	25,991,000	25,991,000
Minneapolis	19,192,000	19,192,000
Kansas City	54,320,000	52,760,000
Dallas	55,176,000	44,616,000
San Francisco	83,088,000	82,588,000
Total	\$2,257,759,000	\$1,600,459,000

WJR

TREASURY DEPARTMENT

65



WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, July 12, 1955.

H-847

The Treasury Department announced last evening that the tenders for \$1,600,000,000, or thereabouts, of 91-day Treasury bills to be dated July 14 and to mature October 13, 1955, which were offered on July 7, were opened at the Federal Reserve Banks on July 11.

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San Francisco	83,088,000	82,588,000
TOTAL	\$2,257,759,000	\$1,600,459,000

Statement by Secretary of the Treasury Humphrey
Before the House Committee on Public Works,
Tuesday, July 12, 1955, 10:00 a.m., E.D.T.

I am pleased to appear before you today in support of the President's road program and to discuss means and methods of financing that program.

When I previously appeared on the same subject, first before the Senate Committee on Public Works and then before your Committee, I strongly recommended the creation of a Governmental authority with power to issue revenue bonds to finance the highway expenditures which would be paid -- both principal and interest -- from a dedication of gasoline and diesel fuel taxes over a period of years.

I still favor that proposal over any other that has been presented.

You have asked me today to discuss a plan that has recently been proposed for your consideration, suggesting in lieu of the Governmental authority and the revenue bonds that certain taxes be increased which, together with certain existing similar taxes, would provide funds to pay the cost of highway construction as currently incurred.

This proposal plans for a Federal expenditure for highways, both for the interstate system and matching funds for local roads, totaling approximately \$37 billion over 15 years.

The taxes suggested include additional gas, diesel fuel, tire, tube and truck taxes.

It is estimated that, taking into account the growth in the need for and use of highways by automobile and truck traffic, this combination of taxes will produce approximately \$34² billion in revenue and will be ✓

available, generally speaking, to pay for the proposed highway expenditures approximately as currently made.

I do not think that the general revenues of the Government, outside of the amounts to be raised by the specific taxes previously listed, should be depleted and used for the construction of this highway system.

The Treasury must oppose any plan to the extent that the taxes levied by it are insufficient to pay for the expenditures authorized, unless ~~an~~ ^{governmental} authority is created.

However, as I testified in my previous appearances both before the Senate and House Committees, the Treasury cannot object to any ^{valley effective} program which the Congress sees fit to adopt for the construction of highways with sufficient additional taxes levied to pay as we go. ^{to provide for the necessary funds by an issue of bonds.}

When the President presented his plan to the Congress, he said, with respect to its financing, as follows:

Insert at end of 2nd paragraph - after "pay as we go."

I would point out most emphatically, however, that when the President presented his plan to Congress he had in mind the need of the States for revenue and the fact that the Governors' Conference had approved and urged his financing plan, which holds the Federal tax take at the present levels and leaves the field thereafter open to the States.

The Federal Government is vitally concerned with the interstate system of roads, and equally concerned that the States should have sufficient ability to provide increased and improved primary and secondary road systems for greater safety and dispatch for both ^{inter}urban and farm market needs. The President's proposal continues to provide the Federal aid system at an all-time high level and, practically speaking, takes the States out of the interstate program, relieving them of great expense in that field. This ^{would} ~~will~~ enable the States to devote greater attention to their own road programs with their tax field unimpaired.

Improved highway transportation is one of the great necessities of our times. A ^{large} ~~great~~ part of our commerce and industry depends upon it. Our farms require it. The jobs of millions of men and women in this country depend upon it, ~~not only~~ in going to and from their work, ~~but for~~ the further ~~strength and~~ growth of the great automotive industry

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The taxes suggested include additional gas, diesel fuel, tire, tube and truck taxes.

It is estimated that, taking into account the growth in the need for and use of highways by automobile and truck traffic, this combination of taxes will produce approximately \$33 billion in revenue and will be available, generally speaking, to pay for the proposed highway expenditures approximately as currently made.

I do not think that the general revenues of the Government, outside of the amounts to be raised by the specific taxes previously listed, should be depleted and used for the construction of this highway system. The Treasury must oppose any plan to the extent that the taxes levied by it are insufficient to pay for the expenditures authorized, unless a governmental authority is created to provide for any deficiency in the necessary funds by an issue of bonds.

However, as I testified in my previous appearances both before the Senate and House Committees, the Treasury cannot object to any

- 2 -

equally effective program which the Congress sees fit to adopt for the construction of highways with sufficient additional taxes levied to pay as we go.

I would point out most emphatically, however, that when the President presented his plan to Congress he had in mind the need of the States for revenue and the fact that the Governors' Conference had approved and urged his financing plan, which holds the Federal tax take at the present levels and leaves the field thereafter open to the States.

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Improved highway transportation is one of the great necessities of our times. A large part of our commerce and industry depends upon it. Our farms require it. The jobs of millions of men and women in this country depend upon it, in going to and from their work. The further growth of the great automotive industry and all its ramifications in the use of steel, fuel, rubber and thousands of products from hundreds of sources cannot continue to develop at its present pace unless our highway systems concurrently develop proportionately. This is a case where time is of the essence. We are already lacking in adequate facilities and further rapid improvement should not be postponed.

These important considerations were all pointed out by the President when he submitted his proposal for your consideration, and in conclusion he said:

"A sound Federal highway program, I believe, can and should stand on its own feet, with highway users providing the total dollars necessary for improvement and new construction. Financing of interstate and Federal-aid systems should be based on the planned use of increasing revenues from present gas and diesel oil taxes, augmented in limited instances with tolls.

"I am inclined to the view that it is sounder to finance this program by special bond issues, to be paid off by the above-mentioned revenues which will be collected during the useful life of the roads and pledged to this purpose, rather than by an increase in general revenue obligations.

"At this time, I am forwarding for use by the Congress in its deliberations the report to the President made by the President's Advisory Committee on a National Highway Program. This study of the entire highway traffic problem and presentation of a detailed solution for its remedy is an analytical review of the major elements in a most complex situation. In addition, the Congress will have available the study made by the Bureau of Public Roads at the direction of the 83d Congress.

"These two documents together constitute a most exhaustive examination of the national highway system, its problems and their remedies. Inescapably, the vastness of the highway enterprise fosters varieties of proposals which must be resolved into a national highway pattern. The two reports, however, should generate recognition of the urgency that presses upon us; approval of a general program that will give us a modern safe highway system; realization of the rewards for prompt and comprehensive action. They provide a solid foundation for a sound program."

- 4 -

Everyone wants roads -- more and better roads. And it is for the Congress to say how the Federal Government will participate, how rapidly Federal roads should be constructed, and how they should be paid for. The President's original program is effective and sufficient to accomplish the purpose proposed. It is not the only way that the very desirable road construction can be accomplished but after the most thorough and extensive study of the entire subject by large groups of competent people, it still offers the best method for quickest construction of the greatest mileage of necessary and desirable highways throughout the entire country.

oOo

H-849

IMMEDIATE RELEASE,
Tuesday, July 12, 1955.

The Treasury today announced a 19 percent allotment on subscriptions in excess of \$100,000 for the current cash offering of \$2 billion of 1-7/8 percent Tax Anticipation Certificates. 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.

Reports received thus far from the Federal Reserve Banks show that subscriptions total about \$10,616 million. Details by Federal Reserve Districts as to subscriptions and allotments will be announced when final reports are received from the Federal Reserve Banks.



WASHINGTON, D.C.

IMMEDIATE RELEASE,
Tuesday, July 12, 1955.

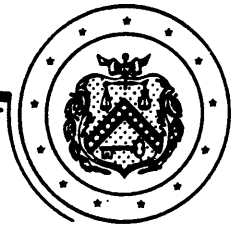
H-849

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oOo

TREASURY DEPARTMENT



WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, June 16, 1955.

H-850

~~H 828~~

~~Thursday, July 14, 1955~~
June

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 ~~\$50,222,000~~ *\$22,507,500*.

oOo

MEMORANDUM TO MR. W. T. HEFFELFINGER:

The following transactions were made in direct and guaranteed securities of the Government for Treasury Investments and other accounts during the month of June, 1955:

Purchases	\$23,332,000.00
Sales	<u>824,500.00</u>
	<u>\$22,507,500.00</u>

(Sgd) Charles P. Boardman

Chief, Investments Branch
Division of Deposits & Investments

FISCAL SERVICE
OFFICE OF
FISCAL ASST. SECRETARY

1955 JUL 8 AM 10 07

TREASURY DEPARTMENT



WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, July 14, 1955.

H-850

During June 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 \$22,507,500.

oOo

- 4 -

~~million~~ ounces. The world was drawing on silver stocks, since consumption for coinage and industrial use was 219 million ounces, 5 million more than ~~was produced~~. *production of 218 million ounces,* But the situation was almost in balance.

In short from a monetary standpoint the legislation which would be repealed by S. 1427 is not necessary and the Treasury would have no objection to its repeal. On the other hand, it creates no serious difficulties for us and we can continue to operate under it if the Congress so decides.

- 3 -

Silver has today a secondary, not a primary monetary role. We have an international gold bullion standard. The dollar is defined in terms of a fixed amount of gold and the Secretary of the Treasury is required to keep all forms of United States currency at a parity with gold. This is the firm base of our monetary policy.

In the past year (April to April), new silver certificates were issued for about \$26 million. Total silver certificates outstanding are \$2.2 billion, compared with a total of \$30.0 billion for all forms of money in circulation outside the Treasury and Federal Reserve Banks. The proportion of silver certificates in our system is about the same now as it was in the 1920's, and for the past decade.

Although the form of the law has been changed from time to time, this country has historically used silver for coinage and to back smaller denomination currency. Silver certificates are the only currency which we have in the \$1 denomination and they constitute a part of the \$5 and \$10 bills. The bill before you contemplates continued circulation of silver coins and certificates.

If the legislation were repealed, the Treasury would still be able to purchase silver for subsidiary coinage by using the bullion fund ^{first} ~~established by the Act of March 2, 1889~~ ^{in 1792}. Last year we used 53 million ounces for such coinage. The United States production of silver in 1954 was 37 million ounces, ~~out of a world total of 214~~

an amount less than Treasury requirements for subsidiary silver.

The Treasury has operated under the provisions of the present legislation for a period of years and has found no serious difficulty in so doing, without untoward economic effect, either inflationary or deflationary. On the other hand, if this legislation were repealed, we could operate under the remaining provisions of law to meet the coinage and currency requirements of the United States, *which are related to silver,* ~~and in doing so largely absorb domestic production of silver.~~

Silver has had a spectacular place in our monetary history. I shall not go into the details of the attempt to operate a bimetallic currency in the 18th and 19th century. Since the Act of 1900 the United States has, except in 1933, operated on a gold standard, but through this period has used silver to back part of the currency, and has used silver for subsidiary coinage.

The Silver Purchase Act of 1934 reintroduced the legal requirement of the purchase of silver by the Treasury without immediate regard to coinage needs. Under the further legislation adopted in 1939 and 1946, the Treasury buys all domestically-mined silver offered to it at a net price of 90.5 cents per ounce. The Treasury then issues silver certificates at a monetary value of \$1.29 per ounce. The seignorage of 30 percent is left as "free silver", which can be used for subsidiary coinage or other purposes authorized by law.

For the last 20 years, except for a few brief periods, the Treasury buying price for silver was higher than the market price for silver. Domestic silver, therefore, came to the Treasury, while industrial needs were supplied from foreign silver.

TREASURY DEPARTMENT
Washington

Statement by Treasury Under Secretary Burgess before
the Senate Committee on Banking and Currency,
10 A.M. EDT, Wednesday, July 13, 1955

The bill before you relates to a series of acts governing the monetary use of silver. It deals with a subject which is controversial both from the point of view of monetary theory and because of the diverse interests of important groups of our population.

The Treasury interest in this bill relates to the very practical question of our ability to carry out successfully, and without economic ill effects, operations within the area of our statutory responsibility for silver coinage and paper currency secured by silver.

From the point of view of Treasury operations today, the principal effect of this bill would be that the Treasury would no longer be required to purchase newly-mined domestic silver and to issue silver certificates against it.

Under the bill the Treasury would, however, be instructed to maintain the silver reserve behind silver certificates, and might use silver not required for reserves for coinage purposes.

The Treasury would continue to have authority, under prior legislation, to buy in the market silver needed for subsidiary coinage.

HL-851

TREASURY DEPARTMENT
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The Treasury has operated under the provisions of the present legislation for a period of years and has found no serious difficulty in so doing, without untoward economic effect, either inflationary or deflationary. On the other hand, if this legislation were repealed, we could operate under the remaining provisions of law to meet the coinage and currency requirements of the United States which are related to silver.

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For the last 20 years, except for a few brief periods, the Treasury buying price for silver was higher than the market price for silver. Domestic silver, therefore, came to the Treasury, while industrial needs were supplied from foreign silver.

Silver has today a secondary, not a primary monetary role. We have an international gold bullion standard. The dollar is defined in terms of a fixed amount of gold and the Secretary of the Treasury is required to keep all forms of United States currency at a parity with gold. This is the firm base of our monetary policy.

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The world was drawing on silver stocks, since consumption for coinage and industrial use was 219 million ounces, 5 million more than production of 214 million ounces. But the situation was almost in balance.

In short from a monetary standpoint the legislation which would be repealed by S. 1427 is not necessary and the Treasury would have no objection to its repeal. On the other hand, it creates no serious difficulties for us and we can continue to operate under it if the Congress so decides.

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 July 21, 1955, in cash or other immediately available funds or in a like face amount of ~~194~~ Treasury bills maturing July 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,

EXHIBIT

ALPHA

TREASURY DEPARTMENT
Washington

H-852

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, July 14, 1955.
(1)

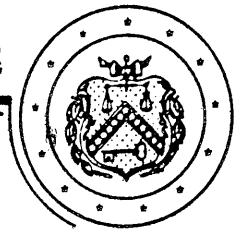
The Treasury Department, by this public notice, invites tenders for
\$ 1,600,000,000, or thereabouts, of 91-day Treasury bills, for cash and
in exchange for Treasury bills maturing July 21, 1955, in the amount of
\$ 1,500,709,000, to be issued on a discount basis under competitive and non-
competitive bidding as hereinafter provided. The bills of this series will be
dated July 21, 1955, and will mature October 20, 1955, when the face
amount will be payable without interest. They will be issued in bearer form only,
and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000 and \$1,000,000
(maturity value).

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

88



WASHINGTON, D. C.

RELEASE MORNING NEWSPAPERS,
Thursday, July 14, 1955.

H-852

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 21, 1955, in the amount of \$1,500,709,000, 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 21, 1955, and will mature October 20, 1955, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Daylight Saving time, Monday, July 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 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 21, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 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.

TREASURY DEPARTMENT
Washington

89

**IMMEDIATE RELEASE,
Wednesday, July 13, 1955.**

H-853

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	Established Quota	Imports
	May 29, 1955, to July 12, 1955	May 29, 1955, to July 12, 1955	May 29, 1955, to July 12, 1955	May 29, 1955, to July 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	-
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	1,000
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	-	-	-
	<u>800,000</u>	<u>795,000</u>	<u>4,000,000</u>	<u>3,816,000</u>

TREASURY DEPARTMENT
Washington

90

IMMEDIATE RELEASE,
Wednesday, July 13, 1955.

H-853

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 23, 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 (Bushels)	Imports : May 29, 1955, to : July 12, 1955 (Bushels)	Established : Quota (Pounds)	Imports : May 29, 1955, : to July 12, 1955 (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	1,000
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	3,816,000

Commodity	Period and Quantity	Unit	Imports as of
		of	Quantity: July 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
Peanut Oil	12 months from July 1, 1955	80,000,000 Pound	120,000
Barley, hulled, unhulled, rolled, and ground barley, and barley malt	12 months from Oct. 1, 1954		
	Canada	27,225,000 Bushel	14,840,864
	Other Countries	275,000 Bushel	5,731
Oats, hulled and unhulled, and unhulled ground	12 months from Oct. 1, 1954		
	Canada	39,312,000 Bushel	15,375,324
	Other Countries	688,000 Bushel	687,832
Rye, rye flour, and rye meal	12 months from July 1, 1955		
	Canada	182,280,000 Pound	82,300,154**
	Other Countries	3,720,000 Pound	-

* 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 the 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.

** Imports through July 12, 1954.

TREASURY DEPARTMENT
Washington

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IMMEDIATE RELEASE,
Wednesday, July 13, 1955.

H-854

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

Commodity	Period and Quantity	Unit	Imports as of
		: of	: Quantity: July 2, 1955
Whole milk, fresh or sour.....	Calendar Year	3,000,000 Gallon	3,427
Cream	Calendar Year	1,500,000 Gallon	280
Butter.....	Apr. 1, 1955- July 15, 1955	5,000,000 Pound	95,567
Fish, fresh or frozen, filleted etc., cod, haddock, hake, pol- lock, cusk, and rosefish	Calendar Year	35,432,624 Pound	21,981,293 (1)
White or Irish potatoes:			
Certified Seed	12 months from	150,000,000 Pound	79,674,270
Other	Sept. 15, 1954	329,100,000 Pound	16,507,497
Cattle, less than 200 lbs. each	12 months from April 1, 1955	200,000 Head	3,789
Cattle, 700 lbs. or more each	July 1, 1955 - Sept. 30, 1955	120,000 Head	178
Walnuts	Calendar Year	5,000,000 Pound	Quota filled
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1954	5,000,000 Pound	1,604,677
Filberts, shelled (whether or not blanched)	12 months from Oct. 1, 1954	6,000,000 Pound	5,968,020
Alsike clover seed	12 months from July 1, 1955	2,500,000 Pound	

(1) Imports for consumption at the quota rate are limited to 26,574,468 lbs. during the first nine months of the calendar year.

(Continued)

TREASURY DEPARTMENT
Washington

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H-854

IMMEDIATE RELEASE,
Wednesday, July 13, 1955

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

Commodity	Period and Quantity	Unit of Quantity	Imports as of July 2, 1955
Whole milk, fresh or sour.....	Calendar Year	3,000,000 Gallon	3,427
cream	Calendar Year	1,500,000 Gallon	280
Butter.....	Apr. 1, 1955- July 15, 1955	5,000,000 Pound	95,567
fish, fresh or frozen, filleted such as, cod, haddock, hake, pollock, cusk, and rosefish	Calendar Year	35,432,624 Pound	21,981,293 (1)
White or Irish potatoes: Certified Seed	12 months from Sept. 15, 1954	150,000,000 Pound 329,100,000 Pound	79,674,270 16,507,497
Cattle, less than 200 lbs. each	12 months from April 1, 1955	200,000 Head	3,789
Cattle, 700 lbs. or more each	July 1, 1955 - Sept. 30, 1955	120,000 Head	178
Horses	Calendar Year	5,000,000 Pound	Quota filled
Beans, shelled, blanched, roasted, or otherwise prepared or preserved	12 months from Oct. 1, 1954	5,000,000 Pound	1,604,677
Peas, shelled (whether or not blanched)	12 months from Oct. 1, 1954	6,000,000 Pound	5,968,020
Like clover seed	12 months from July 1, 1955	2,500,000 Pound	

1) Imports for consumption at the quota rate are limited to 26,574,468 lbs. during the first nine months of the calendar year.

(Continued)

Commodity	Period and Quantity	Unit	Imports as of
		of	Quantity: July 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
Peanut Oil	12 months from July 1, 1955	80,000,000 Pound	120,000
Barley, hulled, unhulled, rolled, and ground barley, and barley malt	12 months from Oct. 1, 1954		
	Canada	27,225,000 Bushel	14,840,864
	Other Countries	275,000 Bushel	5,731
Oats, hulled and unhulled, and unhulled ground	12 months from Oct. 1, 1954		
	Canada	39,312,000 Bushel	15,375,324
	Other Countries	688,000 Bushel	687,832
Rye, rye flour, and rye meal	12 months from July 1, 1955		
	Canada	182,280,000 Pound	82,300,154**
	Other Countries	3,720,000 Pound	

* 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 the 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.

** Imports through July 12, 1954.

TREASURY DEPARTMENT
WASHINGTON

94

**IMMEDIATE RELEASE,
Wednesday, July 13, 1955.**

H-855

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 July 2, 1955, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of July 2, 1955
Buttons	850,000	Gross	338,917
Cigars	200,000,000	Number	1,734,983
Coconut Oil	448,000,000	Pound	71,697,190
Cordage	6,000,000	Pound	2,174,811
Rice	1,040,000	Pound	-
(Refined			3,673,817
Sugars	1,904,000,000	Pound	
(Unrefined			1,148,026,689
Tobacco	6,500,000	Pound	647,938

TREASURY DEPARTMENT
WASHINGTON

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MEDIATE RELEASE,
Wednesday, July 13, 1955.

H-855

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 July 2, 1955, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of July 2, 1955
Buttons	850,000	Gross	338,917
Cigars	200,000,000	Number	1,734,983
Coconut Oil	448,000,000	Pound	71,697,190
Cordage	6,000,000	Pound	2,174,811
Rice	1,040,000	Pound	-
(Refined			3,673,817
Sugars	1,904,000,000	Pound	
(Unrefined			1,148,026,689
Tobacco	6,500,000	Pound	647,938

95

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 : July 12, 1955	: Established : : 33-1/3% of : : Total Quota :	Imports : Sept. 20, 1954, : to July 12, 1955	1/
United Kingdom	4,323,457	1,441,152	1,441,152	1,441,152	
Canada	239,690	213,822	-	-	
France	227,420	37,167	75,807	37,167	
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	1,787,044	1,599,886	1,505,328	

1/ Included in total imports, column 2.

IMMEDIATE RELEASE,
Wednesday, July 13, 1955.

H-856

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 July 12, 1955, inclusive

<u>Country of Origin</u>	<u>Established Quota</u>	<u>Imports</u>	<u>Country of Origin</u>	<u>Established Quota</u>	<u>Imports</u>
Egypt and the Anglo-Egyptian Sudan . . .	783,816	-	Honduras	752	-
Peru	247,952	5,931	Paraguay	871	-
British India	2,003,483	136,239	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 July 2, 1955

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

<u>Established Quota (Global)</u>	<u>Imports</u>
70,000,000	12,240,737

<u>Established Quota (Global)</u>	<u>Imports</u>
45,656,420	22,692,405

TREASURY DEPARTMENT
Washington

97

IMMEDIATE RELEASE,
Wednesday, July 13, 1955.

H-856

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 July 12, 1955, inclusive

<u>Country of Origin</u>	<u>Established Quota</u>	<u>Imports</u>	<u>Country of Origin</u>	<u>Established Quota</u>	<u>Imports</u>
Egypt and the Anglo- Egyptian Sudan	783,816	-	Honduras	752	-
Peru	247,952	5,931	Paraguay	871	-
British India	2,003,483	136,239	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 July 2, 1955

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

<u>Established Quota (Global)</u>	<u>Imports</u>	<u>Established Quota (Global)</u>	<u>Imports</u>
70,000,000	12,240,737	45,656,420	22,692,405

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 : July 12, 1955	: Established : : 33-1/3% of : : Total Quota :	Imports : Sept. 20, 1954, : to July 12, 1955	<u>1/</u>
United Kingdom	4,323,457	1,441,152	1,441,152	1,441,152	
Canada	239,690	213,822	-	-	
France	227,420	37,167	75,807	37,167	
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	1,787,044	1,599,886	1,505,328	

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

IMMEDIATE RELEASE,
Thursday, July 14, 1955.

74-85

The Treasury today announced a 65% allotment to savings-type investors and a 30% allotment to all other subscribers for the current cash offering of the additional amount of 3% Treasury Bonds of 1995. Subscriptions for \$25,000 or less will be allotted in full. Subscriptions for more than \$25,000 will be allotted not less than \$25,000. In addition to the amount allotted to the public, \$25 million of these bonds will be allotted to Government Investment Accounts.

Reports received thus far from the Federal Reserve Banks show that subscriptions total about \$1,720 million, of which \$747 million were received from subscribers in the savings-type investor groups. The offering was designed primarily to meet the recurring investment needs of savings-type investors and the preferential allotment will result in nearly two-thirds of the issue being allotted to this type of investor.



WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, July 14, 1955.

H-857

The Treasury today announced a 65% allotment to savings-type investors and a 30% allotment to all other subscribers for the current cash offering of the additional amount of 3% Treasury Bonds of 1995. Subscriptions for \$25,000 or less will be allotted in full. Subscriptions for more than \$25,000 will be allotted not less than \$25,000. In addition to the amount allotted to the public, \$25 million of these bonds will be allotted to Government Investment Accounts.

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Statement by Secretary of the Treasury Humphrey
Before the Subcommittee on Legal and Monetary Affairs
of the House Government Operations Committee,
10 A.M. EDT, Monday, July 18, 1955

Mr. Chairman and Gentlemen:

I welcome this opportunity to appear before you and to express the point of view of the Treasury Department on the provisions in our tax laws which allow accelerated amortization for income tax purposes of the cost of certain "emergency facilities."

I want to make it clear that I am not urging repeal. Final decisions on the scope of the program should not be made until the studies now being made by the Defense Mobilization Board have been completed. I wish at this time simply to make certain suggestions which I believe should be carefully considered in any study of the matter.

The "crash" defense program which was initiated in connection with the Korean War has been substantially completed.

Emergency amortization served a useful purpose during the early phases of rebuilding and expanding defense plant capacity to meet that emergency. However, the accelerated tax write-off is an artificial stimulus of a dangerous type. Its indefinite continuance involves the very real danger that interests receiving the benefits of it come to rely upon it to the detriment of others who are not so favored. A defense mobilization program on a substantial scale may be essential for years to come. Expansion of our defense facilities should be an integral part of our broad, orderly, long-range, natural economic growth. Our basic defense capacity cannot soundly be separated from the broad base of productive capacity in general on which our Nation relies for its economic strength. Artificial stimulants may well become artificial controls. Because this one is not of universal application but is bestowed only upon some who especially qualify as against others who do not, it could become a hindrance to sound, balanced, vigorous growth of our whole free economy. It is not the American way.

Moreover, I think it important to remember, in any consideration of the problem, that several recent changes in the tax laws have substantially altered the tax picture which existed when accelerated amortization of emergency facilities was first adopted. Then we had an excess profits tax which took up to 82 percent of the profits from corporate business, and thereby tended to discourage large expenditures for new plant facilities. That tax

was repealed as of January 1, 1954. The new liberalized depreciation methods under the 1954 Internal Revenue Code now permit faster capital recovery by all taxpayers equally and meet the basic needs of the whole economy. This reduces the need for singling out particular taxpayers or particular facilities for more favorable treatment than others receive.

A highly selective program may well have merit if it is strictly limited to very special cases -- where there is present and pressing need for goods that would be a "must" in time of war and which cannot be met by present facilities and where Government contribution is necessary to meet those goals. I suggest, however, that the broader the program -- the more it extends into areas other than the direct production of goods that are directly needed for war -- the more difficult it becomes to administer wisely, without essentially arbitrary or discriminatory results.

Indeed, the very existence of such a program may lead some taxpayers to construct facilities deliberately colored to meet supposed defense need. The tax benefits often could more than absorb the waste and extra expense to the taxpayer -- but it hardly would be good for the economy.

The revenue effects of the program are significant. I shall present four statistical tables to the Committee. They have been prepared by the Treasury staffs. These tables will give you the facts, and our estimates of the direct dollar impact of the present program on the revenue. You will note that the estimated revenue loss this fiscal year will be 880 million dollars. With our budget not in balance, this figure gives us serious concern. Extension of the program well may stand in the way of future more general tax reductions for all taxpayers which would be of important assistance to all business and to our continued economic growth and expansion.

Finally, I should like to speak very frankly about this use of the tax laws to further special programs and accomplish purposes other than simply the collecting of taxes. The power to tax is the power to destroy and revenue laws should be used only to equitably raise revenue, not for other indirect purposes. It is dangerous to use the tax laws for social purposes, to favor one citizen or group of citizens over others, to exercise economic controls, or to indirectly subsidize any segment of our economy.

If, in the wisdom of the Congress, such subsidies or assistance to special communities or for special purposes are desired, then appropriations should be made for the purpose which can be submitted to the Congress through regular channels where the amounts will be well known and where the Congress specifically can vote in favor of or in opposition to special treatment for any group. Under this program of tax reduction in special cases, our net revenues can be reduced and our deficits increased without formal action or appropriations by the Congress. This use of the

tax laws, where the stimulants are applied by men, not by law, is appropriate only in an emergency or under special conditions under rigid restrictions when usual procedures are inadequate for our protection.

Rapid amortization unquestionably was of real assistance in expediting preparation for the war and still can be useful if limited strictly and exclusively to that end. It induced the investment of large sums of private means for production that was made available under private management far better and far quicker than otherwise would have been obtained. It kept the investment of public funds to a minimum and it left no great burden of public properties to be disposed of when their war purposes had been served.

The Office of Defense Mobilization has recently requested the agencies that make recommendations to it such as the Departments of Commerce and Interior and the Defense Transport Administration, to review all existing expansion goals with the following points in mind:

1. Evaluate goals on the basis of defense need. The need for additional expansion shall be quantitatively measured in terms of wartime supply and requirements.
2. Expansion goals shall be based upon shortages which, in the judgment of the delegate agency, will not be overcome without the incentive of tax amortization.

When the Defense Mobilization Board has completed its review of the program in the light of these criteria, and made its recommendations to the Director of Defense Mobilization, it is expected that the program for the future will be on a proper basis.

This is not critical of the past. Nor is it thought best to abandon the practice entirely. But its usefulness in the future will be greatest for the good of the Nation as a whole if from now on it is used only sparingly and very rigidly and strictly confined to direct war-requirements applications.

Effect of allowance of emergency amortization certificates;
based on certificates of \$30,521 million issued
through June 29, 1955

(In millions of dollars)

Calendar year	Value of completed projects <u>1/</u>	Amount subject to accelerated amortization:	Normal depreciation <u>2/</u>	Accelerated amortization:	Excess of accelerated amortization:	Decrease in tax liabilities <u>3/</u>
1950	700	420	6	21	15	7
1951	4,167	2,500	87	292	205	113
1952	9,683	5,810	249	831	582	308
1953	16,000	9,600	463	1,541	1,078	593
1954	22,000	13,200	787	2,280	1,493	747
1955	26,594	15,956	1,132	2,895	1,763	882
1956	28,244	16,946	1,279	2,999	1,720	796
1957	29,479	17,687	1,289	2,633	1,344	605
1958	30,521	18,313	1,279	2,060	781	351
1959	30,521	18,313	1,228	1,383	155	70
1960	30,521	18,313	1,146	743	- 403	- 181
1961	30,521	18,313	1,080	372	- 708	- 319
1962	30,521	18,313	1,037	200	- 837	- 377
1963	30,521	18,313	1,000	63	- 937	- 422
1964	30,521	18,313	967	0	- 967	- 435

Office of the Secretary of the Treasury,
Analysis Staff, Tax Division.

July 18, 1955

End of year. These estimates are based on the O.D.M. reported figures, but are modified in order to reconcile with corporate amortization deductions for 1951 and 1952.

Computed on the basis of a straight-line rate of 6 percent, assuming that all certificate holders use the declining-balance method at 200 percent of the straight-line rate for assets acquired after January 1, 1954, switching to straight-line when it becomes advantageous.

Effective tax rates reflecting rate decrease scheduled under present law.

Effect of allowance of emergency
amortization certificates

(In millions of dollars)

Fiscal	:	Decrease in
year	:	tax collections
1951		4
1952		77
1953		266
1954		569
1955		776
1956		880
1957		810
1958		625
1959		370
1960		87
1961		- 167
1962		- 310
1963		- 374
1964		- 420
1965		- 434

Office of the Secretary of the Treasury,
Analysis Staff, Tax Division.

July 18, 1955

Tax amortization applications and certifications

105

(Money figures in millions of dollars)

Period 1/	Applications filed :		Certificates issued :		Certificates	
	during :		(net) during :		outstanding at end	
	period 2/		period 2/3/		of period 3/	
	Number	Value	Number	Value	Number	Value
950	<u>1,014</u>	<u>3,923</u>	<u>149</u>	<u>1,330</u> 4/	<u>149</u>	<u>1,330</u> 4/
951	<u>15,909</u>	<u>23,161</u>	<u>5,322</u>	<u>10,104</u>		
1st quarter	6,941	12,695	788	3,040 4/	937	4,370 4/
2nd quarter	4,030	5,566	1,385	3,135 4/	2,322	7,505 4/
3rd quarter	2,853	2,628	1,767	1,805 4/	4,089	9,310 4/
4th quarter	2,085	2,272	1,382	2,124 4/	5,471	11,434
952	<u>7,036</u>	<u>8,101</u>	<u>9,544</u>	<u>12,649</u>		
1st quarter	2,517	2,924	3,267	5,375 4/	8,738	16,809 4/
2nd quarter	1,802	2,073	3,350	4,225 4/	12,088	21,034 4/
3rd quarter	1,417	1,559	1,913	1,825 4/	14,001	22,859 4/
4th quarter	1,300	1,545	1,014	1,224 4/	15,015	24,083
953	<u>3,426</u>	<u>5,765</u>	<u>3,617</u>	<u>4,942</u>		
1st quarter	1,022	1,355	1,176	1,599	16,191	25,682
2nd quarter	1,108	1,844	1,235	1,627	17,426	27,309
3rd quarter	664	1,503	681	830	18,107	28,139
4th quarter	632	1,063	525	886	18,632	29,025
954	<u>1,500</u>	<u>2,643</u>	<u>756</u>	<u>635</u>		
1st quarter	374	736	359	477	18,991	29,502
2nd quarter	434	609	- 107	- 568	18,884	28,934
3rd quarter	375	917	282	678	19,166	29,612
4th quarter	317	381	222	48	19,388	29,660
955						
1st quarter	370	920	223	372	19,611	30,032
2nd quarter	660	3,012	350	489	19,961	30,521

Office of the Secretary of the Treasury,
Analysis Staff, Tax Division.

July 18, 1955.

Source: Office of Defense Mobilization.

- 1 Based on bi-weekly progress reports that may not coincide exactly with calendar years or calendar-year quarters.
- 1 Derived from cumulative data which reflect revisions, adjustments, and amendments; decumulated data for certain periods may reflect revisions pertaining to other periods.
- 1 Data reflect the net effect of certificates issued and canceled; cumulative data reflect revisions, adjustments, and amendments.
- 1 Rough approximations.

Effect of allowance of emergency amortization certificates; based on certificates
of \$30,521 million issued through June 29, 1955

(In millions of dollars)

Calendar year	Value of completed projects <u>1/</u>	Amount subject to accelerated amortization	Normal depreciation <u>2/</u>		Accelerated amortization	Excess of accelerated amortization		Decrease in tax liabilities under accelerated amortization <u>3/</u> as compared to	
			Straight line	Declining balance		Straight-line depreciation	Declining-balance depreciation	Straight-line depreciation	Declining-balance depreciation
1950	700	420	6	6	21	15	15	7	7
1951	4,167	2,500	87	87	292	205	205	113	113
1952	9,683	5,810	249	249	831	582	582	308	308
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1962	30,521	18,313	1,098	1,037	200	- 898	- 837	- 404	- 377
1963	30,521	18,313	1,098	1,000	63	-1,035	- 937	- 466	- 422
1964	30,521	18,313	1,098	967	0	-1,098	- 967	- 494	- 435

Office of the Secretary of the Treasury, Analysis Staff, Tax Division

July 18, 1955

1/ End of year. These estimates are based on the O.D.M. reported figures, but are modified in order to reconcile with corporate amortization deductions for 1951 and 1952.

2/ Straight-line depreciation rate assumed is 6 percent. Amounts shown for declining-balance depreciation assume that all certificate holders use this method for assets acquired after January 1, 1954 switching to straight-line when it becomes advantageous.

3/ Effective tax rates reflecting rate decrease on April 1, 1956 scheduled under present law.

RELEASE MORNING NEWSPAPERS,
Tuesday, July 19, 1955.

The Treasury Department announced last evening that the tenders for \$1,600,000,000, or thereabouts, of 91-day Treasury bills to be dated July 21 and to mature October 20, 1955, which were offered on July 14, were opened at the Federal Reserve Banks on July 18.

The details of this issue are as follows:

Total applied for - \$2,390,318,000
 Total accepted - 1,600,466,000 (includes \$253,340,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
 Average price - 99.591 Equivalent rate of discount approx. 1.620% per annum

Range of accepted competitive bids:

High - 99.618 Equivalent rate of discount approx. 1.511% per annum
 Low - 99.588 " " " " " 1.630% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 36,247,000	\$ 29,197,000
New York	1,673,775,000	1,022,080,000
Philadelphia	35,454,000	20,454,000
Cleveland	67,021,000	59,221,000
Richmond	10,742,000	9,242,000
Atlanta	33,814,000	30,282,000
Chicago	300,220,000	224,300,000
St. Louis	29,309,000	28,622,000
Minneapolis	9,460,000	9,260,000
Kansas City	43,128,000	39,128,000
Dallas	50,568,000	30,156,000
San Francisco	100,580,000	98,524,000
Total	\$2,390,318,000	\$1,600,466,000

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TREASURY DEPARTMENT

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WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, July 19, 1955.

H-859

The Treasury Department announced last evening that the tenders for \$1,600,000,000, or thereabouts, of 91-day Treasury bills to be dated July 21 and to mature October 20, 1955, which were offered on July 14, were opened at the Federal Reserve Banks on July 18.

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Dallas	50,568,000	30,156,000
San Francisco	100,530,000	98,524,000
TOTAL	\$2,390,318,000	\$1,600,466,000

HENRY J. NICHOLS

ation, Boston Better Business Bureau, Boston Municipal Research Bureau, Devonshire Financial Service Corporation, Dorchester Mutual Fire Insurance Company, Powdrell & Alexander, Inc., Warren Institution for Savings, where he also serves as trustee and member of the Board of Investment. He is a director of the Warren National Bank, Peabody, Mass. Married and the father of a daughter, Marjorie, he resides at 68 Beacon Street, Boston.

In connection with

~~Commenting on~~ Mr. Nichols' acceptance of the state chairmanship, Secretary

Humphrey wrote him: "The addition of a leader of your stature as State Chairman will be of invaluable assistance. I know that you will receive the wholehearted cooperation of the Massachusetts Savings Bonds organization in providing leadership for this important program."

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Release ATM Humphrey
Wednesday, July 20, 1955

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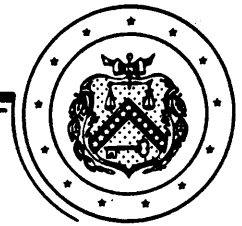
Secretary Humphrey today announced the appointment of Henry J. Nichols, vice president and director of The National Shawmut Bank of Boston, as State Chairman of the Massachusetts Savings Bonds Committee. Mr. Nichols succeeds Alden C. Brett, Treasurer of the Hood Rubber Company, Watertown, who has been State Chairman since March, 1954.

In accepting Mr. Brett's resignation with regret, Secretary Humphrey wrote him: "The leadership you have given to the Savings Bonds program in Massachusetts while serving as the volunteer State Chairman has aided us very greatly in our efforts to achieve and maintain a sound and honest dollar. Please accept our grateful thanks... I know we can continue to count on you for advice and counsel."

The new State Chairman, who will direct volunteer activities in Massachusetts, has been with the Shawmut Bank since 1930. Born in Groveland, Illinois, he was graduated from the Council Bluffs, Iowa, high school in 1894. Starting his banking career with the Citizens State Bank and the First National Bank of Council Bluffs, he was with the Detroit & Toledo Construction Company, Detroit, during the construction of the Detroit-Monroe-Toledo Short Line railroad. From 1908 to 1930 he served as financial representative of Swift & Company in New England.

Mr. Nichols was president of the Boston Chamber of Commerce from 1940 to 1945 and chairman of the Boston Port Authority, 1945-46. He is a member of the American Bankers Association, past member of the Executive Council, the State Legislative Council and the Insurance & Protective Commission.

In 1943-44 he was president of the Massachusetts Bankers Association. He is a member of the Commerce and Marine Commission, a director of the Massachusetts Division, American Cancer Society; of the American Enka Corpora-



WASHINGTON, D.C.

RELEASE A.M. NEWSPAPERS,
Wednesday, July 20, 1955.

H-860

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FOR IMMEDIATE RELEASE
July 18, 1955

H-861

The Bureau of Customs announced today that informal information indicates that the quota of 1,709,000 pounds on peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts but not including peanut butter), prescribed in the President's Proclamation of June 8, 1953, as amended and modified, may be filled on August 1, 1955, the opening day of the quota year.

An equal opportunity will be afforded all importers and other interested parties for the filing of entries and withdrawals for consumption of peanuts at the same moment of time on the opening day of the quota. Arrangements have therefore been made at customs ports of entry whereby importers and other interested parties may simultaneously present, in proper form, entries or withdrawals for consumption of peanuts on August 1 as of 12:00 noon, e.s.t., or its equivalent in other time zones.

If the entries and withdrawals from warehouse for consumption presented on August 1, at the hours specified above, cover a total in excess of the quota, the quantity which may be released under the quota will be prorated over the various entries, thus assuring an equitable distribution of the quota.

If the quota is not filled at the opening moment on August 1, entries and withdrawals for consumption thereafter will be considered in the order of the time of presentation.

No one may present entries or withdrawals for consumption for a quantity in excess of the quota.

TREASURY DEPARTMENT

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WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, July 18, 1955.

H-861

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H-862

IMMEDIATE RELEASE,
Monday, July 18, 1955.

The Secretary of the Treasury announced today that on Wednesday, July 20, holders of the \$8,477 million of certificates of indebtedness maturing August 15, will be given an opportunity to exchange their holdings for a new 2 percent Tax Anticipation Certificate of Indebtedness to mature June 22, 1956, or for an additional amount of the 2 percent Treasury Notes which were issued last May. Cash subscriptions will not be invited.

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The new Tax Anticipation Certificates of Indebtedness will be dated August 1, 1955. They will be receivable at par and accrued interest to maturity in payment of income and profits taxes due on June 15, 1956. The Treasury Notes will be issued as of August 1, and will mature on August 15, 1956.

Interest to maturity (August 15) will be allowed in full on the 1-1/8 percent certificates. Interest on the securities issued in exchange will begin to accrue from August 1. The coupons dated August 15, 1955, on the maturing certificates should be detached by holders and cashed when due. If the maturing certificates are to be exchanged for the notes, subscriptions should be accompanied by payment of accrued interest from May 17, 1955, to August 1, 1955, \$4.1989 per \$1,000.

The subscription books will be open three days for this exchange offering. Any subscription for either issue addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight Friday, July 22, will be considered as timely.

TREASURY DEPARTMENT

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WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, July 18, 1955.

H-862

The Secretary of the Treasury announced today that on Wednesday, July 20, holders of the \$8,477 million of certificates of indebtedness maturing August 15, will be given an opportunity to exchange their holdings for a new 2 percent Tax Anticipation Certificate of Indebtedness to mature June 22, 1956, or for an additional amount of the 2 percent Treasury Notes which were issued last May. Cash subscriptions will not be invited.

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IMMEDIATE RELEASE,
Tuesday, July 12, 1955.

7/ -

The Treasury Department today announced the subscriptions and allotment figures with respect to the current cash offering of 1-7/8 percent Tax Anticipation Certificates of Indebtedness of Series A-1956. These certificates are dated July 18, 1955, and will mature March 22, 1956. They will be accepted at par plus accrued interest to maturity in payment of income and profits taxes due on March 15, 1956.

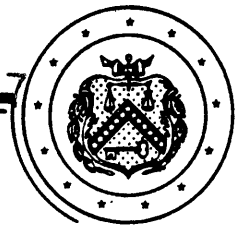
Commercial banks were allotted about \$1 billion, with about \$1.2 billion going to nonbank sources on original issue.

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

<u>Federal Reserve District</u>	<u>Total Subscriptions Received</u>	<u>Total Subscriptions Allotted</u>
Boston	\$ 298,956,000	\$ 63,470,000
New York	4,689,601,000	909,547,000
Philadelphia	336,237,000	71,143,000
Cleveland	929,531,000	187,549,000
Richmond	235,626,000	53,712,000
Atlanta	271,891,000	73,947,000
Chicago	1,827,664,000	386,123,000
St. Louis	227,690,000	54,898,000
Minneapolis	168,417,000	47,364,000
Kansas City	309,773,000	77,595,000
Dallas	279,687,000	68,653,000
San Francisco	1,044,605,000	207,203,000
Treasury	- - -	- - -
TOTAL	\$10,619,678,000	\$2,201,204,000

TREASURY DEPARTMENT

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WASHINGTON, D. C.

IMMEDIATE RELEASE,
Tuesday, July 19, 1955.

H-863

The Treasury Department today announced the subscription and allotment figures with respect to the current cash offering of 1-7/8 percent Tax Anticipation Certificates of Indebtedness of Series A-1956. These certificates are dated July 18, 1955, and will mature March 22, 1956. They will be accepted at par plus accrued interest to maturity in payment of income and profits taxes due on March 15, 1956.

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TOTAL	\$10,619,678,000	\$2,201,204,000

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 July 28, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 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,

EXHIBIT X

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TREASURY DEPARTMENT
Washington

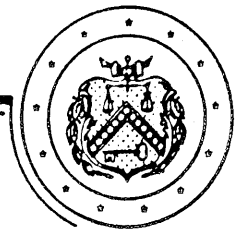
FOR RELEASE, MORNING NEWSPAPERS,
Thursday, July 21, 1955.
(3)

H-864

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 28, 1955, in the amount of
\$ 1,501,086,000, 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 28, 1955, and will mature October 27, 1955, when the face
amount will be payable without interest. They will be issued in bearer form only,
and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000 and \$1,000,000
(maturity value).

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



WASHINGTON, D. C.

RELEASE MORNING NEWSPAPERS,
Thursday, July 21, 1955.

H-864

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 28, 1955, in the amount of \$1,501,086,000, 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 28, 1955, and will mature October 27, 1955, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Daylight Saving time, Monday, July 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 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 28, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 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.

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-8065

**IMMEDIATE RELEASE,
Wednesday, July 20, 1955.**

The Treasury Department today announced the subscription and allotment figures with respect to the additional cash offering of \$750,000,000, or thereabouts, of 3 percent Treasury Bonds of 1995, maturing February 15, 1995. The offering was directed primarily to savings-type investors. Subscriptions from this source equaled approximately the total amount of the offering. These subscriptions were allotted 65 percent, and all other subscriptions were allotted 30 percent.

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

<u>Federal Reserve District</u>	<u>Subscriptions from savings-type investors</u>	<u>Subscriptions from all others</u>	<u>Total Subscriptions Received</u>	<u>Total Allotments</u>
Boston	\$ 96,273,000	\$ 63,156,000	\$ 159,429,000	\$ 82,743,000
New York	392,825,500	427,025,000	819,850,500	386,870,000
Philadelphia	16,128,500	36,927,000	53,055,500	23,088,000
Cleveland	30,450,000	40,612,000	71,062,000	33,067,500
Richmond	38,416,500	25,314,000	63,730,500	33,370,000
Atlanta	23,108,000	36,575,000	59,683,000	26,927,500
Chicago	61,599,000	143,630,000	205,229,000	87,356,000
St. Louis	2,910,000	32,931,500	35,841,500	13,227,500
Minneapolis	9,593,500	18,648,500	28,242,000	12,341,000
Kansas City	9,513,000	31,790,500	41,303,500	17,254,500
Dallas	29,310,000	56,345,500	85,655,500	36,578,000
San Francisco	39,073,000	57,178,000	96,251,000	43,604,500
Treasury	120,000	126,500	246,500	134,500
Government Investment Accts.	- -	- -	- -	25,000,000
Total	\$749,320,000	\$970,259,500	\$1,719,579,500	\$821,562,000

The breakdown of subscriptions by savings-type investors is as follows:

Pension and Retirement Funds -- public and private	\$257,416,500
Endowment Funds	31,414,500
Insurance Companies	216,399,000
Mutual Savings Banks	158,658,000
Fraternal Benefit Associations and Labor Unions' insurance funds .	8,966,000
Savings and Loan Associations	68,034,000
Credit Unions	1,511,000
Other Savings Organizations (not including commercial banks) . . .	6,921,000
Total	\$749,320,000

TREASURY DEPARTMENT

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WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, July 20, 1955.

H-865

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Fraternal Benefit Associations and Labor Unions' insurance funds .	8,966,000
Savings and Loan Associations	68,034,000
Credit Unions	1,511,000
Other Savings Organizations (not including commercial banks) . . .	6,921,000
Total	\$749,320,000

175/66

The Treasury Department announced last evening that the tenders for \$1,600,000,000, or thereabouts, of 91-day Treasury bills to be dated July 28 and to mature October 27, 1955, which were offered on July 21, were opened at the Federal Reserve Banks on July 25.

The details of this issue are as follows:

Total applied for - \$2,403,294,000
Total accepted - 1,601,030,000 (includes \$224,699,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price - 99.565/ Equivalent rate of discount approx. 1.720% per annum
Range of accepted competitive bids: (Excepting two tenders totaling \$970,000)
High - 99.600 Equivalent rate of discount approx. 1.582% per annum
Low - 99.560 " " " " " " 1.741% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 33,110,000	\$ 28,110,000
New York	1,755,177,000	1,040,573,000
Philadelphia	39,184,000	24,184,000
Cleveland	76,575,000	72,575,000
Richmond	12,368,000	12,318,000
Atlanta	30,957,000	30,457,000
Chicago	249,659,000	204,779,000
St. Louis	29,805,000	29,805,000
Minneapolis	10,023,000	10,023,000
Kansas City	43,835,000	43,835,000
Dallas	41,594,000	25,714,000
San Francisco	81,007,000	78,657,000
TOTAL	\$2,403,294,000	\$1,601,030,000

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TREASURY DEPARTMENT



WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, July 26, 1955.

H-866

The Treasury Department announced last evening that the tenders for \$1,600,000,000, or thereabouts, of 91-day Treasury bills to be dated July 28 and to mature October 27, 1955, which were offered on July 21, were opened at the Federal Reserve Banks on July 25.

The details of this issue are as follows:

Total applied for	- \$2,403,294,000	
Total accepted	- \$1,601,030,000	(includes \$224,699,000 entered on a non-competitive basis and accepted in full at the average price shown below)
Average price	- 99.565 $\frac{1}{2}$	Equivalent rate of discount approx. 1.720% per annum
Range of accepted competitive bids:	(Excepting two tenders totaling \$970,000)	
High	- 99.600	Equivalent rate of discount approx. 1.582% per annum
Low	- 99.560	Equivalent rate of discount approx. 1.741% per annum

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 33,110,000	\$ 28,110,000
New York	1,755,177,000	1,040,573,000
Philadelphia	39,184,000	24,184,000
Cleveland	76,575,000	72,575,000
Richmond	12,368,000	12,318,000
Atlanta	30,957,000	30,457,000
Chicago	249,659,000	204,779,000
St. Louis	29,805,000	29,805,000
Minneapolis	10,023,000	10,023,000
Kansas City	43,835,000	43,835,000
Dallas	41,594,000	25,714,000
San Francisco	81,007,000	78,657,000
TOTAL	\$2,403,294,000	\$1,601,030,000

IMMEDIATE RELEASE,
Tuesday, July 26, 1955.

H-867

Preliminary reports from the Federal Reserve Banks show that about \$8,330 million of the \$8,477 million of certificates of indebtedness maturing August 15 have been exchanged for the new securities currently offered, leaving less than \$150 million for cash redemption. Out of about \$2,723 million of the maturing certificates held by the public, \$1,485 million have been exchanged for the new tax certificates, and \$1,090 million for the 2 percent notes maturing August 15, 1956.

The details of the exchange by Federal Reserve Districts will probably be announced next Friday.



WASHINGTON, D.C.

IMMEDIATE RELEASE,
Tuesday, July 26, 1955.

H-867

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The details of the exchange by Federal Reserve Districts will probably be announced next Friday.

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- 6 -

In brief, these bills would treat as a jewel for duty purposes any place in an imported watch movement where a jewel is in fact inserted in any manner in an imported watch movement after the movement is brought into this country -- if this is done in a Foreign Trade Zone, in a bonded warehouse or otherwise in Customs custody or within three years after the watch movement is released from Customs custody. The bill would authorize the Secretary of the Treasury to prescribe such regulations as would be necessary to enforce the provisions of the bill and the Treasury Department is confident that it can draft regulations which would insure adequate enforcement of the bill while at the same time not unduly hampering the importation of watch movements which are not to be "upjeweled" after importation or otherwise burdening the trade in ^{such} ~~customary~~ imported watch movements. Section 2 of the bill would give the President six months within which to conduct negotiations with any interested foreign governments which might contend that ~~violations of~~ ^{obligations} trade agreements ~~were~~ ^{were} affected ~~by~~ ^{by} the bill.

In view of this ruling and interpretation made by the Bureau of Customs under the Tariff Act of 1930, a loophole has developed in the structure of that portion of the watch tariff which is based on jewel count and differentiates so sharply between watch movements containing over 17 jewels and those containing 17 jewels or less. While the Treasury has no primary responsibility for tariff policy generally, we nevertheless felt that because of the obvious important consequences of this and because the recent developments had occurred in the Customs, we should, and we did call this matter to the attention of the interested Departments of the Government by requesting the Office of Defense Mobilization to convene a meeting of its Advisory Committee on the Watch Industry for such consideration and action as might be deemed advisable. The Advisory Committee to which I refer was established by the Director of the Office of Defense Mobilization on January 12, 1955, with his representative as Chairman, and with membership representation at the Assistant Secretary level of the Departments of State, Treasury, Defense, Commerce and Labor.

A ~~After considering this upjweling question, the interested departments and agencies felt, especially in view of last years finding by the President on the recommendation of ODM regarding the defense essentiality of the jeweled watch industry, which finding remains unchanged, that the possibilities for and probability of disturbance of the status quo in the watch industry through upjweling were so great that the situation should be called to the attention of the Congress with the recommendation that corrective legislation be enacted to close the loophole which had just developed in the tariff structure. The legislation before you arises out of such recommendation and is aimed at correcting this situation.~~ shell

RIDER A

After considering this upjeweling question, the interested Departments and agencies felt that the possibility for and probability of disturbance of the status quo in the watch industry ~~was~~ through upjeweling were great enough that action should be taken promptly. The President's finding on the recommendation of ODM regarding the defense essentiality of the skills of the jeweled watch industry ~~remains~~ remains unchanged. It was thought that failure to act on the upjeweling question might more than offset the anticipated results of the tariff increase on watches ordered by the President last year. For this reason it was felt that the situation should be called to the attention of the Congress with the recommendation that corrective legislation be enacted to close the loophole which had just developed in the tariff structure.

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if any one or more of such movements were ruled not to contain substitutes for jewels (in addition to the original 17 jewels) such movements would be imported as 17-jewel movements and would be upjeweled after importation. On July 11, 1955 the Bureau of Customs issued its ruling. This ruling held that all four of the movements were specially designed to facilitate "upjeweling" after importation; that three of the movements contained substitutes for jewels; and that one of the movements did not contain any substitutes for jewels. Additionally, the ruling held that if all of the movements were found to be functioning watch movements after necessary tests on them were completed, three of the samples would be dutiable at the \$10.75 rate as watch movements containing over 17 jewels and that one of the movements would be dutiable at the lower rate applicable to movements containing 17 jewels or less. The latter movement was of a special construction involving a modified form of pinion which at one end rotated in a hole jewel which was inserted in the movement upside down from its normal position. It was contemplated that after importation this hole jewel would be turned over so that it would be in its normal position and then a cap jewel would be placed on top of it; but at the time of importation the movement contained no substitute for the cap jewel. By performing this simple operation on four pinions the watch movement could be upjeweled from 17 jewels to 21 jewels. As you can see, the effect of this ruling was to permit watch movements of this one design to come in at the lower duty rate and be sold on the market as 21-jewel movements without having paid the higher \$10.75 duty normally applicable to such movements.

of 1930. By reason of this paragraph a substitute for a jewel is treated as a jewel for duty and marking purposes. The question, as you can see, was entirely a technical legal one of the proper construction under the Tariff Act of the meaning of the term "substitutes for jewels."

The Bureau of Customs studied this question very thoroughly, and on January 14, 1955, it published in the Federal Register its tentative opinion that watch movements containing these devices were properly classifiable as containing substitutes for jewels within the meaning of the Tariff Act of 1930. The Bureau solicited comments from interested parties for a 30-day period. Briefs were filed, and after careful reconsideration the Bureau of Customs on March 16, 1955, issued its final decision on the matter as T. D. 53753. This ruling held that watch movements specially constructed to facilitate upjeweling after importation by the omission of jewels and the substitution of metal caps, bushings, etc., contain substitutes for jewels in each position customarily occupied by a jewel but in which a metal cap, bushing, etc., had been placed at the time the movements were prepared for exportation to the United States. The effect of this ruling was that these substituted metal pieces were to be counted as jewels for duty and marking purposes so that, for example, an imported watch containing 17 jewels and 4 metal caps or bushings of the type I have just described would be dutiable as a 21-jewel watch movement at the time of importation and thus pay the \$10.75 duty rate. This ruling became effective June 15, 1955, 90 days after its publication in the Treasury Decisions.

On March 31, 1955, an importer of watch movements applied to the Bureau of Customs for a ruling as to the tariff classification of four sample movements each containing 17 jewels. The importer stated that

small expense. Although the practice of upjweling was not unknown in years past, our information is that it has only quite recently become commercially significant.

I think it might be helpful to you if I were to explain briefly the developments in the upjweling field of late which have come to our attention and which have precipitated the problem this legislation seeks to solve.

Last fall it was brought to the attention of the Bureau of Customs that a new device had been developed for incorporation in watch movements and was being utilized to facilitate the upjweling of imported watch movements after importation. At a later date this development was brought directly to the attention of the Treasury Department. As imported watch movements containing this device had not previously come to the attention of the Bureau of Customs, there arose the question of the proper tariff classification of such movements under the Tariff Act of 1930. This new device consisted of a barrel-like container of metal incorporated in the plate or bridge of a watch movement. This container is so designed as to hold the conventional hole-jewel through which the end of each pinion extends, and the cap jewel against which the end of the pinion rotates. The container can, however, equally well hold a metal bushing in place of the hole jewel and a metal cap in place of the cap jewel or end-stone. And if metal bushings and caps were originally inserted, its special design permitted jewels to be substituted for them after importation (through the simple operation of opening and closing a spring fastener). Other similar devices were brought to our attention at approximately the same time. The quite technical customs classification question involved was whether watch movements containing these or other similar devices contained "substitutes for jewels" as that term is used in paragraph 367(i) of the Tariff Act

Statement of
H. Chapman Rose, Assistant Secretary of the Treasury
before the
House Ways and Means Committee
July 27, 1955

Mr. Chairman, Members of the Committee:

I am appearing before you today in support of H.R. 7466 and H.R. 7467, identical bills introduced by Chairman Cooper and Mr. Jenkins, respectively, ~~as a result of developments~~ ^{by request,} as the result of developments which I shall describe. This legislation is supported by the Administration, for the purpose of closing a loophole which has just developed in the existing tariff rate structure on imported watch movements and related devices through a practice known as "upjeweling". It merely seeks, therefore, to maintain the watch tariff in status quo by preserving the rate structure of paragraph 367 of the Tariff Act of 1930 relating to watch movements.

That portion of the tariff rate structure on watch movements which is based on jewel count differentiates sharply between imported watch movements containing over 17 jewels and those containing 17 jewels or less. For example, the duty on movements containing 17 jewels is now approximately \$3.75 whereas the duty on movements containing over 17 jewels is \$10.75. In general terms, "upjeweling", as I will use the term before you today, consists of importing movements containing 17 or less jewels, at the time of importation, at the \$3.75 or lower rate and, after importation, inserting additional jewels in the movements to bring the jewel count up to 19, 21, or 23 jewels. Such movements can then be advertised and sold as containing the higher number of jewels. In this way the importer is able to save roughly \$7.00 in duty by avoiding payment of the \$10.75 duty through the upjeweling process which we understand can be accomplished at relatively

H - 868

Statement of
H. Chapman Rose, Assistant Secretary of the Treasury
before the
House Ways and Means Committee
July 27, 1955

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Mr. Chairman, Members of the Committee:

I am appearing before you today in support of H. R. 7466 and H.R. 7467, identical bills introduced by Chairman Cooper and Mr. Jenkins, respectively, by request, as the result of developments which I shall describe. This legislation is supported by the Administration, for the purpose of closing a loophole which has just developed in the existing tariff rate structure on imported watch movements and related devices through a practice known as "upjeweling". It merely seeks, therefore, to maintain the watch tariff in status quo by preserving the rate structure of paragraph 367 of the Tariff Act of 1930 relating to watch movements.

That portion of the tariff rate structure on watch movements which is based on jewel count differentiates sharply between imported watch movements containing over 17 jewels and those containing 17 jewels or less. For example, the duty on movements containing 17 jewels is now approximately \$3.75 whereas the duty on movements containing over 17 jewels is \$10.75. In general terms, "upjeweling", as I will use the term before you today, consists of importing movements containing 17 or less jewels, at the time of importation, at the \$3.75 or lower rate and, after importation, inserting additional jewels in the movements to bring the jewel count up to 19, 21, or 23 jewels. Such movements can then be advertised and sold as containing the higher number of jewels. In this way the importer is able to save roughly \$7.00 in duty by avoiding payment of the \$10.75 duty through the upjeweling process which we understand can be accomplished at relatively small expense. Although the practice of upjeweling was not unknown in years past, our information is that it has only quite recently become commercially significant.

I think it might be helpful to you if I were to explain briefly the developments in the upjeweling field of late which have come to our attention and which have precipitated the problem this legislation seeks to solve.

Last fall it was brought to the attention of the Bureau of Customs that a new device had been developed for incorporation in watch movements and was being utilized to facilitate the upjeweling of imported watch movements after importation. At a later date this development was brought directly to the attention of the Treasury Department. As imported watch movements containing this device had not previously come to the attention of the Bureau of Customs, there arose the question of the proper tariff classification of such movements under the Tariff Act of 1930. This new device consisted of a barrel-like container of metal incorporated in the plate or bridge of a watch movement. This container is so designed as to hold the conventional hole-jewel through which the end of each pinion extends, and the cap jewel against which the end of the pinion rotates. The container can, however, equally well hold a metal bushing in place of the hole jewel and a metal cap in place of the cap jewel or end-stone. And if metal bushings and caps were originally inserted, its special design permitted jewels

to be substituted for them after importation (through the simple operation of opening and closing a spring fastener). Other similar devices were brought to our attention at approximately the same time. The quite technical customs classification question involved was whether watch movements containing these or other similar devices contained "substitutes for jewels" as that term is used in paragraph 367(i) of the Tariff Act of 1930. By reason of this paragraph a substitute for a jewel is treated as a jewel for duty and marking purposes. The question, as you can see, was entirely a technical legal one of the proper construction under the Tariff Act of the meaning of the term "substitutes for jewels."

The Bureau of Customs studied this question very thoroughly, and on January 14, 1955, it published in the Federal Register its tentative opinion that watch movements containing these devices were properly classifiable as containing substitutes for jewels within the meaning of the Tariff Act of 1930. The Bureau solicited comments from interested parties for a 30-day period. Briefs were filed, and after careful reconsideration the Bureau of Customs on March 16, 1955, issued its final decision on the matter as T. D. 53753. This ruling held that watch movements specially constructed to facilitate upjeweling after importation by the omission of jewels and the substitution of metal caps, bushings, etc., contain substitutes for jewels in each position customarily occupied by a jewel but in which a metal cap, bushing, etc., had been placed at the time the movements were prepared for exportation to the United States. The effect of this ruling was that these substituted metal pieces were to be counted as jewels for duty and marking purposes so that, for example, an imported watch containing 17 jewels and 4 metal caps or bushings of the type I have just described would be dutiable as a 21-jewel watch movement at the time of importation and thus pay the \$10.75 duty rate. This ruling became effective June 16, 1955, 90 days after its publication in the Treasury Decisions.

On March 31, 1955, an importer of watch movements applied to the Bureau of Customs for a ruling as to the tariff classification of four sample movements each containing 17 jewels. The importer stated that if any one or more of such movements were ruled not to contain substitutes for jewels (in addition to the original 17 jewels) such movements would be imported as 17-jewel movements and would be upjeweled after importation. On July 11, 1955 the Bureau of Customs issued its ruling. This ruling held that all four of the movements were specially designed to facilitate "upjeweling" after importation; that three of the movements contained substitutes for jewels; and that one of the movements did not contain any substitutes for jewels. Additionally, the ruling held that if all of the movements were found to be functioning watch movements after necessary tests on them were completed, three of the samples would be dutiable at the \$10.75 rate as watch movements containing over 17 jewels and that one of the movements would be dutiable at the lower rate applicable to movements containing 17 jewels or less. The latter movement was of a special construction involving a modified form of pinion which at one end rotated in a hole jewel which was inserted in the movement upside down from its normal position. It was contemplated that after importation this hole jewel would be turned over so that it would be in its normal position and then a cap jewel would be placed on top of it; but at the time of importation the movement contained no substitute for the cap jewel. By performing this simple operation on four pinions the watch movement could be upjeweled from 17 jewels to 21 jewels. As you can see, the effect of this ruling was to permit watch movement of this one design to come in at the lower duty rate and be sold on the market as 21-jewel movements without having paid the higher \$10.75 duty normally applicable to such movements.

In view of this ruling and interpretation made by the Bureau of Customs under the Tariff Act of 1930, a loophole has developed in the structure of that portion of the watch tariff which is based on jewel count and differentiates so sharply between watch movements containing over 17 jewels and those containing 17 jewels or less. While the Treasury has no primary responsibility for tariff policy generally, we nevertheless felt that because of the obvious important consequences of this and because the recent developments had occurred in the Customs, we should, and we did call this matter to the attention of the interested Departments of the Government by requesting the Office of Defense and Mobilization to convene a meeting of its Advisory Committee on the Watch Industry for such consideration and action as might be deemed advisable. The Advisory Committee to which I refer was established by the Director of the Office of Defense Mobilization on January 12, 1955, with his representative as Chairman, and with membership representation at the Assistant Secretary level of the Departments of State, Treasury, Defense, Commerce and Labor.

After considering this upjeweling question, the interested Departments and agencies felt that the possibility for and probability of disturbance of the status quo in the watch industry through upjeweling were great enough that action should be taken promptly. The President's finding on the recommendation of ODM regarding the defense essentiality of the skills of the jeweled watch industry remains unchanged. It was thought that failure to act on the upjeweling question might more than offset the anticipated results of the tariff increase on watches ordered by the President last year. For this reason it was felt that the situation should be called to the attention of the Congress with the recommendation that corrective legislation be enacted to close the loophole which had just developed in the tariff structure.

In brief, these bills would treat as a jewel for duty purposes any place in an imported watch movement where a jewel is in fact inserted in any manner in an imported watch movement after the movement is brought into this country -- if this is done in a Foreign Trade Zone, in a bonded warehouse or otherwise in Customs custody or within three years after the watch movement is released from Customs custody. The bill would authorize the Secretary of the Treasury to prescribe such regulations as would be necessary to enforce the provisions of the bill and the Treasury Department is confident that it can draft regulations which would insure adequate enforcement of the bill while at the same time not unduly hampering the importation of watch movements which are not to be "upjeweled" after importation or otherwise burdening the trade in such imported watch movements. Section 2 of the bill would give the President six months within which to conduct negotiations with any interested foreign governments which might contend that trade agreement obligations were affected by the bill.

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 August 4, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 4, 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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14-869

~~XXXXXX~~

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, July 28, 1955.
(3)

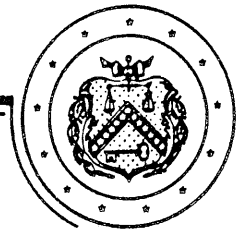
The Treasury Department, by this public notice, invites tenders for
\$ 1,600,000,000 , or thereabouts, of 91 -day Treasury bills, for cash and
(2) (3)
in exchange for Treasury bills maturing August 4, 1955 , in the amount of
(4)x
\$ 1,501,077,000 , to be issued on a discount basis under competitive and non-
(5)
competitive bidding as hereinafter provided. The bills of this series will be
dated August 4, 1955 , and will mature November 3, 1955 , when the face
(6) (7)
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
Daylight Saving
closing hour, two o'clock p.m., Eastern/~~Standard~~ time, Monday, August 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.



FOR RELEASE, MORNING NEWSPAPERS,
Thursday, July 28, 1955

H-869

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 August 4, 1955, in the amount of \$1,501,077,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated August 4, 1955 and will mature November 3, 1955, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Daylight Saving time, Monday, August 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 August 4, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 4, 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. S. G.

IMMEDIATE RELEASE,
Friday, July 29, 1955.

The Treasury Department today announced the results of the current offering of 2 percent Treasury Certificates of Indebtedness of Series B-1956, to be dated August 1, 1955, and an additional amount of the 2 percent Treasury Notes of Series B-1956, dated May 17, 1955, open to the holders of \$8,476,645,000 of 1-1/8 percent Treasury Certificates of Indebtedness of Series B-1955, maturing August 15. Subscriptions to the new issues amounted to \$8,326,988,000, leaving \$149,657,000 of the maturing issue for cash redemption.

Amounts exchanged were divided among the several Federal Reserve Districts and the Treasury as follows:

<u>Federal Reserve District</u>	<u>Series B-1956 Certificates</u>	<u>Series B-1956 Notes</u>
Boston	\$ 36,764,000	\$ 43,219,000
New York	1,015,170,000	6,297,496,000
Philadelphia	14,722,000	30,069,000
Cleveland	34,344,000	54,854,000
Richmond	7,769,000	13,522,000
Atlanta	15,782,000	54,783,000
Chicago	218,129,000	112,228,000
St. Louis	22,831,000	64,875,000
Minneapolis	9,302,000	34,529,000
Kansas City	30,608,000	46,346,000
Dallas	3,525,000	20,128,000
San Francisco	73,374,000	67,930,000
Treasury	3,254,000	1,435,000
TOTAL	\$1,485,574,000	\$6,841,414,000

TREASURY DEPARTMENT

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WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, July 29, 1955.

H-870

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H-871

RELEASE MORNING NEWSPAPERS,
Tuesday, August 2, 1955.

The Treasury Department announced last evening that the tenders for \$1,600,000,000, or thereabouts, of 91-day Treasury bills to be dated August 4 and to mature November 3, 1955, which were offered on July 28, were opened at the Federal Reserve Banks on August 1.

The details of this issue are as follows:

Total applied for - \$2,327,804,000
Total accepted - 1,600,114,000 (includes \$230,979,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.532/ Equivalent rate of discount approx. 1.850% per annum

Range of accepted competitive bids:

High - 99.580 Equivalent rate of discount approx. 1.662% per annum
Low - 99.526 " " " " " " 1.875% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 30,189,000	\$ 25,189,000
New York	1,645,366,000	996,446,000
Philadelphia	30,455,000	15,455,000
Cleveland	73,881,000	72,881,000
Richmond	15,687,000	15,527,000
Atlanta	32,298,000	31,798,000
Chicago	283,855,000	229,215,000
St. Louis	25,939,000	25,939,000
Minneapolis	13,557,000	13,407,000
Kansas City	43,696,000	43,376,000
Dallas	26,408,000	24,408,000
San Francisco	106,473,000	106,473,000
TOTAL	\$2,327,804,000	\$1,600,114,000

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TREASURY DEPARTMENT

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WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, August 2, 1955.

H-871

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San Francisco	106,473,000	106,473,000
TOTAL	\$2,327,804,000	\$1,600,114,000

2 P.M EDT
FOR RELEASE ~~2 pm August 3, 1955~~

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Washington, August 3, 1955

H-872

In a double swearing-in ceremony conducted at the Treasury today by Secretary Humphrey, H. Chapman Rose became an Under Secretary of the Treasury and David W. Kendall an Assistant Secretary of the Treasury.

Mr. Rose will serve as Under Secretary along with Under Secretary W. Randolph Burgess. Mr. Rose had been an Assistant Secretary since the advent of the new Administration in January, 1953. Mr. Kendall has been General Counsel of the Treasury since January 26, 1955.

Promotion of Mr. Rose followed the appointment as Secretary of Health, Education and Welfare of Marion B. Folsom, who had been Under Secretary of the Treasury since January, 1953. Mr. Kendall moved up to the Assistant Secretaryship vacated by Mr. Rose.

Mr. Rose came to the Treasury from Cleveland, Ohio, and Mr. Kendall from Jackson, Michigan. Both are lawyers.

TREASURY DEPARTMENT

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WASHINGTON, D.C.

FOR RELEASE 2 P.M. EDT
Wednesday, August 3, 1955

H-872

In a double swearing-in ceremony conducted at the Treasury today by Secretary Humphrey, H. Chapman Rose became an Under Secretary of the Treasury and David W. Kendall an Assistant Secretary of the Treasury.

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147

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 August 11, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 11, 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 1

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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, August 4, 1955.

H-873

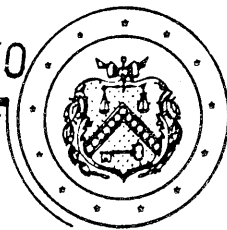
The Treasury Department, by this public notice, invites tenders for
\$ 1,600,000,000, or thereabouts, of 91-day Treasury bills, for cash and
in exchange for Treasury bills maturing August 11, 1955, in the amount of
\$ 1,502,017,000, to be issued on a discount basis under competitive and non-
competitive bidding as hereinafter provided. The bills of this series will be
dated August 11, 1955, and will mature November 10, 1955, when the face
amount will be payable without interest. They will be issued in bearer form only,
and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000 and \$1,000,000
(maturity value).

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

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WASHINGTON, D.C.

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, August 4, 1955

H-873

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

IMMEDIATE RELEASE

Thursday, August 4, 1955

Friday August 5

H-874

The Bureau of Customs announced today that a total of 92,596 pounds of peanuts was presented for entry under the peanut quota which opened as of 12:00 noon, e.s.t., on August 1, 1955. Authorizations for the release of the peanuts have been issued.

Under the President's Proclamation of June 8, 1953, as amended and modified, there is a limitation of 1,709,000 pounds on the quantity of peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter) which may be entered, or withdrawn from warehouse, for consumption in the twelve-month period beginning August 1 in any year.

TREASURY DEPARTMENT

152



WASHINGTON, D.C.

IMMEDIATE RELEASE
Friday, August 5, 1955

H-874

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RELEASE MORNING NEWSPAPERS,
Tuesday, August 9, 1955.

H-875

The Treasury Department announced last evening that the tenders for \$1,600,000,000, or thereabouts, of 28-day Treasury bills to be dated August 11 and to mature November 10 1955, which were offered on August 4, were opened at the Federal Reserve Banks on August

The details of this issue are as follows:

Total applied for - \$2,291,394,000
 Total accepted - 1,600,357,000 (includes \$230,599,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
 Average price - 99.522/ Equivalent rate of discount approx. 1.889% per annum
 Range of accepted competitive bids: (Excepting two tenders totaling \$750,000)
 High - 99.532 Equivalent rate of discount approx. 1.851% per annum
 Low - 99.518 " " " " " " 1.907% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 35,666,000	\$ 30,666,000
New York	1,628,561,000	1,025,329,000
Philadelphia	40,489,000	25,489,000
Cleveland	57,477,000	57,477,000
Richmond	15,876,000	15,876,000
Atlanta	21,656,000	20,156,000
Chicago	257,087,000	204,717,000
St. Louis	18,961,000	18,961,000
Minneapolis	22,534,000	22,334,000
Kansas City	56,734,000	49,564,000
Dallas	43,710,000	37,600,000
San Francisco	92,643,000	92,188,000
TOTAL	\$2,291,394,000	\$1,600,357,000



WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, August 9, 1955.

H-875

The Treasury Department announced last evening that the tenders for \$1,600,000,000, or thereabouts, of 91-day Treasury bills to be dated August 11 and to mature November 10, 1955, which were offered on August 4, were opened at the Federal Reserve Banks on August 8.

The details of this issue are as follows:

Total applied for - \$2,291,394,000
 Total accepted - 1,600,357,000 (includes \$230,599,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
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Philadelphia	40,489,000	25,489,000
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Richmond	15,876,000	15,876,000
Atlanta	21,656,000	20,156,000
Chicago	257,087,000	204,717,000
St. Louis	18,961,000	18,961,000
Minneapolis	22,534,000	22,334,000
Kansas City	56,734,000	49,564,000
Dallas	43,710,000	37,600,000
San Francisco	92,643,000	92,188,000
TOTAL	\$2,291,394,000	\$1,600,357,000

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SECRET

STATUTORY DEBT LIMITATION
AS OF July 31, 1955

155 TREASURY DEPARTMENT
Fiscal Service
Washington, Aug. 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 Act of June 30, 1955 (P.L. 124 84th Congress) continues this temporary increase until June 30, 1956.

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	\$ 19,913,066,000	
Certificates of indebtedness.....	16,037,299,000	
Treasury notes	<u>42,400,492,500</u>	\$ 78,350,857,500
Bonds-		
Treasury	81,825,567,700	
* Savings (current redemp. value)	58,406,739,827	
Depository.....	410,004,500	
Investment series	<u>12,571,841,000</u>	153,214,153,027
Special Funds-		
Certificates of indebtedness	31,256,728,000	
Treasury notes.....	<u>12,083,170,400</u>	43,339,898,400
Total interest-bearing		<u>274,904,908,927</u>
Matured, interest-ceased		534,988,424

Bearing no interest:

United States Savings Stamps.....	47,246,082	
Excess profits tax refund bonds	1,074,694	
Special notes of the United States:		
Internat'l Monetary Fund series.....	<u>1,613,000,000</u>	<u>1,661,320,776</u>
Total		<u>277,101,218,127</u>

Guaranteed obligations (not held by Treasury):

Interest-bearing:

Debentures: F.H.A.	40,507,086	
Matured, interest-ceased	<u>1,007,075</u>	<u>41,514,161</u>

Grand total outstanding 277,142,732,288

Balance face amount of obligations issuable under above authority 3,857,267,712

Reconciliation with Statement of the Public Debt July 31, 1955

(Date)

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

(Date)

Outstanding-

Total gross public debt	277,584,032,957
Guaranteed obligations not owned by the Treasury.....	<u>41,514,161</u>
Total gross public debt and guaranteed obligations.....	277,625,547,118
Deduct - other outstanding public debt obligations not subject to debt limitation.....	<u>482,814,830</u>
	<u>277,142,732,288</u>

H-876

STATUTORY DEBT LIMITATION
AS OF July 31, 1955

156
TREASURY DEPARTMENT
Fiscal Service
Washington, Aug. 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 Act of June 30, 1955 (P.L. 124 84th Congress) continues this temporary increase until June 30, 1956.

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	\$ 19,913,066,000	
Certificates of indebtedness.....	16,037,299,000	
Treasury notes	42,400,492,500	\$ 78,350,857,500
Bonds-		
Treasury	81,825,567,700	
Savings (current redemp. value)	58,406,739,827	
Depository.....	410,004,500	
Investment series	12,571,841,000	153,214,153,027
Special Funds-		
Certificates of indebtedness	31,256,728,000	
Treasury notes.....	12,083,170,400	43,339,898,400
Total interest-bearing		274,904,908,927
Matured, interest-ceased		534,988,424

Bearing no interest:

United States Savings Stamps.....	47,246,082	
Excess profits tax refund bonds	1,074,694	
Special notes of the United States:		
Internat'l Monetary Fund series.....	1,613,000,000	1,661,320,776
Total		277,101,218,127

Guaranteed obligations (not held by Treasury):

Interest-bearing:		
Debentures: F.H.A.	40,507,086	
Matured, interest-ceased	1,007,075	41,514,161

277,142,732,288
3,857,267,712

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(Date)
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Total gross public debt		277,584,032,957
Guaranteed obligations not owned by the Treasury.....		41,514,161
Total gross public debt and guaranteed obligations.....		277,625,547,118
Deduct - other outstanding public debt obligations not subject to debt limitation.....		482,814,830
		277,142,732,288

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 : August 9, 1955	Established : 33-1/3% of : Total Quota	Imports : Sept. 20, 1954, : to Aug. 9, 1955	1/
United Kingdom	4,323,457	1,441,152	1,441,152	1,441,152	
Canada	239,690	238,346	-	-	
France	227,420	57,317	75,807	57,317	
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	1,831,718	1,599,886	1,525,478	

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

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 August 9, 1955, inclusive

<u>Country of Origin</u>	<u>Established Quota</u>	<u>Imports</u>	<u>Country of Origin</u>	<u>Established Quota</u>	<u>Imports</u>
Egypt and the Anglo- Egyptian Sudan . . .	783,816	-	Honduras	752	-
Peru	247,952	5,931	Paraguay	871	-
British India	2,003,483	136,239	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 July 30, 1955

<u>Established Quota (Global)</u>	<u>Imports</u>
70,000,000	12,642,873

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

<u>Established Quota (Global)</u>	<u>Imports</u>
45,656,420	26,356,292

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
August 9, 1955

H-877

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 August 9, 1955, inclusive

<u>Country of Origin</u>	<u>Established Quota</u>	<u>Imports</u>	<u>Country of Origin</u>	<u>Established Quota</u>	<u>Imports</u>
Egypt and the Anglo- Egyptian Sudan . . .	783,816	-	Honduras	752	-
Peru	247,952	5,931	Paraguay	871	-
British India	2,003,483	136,239	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 July 30, 1955

<u>Established Quota (Global)</u>	<u>Imports</u>
70,000,000	12,642,873

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Imports Feb. 1, 1955, to July 30, 1955

<u>Established Quota (Global)</u>	<u>Imports</u>
45,656,420	26,356,292

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 : : August 9, 1955	: Established : : 33-1/3% of : : Total Quota	: Imports : : Sept. 20, 1954, : to Aug. 9, 1955	<u>1/</u>
United Kingdom	4,323,457	1,441,152	1,441,152	1,441,152	
Canada	239,690	238,346	-	-	
France	227,420	57,317	75,807	57,317	
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	1,831,718	1,599,886	1,525,478	

1/ Included in total imports, column 2.

August 9, 1955

H-878

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 (Bushels)	Imports : May 29, 1955, to : Aug. 9, 1955 (Bushels)	Established : Quota (Pounds)	Imports : May 29, 1955, : to Aug. 9, 1955 (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	1,000
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	-	-	-
	<u>800,000</u>	<u>795,000</u>	<u>4,000,000</u>	<u>3,816,000</u>

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,

161

August 9, 1955

H-878

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 23, 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 : Aug. 9, 1955	Established Quota	Imports : May 29, 1955, : to Aug. 9, 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	-
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	1,000
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	-	-	-
	<u>800,000</u>	<u>795,000</u>	<u>4,000,000</u>	<u>3,816,000</u>

IMMEDIATE RELEASE
August 9, 1955

H-879

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 July 30, 1955, inclusive, as follows:

Products of the Philippines	:	Established Quota Quantity	:	Unit of Quantity	:	Imports as of July 30, 1955
Buttons		850,000		Gross		426,747
Cigars		200,000,000		Number		1,927,578
Coconut Oil		448,000,000		Pound		82,067,208
Cordage		6,000,000		Pound		2,546,864
Rice		1,040,000		Pound		-
(Refined						5,453,817
Sugars		1,904,000,000		Pound		1,398,087,749
(Unrefined						
Tobacco		6,500,000		Pound		647,938

TREASURY DEPARTMENT
Washington

163

IMMEDIATE RELEASE
August 9, 1955

H-879

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 July 30, 1955, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of July 30, 1955
Buttons	850,000	Gross	426,747
Cigars	200,000,000	Number	1,927,578
Coconut Oil	448,000,000	Pound	82,067,208
Cordage	6,000,000	Pound	2,546,864
Rice	1,040,000	Pound	-
(Refined			5,453,817
Sugars	1,904,000,000	Pound	1,398,087,749
(Unrefined			
Tobacco	6,500,000	Pound	647,938

Commodity	Period and Quantity	Unit	Imports as of
		of	Quantity: July 30, 1955
Peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter)	12 mos. from Aug. 1, 1955	Pound	166,641*
		1,709,000	
Peanut Oil	12 mos. from July 1, 1955	Pound	1,378,466
		80,000,000	
Barley, hulled, unhulled, rolled, and ground barley, and barley malt	12 mos. from Oct. 1, 1954		
	Canada	27,225,000	Bushel 15,388,886
	Other Countries	275,000	Bushel 5,731
Oats, hulled and unhulled, and unhulled ground	12 months from Oct. 1, 1954		
	Canada	39,312,000	Bushel 15,979,342
	Other Countries	688,000	Bushel 687,834
Rye, rye flour, and rye meal	12 mos. from July 1, 1955		
	Canada	182,280,000	Pound 101,096,419*
	Other Countries	3,720,000	Pound -

* Imports through August 9, 1955.

IMMEDIATE RELEASE,
August 9, 1955

H-880

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

Commodity	Period and Quantity	Unit	Imports as of July 30, 1955
Whole milk, fresh or sour	Calendar Year	3,000,000 Gallon	3,618
Cream	Calendar Year	1,500,000 Gallon	402
Butter	July 16, 1955- Oct. 31, 1955	5,000,000 Pound	360
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pol- lock, cusk, and rosefish	Calendar Year	35,432,624 Pound	Quota Filled
White or Irish potatoes:			
Certified Seed	12 mos. from	150,000,000 Pound	79,674,270
Other	Sept. 15, 1954	329,100,000 Pound	16,556,712
Cattle, less than 200 lbs. each	12 mos. from April 1, 1955	200,000 Head	4,433
Cattle, 700 lbs. or more each	July 1, 1955 - Sept. 30, 1955	120,000 Head	2,008
Walnuts	Calendar Year	5,000,000 Pound	Quota filled
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 mos. from Oct. 1, 1954	5,000,000 Pound	1,628,196
Filberts, shelled (whether or not blanched)	12 mos. from Oct. 1, 1954	7,500,000 Pound	7,413,985
Alsike clover seed	12 mos. from July 1, 1955	2,500,000 Pound	384,780

(1) Imports for consumption at the quota rate are limited to 26,574,468 lbs. during the first nine months of the calendar year.

(Continued)

TREASURY DEPARTMENT
Washington

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IMMEDIATE RELEASE,
August 9, 1955

H-880

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

Commodity	Period and Quantity	Quantity	Unit	Imports as of July 30, 1955
Whole milk, fresh or sour	Calendar Year	3,000,000	Gallon	3,618
Cream	Calendar Year	1,500,000	Gallon	402
Butter	July 16, 1955- Oct. 31, 1955	5,000,000	Pound	360
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pol- lock, cusk, and rosefish	Calendar Year	35,432,624	Pound	Quota Filled (1)
White or Irish potatoes:				
Certified Seed	12 mos. from	150,000,000	Pound	79,674,270
Other	Sept. 15, 1954	329,100,000	Pound	16,556,712
Cattle, less than 200 lbs. each	12 mos. from April 1, 1955	200,000	Head	4,433
Cattle, 700 lbs. or more each	July 1, 1955 - Sept. 30, 1955	120,000	Head	2,008
Walnuts	Calendar Year	5,000,000	Pound	Quota filled
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 mos. from Oct. 1, 1954	5,000,000	Pound	1,628,196
Pilberts, shelled (whether or not blanched)	12 mos. from Oct. 1, 1954	7,500,000	Pound	7,413,985
Alsike clover seed	12 mos. from July 1, 1955	2,500,000	Pound	384,780

(1) Imports for consumption at the quota rate are limited to 26,574,468 lbs. during the first nine months of the calendar year.

(Continued)

Commodity	Period and Quantity	Unit	Imports as of
		of	Quantity: July 30, 1955
Peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter)	12 mos. from Aug. 1, 1955	Pound	166,641*
		1,709,000	
Peanut Oil	12 mos. from July 1, 1955	Pound	1,378,466
		80,000,000	
Barley, hulled, unhulled, rolled, and ground barley, and barley malt	12 mos. from Oct. 1, 1954		
	Canada	27,225,000	15,388,886
	Other Countries	275,000	5,731
Oats, hulled and unhulled, and unhulled ground	12 months from Oct. 1, 1954		
	Canada	39,312,000	15,979,342
	Other Countries	688,000	687,834
Rye, rye flour, and rye meal	12 mos. from July 1, 1955		
	Canada	182,280,000	101,096,419*
	Other Countries	3,720,000	-

* Imports through August 9, 1955.

~~CONFIDENTIAL~~

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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.

~~XXXX~~

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 August 18, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 18, 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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TREASURY DEPARTMENT
Washington

H-881

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, August 11, 1955.
~~(S)~~

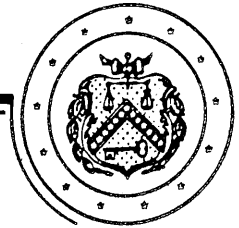
The Treasury Department, by this public notice, invites tenders for
\$ 1,600,000,000, or thereabouts, of 91 -day Treasury bills, for cash and
in exchange for Treasury bills maturing August 18, 1955, in the amount of
\$ 1,500,393,000, to be issued on a discount basis under competitive and non-
competitive bidding as hereinafter provided. The bills of this series will be
dated August 18, 1955, and will mature November 17, 1955, when the face
amount will be payable without interest. They will be issued in bearer form only,
and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000 and \$1,000,000
(maturity value).

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

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WASHINGTON, D. C.

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, August 11, 1955.

H-881

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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 August 18, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 18, 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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- 2 -

The new procedure will reduce paper work for both customs and foreign trade interests, and will relieve foreign shippers of a \$2.50 certification fee which they now have to pay on each transaction.

Liberalization of certification requirements has been extended progressively by Customs in recent years as a part of the Service's over-all program of simplification of procedures.

Ralph Kelly, Commissioner of Customs, announced today that new Customs Regulations eliminating all requirements for consular certification ~~of invoices~~ of invoices covering merchandise imported into the United States will be effective October 1, 1955. He described this as a further significant step forward in simplifying customs requirements. The certification procedure has been found not to be necessary in carrying out the responsibilities of the Bureau of Customs. Its elimination will promote the President's program to remove unwarranted burdens on international trade.

Amendments to effect the change will be published in the Federal Register of August 16. The Bureau of Customs gave notice by publication on April 27, 1955, of the proposed changes. Mr. Kelly said representations of interested parties had been considered in making the final determination to discontinue the certification requirements. Comments were almost all in favor of the change.

Currently, for many shipments, foreign suppliers must obtain certification by the nearest United States consul of an invoice form (foreign service Form 138) listing such information as the names of the shipper and consignee, selling price of the merchandise, its character, amount to be shipped, etc. Under the new regulations, this certification of invoices will be abolished as of October 1, with a special customs invoice to be substituted at some later date. Until the new invoice form is available, shippers will continue to use foreign service Form 138 but no certification will be necessary after the effective date.



WASHINGTON, D.C.

RELEASE A. M. NEWSPAPERS,
Monday, August 15, 1955.

H-882

Ralph Kelly, Commissioner of Customs, announced today that new Customs Regulations eliminating all requirements for consular certification of invoices covering merchandise imported into the United States will be effective October 1, 1955. He described this as a further significant step forward in simplifying customs requirements. The certification procedure has been found not to be necessary in carrying out the responsibilities of the Bureau of Customs. Its elimination will promote the President's program to remove unwarranted burdens on international trade.

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The Treasury Department announced last evening that the tenders for \$1,600,000,000 or thereabouts, of 91-day Treasury bills to be dated August 18 and to mature November 11, 1955, which were offered on August 11, were opened at the Federal Reserve Banks on August 15.

The details of this issue are as follows:

Total applied for - \$2,368,922,000
Total accepted - 1,600,735,000 (includes \$236,882,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.523 Equivalent rate of discount approx. 1.853% per annum
Range of accepted competitive bids:
High - 99.532 Equivalent rate of discount approx. 1.851% per annum
Low - 99.518 " " " " " 1.907% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 33,375,000	\$ 28,375,000
New York	1,660,504,000	965,027,000
Philadelphia	40,823,000	25,823,000
Cleveland	90,829,000	90,829,000
Richmond	26,556,000	26,556,000
Atlanta	54,326,000	53,716,000
Chicago	230,484,000	181,044,000
St. Louis	39,151,000	39,151,000
Minneapolis	34,756,000	34,756,000
Kansas City	50,694,000	50,694,000
Dallas	34,252,000	31,592,000
San Francisco	73,172,000	73,172,000
TOTAL	\$2,368,922,000	\$1,600,735,000

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TREASURY DEPARTMENT



WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, August 16, 1955.

H-883

The Treasury Department announced last evening that the tenders for \$1,600,000,000, or thereabouts, of 91-day Treasury bills to be dated August 18 and to mature November 17, 1955, which were offered on August 11, were opened at the Federal Reserve Banks on August 15.

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St. Louis	39,151,000	39,151,000
Minneapolis	34,756,000	34,756,000
Kansas City	50,694,000	50,694,000
Dallas	34,252,000	31,592,000
San Francisco	73,172,000	73,172,000
TOTAL	\$2,368,922,000	\$1,600,735,000

It is fortunate that ours is a government of laws and not of men, for the practitioners of the profession are likely to be less elastic than the profession itself. The latter is a growing, living, vibrant philosophy of change, which forever guides mankind and, at the same time, adapts itself to man and to the needs of man, always based, however, upon the firm foundation of history.

The Internal Revenue Service too must be such a moving and living service; otherwise, it could never serve either the American people as a tax collecting unit or American business, or American society of which it is a creature.

We are proud to point to the accomplishments of that Service, of its ever broadening aspects, and of its readiness to meet change.

The Office of the Chief Counsel, and I am speaking of the office and its philosophy, would ill serve its client were it not equally vigilant and equally ready to meet each change as it occurs.

It is peculiarly fitting that so many conventions are held in Philadelphia, and in Boston, too, for that matter. I never experience visits to these two cities, and perhaps Norfolk and Charleston, too, are in that class, but what I am reminded, as I am perfectly certain you are, of the great responsibility which we owe the people who trod the ancestors of these streets; a responsibility to alertly and carefully carry forward the tradition of liberty and responsibility which is the secret of America.

It is equally fitting that such an able body of the American Bar should be willing to give its time and attention to these meetings. I do not mean to say that there will not come about personal and professional betterment for each of us as the result of the discussion and papers to be here presented, but I do say that the overall result will be of real and lasting benefit to the code of laws and regulations and of the interpretations in connection with Federal taxation.

For this and for what you individually do day in and day out the Treasury is grateful to have such a body of allies.

You know the ancient tradition that lawyers are officers of the court. In a sense, by the continuation of this tradition from the very beginning, the tax bar has perforce been an ally of Internal Revenue. This has brought to all of us the privilege of criticism and of duty to serve. It is a very grave responsibility.

I could search for a long time for words with which to express adequately my own deep appreciation and that of my colleagues for the capable, reasonable and unselfish assistance of the officers and members of the tax section of this Association. Our lives are so much easier by reason of having been able to talk on an utterly open and frank basis about problems, and there has been no hesitancy about this.

In this connection, all of us who are lawyers must clearly recognize the proper place of the Bar which does not and must never, within its own sphere, even suggest a position of greater proximity and influence than that of any other profession. The objective is service and efficient collection of proper taxes; and anything smacking of favoritism to any profession or group would be a remarkable disservice to all.

I notice Dean Griswold's subject of tomorrow relative to accountants and lawyers. I am sure there is a proper and attainable solution to any problems which may have arisen or which may exist in this somewhat troublesome matter -- and I think such a solution which is the simplest and most direct of all will be readily recognizable.

Of course, one of the reasons why any lawyer-accountant problem exists is just because some of the practitioners in each field are apprehensive of the influence of others or give the impression of influence themselves.

You may rest assured that that situation just isn't going to happen so far as the Treasury is concerned.

It is natural and more than understandable that changes of this sort in the overall machinery of your forums would create deep concern, especially among a group which was so loyally and so fervently an interested critic in the strictest sense of that Greek derivative.

In their day to day practice and professional lives, lawyers are likely to become tradition-bound, to become creatures of stare decisis, if not of habit, without more fully realizing that such great doctrine is only a part of the foundation.

For example, a conference was held recently of Assistant Regional Counsel on appellate matters. A conference was also held of the field attorneys who are primarily responsible for the civil advisory or collection work.

To assist in the training of personnel so far as practical, when attorneys are hired they are stationed in Washington for a period of time before being transferred permanently to a field office. In reverse, we occasionally find it necessary to bring men in from the field to assist in work being performed in the National Office. For example, a number of field attorneys were called into the National Office to assist in the drafting of the regulations under the 1954 Code.

Whenever a vacancy develops in a supervisory position, whether in the field or in the National Office, we review the personnel in the entire office with the view that the position may be offered to the best and most qualified attorney available.

Increased emphasis has been placed upon the importance of regular visitations by members of the Chief Counsel's staff to the offices of Regional Counsel on the operating problems. Visitations have already been made of this character during the year to seven of the nine regions on enforcement work. Visitations have been made to six of the regions to discuss the handling of collection work. It is contemplated that the remaining regions will be visited before the end of the calendar year in enforcement and collection.

Through this process of conferences, visitations, advance consideration or post-review of matters handled in the field, we hope to maintain throughout the nation a high degree of uniformity of policy and consistency in Service position. We hope also to detect in advance any adverse trends such as backlogs so that corrective measures may be taken.

As you will see, the trend since the 1920's has been decentralization of the Internal Revenue Service and the Chief Counsel's office which provides legal services to the Commissioner and the administrative people. This, we believe, has benefited the taxpayers in that it brings the Service functions out to their home towns or in reasonably close proximity thereto. We are continuing to watch the decentralized handling of the work and to evaluate it from the standpoint of sound administration of the tax laws. We have endeavored to set up legal services to reflect the work of the Service and with the view of benefiting the taxpayers and the public. We believe decentralization has benefited the taxpayers and the government, and that it has been well-received.

That Secretary Humphrey and those who aid in the solution of these problems have all three attributes is as well-known and recognized as any phase of the Eisenhower Administration.

There may be difficult days, but with Congressional high purpose, with good leadership and not least of all, with your able and unselfish help, the program will come through with flying colors.

Even though the income tax law had hardly commenced to function in Washington in the central seat of government, than the Bureau commenced spreading throughout the United States, one still hears one place and other about the evils of decentralization.

Hardly had the Internal Revenue Bureau been started than -- and this continued all through the Twenties -- a field staff of attorneys called "Field Representatives" was inaugurated. The first were in Chicago, helping to deal with prohibition-wealthy mobsters. In various field offices, also in the Twenties, Alcohol Tax Unit attorneys were assigned and legal consultants sent out permanently to assist in special problems in distant parts of the country (for instance, Seattle and Los Angeles) or because of heavy volume, as New York.

Appellate work was decentralized in 1938 and 1939, including employees of the Commissioner's Technical Staff and the Chief Counsel's Appeals Division, to get the settlement function out at the place of origin, where the facts were most readily available.

With "black market" and other problems in the second World War days, the Penal Division of the Chief Counsel's office went to the field, as did the Intelligence Unit. Then came the major reorganizations of 1952 and 1953 and one in the summer of 1954.

Various measures have been taken to assure effective supervision over the field operations and uniformity in the handling of cases. In particular cases Regional Counsel may request the opinion or views of the Chief Counsel upon legal questions or matters of procedure in advance of taking action. There also is in effect a system under which various written opinions rendered by Regional Counsel to the administrative people are post-reviewed in the National Office.

Conferences are held in Washington semi-annually of Regional Counsel which are participated in by the General Counsel, the Chief Counsel and his staff, and the Commissioner and representatives of his office. We have inaugurated a plan whereby attorneys working in specialized areas on occasion are called to Washington for conferences on technical and procedural aspects of their work.

strengthen the court by a judicious choice from outside the Service as well as within, picking the strongest and best people from bench and bar throughout the United States. The court, it is fully recognized, should be as well balanced as possible and we are not overlooking the length of tenure and the high desirability of youthful appointments, provided good judgment is also a factor.

Let us look now at legislation and regulations and what has been done with relation to each during the past year.

Quantitatively this is not the most important part of a report to you.

In the first place, it has been felt, and rightly so, that the Internal Revenue Act of 1954 should be left as much alone as possible for its first year in being. Upon careful consideration I am sure that you will agree in the wisdom of this course -- all things being considered.

Particularly as the perspective of months and years lengthens, I am sure that there will be general agreement as to this overall policy.

This left most of the year to the promulgation of regulations which has been going on with able staffs at the Internal Revenue Service and the Treasury itself.

Speaking of this, one of the truly great services rendered this year in the tax field has been that of Laurens Williams of Omaha. He has untiringly watched over regulations and also kept careful track of the myriad raids upon the tax structure as the result of heterogeneously introduced bills. His handling of Treasury affairs before the Ways and Means, Finance and Joint Committees could not have been better.

To a certain extent this has been slow work. It was engendered by the high, but plausible aim that the regulations be clear, concise and in readily understandable language. Differences of opinion have arisen, but have been worked out, and as the regulations come forward (and many more will be coming next fall now that this session is over), this will become more and more evident to the Bar. That problems will be created is axiomatic.

It is entirely too early to comment upon legislation for the next term of Congress -- after all, the Capitol building has only just emptied of the hard-working, rest-deserving legislators whose work was so effectively carried on. At the same time, with an election coming in November a year we should be less than realistic were we not to anticipate that the most meticulous care, great foresight and the greatest courage will not be needed.

As a matter of inducement to make government work a career a time schedule of promotions is followed and adhered to as rigidly as possible, even to the extent of letting vacancies lapse in favor of salary advancements. This, coupled with the policy of advancing lawyers from within the Service, is designed to make a career in government possible and attractive. Unfortunately, the widespread need and demand for tax specialists and the disparity of pay between that of the government tax lawyer and the private tax lawyer is such that the turnover still remains much too high for the continuity of experience which the government should have.

Great changes have occurred since the early days of expansion in the Thirties when people were looking for jobs. We cannot, and do not, ask the impossible. No one could expect the law offices of the country to refrain from seeking our good, and well-trained young men, proficient in the tax field, any more than we could expect to tie them down.

We must in the government work out better schedules of emoluments, seek to continue the attraction of working for the United States. The personnel people in the Chief Counsel's office, as well as the Chief Counsel, are spending much time in planning everything which can improve this situation, including movement within the National Office as well as between this office and the field -- all aimed at better legal service, but better legal service through careful attention to individual needs, individual capabilities and collective morale.

Being acute to the problem is not the entire answer, of course, but it helps -- as does the cooperation of you people in not raiding, or at least trying not to raid, our legal personnel.

Over and above that are key appointments proving^{ing} able leadership to inspire highest standards.

I can't begin to tell you what infinite comfort it has been to have such an able tax lawyer and administrator as John Barnes of Chicago take over the office of Chief Counsel. All of his abilities can be summed up in high ideals and real capability, balanced with common sense, so absolutely essential to any public service.

There have been two selections for the Tax Court, those of Allin Pierce, another Chicago lawyer, and Craig Atkins, an Assistant Chief Counsel of the Internal Revenue Service, who will take office on September 1. Each of these men will bring energy and high purpose, as well as technical training to the Court.

In the ordinary course of events there will be vacancies from time to time in that body. You know of the interest which your tax section has taken. Future appointments will continue to

I could discuss solely the results of Congressional action along tax lines or the progress of regulations under the Revenue Act of 1954.

It might be fruitful to visit about current interpretations of depreciation, depletion, pension plans and the like under the new statute.

I take it you will be spending your next few days upon just such things and so I should like to make this sort of a report, albeit sketchy because of time, to you relative to the legal aspects of the Internal Revenue Service and a word of appreciation of your interest in these matters.

You need neither inspiration nor program. The first will be supplied by the varied meetings and the latter has been carefully and interestingly prepared.

But I sense that there are certain problems which you members of the tax bar from time to time are aware of and concerned with that should be knit in with this which is intended to dwell on recent past and immediate future.

Most obvious in this connection must be the problems raised by the increasing far-flung imprint of tax collection services and interpretation of the law, and the keys to major solutions of these problems are bound up finally in two things -- personnel and integration.

Briefly dealing with the former, the supervisory lawyers in the Office of the Chief Counsel are, in the main, career attorneys with many years of service in the Chief Counsel's office. There is unfortunately a rather wide gap between the experience of the supervisory group and those who will ultimately be called upon to take over this responsibility. This is accounted for by the very great demand for lawyers with tax experience over the past fifteen years and the high professional standards which the office applies in its recruiting methods and the invaluable experience which goes with service in the law office.

In selecting members of the legal staff we apply high standards of professional competency and are generally in the position of having available to us men whose preparatory work as lawyers has been pointed toward work in the tax field. While a very high percentage of our appointees are young lawyers without much experience, with the educational equipment they bring to us they develop rapidly and by the time they have served out their required time are competent tax technicians.

Remarks by David W. Kendall, Assistant Secretary
of the Treasury, before the Tax Section of the
American Bar Association, Benjamin Franklin Hotel,
Philadelphia, Pennsylvania, 1:00 P.M.,
Saturday, August 20, 1955

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THE RINGING GROOVES OF CHANGE

To have been a part, even a very, very little part and for less than a year, of the work which has made such tremendous strides in the overall economic policy of the United States is a source of great and abiding satisfaction; and it is obviously tempting to discuss this broad American policy with you today. Coupling efficient control of expenditures and the careful management of moneys and issuance of obligations, matched with maximum collection of taxes, creates an atmosphere which fertilizes the soil in which the American free economy may grow.

Only in the broadest terms may an account be given of this portion of stewardship, and I know your interest is more pointed toward the intensified objective aim of collection of taxes -- at least that is why you are here today -- members of the Tax Section and charming guests.

More and more have we come to rely upon the income tax to sustain so much of the burden of government that it is perfectly proper, especially of course in this group, to consider for the coming days all of the ramifications and legal problems which that tax along with the estate tax has come to involve.

The interest of this audience in those problems can only be second to that of those people in the Internal Revenue Service who are charged with government duty.

Between all of us working and thinking together year by year may we slowly move forward to achievement of greater and greater clarity in this particular body of the law.

That is the reason why it is especially gratifying for me to be here and especially significant that over the period of the next few days so many questions will be raised, and if not answered, at least the discussion will be of infinite value to the lawyers of the Treasury.

I could go on at some length and re-discuss some portion of the ^{legal} machinery having to do with the collection of all federal taxes, the interpretation of the rules and regulations, and cases which have occurred in recent months.

H-884

Remarks by David W. Kendall, Assistant Secretary
of the Treasury, before the Tax Section of the
American Bar Association, Benjamin Franklin Hotel,
Philadelphia, Pennsylvania, 1:00 P.M.,
Saturday, August 20, 1955

THE RINGING GROOVES OF CHANGE

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I could go on at some length and re-discuss some portion of the legal machinery having to do with the collection of all federal taxes, the interpretation of the rules and regulations, and cases which have occurred in recent months.

I could discuss solely the results of Congressional action along tax lines or the progress of regulations under the Revenue Act of 1954.

It might be fruitful to visit about current interpretations of depreciation, depletion, pension plans and the like under the new statute.

I take it you will be spending your next few days upon just such things and so I should like to make this sort of a report, albeit sketchy because of time, to you relative to the legal aspects of the Internal Revenue Service and a word of appreciation of your interest in these matters.

You need neither inspiration nor program. The first will be supplied by the varied meetings and the latter has been carefully and interestingly prepared.

But I sense that there are certain problems which you members of the tax bar from time to time are aware of and concerned with that should be knit in with this which is intended to dwell on recent past and immediate future.

Most obvious in this connection must be the problems raised by the increasing far-flung imprint of tax collection services and interpretation of the law, and the keys to major solutions of these problems are bound up finally in two things -- personnel and integration.

Briefly dealing with the former, the supervisory lawyers in the Office of the Chief Counsel are, in the main, career attorneys with many years of service in the Chief Counsel's office. There is unfortunately a rather wide gap between the experience of the supervisory group and those who will ultimately be called upon to take over this responsibility. This is accounted for by the very great demand for lawyers with tax experience over the past fifteen years and the high professional standards which the office applies in its recruiting methods and the invaluable experience which goes with service in the law office.

In selecting members of the legal staff we apply high standards of professional competency and are generally in the position of having available to us men whose preparatory work as lawyers has been pointed toward work in the tax field. While a very high percentage of our appointees are young lawyers without much experience, with the educational equipment they bring to us they develop rapidly and by the time they have served out their required time are competent tax technicians.

As a matter of inducement to make government work a career a time schedule of promotions is followed and adhered to as rigidly as possible, even to the extent of letting vacancies lapse

in favor of salary advancements. This, coupled with the policy of advancing lawyers from within the Service, is designed to make a career in government possible and attractive. Unfortunately, the widespread need and demand for tax specialists and the disparity of pay between that of the government tax lawyer and the private tax lawyer is such that the turnover still remains much too high for the continuity of experience which the government should have.

Great changes have occurred since the early days of expansion in the Thirties when people were looking for jobs. We cannot, and do not, ask the impossible. No one could expect the law offices of the country to refrain from seeking our good, and well-trained young men, proficient in the tax field, any more than we could expect to tie them down.

We must in the government work out better schedules of emoluments, seek to continue the attraction of working for the United States. The personnel people in the Chief Counsel's office, as well as the Chief Counsel, are spending much time in planning everything which can improve this situation, including movement within the National Office as well as between this office and the field -- all aimed at better legal service, but better legal service through careful attention to individual needs, individual capabilities and collective morale.

Being acute to the problem is not the entire answer, of course, but it helps -- as does the cooperation of you people in not raiding, or at least trying not to raid, our legal personnel.

Over and above that are key appointments providing able leadership to inspire highest standards.

I can't begin to tell you what infinite comfort it has been to have such an able tax lawyer and administrator as John Barnes of Chicago take over the office of Chief Counsel. All of his abilities can be summed up in high ideals and real capability, balanced with common sense, so absolutely essential to any public service.

There have been two selections for the Tax Court, those of Allin Pierce, another Chicago lawyer, and Craig Atkins, an Assistant Chief Counsel of the Internal Revenue Service, who will take office on September 1. Each of these men will bring energy and high purpose, as well as technical training to the Court.

In the ordinary course of events there will be vacancies from time to time in that body. You know of the interest which your tax section has taken. Future appointments will continue to strengthen the court by a judicious choice from outside the Service as well as within, picking the strongest and best people from bench and bar throughout the United States. The court, it is fully recognized, should be as well balanced as possible and we are not overlooking the length of tenure and the high desirability of youthful appointments, provided good judgment is also a factor.

Let us look now at legislation and regulations and what has been done with relation to each during the past year.

Quantitatively this is not the most important part of a report to you.

In the first place, it has been felt, and rightly so, that the Internal Revenue Act of 1954 should be left as much alone as possible for its first year in being. Upon careful consideration I am sure that you will agree in the wisdom of this course -- all things being considered.

Particularly as the perspective of months and years lengthens, I am sure that there will be general agreement as to this overall policy.

This left most of the year to the promulgation of regulations which has been going on with able staffs at the Internal Revenue Service and the Treasury itself.

Speaking of this, one of the truly great services rendered this year in the tax field has been that of Laurens Williams of Omaha. He has untiringly watched over regulations and also kept careful track of the myriad raids upon the tax structure as the result of heterogeneously introduced bills. His handling of Treasury affairs before the Ways and Means, Finance and Joint Committees could not have been better.

To a certain extent this has been slow work. It was engendered by the high, but plausible aim that the regulations be clear, concise and in readily understandable language. Differences of opinion have arisen, but have been worked out, and as the regulations come forward (and many more will be coming next fall now that this session is over), this will become more and more evident to the Bar. That problems will be created is axiomatic.

It is entirely too early to comment upon legislation for the next term of Congress -- after all, the Capitol building has only just emptied of the hard-working, rest-deserving legislators whose work was so effectively carried on. At the same time, with an election coming in November a year we should be less than realistic were we not to anticipate that the most meticulous care, great foresight and the greatest courage will not be needed.

That Secretary Humphrey and those who aid in the solution of these problems have all three attributes is as well-known and recognized as any phase of the Eisenhower Administration.

There may be difficult days, but with Congressional high purpose, with good leadership and not least of all, with your able and unselfish help, the program will come through with flying colors.

Even though the income tax law had hardly commenced to function in Washington in the central seat of government, than the Bureau commenced spreading throughout the United States, one still hears one place and other about the evils of decentralization.

Hardly had the Internal Revenue Bureau been started than -- and this continued all through the Twenties -- a field staff of attorneys called "Field Representatives" was inaugurated. The first were in Chicago, helping to deal with prohibition-wealthy mobsters. In various field offices, also in the Twenties, Alcohol Tax Unit attorneys were assigned and legal consultants sent out permanently to assist in special problems in distant parts of the country (for instance, Seattle and Los Angeles) or because of heavy volume, as New York.

Appellate work was decentralized in 1938 and 1939, including employees of the Commissioner's Technical Staff and the Chief Counsel's Appeals Division, to get the settlement function out at the place of origin, where the facts were most readily available.

With "black market" and other problems in the second World War days, the Penal Division of the Chief Counsel's office went to the field, as did the Intelligence Unit. Then came the major reorganizations of 1952 and 1953 and one in the summer of 1954.

Various measures have been taken to assure effective supervision over the field operations and uniformity in the handling of cases. In particular cases Regional Counsel may request the opinion or views of the Chief Counsel upon legal questions or matters of procedure in advance of taking action. There also is in effect a system under which various written opinions rendered by Regional Counsel to the administrative people are post-reviewed in the National Office.

Conferences are held in Washington semi-annually of Regional Counsel which are participated in by the General Counsel, the Chief Counsel and his staff, and the Commissioner and representatives of his office. We have inaugurated a plan whereby attorneys working in specialized areas on occasion are called to Washington for conferences on technical and procedural aspects of their work. For example, a conference was held recently of Assistant Regional Counsel on appellate matters. A conference was also held of the field attorneys who are primarily responsible for the civil advisory or collection work.

To assist in the training of personnel so far as practical, when attorneys are hired they are stationed in Washington for a period of time before being transferred permanently to a field office. In reverse, we occasionally find it necessary to bring men in from the field to assist in work being performed in the National Office. For example, a number of field attorneys were called into the National Office to assist in the drafting of the regulations under the 1954 Code.

Whenever a vacancy develops in a supervisory position, whether in the field or in the National Office, we review the personnel in the entire office with the view that the position may be offered to the best and most qualified attorney available.

Increased emphasis has been placed upon the importance of regular visitations by members of the Chief Counsel's staff to the offices of Regional Counsel on the operating problems. Visitations have already been made of this character during the year to seven of the nine regions on enforcement work. Visitations have been made to six of the regions to discuss the handling of collection work. It is contemplated that the remaining regions will be visited before the end of the calendar year in enforcement and collection.

Through this process of conferences, visitations, advance consideration or post-review of matters handled in the field, we hope to maintain throughout the nation a high degree of uniformity of policy and consistency in Service position. We hope also to detect in advance any adverse trends such as backlogs so that corrective measures may be taken.

As you will see, the trend since the 1920's has been decentralization of the Internal Revenue Service and the Chief Counsel's office which provides legal services to the Commissioner and the administrative people. This, we believe, has benefited the taxpayers in that it brings the Service functions out to their home towns or in reasonably close proximity thereto. We are continuing to watch the decentralized handling of the work and to evaluate it from the standpoint of sound administration of the tax laws. We have endeavored to set up legal services to reflect the work of the Service and with the view of benefiting the taxpayers and the public. We believe decentralization has benefited the taxpayers and the government, and that it has been well-received.

You know the ancient tradition that lawyers are officers of the court. In a sense, by the continuation of this tradition from the very beginning, the tax bar has perforce been an ally of Internal Revenue. This has brought to all of us the privilege of criticism and of duty to serve. It is a very grave responsibility.

I could search for a long time for words with which to express adequately my own deep appreciation and that of my colleagues for the capable, reasonable and unselfish assistance of the officers and members of the tax section of this Association. Our lives are so much easier by reason of having been able to talk on an utterly open and frank basis about problems, and there has been no hesitancy about this.

In this connection, all of us who are lawyers must clearly recognize the proper place of the Bar which does not and must never, within its own sphere, even suggest a position of greater

proximity and influence than that of any other profession. The objective is service and efficient collection of proper taxes; and anything smacking of favoritism to any profession or group would be a remarkable disservice to all.

I notice Dean Griswold's subject of tomorrow relative to accountants and lawyers. I am sure there is a proper and attainable solution to any problems which may have arisen or which may exist in this somewhat troublesome matter -- and I think such a solution which is the simplest and most direct of all will be readily recognizable.

Of course, one of the reasons why any lawyer-accountant problem exists is just because some of the practitioners in each field are apprehensive of the influence of others or give the impression of influence themselves.

You may rest assured that that situation just isn't going to happen so far as the Treasury is concerned.

It is natural and more than understandable that changes of this sort in the overall machinery of your forums would create deep concern, especially among a group which was so loyally and so fervently an interested critic in the strictest sense of that Greek derivative.

In their day to day practice and professional lives, lawyers are likely to become tradition-bound, to become creatures of stare decisis, if not of habit, without more fully realizing that such great doctrine is only a part of the foundation.

It is fortunate that ours is a government of laws and not of men, for the practitioners of the profession are likely to be less elastic than the profession itself. The latter is a growing, living, vibrant philosophy of change, which forever guides mankind and, at the same time, adapts itself to man and to the needs of man, always based, however, upon the firm foundation of history.

The Internal Revenue Service too must be such a moving and living service; otherwise, it could never serve either the American people as a tax collecting unit or American business, or American society of which it is a creature.

We are proud to point to the accomplishments of that Service, of its ever broadening aspects, and of its readiness to meet change.

The Office of the Chief Counsel, and I am speaking of the office and its philosophy, would ill serve its client were it not equally vigilant and equally ready to meet each change as it occurs.

It is peculiarly fitting that so many conventions are held in Philadelphia, and in Boston, too, for that matter. I never experience visits to these two cities, and perhaps Norfolk and Charleston, too, are in that class, but what I am reminded, as I am perfectly certain you are, of the great responsibility which we owe the people who trod the ancestors of these streets; a responsibility to alertly and carefully carry forward the tradition of liberty and responsibility which is the secret of America.

It is equally fitting that such an able body of the American Bar should be willing to give its time and attention to these meetings. I do not mean to say that there will not come about personal and professional betterment for each of us as the result of the discussion and papers to be here presented, but I do say that the overall result will be of real and lasting benefit to the code of laws and regulations and of the interpretations in connection with Federal taxation.

For this and for what you individually do day in and day out the Treasury is grateful to have such a body of allies.

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FISCAL SERVICE
OFFICE OF
FISCAL ASST. SECRETARY

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TREASURY DEPARTMENT

AUG 4 1955

MEMORANDUM TO MR. MARTIN L. MOORE

The following transactions were made in direct and guaranteed securities of the Government for Treasury Investments and other accounts during the month of July, 1955:

Purchases	\$74,968,000.00
Sales	<u>191,700.00</u>
	<u>\$74,776,300.00</u>

(sgd) Charles T. Brannan

Chief, Investments Branch
Division of Deposits & Investments

TREASURY DEPARTMENT

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WASHINGTON, D.C.

IMMEDIATE RELEASE,
~~Thursday, July 14, 1955~~

~~H-850~~

~~Tuesday, July~~
Tuesday, August 16, 1955

H-885

During ~~June~~ 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 ~~\$20,507,500~~ ^{\$74,776,300}.

oOo



WASHINGTON, D.C.

IMMEDIATE RELEASE,
Tuesday, August 16, 1955.

H-885

During July 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 \$74,776,300.

oOo

Immediate Release
Wednesday, August 17, 1955

H-886

The Treasury Department today made public, and invited comment on, an outline of a proposed agreement with France concerning the application of French "turnover" taxes to license fees paid by French enterprises for use of American patents, copyrights, trademarks, manufacturing processes or formulas (exclusive of motion picture rentals.)

Terms of the proposed agreement were drawn up by representatives of the United States and France during discussions held in Paris from July 25 to August 4. A summary of the terms is attached.

Interested persons and firms are invited to present their views in writing, addressed to Laurens Williams, Assistant to the Secretary, Treasury Department, Washington 25, D.C. Communications should be received at the Treasury by September 20, 1955.

It is contemplated that when the proposed agreement is in final form, ~~it will be placed in effect~~ by an exchange of notes between the Secretary of the Treasury and the French Minister of Finance.

it will be submitted for the approval of the two governments and, if approved, will be confirmed

TREASURY DEPARTMENT

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H-886

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Summary of Proposed Agreement between the United States and France on
French Turnover Taxes on Royalties Received by American Licensors

It is proposed that there be an exchange of notes between the United States Secretary of the Treasury and the French Minister of Finance along the following lines:

Royalties on patents, trademarks, manufacturing processes, etc.

1. Exemption for inventors. American firms licensing "inventions" to French enterprises will be subject to the same tax treatment as French licensors, and hence would be exempt from tax if they qualify as inventors with respect to a given royalty. "Inventions" is defined to include "whether registered or not: patents, copyrights, trademarks, manufacturing processes or formulas (know-how)." Past, as well as future, royalties would be exempt from tax.

2. Auxiliary services. The exemption would apply not only to royalties paid for the right to use an invention, but to royalties paid for all the services necessary for the practical utilization of the invention, including supervision over installation of equipment, the supply of blueprints, instruction of the licensee, and supervision of initial manufacturing results.

3. Assignments of inventions. The status of inventor will be granted to a corporation whose employees have performed the research leading to an invention, provided assignment of the invention is part of the employment contract. The status of inventor may also be obtained by a firm which contracts with a third person, such as a university, research institute, or research corporation, for research leading to an invention. However, such research must be pursuant to a contract defining the precise purpose of the research and stating that it was undertaken for the account of the licensor, and at his expense and risk.

Where American corporations have acquired licensing rights to inventions from closely related corporations having the status of inventor, the French tax authorities will "study with understanding the possibility of granting to the American licensors themselves the status of inventor."

In the case of a corporate merger, reorganization, or split-up, the successor corporations will enjoy the same rights with respect to inventions as the predecessor corporations.

4. Exempt and nonexempt royalties. If royalties are paid for the right to use both inventions developed by the licensor and others acquired from third parties, the royalty is to be appropriately divided

into two parts by the licensor, one qualifying for exemption and the other taxable. However, if the invention of the American licensor is clearly of preponderant importance compared with those acquired from third persons, the full amount of royalties will be exempt from tax.

5. Form of proof. Evidence of inventor status is to be furnished in affidavit form by the American licensor to the French tax administration, to be accompanied by certified copies of necessary supporting documents and French translation of the essential parts of these documents. The French tax authorities may require the licensor to provide necessary additional information. Where disputed points remain, the United States Treasury Department may be asked to supply such supplementary information as the Department possesses or can procure, and transmit, under United States law.

6. Nonexempt royalties. Royalties received by licensors that do not qualify as inventors would be treated as follows:

a. Royalties received before July 1, 1954, based on an agreed sum (unrelated to production or sales), would be exempt from tax.

b. Royalties received before July 1, 1954 on the basis of sales, production, etc. would be subject to turnover tax. However, in those cases where the French tax authorities have had an opportunity to ascertain, through tax inspection of French licensees, that royalties were being paid to American licensors, the tax would apply only from the date on which a written notice of tax claim was sent to the American licensor or his designated representative in France. As a practical matter, all French licensees have already been subject to such tax inspection.

c. Royalties paid after July 1, 1954 will be subject to tax in accordance with the French law that went into effect on that date.

In each of the preceding cases, the French government will waive penalties and indemnities for late payment provided American licensors "regularize" their tax status within six months after a future date to be set in the agreement.

7. Revision of existing contracts. The French tax authorities will interpose no objections to royalty agreements (either new ones or revisions of existing agreements) which provide that the French licensee will assume all turnover taxes. The exchange control authorities do not object to the insertion of such clauses in royalty contracts.

- 3 -

3. Most-favored-nation clause. American licensors will be granted any increased benefit accorded other licensors.

Miscellaneous

1. Transactions between affiliated companies. The French authorities will give careful consideration to the determination of turnover taxes on sales by an American parent to a French subsidiary by reference to the prices prevailing in transactions between the American firm and unrelated enterprises outside of France, instead of by reference to the prices received by the French subsidiary. Its decision on this issue will be made known promptly to the United States Embassy in Paris. If the decision is in the affirmative, the French authorities will accept in affidavit form the evidence to substantiate the prices prevailing in markets outside of France.

2. Consideration will be given to the creation of an ad hoc committee comprised of representatives of the two governments to resolve difficulties relating to the application of the terms of the proposed exchange of notes and other tax agreements between the two governments.

Treasury Department, Office of the Secretary

August 17, 1955

KKFHA

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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 August 25, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 25, 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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TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Thursday, August 18, 1955

~~(X)~~

H-887

The Treasury Department, by this public notice, invites tenders for ~~(X)~~ \$1,600,000,000, or thereabouts, of ~~(X)~~ 92 -day Treasury bills, for cash and in exchange for Treasury bills maturing ~~(X)~~ August 25, 1955, in the amount of ~~(X)~~ \$1,500,181,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated ~~(X)~~ August 25, 1955, and will mature ~~(X)~~ November 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, August 22, 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

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WASHINGTON, D. C.

RELEASE MORNING NEWSPAPERS,
Thursday, August 18, 1955.

H-887

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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 August 25, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 25, 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 Treasury Department announced last evening that the tenders for \$1,600,000,000, or thereabouts, of 92-day Treasury bills to be dated August 25 and to mature November 25, 1955, which were offered on August 18, were opened at the Federal Reserve Banks on August 22.

The details of this issue are as follows:

Total applied for - \$2,177,713,000
Total accepted - 1,600,137,000 (includes \$203,563,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.521 Equivalent rate of discount approx. 1.875% per annum
Range of accepted competitive bids:
High - 99.534 Equivalent rate of discount approx. 1.823% per annum
Low - 99.514 " " " " " 1.902% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 28,385,000	\$ 23,385,000
New York	1,569,744,000	1,035,754,000
Philadelphia	27,591,000	12,591,000
Cleveland	51,323,000	49,323,000
Richmond	16,363,000	15,753,000
Atlanta	29,193,000	28,388,000
Chicago	242,464,000	221,854,000
St. Louis	14,714,000	14,714,000
Minneapolis	20,588,000	20,527,000
Kansas City	56,604,000	56,604,000
Dallas	44,324,000	44,324,000
San Francisco	76,420,000	76,420,000
TOTAL	\$2,177,713,000	\$1,600,137,000

TREASURY DEPARTMENT

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WASHINGTON, D. C.

RELEASE MORNING NEWSPAPERS,
Tuesday, August 23, 1955.

H-888

The Treasury Department announced last evening that the tenders for \$1,600,000,000 or thereabouts, of 92-day Treasury bills to be dated August 25 and to mature November 25, 1955, which were offered on August 18, were opened at the Federal Reserve Banks on August 22.

The details of this issue are as follows:

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Dallas	44,324,000	44,324,000
San Francisco	76,420,000	76,420,000
TOTAL	\$2,177,713,000	\$1,600,137,000

XXXX

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

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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 September 1, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 1, 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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~~XXXXXX~~

TREASURY DEPARTMENT
Washington

H-889

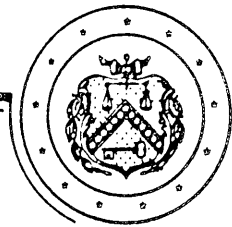
FOR RELEASE, MORNING NEWSPAPERS,
Thursday, August 25, 1955
~~(S)~~

The Treasury Department, by this public notice, invites tenders for
\$1,600,000,000~~(S)~~, or thereabouts, of 91~~(S)~~ -day Treasury bills, for cash and
in exchange for Treasury bills maturing September 1, 1955~~(S)~~, in the amount of
\$1,500,614,000~~(S)~~, to be issued on a discount basis under competitive and non-
competitive bidding as hereinafter provided. The bills of this series will be
dated September 1, 1955~~(S)~~, and will mature December 1, 1955~~(S)~~, 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
Daylight Saving
closing hour, two o'clock p.m., Eastern/~~summer~~ time, Monday, August 29, 1955~~(S)~~.
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, August 25, 1955.

H-889

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 September 1, 1955, in the amount of \$1,500,614,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated September 1, 1955, and will mature December 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, Monday, August 29, 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 **September 1, 1955**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **September 1, 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 Payroll Savings Plan has proven to be a popular and practical method of regular savings by individuals. The American people now hold nearly \$10 billion in Series E and H Savings Bonds, and this backlog of wealth is a strong, steady influence against sudden disturbances in our economy.

~~(Insert here quotes or indirect statements by each of the four labor leaders)~~ ~~whether~~

Plans were also made at today's conference to continue and strengthen the National Labor Advisory Committee, which has served for many years in an advisory capacity to the Secretary of the Treasury and the Savings Bonds Division in matters relating to the bond program.

Present membership includes ^{George} ~~Mr.~~ ^{president,} ~~Mr.~~ ^{and} four other officials of the AFL; President Walter Reuther, Mr. Carey, and three other officials of the CIO; Mr. Leighty and four other officials of the Railway Labor Executives' Association; and Mr. Lewis, of the UAWA.

In past years, the Committee also has made available facilities for the distribution of bond sales promotional material, and has assisted the Savings Bonds Division in making proper contacts for furthering the Payroll ed Savings Plan.

(3rd paragraph)

Secretary Humphrey invited the labor representatives to make suggestions as to how ~~participation~~ ^{cooperation} of national, state and local unions can be continued and increased in promoting ~~the~~ payroll savings plan among employees.

Immediate

~~LABOR LEADERS BIRDSON CHAIRMAN~~ ~~SAVINGS BOND PROGRAM~~

~~Washington, D.C.~~ National labor leaders, meeting with secretary of the Treasury George M. Humphrey, today pledged their full support to the United States Savings Bond Program.

William F. Schmitzler, secretary-treasurer of the unions were representative of ~~(George Gandy, president)~~ of the American Federation of Labor; James H. Carey, secretary-treasurer of the Congress of Industrial Organizations; ~~(John J. Lewis, president)~~ of the United Mine Workers of America; and George F. Lighty, chairman of the Railway Labor Executives' Association.

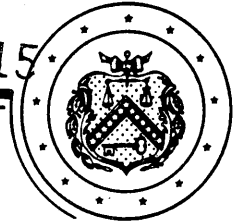
~~Confidentially, the labor leaders agreed to encourage local unions to cooperate with management in establishing and promoting the Payroll Savings Plan among employees.~~ Under this Plan, the employee authorizes the company to deduct a certain amount each pay period for the regular purchase of Series E Savings Bonds. Over eight million people already are buying bonds through the Payroll Savings Plan, with purchases averaging around \$160 million a month.

The Secretary paid high tribute to the labor organizations for their "fine support" of the Savings Bond Program down through the years, and urged their continued help in the future.

"You gentlemen have a great deal of influence throughout the country," Secretary Humphrey told the labor leaders, "and you can do the nation an invaluable service by lending your efforts to help preserve a sound and stable economy. One important way to keep our financial ship on an even keel is by spreading ^{ownership of} the national debt among a larger number of people. An excellent way to accomplish this is through the increased purchases of United States Savings Bonds.

TREASURY DEPARTMENT

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WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, August 24, 1955.

H-890

National labor leaders, meeting with Secretary of the Treasury George M. Humphrey, today pledged their full support to the United States Savings Bonds Program.

The unions were represented by: William F. Schnitzler, secretary-treasurer of the American Federation of Labor; James B. Carey, secretary-treasurer of the Congress of Industrial Organizations; John J. Mates, assistant to John L. Lewis, president, United Mine Workers of America; and George E. Leighty, chairman of the Railway Labor Executives' Association.

Secretary Humphrey invited the labor representatives to make suggestions as to how cooperation of national, state and local unions can be continued and increased in promoting the Payroll Savings Plan among employees. Under this Plan, the employee authorizes the company to deduct a certain amount each pay period for the regular purchase of Series E Savings Bonds. Over eight million people already are buying bonds through the Payroll Savings Plan, with purchases averaging around \$160 million a month.

The Secretary paid high tribute to the labor organizations for their "fine support" of the Savings Bond Program down through the years, and urged their continued help in the future.

"You gentlemen have a great deal of influence throughout the country," Secretary Humphrey told the labor leaders, "and you can do the nation an invaluable service by lending your efforts to help preserve a sound and stable economy. One important way to keep our financial ship on an even keel is by spreading ownership of the national debt among a larger number of people, and an excellent way to accomplish this is through the increased purchases of United States Savings Bonds.

"The Payroll Savings Plan has proven to be a popular and practical method of regular savings by individuals. The American people now hold nearly \$40 billion in Series E and H Savings Bonds, and this backlog of wealth is a strong steadying influence against sudden disturbances in our economy."

Plans were also made at today's conference to continue and strengthen the National Labor Advisory Committee, which has served for many years in an advisory capacity to the Secretary of the Treasury and the Savings Bonds Division in matters relating to the bond program.

Present membership includes George Meany, president, and four other officials of the AFL; President Walter Reuther, Mr. Carey, and three other officials of the CIO; Mr. Leighty and four other officials of the Railway Labor Executives' Association; and Mr. Lewis, of the UMWA.

In past years, the Committee also has made available facilities for the distribution of bond sales promotional material, and has assisted the Savings Bonds Division in making proper contacts for furthering the Payroll Savings Plan.

oOo

3
-2-

Coast Guard Auxiliarists joined with regular Coast Guard patrol boats in assisting stranded persons and securing yachts and fishing boats in areas of high water. Coast Guard buoy tenders were stationed at the entrances of the Connecticut and Housatonic Rivers to observe debris for bodies, valuable property, and menaces to navigation floating down stream.

The Coast Guard helicopters from Coast Guard Air Station, Floyd Bennett Field were the first rescue craft on scene at the flooded cities of Waterbury and Naugatuck, Conn. Fifteen lives were saved by these helicopters, as they hoisted the stranded people from roof tops with their hydraulic lift rescue baskets.

All of the various type Coast Guard rescue units assisted disaster officials in distributing medical supplies, food, clothing, and bedding where most needed.

4

2

~~COPY OF COAST GUARD REPORT
ON FLOOD OPERATIONS~~

Coast Guard personnel and equipment for the First and Third Districts, which include Massachusetts, Connecticut, Rhode Island, New York and Pennsylvania, ~~saved the lives of~~ 216 persons ~~who were~~ (rescued) from positions of immediate peril. 343 Hundreds of other persons were moved to places of greater safety, and other hundreds of trained disaster personnel were transported by Coast Guard helicopters, amphibious aircraft, amphibious trucks, and surf boats. Even the well-known Coast Guard breeches buoys were effectively utilized in several places to remove stranded persons.

Surf boats with portable pumps sailed the streets of Boston, helping local agencies. Amphibious ^{Vehicles} ~~boats~~ and surf boats fought fires at Putnam, Conn., caused by the explosion of a magnesium plant.

Coast Guard communications trucks capable of transmitting and receiving on all frequencies, as well as personnel with portable transceivers, were highly effective in providing communications so essential to these areas where normal lines had been cut.

IMMEDIATE

H-891

Treasury Secretary Humphrey today commended the United States Coast Guard for its rescue work and other ~~minutemen~~ relief activities in the northeastern flood zones.

"Please inform the First and Third ~~Districts~~ Coast Guard Districts of my appreciation of the promptness and competence with which they responded to the emergency", he wrote Vice Admiral A.C. Richmond, Coast Guard Commandant.

~~Headquarters of the two districts are in Boston and New York~~

TREASURY DEPARTMENT

220



IMMEDIATE RELEASE,
Thursday, August 25, 1955.

WASHINGTON, D.C.

H-891

Treasury Secretary Humphrey today commended the United States Coast Guard for its rescue work and other relief activities in the northeastern flood zones.

"Please inform the First and Third Coast Guard Districts of my appreciation of the promptness and competence with which they responded to the emergency", he wrote Vice Admiral A. C. Richmond, Coast Guard Commandant.

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All of the various type Coast Guard rescue units assisted disaster officials in distributing medical supplies, food, clothing, and bedding where most needed.

RELEASE MORNING NEWSPAPERS,
Tuesday, August 30, 1955.

221 H- 592

The Treasury Department announced last evening that the tenders for \$1,600,000,000, or thereabouts, of 91-day Treasury bills to be dated September 1 and to mature December 1955, which were offered on August 25, were opened at the Federal Reserve Banks on August 29.

The details of this issue are as follows:

Total applied for - \$2,202,139,000
Total accepted - 1,600,139,000 (includes \$183,705,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.472/Equivalent rate of discount approx. 2.088% per annum
Range of accepted competitive bids:
High - 99.570 Equivalent rate of discount approx. 1.701% per annum
Low - 99.464 " " " " " 2.120% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 19,916,000	\$ 14,641,000
New York	1,685,372,000	1,174,922,000
Philadelphia	31,204,000	16,204,000
Cleveland	47,548,000	46,998,000
Richmond	13,351,000	13,351,000
Atlanta	16,395,000	15,620,000
Chicago	252,241,000	199,041,000
St. Louis	9,739,000	9,739,000
Minneapolis	10,072,000	9,972,000
Kansas City	31,066,000	27,416,000
Dallas	17,174,000	17,174,000
San Francisco	68,061,000	55,061,000
TOTAL	\$2,202,139,000	\$1,600,139,000

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TREASURY DEPARTMENT

222



WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, August 30, 1955.

H-892

The Treasury Department announced last evening that the tenders for \$1,600,000,000, or thereabouts, of 91-day Treasury bills to be dated September 1 and to mature December 1, 1955, which were offered on August 25, were opened at the Federal Reserve Banks on August 29.

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St. Louis	9,739,000	9,739,000
Minneapolis	10,072,000	9,972,000
Kansas City	31,066,000	27,416,000
Dallas	17,174,000	17,174,000
San Francisco	68,061,000	55,061,000
TOTAL	\$2,202,139,000	\$1,600,139,000

ADDITIONAL

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.

~~ALYDREX~~

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 September 8, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 8, 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,

~~EXCLUDED~~

~~ADDED~~

TREASURY DEPARTMENT
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Tuesday, August 30, 1955.
~~(S)~~

17-893

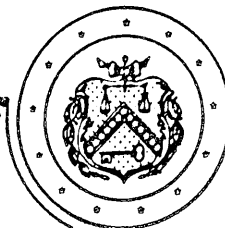
The Treasury Department, by this public notice, invites tenders for
\$ 1,600,000,000 , or thereabouts, of 91 -day Treasury bills, for cash and
in exchange for Treasury bills maturing September 8, 1955 , in the amount of
\$ 1,500,455,000 , to be issued on a discount basis under competitive and non-
competitive bidding as hereinafter provided. The bills of this series will be
dated September 8, 1955 , and will mature December 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
Daylight Saving
closing hour, two o'clock p.m., Eastern/~~Standard~~ time, Friday, September 2, 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

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WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, August 30, 1955.

H-893

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 September 8, 1955, in the amount of \$1,500,455,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated September 8, 1955, and will mature December 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 time, Friday, September 2, 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 **September 8, 1955**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **September 8, 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.

- 2 -

The Internal Revenue Service announced, however, that it could not waive the penalties which might occur from an underpayment of estimated tax. Some companies, therefore, may wish to make estimated payments in order to reduce the possibility of later penalties for underpayment. The figure announced today, .8238, is the ^{ratio} ~~percentage~~, computed under the 1942 formula, that each company which pays an estimated tax will be permitted to apply against its net investment income to determine its deduction for necessary increases in reserves and other policy liabilities. This ratio was computed on the basis of the 1954 experience of life insurance companies filing income tax returns.

~~August 30, 1955~~

H-894

~~Immediate Release~~
~~CONFIDENTIAL~~
~~PRESS RELEASE~~

The Treasury Department today announced the so-called "Secretary's ratio" upon which life insurance companies may determine their "reserve and other policy liability deduction" in computing the first payments of their estimated 1955 income tax. Under a new section of the Internal Revenue Code, corporations, including insurance companies, are required to pay 5 percent of their estimated 1955 income taxes on September 15 and another 5 percent on December 15.

Since no new legislation was passed in the last session of Congress concerning the taxation of life insurance companies, existing law requires that the 1955 tax be computed in accordance with the 1942 formula. The Internal Revenue Service, however, in Press Release I. R. 123, released August 30, indicated that it had been advised by Senator Byrd, Chairman of the Senate Finance Committee, that the Committee, in postponing consideration of life insurance taxation, did not intend to require insurance companies to compute their tax in accordance with this formula. Rather, according to the press release, the Committee's purpose was merely to defer final consideration of a substitute bill until January. Therefore, the Internal Revenue Service announced that the time for filing the declaration of estimated tax, and for paying the tax due thereon, is extended to March 15, 1956, in the case of life insurance companies taxable under the provisions of section 802 of the Internal Revenue Code.

hml



WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, August 31, 1955.

H-894

The Treasury Department today announced the so-called "Secretary's ratio" upon which life insurance companies may determine their "reserve and other policy liability deduction" in computing the first payments of their estimated 1955 income tax. Under a new section of the Internal Revenue Code, corporations, including insurance companies, are required to pay 5 percent of their estimated 1955 income taxes on September 15 and another 5 percent on December 15.

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RELEASE MORNING NEWSPAPERS,
Saturday, September 3, 1955.

H- 230
875

The Treasury Department announced last evening that the tenders for \$1,600,000,000 or thereabouts, of 91-day Treasury bills to be dated September 8 and to mature December 8, 1955, which were offered on August 30, were opened at the Federal Reserve Banks on September 2.

The details of this issue are as follows:

Total applied for - \$2,281,268,000
Total accepted - 1,601,163,000 (includes \$191,015,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.460/ Equivalent rate of discount approx. 2.134% per annum

Range of accepted competitive bids: (Excepting two tenders totaling \$1,040,000)

High - 99.472 Equivalent rate of discount approx. 2.089% per annum
Low - 99.457 " " " " " 2.148% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 28,986,000	\$ 19,986,000
New York	1,743,074,000	1,211,551,000
Philadelphia	27,498,000	11,368,000
Cleveland	48,028,000	43,978,000
Richmond	29,626,000	29,026,000
Atlanta	21,598,000	17,213,000
Chicago	187,459,000	112,369,000
St. Louis	18,620,000	15,720,000
Minneapolis	16,465,000	15,765,000
Kansas City	61,893,000	40,966,000
Dallas	25,808,000	21,808,000
San Francisco	72,213,000	61,413,000
Total	\$2,281,268,000	\$1,601,163,000

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WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Saturday, September 3, 1955.

H-895

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Dallas	25,808,000	21,808,000
San Francisco	72,213,000	61,413,000
TOTAL	\$2,281,268,000	\$1,601,163,000

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.

~~ALBERTA~~

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 September 15, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 15, 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,

~~Proprietary~~~~SECRET~~TREASURY DEPARTMENT
Washington

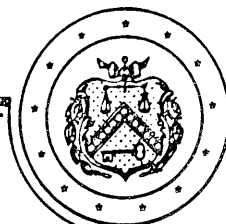
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FOR RELEASE, MORNING NEWSPAPERS,
Thursday, September 8, 1955.~~(S)~~

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 September 15, 1955, in the amount of \$ 1,502,834,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated September 15, 1955, and will mature December 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, September 12, 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.

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WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, September 8, 1955.

H-896

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competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on **September 15, 1955**, in cash or other immediately available funds or in a like face amount of Treasury bills maturing **September 15, 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.

(In thousands of dollars)

	June 30,	Apr. 11,	June 30,	Increase or decrease		Increase or decrease	
	1955	1955	1954	since April 11, 1955:		since June 30, 1954	
				Amount	Percent	Amount	Percent
LIABILITIES							
Deposits of individuals, partnerships, and corporations:							
Demand.....	53,711,457	54,336,811	53,784,450	-625,354	-1.15	-72,993	-.14
Time.....	24,963,347	24,627,252	23,978,113	336,095	1.36	985,234	4.11
Deposits of U. S. Government.....	3,142,410	2,971,601	3,614,035	170,809	5.75	-471,625	-13.05
Postal savings deposits.....	13,110	13,068	13,070	42	.32	40	.31
Deposits of States and political subdivisions.....	7,287,142	6,825,739	7,063,425	461,403	6.76	223,717	3.17
Deposits of banks.....	8,316,961	8,501,034	9,752,516	-184,073	-2.17	-1,435,555	-14.72
Other deposits (certified and cashiers' checks, etc.).....	1,498,499	1,386,525	1,439,122	111,974	8.08	59,377	4.13
Total deposits.....	98,932,926	98,662,030	99,644,731	270,896	.27	-711,805	-.71
Bills payable, rediscounts, and other liabilities for borrowed money.....	71,600	489,086	28,751	-417,486	-85.36	42,849	149.03
Other liabilities.....	1,320,834	1,455,817	1,535,233	-134,983	-9.27	-214,399	-13.97
Total liabilities, excluding capital accounts.....	100,325,360	100,606,933	101,208,715	-281,573	-.28	-883,355	-.87
CAPITAL ACCOUNTS							
Capital stock:							
Preferred.....	3,946	3,956	4,793	-10	-.25	-847	-17.67
Common.....	2,419,450	2,389,071	2,366,285	30,379	1.27	53,165	2.25
Total.....	2,423,396	2,393,027	2,371,078	30,369	1.27	52,318	2.21
Surplus.....	3,698,464	3,643,227	3,645,330	55,237	1.52	53,134	1.46
Undivided profits.....	1,347,797	1,341,456	1,404,866	6,341	.47	-57,069	-4.06
Reserves.....	264,330	268,592	283,626	-4,262	-1.59	-19,296	-6.80
Total surplus, profits, and reserves.....	5,310,591	5,253,275	5,333,822	57,316	1.09	-23,231	-.44
Total capital accounts.....	7,733,987	7,646,302	7,704,900	87,685	1.15	29,087	.38
Total liabilities and capital accounts.....	108,059,347	108,253,235	108,913,615	-193,888	-.18	-854,268	-.78
RATIOS:							
U. S. Gov't securities to total assets	Percent	Percent	Percent				
Loans & discounts to total assets...	32.19	33.68	32.93				
Capital accounts to total deposits..	36.59	34.90	34.69				
	7.82	7.75	7.73				

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 June 30, 1955, April 11, 1955, and June 30, 1954

(In thousands of dollars)

	June 30,	Apr. 11,	June 30,	Increase or decrease		Increase or decrease	
	1955	1955	1954	since April 11, 1955		since June 30, 1954	
				Amount	Percent	Amount	Percent
Number of banks.....	4,751	4,759	4,842	-8		-91	
ASSETS							
Commercial and industrial loans.....	15,799,919	14,963,564	15,868,307	836,355	5.59	-68,388	-.43
Loans on real estate.....	10,434,934	10,063,246	9,172,416	371,688	3.69	1,262,518	13.76
All other loans, including overdrafts	13,901,699	13,330,634	13,317,321	571,065	4.28	584,378	4.39
Total gross loans.....	40,136,552	38,357,444	38,358,044	1,779,108	4.64	1,778,508	4.64
Less valuation reserves.....	593,048	577,623	575,658	15,425	2.67	17,390	3.02
Net loans.....	39,543,504	37,779,821	37,782,386	1,763,683	4.67	1,761,118	4.66
U. S. Government securities:							
Direct obligations.....	34,778,270	36,459,789	35,835,931	-1,681,519	-4.61	-1,057,661	-2.95
Obligations fully guaranteed.....	2,755	2,473	26,424	282	11.40	-23,669	-89.57
Total U. S. securities.....	34,781,025	36,462,262	35,862,355	-1,681,237	-4.61	-1,081,330	-3.02
Obligations of States and political subdivisions.....	7,026,071	7,117,452	6,954,581	-91,381	-1.28	71,490	1.03
Other bonds, notes and debentures....	2,002,463	2,036,213	1,905,204	-33,750	-1.66	97,259	5.10
Corporate stocks, including stocks of Fed. Reserve banks.....	211,795	204,406	210,936	7,389	3.61	859	.41
Total securities.....	44,021,354	45,820,333	44,933,076	-1,798,979	-3.93	-911,722	-2.03
Total loans and securities.....	83,564,858	83,600,154	82,715,462	-35,296	-.04	849,396	1.03
Currency and coin.....	1,380,655	1,423,283	1,385,790	-42,628	-3.00	-5,135	-.37
Reserve with Fed. Reserve banks.....	10,987,394	11,463,994	12,400,242	-476,600	-4.16	-1,412,848	-11.39
Balances with other banks.....	10,587,406	10,191,362	10,913,876	396,044	3.89	-326,470	-2.99
Total cash, balances with other banks, including reserve balances and cash items in process of collection.....	22,955,455	23,078,639	24,699,908	-123,184	-.53	-1,744,453	-7.06
Other assets.....	1,539,034	1,574,442	1,498,245	-35,408	-2.25	40,789	2.72
Total assets.....	108,059,347	108,253,235	108,913,615	-193,888	-.18	-854,268	-.78

including loans to farmers, loans to banks, and other loans to individuals (repair and modernization and installment cash loans, and single-payment loans) amounted to \$8,300,000,000, an increase of 2 percent since April. The percentage of net loans and discounts to total assets on June 30, 1955 was 36.59 in comparison with 34.90 in April and 34.69 in June 1954.

Investments of the banks in United States Government obligations on June 30, 1955 aggregated \$34,800,000,000 (including \$2,755,000 guaranteed obligations), a decrease of \$1,700,000,000 since April. These investments were 32 percent of total assets. Other bonds, stocks and securities of \$9,200,000,00 which included obligations of States and political subdivisions of \$7,000,000,00 were \$100,000,000 less than in April. Total securities held amounting to \$44,000,000,000 decreased \$1,800,000,000 since April. This reduction was a natural outgrowth of increased loan portfolios, as noted in the paragraph next above.

Cash of \$1,400,000,000, reserve with Federal Reserve banks of \$11,000,000,000, and balances with other banks (including cash items in process of collection) of \$10,600,000,000, a total of \$23,000,000,000, showed a decrease of \$100,000,000 since April.

The capital stock of the banks on June 30, 1955 was \$2,400,000,000, including nearly \$4,000,000 of preferred stock. Surplus was \$3,700,000,000, undivided profits \$1,300,000,000 and capital reserves \$300,000,000, or a total of \$5,300,000,000. Total capital accounts of \$7,700,000,000, which were 7.82 percent of total deposits, were \$100,000,000 more than in April when they were 7.75 percent of total deposits.

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

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RELEASE MORNING NEWSPAPERS,
Friday, September 9, 1955

H-897

The total assets of national banks on June 30, 1955 amounted to \$108,000,000,000, it was announced today by Comptroller of the Currency Ray M. Gidney. The returns covered the 4,751 active national banks in the United States and possessions. The assets were \$200,000,000 below the amount reported by the 4,759 active banks on April 11, 1955, the date of the previous call, the major reason for the decrease centering in a \$417,000,000 reduction in funds borrowed from the Federal Reserve and other banks.

The deposits of the banks on June 30 were \$98,900,000,000, an increase of \$271,000,000 since April. Included in the recent deposit figures were demand deposits of individuals, partnerships, and corporations of \$53,700,000,000, which decreased \$600,000,000, and time deposits of individuals, partnerships, and corporations of nearly \$25,000,000,000, which increased \$336,000,000. Deposits of the United States Government of \$3,100,000,000 increased \$171,000,000 since April; deposits of States and political subdivisions of \$7,300,000,000 increased \$461,000,000, and deposits of banks amounted to \$8,300,000,000, a decrease of \$184,000,000. Postal savings were \$13,000,000 and certified and cashiers' checks, etc., were \$1,500,000,000.

Net loans and discounts on June 30, 1955 were \$39,500,000,000, an increase of \$1,800,000,000 since April. Commercial and industrial loans of \$15,800,000,000 were up \$800,000,000 since April, and loans on real estate of \$10,400,000,000 were up \$372,000,000. Retail automobile installment loans increased \$267,000,000 to \$2,800,000,000, and other types of retail installment loans amounting to \$1,165,000,000 increased \$46,000,000. Loans to brokers and dealers in securities and other loans for the purpose of purchasing or carrying stocks, bonds, and other securities increased \$107,000,000 to \$1,578,000,000. Other loans,

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

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RELEASE MORNING NEWSPAPERS,
Friday, September 9, 1955

H-897

The total assets of national banks on June 30, 1955 amounted to \$108,000,000,000, it was announced today by Comptroller of the Currency Roy M. Gidney. The returns covered the 4,751 active national banks in the United States and possessions. The assets were \$200,000,000 below the amount reported by the 4,759 active banks on April 11, 1955, the date of the previous call, the major reason for the decrease centering in a \$417,000,000 reduction in funds borrowed from the Federal Reserve and other banks.

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including loans to farmers, loans to banks, and other loans to individuals (repair and modernization and installment cash loans, and single-payment loans) amounted to \$8,300,000,000, an increase of 2 percent since April. The percentage of net loans and discounts to total assets on June 30, 1955 was 36.59 in comparison with 34.90 in April and 34.69 in June 1954.

Investments of the banks in United States Government obligations on June 30, 1955 aggregated \$34,800,000,000 (including \$2,755,000 guaranteed obligations), a decrease of \$1,700,000,000 since April. These investments were 32 percent of total assets. Other bonds, stocks and securities of \$9,200,000,000, which included obligations of States and political subdivisions of \$7,000,000,000, were \$100,000,000 less than in April. Total securities held amounting to \$44,000,000,000 decreased \$1,800,000,000 since April. This reduction was a natural outgrowth of increased loan portfolios, as noted in the paragraph next above.

Cash of \$1,400,000,000, reserve with Federal Reserve banks of \$11,000,000,000, and balances with other banks (including cash items in process of collection) of \$10,600,000,000, a total of \$23,000,000,000, showed a decrease of \$100,000,000 since April.

The capital stock of the banks on June 30, 1955 was \$2,400,000,000, including nearly \$4,000,000 of preferred stock. Surplus was \$3,700,000,000, undivided profits \$1,300,000,000 and capital reserves \$300,000,000, or a total of \$5,300,000,000. Total capital accounts of \$7,700,000,000, which were 7.82 percent of total deposits, were \$100,000,000 more than in April when they were 7.75 percent of total deposits.

Statement showing comparison of principal items of assets and liabilities of active national banks
as of June 30, 1955, April 11, 1955, and June 30, 1954

(In thousands of dollars)

	June 30,	Apr. 11,	June 30,	Increase or decrease		Increase or decrease	
	1955	1955	1954	since April 11, 1955		since June 30, 1954	
				Amount	Percent	Amount	Percent
Number of banks.....	4,751	4,759	4,842	-8		-91	
ASSETS							
Commercial and industrial loans.....	15,799,919	14,963,564	15,868,307	836,355	5.59	-68,388	-.43
Loans on real estate.....	10,434,934	10,063,246	9,172,416	371,688	3.69	1,262,518	13.76
All other loans, including overdrafts	13,901,699	13,330,634	13,317,321	571,065	4.28	584,378	4.39
Total gross loans.....	40,136,552	38,357,444	38,358,044	1,779,108	4.64	1,778,508	4.64
Less valuation reserves.....	593,048	577,623	575,658	15,425	2.67	17,390	3.02
Net loans.....	39,543,504	37,779,821	37,782,386	1,763,683	4.67	1,761,118	4.66
U. S. Government securities:							
Direct obligations.....	34,778,270	36,459,789	35,835,931	-1,681,519	-4.61	-1,057,661	-2.95
Obligations fully guaranteed.....	2,755	2,473	26,424	282	11.40	-23,669	-89.57
Total U. S. securities.....	34,781,025	36,462,262	35,862,355	-1,681,237	-4.61	-1,081,330	-3.02
Obligations of States and political subdivisions.....	7,026,071	7,117,452	6,954,581	-91,381	-1.28	71,490	1.03
Other bonds, notes and debentures....	2,002,463	2,036,213	1,905,204	-33,750	-1.66	97,259	5.10
Corporate stocks, including stocks of Fed. Reserve banks.....	211,795	204,406	210,936	7,389	3.61	859	.41
Total securities.....	44,021,354	45,820,333	44,933,076	-1,798,979	-3.93	-911,722	-2.03
Total loans and securities.....	83,564,858	83,600,154	82,715,462	-35,296	-.04	849,396	1.03
Currency and coin.....	1,380,655	1,423,283	1,385,790	-42,628	-3.00	-5,135	-.37
Reserve with Fed. Reserve banks.....	10,987,394	11,463,994	12,400,242	-476,600	-4.16	-1,412,848	-11.39
Balances with other banks.....	10,587,406	10,191,362	10,913,876	396,044	3.89	-326,470	-2.98
Total cash, balances with other banks, including reserve balances and cash items in process of collection.....	22,955,455	23,078,639	24,699,908	-123,184	-.53	-1,744,453	-7.06
Other assets.....	1,539,034	1,574,442	1,498,245	-35,408	-2.25	40,789	2.72
Total assets.....	108,059,347	108,253,235	108,913,615	-193,888	-.18	-854,268	-.78

(In thousands of dollars)

	June 30, 1955	Apr. 11, 1955	June 30, 1954	Increase or decrease since April 11, 1955:		Increase or decrease since June 30, 1954:		
				Amount	Percent	Amount	Percent	
LIABILITIES								
deposits of individuals, partnerships, and corporations:								
Demand.....	53,711,457	54,336,811	53,784,450	-625,354	-1.15	-72,993	-.14	
Time.....	24,963,347	24,627,252	23,978,113	336,095	1.36	985,234	4.11	
deposits of U. S. Government.....	3,142,410	2,971,601	3,614,035	170,809	5.75	-471,625	-13.05	
postal savings deposits.....	13,110	13,068	13,070	42	.32	40	.31	
deposits of States and political subdivisions.....	7,287,142	6,825,739	7,063,425	461,403	6.76	223,717	3.17	
Deposits of banks.....	8,316,961	8,501,034	9,752,516	-184,073	-2.17	-1,435,555	-14.72	
Other deposits (certified and cashiers' checks, etc.).....	1,498,499	1,386,525	1,439,122	111,974	8.08	59,377	4.13	
Total deposits.....	98,952,926	98,662,030	99,644,731	270,896	.27	-711,805	-.71	
Bills payable, rediscounts, and other liabilities for borrowed money.....	71,600	489,086	28,751	-417,486	-85.36	42,849	149.03	
Other liabilities.....	1,320,834	1,455,817	1,535,233	-134,983	-9.27	-214,399	-13.97	
Total liabilities, excluding capital accounts.....	100,325,360	100,606,933	101,208,715	-281,573	-.28	-883,355	-.87	
CAPITAL ACCOUNTS								
Capital stock:								
Preferred.....	3,946	3,956	4,793	-10	-.25	-847	-17.67	
Common.....	2,419,450	2,389,071	2,366,285	30,379	1.27	53,165	2.25	
Total.....	2,423,396	2,393,027	2,371,078	30,369	1.27	52,318	2.21	
Surplus.....	3,698,464	3,645,227	3,645,330	53,237	1.52	53,134	1.46	
Undivided profits.....	1,347,797	1,341,456	1,404,866	6,341	.47	-57,069	-4.06	
Reserves.....	264,330	268,592	283,626	-4,262	-1.59	-19,296	-6.80	
Total surplus, profits, and reserves.....	5,310,591	5,253,275	5,333,822	57,316	1.09	-23,231	-.44	
Total capital accounts.....	7,733,987	7,646,302	7,704,900	87,685	1.15	29,087	.38	
Total liabilities and capital accounts.....	108,059,347	108,253,235	108,913,615	-193,888	-.18	-854,268	-.78	
RATIOS:								
	Percent	Percent	Percent					
U. S. Gov't securities to total assets	32.19	33.63	32.93					
Loans & discounts to total assets...	36.59	34.90	34.69					
Capital accounts to total deposits..	7.82	7.75	7.73					

NOTE: Minus sign denotes decrease.



WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, September 7, 1955.

H-898

STATEMENT BY SECRETARY HUMPHREY

"The dismissal almost two years ago of Edgar E. Hoppe from the Internal Revenue Service is one of those unfortunate cases where a man with long service was advanced to a position of importance that proved to be beyond his capacity and ability.

"The inspection work of the Internal Revenue Service is one of its very important functions. It has to do with the integrity, efficiency, and loyalty of some 50,000 employees in the Service. The Chief of Inspection must be a man of real competence, good judgment, and fine ability, to be as sure as possible that the Service is not only maintained honestly and efficiently but that its great number of employees are fairly and humanly dealt with.

"Unfortunately, in the very early days of this Administration, it became apparent that Mr. Hoppe did not measure up to the requirements of the position. His service had been almost entirely in collections work, with little experience in either audit or investigation, until October 1951 when he was designated Director of the Inspection Service.

"He stated that when he was originally drafted for the position it was against his desires, that he never had liked it, and preferred reassignment.

"Because of his length of service, it was hoped that he might be transferred to a lesser position for which his ability might adequately fit him, but it soon became apparent that even this was impossible because of his belligerent attitude and disrespect for his superiors.

"For obvious reasons, it is essential that the relationship between the Chief of Inspection and his superiors must be one of mutual respect as to loyalty, integrity, and ability.

"The case was carefully reviewed not only by Mr. Hoppe's immediate superior but by the Commissioner of Internal Revenue. It was then further reviewed, with ample opportunity for written responses and a personal hearing before Assistant Secretary Rose and General Counsel Tuttle of the Treasury Department, which resulted in the unanimous view that his dismissal was necessary. This action was later sustained after further review by the Civil Service Commission.

- 2 -

"Mr. Hoppe's incompetence for the performance of the important duties of head of the Inspection Service was so apparent that for the good of the Service and in fairness to all of the other Internal Revenue employees his dismissal and complete separation from the Service was required."

oOo

U.S. Ambassador to Turkey; William McChesney Martin,^{Jr.} Chairman
of the Board of Governors of the Federal Reserve System;
John B. Hollister, Director, International Cooperation
Administration, State Department; Glen E. Edgerton, President
and Chairman of the Export-Import Bank; Joseph ^{M.} Dodge,
Special Assistant to the President; Gabriel Hauge, Administrative
Assistant to the President; and Nils A. Lennartson,
Assistant to the Secretary of the Treasury.

oOo

*and Chairman of the Council
on Foreign Economic Policy;*

Am Newspapers
~~DRAFT OF PROPOSED RELEASE~~

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Friday Sept 9

H-899

Treasury Secretary Humphrey will fly to Istanbul, Turkey, on Friday, September 9, to attend the Tenth Annual Meeting of the Boards of Governors of the International Bank for Reconstruction and Development and the International Monetary Fund. He is the United States Governor for both institutions.

Other U.S. delegates to the meeting are Samuel C. Waugh, Deputy Under Secretary of State for Economic Affairs and U.S. Alternate Governor; Treasury Under Secretary W. Randolph Burgess, Temporary Alternate Governor; Treasury Assistant Secretary Andrew N. Overby, U.S. Executive Director of the Bank and Temporary Alternate Governor; and Frank A. Southard, Jr., *U.S. Executive Director of the Fund*, ~~Special Assistant to the Secretary of the Treasury, Temporary Alternate Governor~~ *Special Assistant to the Secretary of the Treasury, Temporary Alternate Governor*.

Dates for the annual meeting of the Boards of Governors are September 12 to September 16. Finance ministers and central bank heads of the 58 member countries and their advisers will attend. They will review the work of the Bank and Fund during the past year, and survey and exchange views on world financial developments.

Advisers to the United States delegation will include Senators Homer E. Capehart and J. Allen ^Frear, Jr., members of the Senate Banking and Currency Committee; Avra M. Warren,



WASHINGTON, D.C.

RELEASE A.M. NEWSPAPERS,
Friday, September 9, 1955.

H-899

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STATUTORY DEBT LIMITATION

AS OF August 31, 1955

249 TREASURY DEPARTMENT
Fiscal Service

Washington, Sept. 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 Act of June 30, 1955 (P.L. 124 84th Congress) continues this temporary increase until June 30, 1956.

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	\$20,311,471,000		
Certificates of indebtedness.....	9,046,810,000		
Treasury notes	48,810,377,800	\$ 78,168,658,800	
Bonds-			
Treasury	81,843,825,000		
* Savings (current redemp. value)	58,449,793,429		
Depository.....	410,414,500		
Investment series	12,549,880,000	153,253,912,929	
Special Funds-			
Certificates of indebtedness	32,142,900,000		
Treasury notes.....	12,095,285,400	44,238,185,400	
Total interest-bearing		275,660,757,129	
Matured, interest-ceased		506,699,000	
Bearing no interest:			
United States Savings Stamps.....	46,523,966		
Excess profits tax refund bonds	1,067,148		
Special notes of the United States:			
Internat'l Monetary Fund series.....	1,613,000,000	1,660,591,114	
Total		277,828,047,243	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	42,536,650		
Matured, interest-ceased	918,750	43,455,400	
Grand total outstanding			277,871,502,643
Balance face amount of obligations issuable under above authority			3,128,497,357

Reconciliation with Statement of the Public Debt August 31, 1955
(Date)

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

Outstanding-			
Total gross public debt			278,309,014,940
Guaranteed obligations not owned by the Treasury.....			43,455,400
Total gross public debt and guaranteed obligations.....			278,352,470,340
Deduct - other outstanding public debt obligations not subject to debt limitation.....			480,967,697
			277,871,502,643

STATUTORY DEBT LIMITATION
AS OF August 31, 1955

250 **TREASURY DEPARTMENT**
Fiscal Service
Washington, Sept. 9, 1955.

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Certificates of indebtedness.....	9,046,810,000	
Treasury notes	<u>48,810,377,800</u>	\$ 78,168,658,800
Bonds-		
Treasury	81,843,825,000	
* Savings (current redemp. value).....	58,449,793,429	
Depository.....	410,414,500	
Investment series	<u>12,549,880,000</u>	153,253,912,929
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Deduct - other outstanding public debt obligations not subject to debt limitation.....		<u>480,967,697</u>
		277,871,502,643

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RELEASE MORNING NEWSPAPERS,
Tuesday, September 13, 1955.

The Treasury Department announced last evening that the tenders for \$1,600,000,000 or thereabouts, of 91-day Treasury bills to be dated September 15 and to mature December 15, 1955, which were offered on September 8, were opened at the Federal Reserve Banks on September 12.

The details of this issue are as follows:

Total applied for - \$2,653,983,000
 Total accepted - 1,602,174,000 (includes \$267,743,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
 Average price - 99.468/ Equivalent rate of discount approx. 2.104% per annum

Range of accepted competitive bids: (Excepting two tenders totaling \$1,100,000)

High - 99.470 Equivalent rate of discount approx. 2.097% per annum
 Low - 99.466 " " " " " " 2.113% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 33,029,000	\$ 23,749,000
New York	1,799,383,000	976,018,000
Philadelphia	46,203,000	20,655,000
Cleveland	69,281,000	41,978,000
Richmond	17,048,000	14,367,000
Atlanta	52,570,000	33,478,000
Chicago	339,668,000	260,338,000
St. Louis	30,206,000	26,545,000
Minneapolis	21,047,000	19,031,000
Kansas City	73,906,000	56,236,000
Dallas	42,861,000	35,501,000
San Francisco	128,781,000	94,278,000
Total	\$2,653,983,000	\$1,602,174,000

TREASURY DEPARTMENT

Info

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WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, September 13, 1955.

H-901

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Low - 99.466 Equivalent rate of discount approx. 2.113% per annum

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 33,029,000	\$ 23,749,000
New York	1,799,383,000	976,018,000
Philadelphia	46,203,000	20,655,000
Cleveland	69,281,000	41,978,000
Richmond	17,048,000	14,367,000
Atlanta	52,570,000	33,478,000
Chicago	339,668,000	260,338,000
St. Louis	30,206,000	26,545,000
Minneapolis	21,047,000	19,031,000
Kansas City	73,906,000	56,236,000
Dallas	42,861,000	35,501,000
San Francisco	128,781,000	94,278,000
TOTAL	\$2,653,983,000	\$1,602,174,000

FISCAL SERVICE
OFFICE OF
FISCAL ASST. SECRETARY

1955 SEP 6 PM 5 47

TREASURY DEPARTMENT

MEMORANDUM TO MR. MARTIN L. MOORE

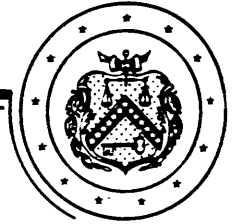
The following transactions were made in direct and guaranteed securities of the Government for Treasury Investments and other accounts during the month of August, 1955:

Purchases	\$21,653,000.00
Sales	<u>1,309,000.00</u>
	<u>\$20,344,000.00</u>

C. L. Norman

Chief, Investments Branch
Division of Deposits & Investments

TREASURY DEPARTMENT



WASHINGTON, D.C.

IMMEDIATE RELEASE,

~~Tuesday, August 16, 1955.~~Thursday, September 15, 1955
August~~1955~~
H-82

During ~~1955~~ 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 ~~\$7,776,000.~~

\$20,344,000.

oOo



WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, September 15, 1955.

H-902

During August 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 \$20,344,000.

oOo

Release Agency Newspapers
Thursday Sept 15 1955

H-903

The Treasury Department today made public a report of monetary gold transactions with foreign governments and central banks for the second quarter of 1955. In this period, the United States sold \$45.2 million worth of gold, and purchased \$3.5 million. These transactions brought to \$78.6 million the net outflow of gold from the United States in the first half of this year, with U.S. gold sales at \$85.5 million and U.S. purchases, \$7 million.

In the twelve months ended June 30, 1955, net sales of monetary gold by the United States totaled \$322.6 million. That figure compares with net gold sales by the United States totaling \$519.5 million in the preceding twelve-month period ended June 30, 1954.

A table showing net transactions, by country, for the first two quarters of 1955 and for the two fiscal years (ended June 30) 1954 and 1955, is attached.



WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, September 15, 1955.

H-903

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A table showing net transactions, by country, for the first two quarters of 1955 and for the two fiscal years (ended June 30) 1954 and 1955, is attached.

UNITED STATES GOLD TRANSACTIONS WITH FOREIGN COUNTRIES
January 1, 1955 - June 30, 1955

(In millions of dollars at \$35 per ounce)

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

Country	First Quarter 1955	Second Quarter 1955	Fiscal Year 1955 (July 1, 1954- (June 30, 1955)	Fiscal Year 1954 (July 1, 1953 - (June 30, 1954)
Argentina	--	--	--	-\$10.0
Austria	--	--	-\$6.2	--
Belgium	--	--	--	--45.0
Belgian Congo	--	--	--	-99.9
Bolivia	\$3.5	--	5.5	15.3
France	-22.5	-45.0	-67.5	--
Germany	-10.0	--	-180.0	-145.6
International Monetary Fund	-2.7	--	-2.7	--
Israel	--	--	-1.1	--
Lebanon	--	--	--	-11.2
Mexico	--	--	--	80.3
Netherlands	--	--	--	-40.0
Portugal	-5.0	--	-34.9	-54.9
Sweden	--	--	-15.0	-10.0
Switzerland	--	--	-15.5	-20.0
Switzerland-Bank for International Settlements	--	--	-11.0	-71.0
Syria	--	--	--	-.5
United Kingdom	--	--	--	-170.0
Uruguay	--	--	--	-5.0
Vatican City	--	2.5	5.8	9.5
Venezuela	--	--	--	-30.0
All Other	-.2	.9	--	-1.5
Total	-\$36.9	-\$41.7	-\$322.6	-\$519.5

Figures may not add to totals because of rounding.

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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

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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 September 22, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 22, 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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TREASURY DEPARTMENT
Washington

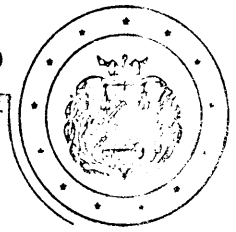
FOR RELEASE, MORNING NEWSPAPERS,
Thursday, September 15, 1955.

H-904

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 September 22, 1955, in the amount of \$1,503,268,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated September 22, 1955, and will mature December 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, September 19, 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, September 15, 1955.

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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 September 22, 1955 in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 22, 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.

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 : Sept. 13, 1955	: Established : : 33-1/3% of : : Total Quota :	Imports ^{1/} : Sept. 20, 1954, : to Sept. 13, 1955
United Kingdom	4,323,457	1,441,152	1,441,152	1,441,152
Canada	239,690	238,346	-	-
France	227,420	72,721	75,807	72,721
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	1,847,122	1,599,886	1,540,882

^{1/} Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, September 15, 1955.

H-905

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 September 13, 1955, inclusive

<u>Country of Origin</u>	<u>Established Quota</u>	<u>Imports</u>	<u>Country of Origin</u>	<u>Established Quota</u>	<u>Imports</u>
Egypt and the Anglo- Egyptian Sudan . . .	783,816	-	Honduras	752	-
Peru	247,952	5,931	Paraguay	871	-
British India	2,003,483	214,953	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 Sept. 3, 1955

Cotton 1-1/8" or more, but less than 1-11/16"
Imports Feb. 1, 1955, to Sept. 3, 1955

<u>Established Quota (Global)</u>	<u>Imports</u>
70,000,000	13,439,156

<u>Established Quota (Global)</u>	<u>Imports</u>
45,656,420	28,820,052

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE,
Thursday, September 15, 1955.

H-905

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 September 13, 1955, inclusive

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2/ Other than Gold Coast and Nigeria.

3/ Other than Algeria, Tunisia, and Madagascar.

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Imports Sept. 20, 1954, to Sept. 3, 1955

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Country of Origin	: Established : TOTAL QUOTA	: Total Imports : Sept. 20, 1954, to : Sept. 13, 1955	: Established : : 33-1/3% of : : Total Quota :	: Imports : Sept. 20, 1954, : to Sept. 13, 1955	<u>1/</u>
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Canada	239,690	238,346	-	-	
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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	1,847,122	1,599,886	1,540,882	

1/ Included in total imports, column 2.

TREASURY DEPARTMENT
Washington

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**IMMEDIATE RELEASE,
Thursday, September 15, 1955.**

H-906

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 September 3, 1955, inclusive, as follows:

Products of the Philippines	Established Quota Quantity	Unit of Quantity	Imports as of Sept. 3, 1955
Buttons	850,000	Gross	443,082
Cigars	200,000,000	Number	2,332,863
Coconut Oil	448,000,000	Pound	97,760,276
Cordage	6,000,000	Pound	2,761,572
Rice	1,040,000	Pound	-
(Refined			5,797,617
Sugars	1,904,000,000	Pound	
(Unrefined			1,692,258,319
Tobacco	6,500,000	Pound	737,463

TREASURY DEPARTMENT
Washington

267

IMMEDIATE RELEASE,
Thursday, September 15, 1955.

H-906

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Rice	1,040,000	Pound	-
(Refined			5,797,617
Sugars	1,904,000,000	Pound	
(Unrefined			1,692,258,319
Tobacco	6,500,000	Pound	737,463

- 2 -

Commodity	Period and Quantity	Quantity	Unit	Imports as of
			of	Sept. 3, 1955
Peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter)	12 mos. from Aug. 1, 1955	1,709,000	Pound	589,382*
Peanut Oil	12 mos. from July 1, 1955	80,000,000	Pound	2,352,516
Barley, hulled, unhulled, rolled, and ground barley, and barley malt	12 mos. from Oct. 1, 1954			
	Canada	27,225,000	Bushel	15,857,885
	Other Countries	275,000	Bushel	5,731
Oats, hulled and unhulled, and unhulled ground	12 months from Oct. 1, 1954			
	Canada	39,312,000	Bushel	15,588,592
	Other Countries	688,000	Bushel	687,834
Rye, rye flour, and rye meal	12 mos. from July 1, 1955			
	Canada	182,280,000	Pound	154,539,909*
	Other Countries	3,720,000	Pound	-

* Imports through September 13, 1955.

TREASURY DEPARTMENT
Washington

269

**IMMEDIATE RELEASE,
Thursday, September 15, 1955.**

H-907

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to September 3, 1955, inclusive, as follows:

Commodity	Period and Quantity	Quantity	Unit of	Imports as of
				Sept. 3, 1955
Whole milk, fresh or sour	Calendar Year	3,000,000	Gallon	3,973
Cream	Calendar Year	1,500,000	Gallon	556
Butter	July 16, 1955- Oct. 31, 1955	5,000,000	Pound	95,935
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pol- lock, cusk, and rosefish	Calendar Year	35,432,624	Pound	Quota Filled
White or Irish potatoes:				
Certified Seed	12 mos. from	150,000,000	Pound	79,674,270
Other	Sept. 15, 1954	329,100,000	Pound	16,583,020
Cattle, less than 200 lbs. each	12 mos. from April 1, 1955	200,000	Head	4,652
Cattle, 700 lbs. or more each	July 1, 1955 - (other than dairy cows) Sept. 30, 1955	120,000	Head	3,465
Walnuts	Calendar Year	5,000,000	Pound	Quota filled
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 mos. from Oct. 1, 1954	5,000,000	Pound	1,716,347
Filberts, shelled (whether or not blanched)	12 mos. from Oct. 1, 1954	7,500,000	Pound	7,424,098
Alsike clover seed	12 mos. from July 1, 1955	2,500,000	Pound	652,780

(1) Imports for consumption at the quota rate are limited to 26,574,468 lbs. during the first nine months of the calendar year.

(Continued)

TREASURY DEPARTMENT
Washington

270

IMMEDIATE RELEASE,
Thursday, September 15, 1955.

H-907

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to September 3, 1955, inclusive, as follows:

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Imports for consumption at the quota rate are limited to 26,574,468 lbs. during the first nine months of the calendar year.

(Continued)

TREASURY DEPARTMENT
Washington

269

IMMEDIATE RELEASE,
Thursday, September 15, 1955.

H-907

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(Continued)

TREASURY DEPARTMENT
Washington

270

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H-907

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Salmon, fresh or frozen, filleted, etc., cod, haddock, hake, pol- lock, cusk, and rosefish	Calendar Year	35,432,624 Pound	Quota Filled (1)
White or Irish potatoes:			
Certified Seed	12 mos. from	150,000,000 Pound	79,674,270
Other	Sept. 15, 1954	329,100,000 Pound	16,583,020
Cattle, less than 200 lbs. each	12 mos. from April 1, 1955	200,000 Head	4,652
Cattle, 700 lbs. or more each	July 1, 1955 - Sept. 30, 1955	120,000 Head	3,465
Other than dairy cows)			
Almonds	Calendar Year	5,000,000 Pound	Quota filled
Almonds, shelled, blanched, roasted, or otherwise prepared or preserved	12 mos. from Oct. 1, 1954	5,000,000 Pound	1,716,347
Almonds, shelled (whether or not blanched)	12 mos. from Oct. 1, 1954	7,500,000 Pound	7,424,098
Alfalfa clover seed	12 mos. from July 1, 1955	2,500,000 Pound	652,780

(1) Imports for consumption at the quota rate are limited to 26,574,468 lbs. during the first nine months of the calendar year.

(Continued)

Commodity	Period and Quantity	Unit	Imports as of
		of	Quantity: Sept. 3, 1955
Peanuts, whether shelled, not shelled, blanched, salted, prepared, or preserved (including roasted peanuts, but not including peanut butter)	12 mos. from Aug. 1, 1955	Pound	589,382*
		1,709,000	
Peanut Oil	12 mos. from July 1, 1955	Pound	2,352,516
		80,000,000	
Barley, hulled, unhulled, rolled, and ground barley, and barley malt	12 mos. from Oct. 1, 1954		
	Canada	27,225,000	Bushel 15,857,885
	Other Countries	275,000	Bushel 5,731
Oats, hulled and unhulled, and unhulled ground	12 months from Oct. 1, 1954		
	Canada	39,312,000	Bushel 15,588,592
	Other Countries	688,000	Bushel 687,834
Rye, rye flour, and rye meal	12 mos. from July 1, 1955		
	Canada	182,280,000	Pound 154,539,909*
	Other Countries	3,720,000	Pound -

* Imports through September 13, 1955.

IMMEDIATE RELEASE,
Thursday, September 15, 1955.

H-908

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 Sept. 13, 1955	Established Quota	Imports May 29, 1955, to Sept. 13, 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	-
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	1,000
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	-	-	-
	<u>800,000</u>	<u>795,000</u>	<u>4,000,000</u>	<u>3,816,000</u>

Treasury Department
Washington

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IMMEDIATE RELEASE,
Thursday, September 15, 1955.

H-908

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	Established : Quota (Bushels)	Imports : May 29, 1955, to : Sept. 13, 1955 (Bushels)	Established : Quota (Pounds)	Imports : May 29, 1955, : to Sept. 13, 1955 (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	1,000
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	-	-	-
	<u>800,000</u>	<u>795,000</u>	<u>4,000,000</u>	<u>3,816,000</u>

IMMEDIATE RELEASE

~~Friday~~ September 15, 1955

17-909

Arrangements are being completed for a loan of \$10 million to the New York, New Haven and Hartford Railroad Company to be made by a group of banks headed by The Chase Manhattan Bank of New York, supported by a 90% loan purchase agreement by the United States Treasury Department under the Defense Production Act. The purpose of the loan is to restore the heavy damage suffered by the railroad during the recent floods. Repayment is to be made over a period of ten years. The other banks in the lending group are the Bankers Trust Company, First National Bank of Boston, The First National City Bank of New York, Guaranty Trust Company of New York, Irving Trust Company, Manufacturers Trust Company, The Marine Midland Trust Company of New York, J. P. Morgan & Co., The Bank of New York, Industrial National Bank of Providence, and Rhode Island Hospital Trust Company.

This announcement was made by Assistant Secretary of the Treasury Laurence B. Robbins, who represented the Federal Government in negotiations with the railroad and the banks in arranging the loan. Negotiations for the railroad were handled by George T. Carmichael, Senior Vice President. The essentiality of the project was certified by the Office of Defense Mobilization under the provisions of the Defense Production Act.

In making the announcement Mr. Robbins said: "The Federal Government recognizes that the facilities of this railroad are vital to the defense industries as well as the general economy of the northeast, and that there is an urgent necessity of prompt restoration of those facilities. We are very glad to have been able to assist the railroad in obtaining the necessary funds."



WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, September 16, 1955.

H-909

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14-910

RELEASE MORNING NEWSPAPERS,
Tuesday, September 20, 1955.

The Treasury Department announced last evening that the tenders for \$1,600,000,000 or thereabouts, of 91-day Treasury bills to be dated September 22 and to mature December 22, 1955, which were offered on September 15, were opened at the Federal Reserve Banks on September 19.

The details of this issue are as follows:

Total applied for - \$2,327,516,000
 Total accepted - 1,600,318,000 (includes \$268,516,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
 Average price - 99.499½ Equivalent rate of discount approx. 1.981% per annum

Range of accepted competitive bids:

High - 99.507 Equivalent rate of discount approx. 1.950% per annum
 Low - 99.494 " " " " " 2.002% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 28,423,000	\$ 22,473,000
New York	1,615,510,000	974,165,000
Philadelphia	47,151,000	31,651,000
Cleveland	84,220,000	83,770,000
Richmond	23,058,000	21,992,000
Atlanta	48,562,000	47,502,000
Chicago	237,510,000	237,210,000
St. Louis	25,924,000	23,615,000
Minneapolis	16,430,000	15,830,000
Kansas City	34,689,000	32,089,000
Dallas	35,826,000	29,808,000
San Francisco	80,213,000	80,213,000
Total	\$2,327,516,000	\$1,600,318,000

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TREASURY DEPARTMENT



WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, September 20, 1955.

H-910

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Kansas City	34,689,000	32,089,000
Dallas	35,826,000	29,808,000
San Francisco	80,213,000	80,213,000
TOTAL	\$2,327,516,000	\$1,600,318,000

~~SECRET~~

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

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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 September 29, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 29, 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,

ExhibitALPHATREASURY DEPARTMENT
WashingtonFOR RELEASE, MORNING NEWSPAPERS,
Thursday, September 22, 1955.~~(D)~~

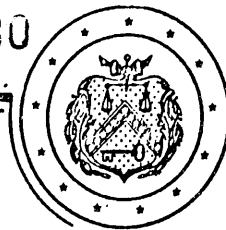
The Treasury Department, by this public notice, invites tenders for \$ 1,600,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing September 29, 1955, in the amount of \$ 1,500,043,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated September 29, 1955, and will mature December 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 one-thirty closing hour, ~~two~~ o'clock p.m., Eastern Standard time, Monday, September 26, 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

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WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, September 22, 1955.

H-911

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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 September 29, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 29, 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.

Company, Lewiston, Maine. He also served as Director of Rockland-Rockport Lime Co., Inc., ~~and Maine General Hospital,~~ and as an incorporator of the Maine Savings Bank.

Mr. Scribner was born in Bath, Maine on February 14, 1908, the son of Fred Clark Scribner and Emma Amelia (Cheltra) Scribner. He was graduated from Dartmouth College in 1930 with an A.B. degree. He received his LL.B. from Harvard in 1933, and the same year he was admitted to the Maine and Massachusetts bars.

He married Barbara Curtis Merrill on August 24, 1935. They have three sons.

~~Before joining the firm~~
~~He resigned from the firm~~
~~in 1941~~

Prior to becoming General Counsel of the Reading Trust Mr Scribner resigned from ^{these two minor concerns,} his Portland law firm ~~and from the private business concerns with which he has been identified.~~

Immediate Release
Thursday, September 22, 1955

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H-912

Treasury Secretary Humphrey today administered the oath of office to Fred C. Scribner, Jr. as General Counsel of the Treasury Department.

Mr. Scribner succeeds David W. Kendall, who became an Assistant Secretary of the Treasury on August 3, 1955. Mr. Scribner was nominated by President Eisenhower on July 28 and was confirmed by the Senate on July 30, 1955.

As the chief legal officer of the Treasury Department, the General Counsel has supervision over and coordinates the work of the Legal Division. He is directly responsible to the Secretary of the Treasury, and performs such additional duties as are assigned by the Secretary or required by law.

Mr. Scribner is a resident of Portland, Maine, where he was a partner in the law firm of Hutchinson, Pierce, Atwood & Scribner. He is a member of the American, Maine and Cumberland County (Maine) Bar Associations, and of Phi Beta Kappa, Delta Sigma Rho, and Alpha Chi Rho fraternities. He is an Episcopalian and a Mason.

Since 1946 Mr. Scribner has been Vice President of the Bates Manufacturing

Treasurer and General Counsel

TREASURY DEPARTMENT

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WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, September 22, 1955.

H-912

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Since 1946 Mr. Scribner has been Vice President, Treasurer and General Counsel of the Bates Manufacturing Company, Lewiston, Maine. He also served as Director of Rockland-Rockport Lime Co., Inc. Prior to becoming General Counsel of the Treasury today Mr. Scribner resigned from these two business concerns, as well as from his Portland law firm.

Mr. Scribner was born in Bath, Maine on February 14, 1908, the son of Fred Clark Scribner and Emma Amelia (Cheltra) Scribner. He was graduated from Dartmouth College in 1930 with an A.B. degree. He received his LL.B. from Harvard in 1933, and the same year he was admitted to the Maine and Massachusetts bars.

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

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 may have tended to be over-modest about what has already been done to foster a high and expanding level of foreign trade.

I say that not because I favor boastfulness. 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 underlie the President's goal of a high and expanding level of world trade that can be the foundation of a peaceful world.

- 13 -

of continuous session to consider this information and decide whether some change should be made in the new valuation principles. If Congress did not act within that period, the revised valuation principles would be effective as to all imports.

This proposal will impose a considerable burden on the customs transition service for the/period. ~~ignatizkztkzccacohaztkbzaffastak~~ We believe that this additional work will be more than compensated for by the fact that the simplified and improved valuation methods will be applicable to a large percentage of imports. We believe that this proposal will afford a clear test of the proposed valuation system without the possibility of injuring domestic industry during the test period. We expect the Senate Finance Committee to give consideration to H.R. 6040 and this proposed amendment early next year.

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 contribute importantly to an expanding level of world trade.

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 ever vigilant to search out new methods which will improve administration, reduce delay, and increase certainty.

Finance Committee late in the last session of Congress. Under this amendment the Treasury Department would undertake for each of three successive yearly periods to compile a list of products dutiable on an ad valorem basis as to which the valuation would be reduced by 5 per cent or more under the new valuation principles. Each of these lists would be published in tentative form in the Federal Register and an opportunity would be given for representations that additional products should be added to the list. After consideration of these representations, final lists would be published in the Federal Register, and these products for the next year would ~~continue to~~ be valued under the law as it now exists.

During this transitional period, United States industry would have the assurance that the valuation of competitive imported products would not be permitted to be decreased by as much as 5 per cent. Based upon our 1954 survey, we estimate that the average valuation decrease during this interim period would be only 15/100ths of 1 per cent. Industry would thus retain any substantial protection resulting from valuation procedures during the transitional period and be able to prepare itself either to make the adjustment necessary to meet import competition on the new valuation basis or to present to Congress its case for a continuation of the old valuation practices or some other form of protection.

When the third list has been in effect for a year, a final report would be made to the Congress of those products which would then be reduced in value by 5 per cent or more. Congress would have 120 days

would not exceed 2-1/2 per cent and that the resulting average duty decrease would probably be somewhat lower, about 2 per cent. However, it is true that in a few rare instances the immediate reduction in value/ ^{of a particular commod} might be as much as 40 per cent. This, I believe, has been the principal concern of a number of members of Congress.

I do not believe that this possibility is a valid objection to H.R. 6040. Tariff administration should not be ^{used} ~~discouraged~~ ^{to} either ~~discourage~~ ^{to} ~~discourage~~ ^e ~~discourage~~ or ~~discourage~~ imports into the United States. Customs valuation should not conceal tariff protection. Moreover the fact that for the moment our valuation procedures may result in an additional protection cannot be relied on for the future. Changes in trade practices may cancel that protection. In fact, if the higher valuation becomes a real factor in the export trade, the foreign exporter or his government in a high proportion of the cases can ~~may~~ quite easily change the trading conditions so that customs appraisers will be required to use the going price in sales to the United States as a basis of valuation.

Unfortunately these considerations have not been completely persuasive and we in the Treasury have been faced with the practical problem of devising some proposal which will answer the concern about possible substantial decreases in customs value without sacrificing the simplification and improvement in valuation procedures contained in H.R. 6040. The suggestion made to the Congress to accomplish this purpose is contained in an amendment which was submitted to the Senate

law that the only price at which the goods are freely offered to all purchasers in the home market is the price to retail outlets which is frequently ~~usually~~ 50 percent to 75 per cent higher than the unit price quoted who are wholesalers. then at the home market price to retail to his U.S. importers. The goods must be valued 50 per cent to 75 per cent higher than was expected, thereby increasing the duty by 50 per cent to 75 per cent and turning a profitable transaction into a net loss.

Of course, the exporter could have avoided this problem by obtaining competent advice from an expert on U.S. customs laws. He undoubtedly could change his commercial practices for the future so that foreign value could not be used as a basis for appraisement. In many instances however, one such experience is enough and the exporter is unwilling to risk our valuation procedures again. Moreover, his experience becomes widely known in his community and discourages other exporters to the United States. This is the situation which we believe badly needs legislative correction. Consequently, at the request of the Treasury, H.R. 6040 was introduced in the last session of Congress. This bill is our effort to make valuation procedures conform to normal commercial practices, to take out the surprises, the hidden quirks, and the eccentricities of customs valuation.

On the basis of a careful survey which the Bureau of Customs made last year covering imports for the fiscal year 1954, we are confident that the average change in value under the proposed law

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Another difficulty in obtaining certainty in classification descriptions is the familiar one of maintaining uniformity in every customs district of the United States without at the same time producing unbearable delay by requiring every decision to be referred to Washington. Many Government agencies, such as the Internal Revenue Service, face this problem in various forms but it is particularly acute in Customs because a change in classification changes the amount of duty payable on a product and thereby affects the gross receipts rather than the net profits of a business and can thus have a far more drastic effect. This is a subject to which we are giving a great deal of attention.

Uncertainty in the valuation of merchandise arises in a somewhat different manner. A foreign exporter explores the market for a new product in the United States. He determines the approximate volume of exports, the rate of duty, applies that to the price at which he can sell his goods, and determines whether he can make a fair profit after quoting a duty-paid/^{landed}~~importing~~ price. On the basis of these calculations he goes ahead with the transaction and exports a large volume of his commodity to several importers in the United States. Thereafter, the Customs Service investigates the value of the merchandise and in the course of this investigation determines that the exporter in the normal course of trade in his home market ~~not his export market~~ sells to both wholesale and retail outlets all in much smaller quantities than in his transactions with the United States. Customs determines in accordance with our

As a result of these reclassification actions the opinion is widely held abroad that our classification procedure is a protectionist device to frustrate the successful importer. This is wholly incorrect. Actually, over the last five years, more classification actions have resulted in lowering rates of duty than have increased them. The duty reduction cases, however, have not come to the general attention of the trade because the law requires publication only of those decisions which increase a rate of duty. We are taking every opportunity to publicize information that classification actions can go either up or down and thereby dispel the impression that they always result in higher duties.

But, of course, the problem goes much deeper than mere public relations. It arises in part from the fact that the descriptions in the Tariff Act are now 25 years old and that whole families of products, as in the electronics and synthetics field, have come into being that were not even dreamed of when the words under which they must be classified were enacted into law. Congress recognized the need for modernizing and simplifying our Tariff Act descriptions in the Customs Simplification Act of 1954 and authorized the Tariff Commission to undertake a project which should lead to the elimination of the problems arising from the obsolescence of some of our Tariff Act descriptions.

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by the recent controversy over our decision on the up-jeweling of watches. 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 the Tariff Act as it stands, leaving policy to the Congress. In fact, subsequent application of our up-jeweling decision to particular cases will probably permit the importations of some watches at the lower rate of duty even though they may thereafter be up-jeweled. Since this development may result in making the watch tariff ineffectual, it was called to the attention of the Congress during the closing days of the last session. Congress is now in a position to determine the policy with respect to these importations and amend the tariff provision if it so desires.

Certainty

The areas in which lack of certainty have troubled us most have been in connection with classification and valuation of articles for customs purposes. Many of you are familiar with the problem: a new article is first entered at one port and given a certain classification. Then, later, sometimes 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. If a different and higher classification is found to be proper, a thriving business, built on the assumption that the original classification was correct, may be ruined.

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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.

Fairness

A basic principle of 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 accomplish either domestic or foreign policy purposes; to do so would violate the will of Congress. Changes for these purposes must be made legislatively and not administratively. The function of the Customs Service is to enforce the law as it stands. If there is an impression that the interpretation of the tariff laws is the servant of the domestic policy, no importer will be able to rely upon the stability of a rate of duty; and, conversely, no domestic manufacturer will feel that he can rely on the protection the law affords to the domestic production of his commodity.

The difficulty of convincing interested persons that this is our approach to the administration of the Tariff Act is demonstrated

been adopted for use on shipments by rail and truck moving in transit between ports of one country via territory of the other. This improvement eliminated the extra delay and expense incurred by carriers under the previous requirement for separate seals to be affixed for each country.

Also, under a special arrangement that has been worked out with Canadian Customs authorities, the sealing of New York Central rail cars moving nonstop through Canada between Detroit and the Niagara Frontier has been eliminated. At the moment, plans are in progress for the extension of this arrangement to Wabash and Chesapeake & Ohio rail shipments at Detroit and to Chesapeake & Ohio rail shipments at Port Huron. The arrangement has been approved in principle by Canadian authorities, but some operational details remain to be worked out and approved before the practice becomes effective.

We are seeking constantly for new ways of eliminating useless steps that add up to paper work and delay. Only last month, as many of you know, we abolished the requirement as of October 1 for consular certification of invoices, which has long been criticized as a useless burden. Last month we also published a notice of our proposal to simplify power of attorney requirements so that more transactions may be entered in the name of the actual consignee. 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.

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Now, what has brought this about? Not ~~by~~ the employment of more people, for Customs now employs about 7 per cent fewer people than it did two years ago and about 17 per cent 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 about 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 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 per cent 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. There was no luck and no trick in the way it was done; and, by the same token, there is no reason why improvement should not continue to be made and put us presently upon a fairly current basis.

In the Detroit area there have been a number of recent improvements in the handling of the movement of international trade. A common seal for both United States and Canadian Customs purposes has

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he can stand to lose ^{his} ~~the entire~~ sales investment. This does not have to happen to many people before many more decide that they simply will not take the risk.

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 the foreign economic program of the United States.

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 recently received figures which indicate that at the end of June this situation had been vastly improved. The backlog of unliquidated entries had been reduced by over one-third -- to 594,000. While the number of entries filed continues at peak levels, the quarterly rate of liquidation has been raised from 225,000 (where it stood in September of 1953) to 320,000 in the first two quarters of this year. This means that a twelve-months' backlog has been cut to one of less than six months.

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of the tariff

Good administration means three things: speed, certainty, and fairness. ~~I do not think I am exaggerating when I say that~~ the assurance of these three things is of the highest importance to most people who want to ship goods to this country.

759 ~~Let me give you an example of what the financial consequences may sometimes be of a lack of speed, certainty, or fairness in the administration of the customs laws.~~ *To illustrate the consequences of the lack of just one of them* 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 per cent, and increased the duty-paid cost of the goods by almost 300 per cent. While cases of this kind are not frequent, they do happen often enough that I am sure all of you have heard of similar examples and so, unfortunately, have many exporters in foreign lands.

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I do not have to emphasize to you ~~how big an investment by a~~ foreign manufacturer usually must contemplate in order to break into the American market. ~~An advertising budget of 5 per cent of sales is not unusual among American companies, and frequently a foreign manufacturer must plan on 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 some of them have been well-publicized over the last few years --

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Remarks by Under Secretary H. Chapman Rose before the
Detroit Chamber of Commerce, Thursday, September 22, 1955

I agreed with your officers that I would speak today about current developments in tariff administration. I am very pleased to have this as the subject of my remarks for I believe the improvement of tariff administration is one of the most important but most overlooked aspects of the President's foreign economic program.

At the request of the President, the Congress at the last Session enacted a three-year extension of the Trade Agreements Act. This undoubtedly is the cornerstone of the Administration's effort to develop a high and expanding level of international trade. The next session of Congress will be asked to approve United States membership in the Organisation for Economic Cooperation. This will permit the United States to join the other trading nations of the world in a cooperative effort to maintain fair trading practices and to expand world trade. This, of course, is another most important part of the President's program and you will hear much more about it in the months to come from others better qualified than I on that subject.

Important as both these subjects are, the problems of tariff administration are probably of even more concern every day of the year to those people who are engaged in the international trade of the United States. The longer I have worked in this field the more convinced I have become that good administration of the tariff laws is of critical importance to the maintenance of a high level of world trade.

The foreigners are in a considerable measure right in their emphasis on the importance of the problem, although in my judgment they frequently, as in the paragraph I just quoted, give us insufficient credit for what has been accomplished or is in process. It is hard to correct their misconceptions, or our own under-emphasis of the problem, because almost all its aspects are complicated, do not lend themselves (like the Reciprocal Trade Agreements Act) to simplification for discussion purposes, and are enmeshed in a wealth of detail. Precisely for this reason, it seems to me vitally important that groups like this one should be accurately informed as to how far we have come in the field of improvement of tariff administration, and what still remains to be done.

While I have been given for my talk this evening the very broad scope encompassed by "Current Developments in United States Foreign Trade", I shall try to cover only a part of the territory which that title opens up. I should like to concentrate upon current developments in the administration of our tariff law because my recent experience has convinced me that this aspect of the President's foreign economic program has had a good deal less attention in this country than its importance deserves.

By contrast, abroad there is great emphasis, ~~even~~ on this problem. Delays and uncertainties in our customs administration are a favorite theme of any foreign commercial ~~representative~~ counselor or business man with whom you discuss our foreign trade policy. In the October issue of Foreign Affairs, a ~~distinguished~~ distinguished Canadian, writing on the Canadian economy, has this to say on the subject:

"Different in character but similar in effect is the still vexing question of customs procedures and valuation. The President has been unable to get Congress to pass new legislation which would conform to international standards and provide unequivocal and prompt customs and valuation procedures. This also has greatly reduced the attractiveness of trade agreements with the United States. Trade in some volume can accommodate itself to almost any tariff structure which is dependable and certain, but tariff schedules which are uncertain and subject to unilateral interpretation and modification simply destroy trade."

TREASURY DEPARTMENT
WASHINGTON

Address by Under Secretary H. Chapman Rose before
the Foreign Trade Club of Detroit, ~~XXXX~~ M
Fort Shelby Hotel,
Detroit, Michigan, 8:30 p.m., EST, Thursday,
September 22, 1955

H-913

TREASURY DEPARTMENT
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Good administration of the tariff means three things: speed, certainty, and fairness. The assurance of these three things is of the highest importance to most people who want to ship goods to this country. To illustrate the consequences of the lack of just one of them; 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 per cent, and increased the duty-paid cost of the goods by almost 300 per cent. While cases of this kind are not frequent, they do happen often enough that I am sure all of you have heard of similar examples and so, unfortunately, have many exporters in foreign lands.

I do not have to emphasize to you that it takes substantial investment by a foreign manufacturer to break into the American market. Yes, if he encounters an unanticipated problem with the American Customs -- and some of them have been well-publicized over the last few years -- he can stand to lose his sales investment. This does not have to happen to many people before many more decide that they simply will not take the risk.

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Now, what has brought this about? Not the employment of more people, for Customs now employs about 7 per cent fewer people than it did two years ago and about 17 per cent 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 about the postwar high.

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The difficulty of convincing interested persons that this is our approach to the administration of the Tariff Act is demonstrated by the recent controversy over our decision on the up-jeweling of watches. 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 the Tariff Act as it stands, leaving policy to the Congress. In fact, subsequent application of our up-jeweling decision to particular cases will probably permit the importations of some watches at the lower rate of duty even though they may thereafter be up-jeweled. Since this development may result in making the watch tariff ineffectual, it was called to the attention of the Congress during the closing days of the last session. Congress is now in a position to determine the policy with respect to these importations and amend the tariff provision if it so desires.

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The areas in which lack of certainty has troubled us most have been in connection with classification and valuation of articles for customs purposes. Many of you are familiar with the problem: a new article is first entered at one port and given a certain classification. Then, later, sometimes 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. If a different and higher classification is found to be proper, a thriving business, built on the assumption that the original classification was correct, may be ruined.

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are freely offered to all purchasers in the home market is the price to retail outlets which is frequently 50 per cent to 75 per cent higher than the unit price quoted to his U.S. importers, who are wholesalers. The goods must then be valued at the home market price to retailers -- or 50 per cent to 75 per cent higher than was expected, thereby increasing the duty by 50 per cent to 75 per cent and turning a profitable transaction into a net loss.

Of course, the exporter could have avoided this problem by obtaining competent advice from an expert on U.S. customs laws. He undoubtedly could change his commercial practices for the future so that foreign value could not be used as a basis for appraisal. In many instances however, one such experience is enough and the exporter is unwilling to risk our valuation procedures again. Moreover, his experience becomes widely known in his community and discourages other exporters to the United States. This is the situation which we believe badly needs legislative correction. Consequently, at the request of the Treasury, H.R. 6040 was introduced in the last session of Congress. This bill is our effort to make valuation procedures conform to normal commercial practices, to take out the surprises, the hidden quirks, and the eccentricities of customs valuation.

On the basis of a careful survey which the Bureau of Customs made last year covering imports for the fiscal year 1954, we are confident that the average change in value under the proposed law would not exceed 2-1/2 per cent and that the resulting average duty decrease would probably be somewhat lower, about 2 per cent. However, it is true that in a few rare instances the immediate reduction in value of a particular commodity might be as much as 40 per cent. This, I believe, has been the principal concern of a number of members of Congress.

I do not believe that this possibility is a valid objection to H.R. 6040. Tariff administration should not be used either to discourage or to encourage imports into the United States. Customs valuation should not conceal tariff protection. Moreover the fact that for the moment our valuation procedures may result in an additional protection cannot be relied on for the future. Changes in trade practices may cancel that protection. In fact, if the higher valuation becomes a real factor in the export trade, the foreign exporter or his government in a high proportion of the cases can quite easily change the trading conditions so that customs appraisers will be required to use the going price in sales to the United States as a basis of valuation.

Unfortunately these considerations have not been completely persuasive and we in the Treasury have been faced with the practical problem of devising some proposal which will answer the concern about possible substantial decreases in customs value without sacrificing the simplification and improvement in valuation procedures contained in H.R. 6040. The suggestion made to the Congress to accomplish this purpose is contained in an amendment which was submitted to the Senate Finance Committee late

in the last session of Congress. Under this amendment the Treasury Department would undertake for each of three successive yearly periods to compile a list of products dutiable on an ad valorem basis as to which the valuation would be reduced by 5 per cent or more under the new valuation principles. Each of these lists would be published in tentative form in the Federal Register and an opportunity would be given for representations that additional products should be added to the list. After consideration of these representations, final lists would be published in the Federal Register, and these products for the next year would be valued under the law as it now exists.

During this transitional period, United States industry would have the assurance that the valuation of competitive imported products would not be permitted to be decreased by as much as 5 per cent. Based upon our 1954 survey, we estimate that the average valuation decrease during this interim period would be only 15/100ths of 1 per cent. Industry would thus retain any substantial protection resulting from valuation procedures during the transitional period and be able to prepare itself either to make the adjustment necessary to meet import competition on the new valuation basis or to present to Congress its case for a continuation of the old valuation practices or some other form of protection.

When the third list has been in effect for a year, a final report would be made to the Congress of those productions which would then be reduced in value by 5 per cent or more. Congress would have 120 days of continuous session to consider this information and decide whether some change should be made in the new valuation principles. If Congress did not act within that period, the revised valuation principles would be effective as to all imports.

This proposal will impose a considerable burden on the customs service for the transition period. We believe that this additional work will be more than compensated for by the fact that the simplified and improved valuation methods will be applicable to a large percentage of imports. We believe that this proposal will afford a clear test of the proposed valuation system without the possibility of injuring domestic industry during the test period. We expect the Senate Finance Committee to give consideration to H.R. 6040 and this proposed amendment early next year.

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 contribute importantly to an expanding level of world trade.

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 ever vigilant to search out new methods which will improve administration, reduce delay, and increase certainty.

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

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 may have tended to be over-modest about what has already been done to foster a high and expanding level of foreign trade.

I say that not because I favor boastfulness. 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 underlie 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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The economy program of the last three years in the Bureau has been ^{consistent} ~~in keeping~~ with the Administration's general policy of bringing about economy in the entire Government service, ^{this is in} ~~with~~ ^{keeping with} the expressed desire of Congress that intensive efforts be continued steadily in the Bureau to improve its equipment and processes and bring about better utilization of manpower, and with the requirement of law that the Bureau print currency and securities as safely, as cheaply and as perfectly as could be done in industry.)

~~The~~ The program has resulted in lowering of the Bureau's operating costs by over 25 percent, with the annual savings running into millions of dollars.

[Handwritten flourish]

H-914 009

Operating expenses of the Bureau of Engraving and Printing will be reduced ^{an estimated} \$1,350,000 a year beginning November 1 through curtailment of the currency production program, the Treasury Department announced today.

This step is in furtherance of measures instituted in the Bureau early in the present Administration to improve methods and equipment so as to manufacture the Nation's currency and securities as efficiently and economically as possible while maintaining the Bureau's high quality printing standards.

It has been determined that due to the modernization of printing equipment ^{and} the establishment of adequate inventories and stockpiles, ~~and lower current requirements~~, the Nation will need only about 86,000,000 sheets of new currency in the present fiscal year, compared with about 98,000,000 in fiscal 1955. Some of the present inventories can safely be reduced.

The necessary cut of ~~2~~ a million sheets in the monthly production schedule, together with a reduction in inventories where possible, will make necessary the elimination October 31 of 48 plate printer positions, at an annual saving of about \$7,700 per position. About 300 plate printers will be continued on the Bureau rolls.

The Treasury emphasized that wherever possible, surplus personnel would be assigned to other positions in the Bureau of Engraving and Printing and in other agencies in accordance with Civil Service regulations and procedures.



WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, September 23, 1955.

H-914

Operating expenses of the Bureau of Engraving and Printing will be reduced an estimated \$1,350,000 a year beginning November 1 through curtailment of the currency production program, the Treasury Department announced today.

This step is in furtherance of measures instituted in the Bureau early in the present Administration to improve methods and equipment so as to manufacture the Nation's currency and securities as efficiently and economically as possible while maintaining the Bureau's high quality printing standards.

It has been determined that due to the modernization of printing equipment and the establishment of adequate inventories and stockpiles, the Nation will need only about 86,000,000 sheets of new currency in the present fiscal year, compared with about 98,000,000 in fiscal 1955. Some of the present inventories can safely be reduced.

The necessary cut of a million sheets in the monthly production schedule, together with a reduction in inventories where possible, will make necessary the elimination October 31 of 48 plate printer positions, at an annual saving of about \$7,700 per position. About 300 plate printers will be continued on the Bureau rolls.

The Treasury emphasized that wherever possible, surplus personnel would be assigned to other positions in the Bureau of Engraving and Printing and in other agencies in accordance with Civil Service regulations and procedures.

The economy program of the last three years in the Bureau has been consistent with the Administration's general policy of bringing about economy in the entire Government service. This is in keeping with the expressed desire of Congress that intensive efforts be continued steadily in the Bureau to improve its equipment and processes and bring about better utilization of manpower, and with the requirement of law that the Bureau print currency and securities as safely, as cheaply and as perfectly as could be done in industry. The program has resulted in lowering of the Bureau's operating costs by over 25 percent, with the annual savings running into millions of dollars.

611
H-915

RELEASE MORNING NEWSPAPERS,
Tuesday, September 27, 1955.

The Treasury Department announced last evening that the tenders for \$1,600,000,000 or thereabouts, of 91-day Treasury bills to be dated September 29 and to mature December 29, 1955, which were offered on September 22, were opened at the Federal Reserve Banks on September 26.

The details of this issue are as follows:

Total applied for - \$2,317,278,000
Total accepted - 1,600,910,000 (includes \$203,803,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price - 99.464 Equivalent rate of discount approx. 2.122% per annum

Range of competitive bids:

High - 99.515 Equivalent rate of discount approx. 1.919% per annum
Low - 99.460 " " " " " 2.136% " "

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

<u>Federal Reserve District</u>	<u>Total Applied for</u>	<u>Total Accepted</u>
Boston	\$ 18,857,000	\$ 13,857,000
New York	1,755,276,000	1,165,616,000
Philadelphia	26,805,000	11,805,000
Cleveland	50,179,000	41,179,000
Richmond	16,150,000	14,150,000
Atlanta	22,702,000	20,626,000
Chicago	247,592,000	181,332,000
St. Louis	32,644,000	32,644,000
Minneapolis	6,822,000	6,822,000
Kansas City	52,020,000	37,720,000
Dallas	26,390,000	21,390,000
San Francisco	61,841,000	53,769,000
Total	\$2,317,278,000	\$1,600,910,000

1/27/55

TREASURY DEPARTMENT

312



WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Tuesday, September 27, 1955.

H-915

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Total	\$2,317,278,000	\$1,600,910,000

" The whole world is concerned and distressed by the President's illness, but the best medical advice encourages us to hope that it is temporary in character and that a complete recovery is probable. It is a cause of sadness, but not of alarm.

" Our policies and programs are definite and firmly established. There is no reason to anticipate any change. We will carry on during his absence exactly as previously planned, ^{there is} ~~and~~ no reason for others to do otherwise. "

Immediate Release

74-916

Monday, September 26, 1955

Humphrey,

the Secretary of the Treasury, who is in Ottawa, today issued the following statement through his office here in Washington:

~~Area 2 8-23~~



WASHINGTON, D.C.

IMMEDIATE RELEASE
Monday, September 26, 1955.

H-916

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oOo

IMMEDIATE RELEASE
September 27, 1955

H-917

The Bureau of Customs announced today that the quota of 8,883,259 pounds on Mexican cotton of less than 1-1/8 inches in staple length (other than harsh or rough cotton of less than 3/4 inch in staple length, and other than linters) was filled at the opening moment of the quota on September 20, 1955. Of the total amount of such cotton presented for entry, only 13.24 per centum was authorized release, which amount filled the quota.

The Bureau of Customs also announced that at the close of business on September 26 a total of 317,889 pounds has been charged against the Brazilian short-staple quota of 618,723 pounds; a total of 82,258 pounds against the United Kingdom cotton waste quota of 1,441,152 pounds; and a total of 24,500 pounds against the German cotton waste quota of 25,443 pounds.



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oOo

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~~Atlanta, Georgia~~

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 10 So. Columbus Street
 Arlington, Virginia

The committee attended a noon luncheon at the Treasury honoring Alex Raymond, noted cartoonist and creator of the comic strip, "Rip Kirby." National Savings Bonds Director Earl O. Shreve presented Raymond with a Treasury citation for his years of service to the Savings Bond Program.

C. S. Bolen, of the Southern Bell Telephone and Telegraph Company of Atlanta, is chairman of the Industrial Editors' Advisory Committee. Other members are:

It is a "people's capitalism" we have in the United States, and this fact should be stressed in American propoganda aimed at communism, the United States Savings Bonds Natinnal Advisory Committee of Industrial Editors was told today by Theodore S. Repplier, president of the Advertising Council, Inc.

Mr. Repplier addressed the industrial editors when the group met at the Treasury today with officials of the Treasury's Savings Bonds Division to help plan a Savings Bonds sales promotion program for next year.

"We have developed a new form of capitalism here in America," Mr. Repplier said. "It is quite different from the capitalism the old world knows. In our capitalism the people both supply the means of expansion of industry, and receive the benefits."

"More than ever before, the savings of the 'little man' are invested in our country's progress."

"We should tell other people throughout the world about this 'people's capitalism,' and its real meaning, as distinguished

from the sort of capitalism

Immediate Release
Tuesday, September 27, 1955

H-918

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The industrial editors' group met at the Treasury Department with officials of the Treasury's Savings Bonds Division to help plan the Division's Savings Bonds sales promotion program for next year.

"No longer is American industry operated through the wealth of a few ~~monopolies~~,^{Mr} Repplier declared. "More than ever before, the savings of the 'little man' are invested in our country's progress. We should tell other peoples throughout the world about this 'people's capitalism.'"

Under Secretary H. Chapman Rose greeted the visitors on behalf of Secretary Humphrey. He thanked them for their support of the Savings Bond Program over the years.



WASHINGTON, D.C.

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Tuesday, September 27, 1955.

H-918

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Charles Bradford
Northrop Aircraft, Inc.
Hawthorne, California

Paul Ackerman
Pullman-Standard Car Mfg. Co.
Chicago, Illinois

Herbert F. Heil
National Cash Register Co.
Dayton, Ohio

Mrs. Ellen Van Dusen, President
American Ass'n. of Industrial
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Crouse-Hinds Company
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New England Electric System
Boston, Massachusetts

Lelah Nell Masters
Cone Mills Corp.
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Public Service Corp. of N.J.
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Robert A. Harper
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Pittsburgh, Pa.

Amy Hardester
Warner Company
Philadelphia, Pa.

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Co.
Houston, Texas

John E. Davis
Shell Oil Company
New York City

Marilyn C. Acton
The American Thermos
Bottle Co.
Norwich, Connecticut

Manning Hawthorne
10 So. Columbus Street
Arlington, Virginia

Article

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.

~~SECRET~~

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 October 6, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 6, 1955. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States,

~~RESTRICTED~~~~SECRET~~TREASURY DEPARTMENT
WashingtonFOR RELEASE, MORNING NEWSPAPERS,
Thursday, September 29, 1955.~~(S)~~

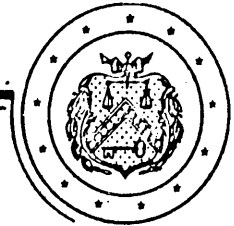
The Treasury Department, by this public notice, invites tenders for \$1,600,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing October 6, 1955, in the amount of \$1,600,059,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated October 6, 1955, and will mature January 5, 1956, 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 one-thirty closing hour, ~~two~~ o'clock p.m., Eastern Standard time, Monday, October 3, 1955. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

TREASURY DEPARTMENT

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WASHINGTON, D.C.

RELEASE MORNING NEWSPAPERS,
Thursday, September 29, 1955.

H-919

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 **October 6, 1955**, in the amount of \$1,600,059,000, to be issued on a discount basis under competitive and non-competitive bidding as hereinafter provided. The bills of this series will be dated **October 6, 1955**, and will mature **January 5, 1956**, 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, **one-thirty o'clock p.m., Eastern Standard time, Monday, October 3, 1955.** Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

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

competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 6, 1955, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 6, 1955. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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

Kennedy

IMMEDIATE RELEASE, 29
Friday, September 30, 1955.

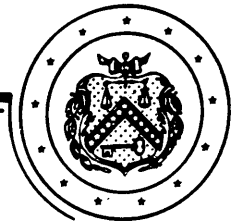
H-920

The Secretary of the Treasury announced today that on Monday, October 3, the Treasury will offer for cash subscription \$ $2\frac{3}{4}$ billion of $2\frac{1}{4}$ percent tax anticipation certificates of indebtedness, to be dated October 11, 1955, maturing June 22, 1956, and receivable at par plus accrued interest to maturity in payment of income and profits taxes due on June 15, 1956. The books will be open only for one day on October 3.

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. A payment of 5 percent of the amount of certificates subscribed for, not subject to withdrawal until after payment, must be made on all other subscriptions. The new certificates 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 certificates subscribed for, to cover the 5 percent deposits required to be paid when subscriptions are entered.

Any subscription addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight, October 3, will be considered as timely.



WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, September 29, 1955.

H-920

The Secretary of the Treasury announced today that on Monday, October 3, the Treasury will offer for cash subscription \$2-3/4 billion of 2-1/4 percent tax anticipation certificates of indebtedness, to be dated October 11, 1955, maturing June 22, 1956, and receivable at par plus accrued interest to maturity in payment of income and profits taxes due on June 15, 1956. The books will be open only for one day on October 3.

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Immediate Release
Thursday, Sept 29, 1955

H-721

I am in full accord with the program outlined in Secretary Wilson's letter to Senator Johnson.

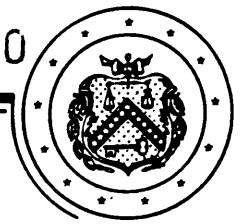
A reduction in expenditures which would require an alteration of that program was never in contemplation. However, as Secretary Wilson says, "our purpose is to carry out ^{our} a military program with maximum economy and efficiency" and "to reduce waste and eliminate extravagance" which some people who resist such economies call cuts."

The hope has been and still is that savings can be made by continually exercising the greatest care in scrutinizing all expenditures and by increased efficiency in administration, while at the same time increasing effective military strength.

As I said just a month ago, our hope of balancing the budget lies in the combination of two things: First, [,] is the possibility of increasing Government revenue. Second, [,] is the continual day-after-day and everyday effort of everyone in Government to eliminate every expenditure which properly can be saved. At the same time, we will continue to strengthen our military security and maintain proper standards of service to the public by all departments in the Government.

TREASURY DEPARTMENT

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WASHINGTON, D.C.

IMMEDIATE RELEASE
Thursday, September 29, 1955

H-921

STATEMENT BY SECRETARY HUMPHREY:

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H-921

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