U.S. Treasury Dept.
Press Releases

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~~DRAFT~~ 6-30-60
A-878

FOR RELEASE A.M. NEWSPAPERS,
Tuesday, July 5, 1960.

The Treasury Department today commenced a survey of thousands of firms to obtain information on their current practices and opinions on depreciation allowances for income tax purposes.

The purpose of the survey is to obtain additional statistical information from a representative group of taxpayers in order to determine how the present depreciation provisions of the tax law are operating and what legislative changes may be appropriate. When completed, the study is expected to secure data from about 6,000 businesses, both large and small, representing a cross section of American industry.

Under Secretary Fred C. Scribner, Jr., in his letter of transmitta said that in the past two or three years many proposals for changes in the tax laws relating to depreciation have been placed before the Congress. In studying these proposals, the Department has found it difficult to evaluate them because of a lack of adequate statistical information. Mr. Scribner also said that the data are solely for the purpose of the statistical survey and will be held in confidence.

The study is being conducted in cooperation with the Small Business Administration to assist in effective coverage of small business. Business and professional organizations have been consulted in the development of the survey. The tax-writing committees of the Congress have also been kept closely informed as to its objectives.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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STATEMENT BY SENATOR HARRY F. BYRD (D. Va.), CHAIRMAN, JOINT COMMITTEE ON INTERNAL REVENUE TAXATION IN RE TREASURY DEPRECIATION SURVEY. For release in morning papers, Tuesday, July 5, 1960.

Senator Harry F. Byrd, of Virginia, Chairman of the Joint Committee on Internal Revenue Taxation, announced today that the Joint Committee is very much interested in the survey being conducted by the Treasury Department on depreciation.

This survey is designed to secure information from business and professional organizations on service lives and depreciation practices, as well as taxpayers' opinions on various suggestions for changes in the depreciation provisions of the tax law. In the past, because of the lack of information on this subject, the Congress has encountered a great deal of difficulty in considering proper legislation dealing with depreciation.

The Chairman stated that he has received information from the Treasury that the survey forms are now being distributed among participating taxpayers. He also stated that if these groups would give full and prompt participation in the survey, it would add greatly to its reliability and usefulness in providing a sound basis for making revisions in the depreciation laws.

Dear Mr.

In the past two or three years many proposals for changes in the tax laws relating to depreciation have been placed before Congress. In studying these proposals, the Treasury Department has found it difficult to evaluate them because of a lack of sufficient reliable statistical information. While we do not want to burden you, in order to determine what changes may be appropriate in this area we need more information.

I am enclosing certain schedules and a questionnaire, with accompanying instructions, to enable you to furnish information on your current practices and opinions on depreciation. Your firm is one of about 6,000 businesses, both large and small, representing a cross section of American industry included in this survey.

The Chairman of the Joint Committee on Internal Revenue Taxation, which is composed of the Chairmen and ranking members from both parties of the tax-writing Committees of the Congress, has recently announced that the Joint Committee is interested in this survey. His statement indicated that in the past, because of the lack of information on this subject, the Congress has encountered a great deal of difficulty in considering proper legislation dealing with depreciation. As he stated, if the groups included "would give full and prompt participation in the survey, it would add greatly to its reliability and usefulness in providing a sound basis for making revisions in the depreciation laws."

The purpose of the survey is solely to provide a broad statistical basis for an up-to-date understanding of depreciation practices within industry groups and for general classes of depreciable properties. The data requested are not designed, or intended, for use in the review of particular taxpayers' depreciation allowances or tax liabilities. Although statistical summaries will be made available to the Congress and others, information with respect to individual companies received through the survey will be held in confidence.

It would be greatly appreciated if you would undertake to complete and return the questionnaire and schedules by September 1. If you should encounter any problems in supplying the data requested, we would be glad to answer any questions or assist you in any way which seems feasible. Please address your written inquiries to me. In case of telephone inquiries, please call the Chief, Tax Analysis Staff, Treasury Department, at WOrth 4-2318 or EXecutive 3-6400, extension 2318, here in Washington.

I should like to express our appreciation for your cooperation in providing the information essential to the success of the survey.

Sincerely yours,

Fred C. Scribner Jr

Fred C. Scribner, Jr.
Under Secretary of the Treasury

Enclosure

Budget Bureau Number 48-6001
Approval expires March 31, 1961

U. S. Treasury Department

ENCLOSURES FOR DEPRECIATION SURVEY

The objective of this survey is to ascertain the average useful life for tax purposes of certain broad categories of depreciable assets, along with certain supplementary information on depreciation methods and practices.

The enclosed material consists of:

1. Instructions

2. Business Activity Schedule and Schedules A and B

3. Questionnaire

The procedure for completion of the questionnaire and the use of the schedules for submitting data are explained in the instructions. Please read the instructions carefully before beginning to compile the data requested.

If additional copies of any schedules are needed, they may be duplicated in any manner most convenient or we will be glad to forward additional copies. Direct requests or inquiries to address below.

Please return completed questionnaire and schedules by September 1, 1960 to:
Under Secretary of the Treasury, U. S. Treasury Department, Washington 25, D. C.

U. S. Treasury Department

Depreciation Survey

INSTRUCTIONS FOR PREPARING BUSINESS ACTIVITY SCHEDULE, SCHEDULES A AND B, AND QUESTIONNAIRE

1. Procedure for the Completion of Business Activity Schedule. The business activities shown in the Business Activity Schedule reflect the industrial breakdown by which depreciation data will be classified for purposes of this survey. In order to provide uniform reporting, please indicate the activity or activities of your business among the fifty-four categories listed in the Business Activity Schedule. Only these categories should be considered in determining the activities of the business. A check is desired opposite each principal activity carried on by your firm. In reporting this and other data in this survey, please consider your firm as including all affiliates for which a consolidated return is filed for income tax purposes. A principal activity should generally be deemed to be one accounting for 10 percent or more of the depreciable assets of the business as a whole, including affiliates. In some cases, an activity accounting for a smaller proportion of the depreciable assets may be checked as a principal activity if it is convenient to report data for such activity separately. As indicated in Instruction 2 below, separate data are desired for each such principal activity, with a summary schedule including total data for the firm.

2. Procedure for the Completion of Schedule A or B. Please furnish Schedule A or B data for the most recent taxable year. PLEASE REPORT THE DATA IN ACCORDANCE WITH THE BUSINESS ACTIVITIES CHECKED ON THE BUSINESS ACTIVITY SCHEDULE. IN ADDITION, IF SCHEDULES ARE FILLED OUT FOR TWO OR MORE ACTIVITIES, PLEASE FILL OUT AND RETURN A SUMMARY SCHEDULE MARKED "TOTAL" WHICH WILL INCLUDE THE AGGREGATE DATA FOR ALL THE ACTIVITIES OF YOUR FIRM. If your firm has both Schedule A and B activities, please supply summary data for each.

Schedule A is to be filled out by all manufacturing and nonmanufacturing enterprises other than certain regulated public utilities. Schedule B is to be filled out only by certain public utility companies.

A separate Schedule A or a Schedule B should be compiled for each activity checked in the Business Activity Schedule which accounts for 10 percent or more of the depreciable property. If it is convenient for you to report separately on certain activities accounting for less than 10 percent of your depreciable assets, do so. Data for all other activities accounting for less than 10 percent of depreciable assets or which are not separately reported should be combined in one Schedule A or B, with a listing of the activities so combined. In some cases it may be necessary to make estimated allocations among various activities for those facilities which are common to more than one activity or which are general in nature. (See Instruction 5 below.)

Your summary schedule should combine the dollar amounts but not necessarily the useful life data shown on the different schedules. For purposes of the summary schedule, the depreciable property groups other than the standard groups which are the same for all activities as listed on Schedule A or B, may be combined in a single "All other" group. Data on the summary schedule may be otherwise arranged or combined in a manner convenient for you. Please check to determine that the items reported on the separate activity schedules add to the totals reported on the summary schedule.

The property to be reported in Schedules A and B is to be limited to tangible property; intangible property such as leases, copyrights, patents and franchises is not to be included.

Depreciable property consisting of special purpose buildings completely integrated with equipment as a single structure (for example, structures used with an oil refinery, a blast furnace or by-product coke oven) should be included under the appropriate equipment group rather than under a building group, if the life of the structure is determined by the life of the related equipment.

If there are factors in your situation which result in substantially longer or shorter service lives than are usual for this type of property (such as a business policy of early retirement of equipment with relatively high resale value or substantial improvements which have extended the service life), please identify the property and service lives involved with an appropriate notation or brief explanation.

3. Procedure for Reporting Average Life for Schedules A and B. For each group of depreciable property listed in Schedule A or B, the average useful life assumed for tax purposes should be indicated. Where the average life is not known, it may generally be approximated by dividing the gross investment less estimated salvage value by the amount of straight line depreciation on the property. Please exclude fully depreciated assets in making this computation. Fully depreciated assets are those on which no depreciation is taken for the year; this does not include particular property items in composite or group accounts which have survived beyond the average life indicated for such composite or group account unless the composite or group reserve has reached 100 percent of the property account. If your depreciation schedules show summaries of cost by useful life classes, the average life for a group can easily be computed by setting up a schedule like the following:

Designated Property Group on Schedule A or B
(e.g., Power Plant Machinery and Equipment)

	(1) Useful life when acquired (years)	(2) Straight line depreciation rate (%)	(3) Depreciation base * (thousand dollars)	(4) Straight line depreciation (thousand dollars)
	20	5	25	1.25
	25	4	83	3.32
	30	3 1/3	61	2.03
Totals			169	6.60

Average rate: 6.60 divided by 169 = 3.91%.
Average useful life: 1 divided by 3.91% = 25.6 years.
Or by short-cut method: 169 divided by 6.60 = 25.6 years.

* The depreciation base would ordinarily be the gross investment, less estimated salvage. Fully depreciated assets should be excluded.

4. Depreciable Property Groups for Schedules A and B. In Schedules A and B certain depreciable property groups have been filled in for you. These are the same for all activities. The remaining depreciable property groups, which depend on the business activity, are listed on the pages immediately following Schedules A and B. Using this list, locate the activity covered by Schedule A or B, and enter the corresponding property groups in the designated lines of the schedule.

5. Approximations Where Exact Data are Difficult to Ascertain. In the case of firms using composite depreciation rates, or in other cases, such as those mentioned below, where precise data for Schedule A or B cannot be supplied without undue time or effort, it is hoped that close approximations may nevertheless be made. If an approximation is not practicable, please supply the composite or other most nearly appropriate data which are available.

In any case where estimates or approximations are used, please identify such items with the notation (est.) or (approx.).

If your firm is a multi-line business using certain assets in more than one principal business activity, such facilities and the depreciation thereon should be apportioned among the different activities in the manner which under your method of cost accounting or in your best judgment appropriately reflects the amounts allocable to each such activity. If such an estimate is not feasible, please report such facilities under the predominant activity, listing the other activities for which the facilities are used.

Where the classification of depreciable property in your accounting system differs from the depreciable property groups designated in the schedules here, please estimate according to your best judgment the amounts to be reported for the property groups designated in the survey schedule. In some instances, should it prove too difficult to separate certain of your accounts, you may find it convenient to report an aggregate amount with brackets indicating the particular survey schedule groups to which your aggregate corresponds.

As indicated in Schedules A and B, property which was used when originally acquired by you and which can be identified as such should be reported under the used property group designated for that purpose. If certain used property items have been modernized or rebuilt with substantial new expenditures as compared with the original cost of the used property, only the portion of the total representing the original cost of the used property should be so reported. If it is not feasible to determine or estimate the portion of the cost of such items representing used property, report such items as new or used, depending on their predominant character.

6. Questionnaire. The accompanying questionnaire affords you an opportunity to express your views and suggestions in important areas of depreciation policy and practice. Most of the proposals and alternatives listed in the questionnaire are those in which businessmen and experts in the depreciation field have shown particular interest. The questions can generally be answered with a check, a date, or a figure. In order to facilitate the tabulation of this information, please attach a separate sheet of paper for those questionnaire items which call for additional explanation or which you wish to answer more fully.

FORM **T.D. 2790**
(REV. JUNE 1960)

U. S. TREASURY DEPARTMENT - DEPRECIATION SURVEY

BUSINESS ACTIVITY SCHEDULE

FOR TREASURY USE

NAME AND ADDRESS OF FIRM *(Street, city, zone, State)*

Please check below each principal activity of the firm as described in Instruction 1.

MANUFACTURING *(Use Schedule A)*

(✓)	ACTIVITY NO.	ACTIVITY	(✓)	ACTIVITY NO.	ACTIVITY	(✓)	ACTIVITY NO.	ACTIVITY
	1	Beverages: Soft drink		11	Paper and allied products		21	Automobiles and other land transportation equipment not included in activity 20
	2	Alcoholic		12	Printing, publishing and allied products		22	Metal working machinery including machine tools
	3	Meat products		13	Chemicals and allied products		23	Electrical machinery, equipment and supplies
	4	Grain mill products and cereal preparation		14	Oil and natural gas production and refining		24	Professional, scientific and controlling instruments, photographic & optical goods
	5	Dairy Products		15	Rubber, leather, plastics and allied products		25	Machinery not included in activities 22, 23 and 24 *(State principal type)*
	6	All other food products		16	Stone, clay and glass products		26	Fabricated metal products *(State principal type)*
	7	Tobacco and related products		17	Primary metal products *(State principal products)*		27	Other manufacturing activities *(Specify)*
	8	Textile mill products		18	Aircraft and parts			
	9	Apparel and products made from fabrics		19	Shipbuilding and repairing			
	10	Lumber and wood products, and furniture *(all materials)*		20	Railroad equipment including locomotive and street cars			

NONMANUFACTURING *(Use Schedule A)*

(✓)	ACTIVITY NO.	ACTIVITY	(✓)	ACTIVITY NO.	ACTIVITY	(✓)	ACTIVITY NO.	ACTIVITY
	28	Agriculture, agricultural services, and forestry *(State principal product or service)*		33	Taxicabs and rental automobiles		40	Gasoline service station
				34	Local trucking and warehousing		41	Automobile repair services and garages
	29	Fishing		35	Other transportation not using Schedule B		42	Wholesale trade *(Specify)*
	30	Mines, pits and quarries *(State principal product)*		36	Radio and television communications		43	Retail trade *(Specify)*
				37	Real estate operations		44	Hotels and theatres *(Specify)*
	31	Construction		38	Finance and insurance			
	32	Water transportation		39	Automobile dealers		45	Service activities not included in other classifications *(Specify)*

CERTAIN PUBLIC UTILITIES *(Use Schedule B)*

(✓)	ACTIVITY NO.	ACTIVITY	(✓)	ACTIVITY NO.	ACTIVITY	(✓)	ACTIVITY NO.	ACTIVITY
	46	Gas		49	Railroads		52	Air carriers
	47	Electric		50	Motor carriers		53	Telephone
	48	Water		51	Oil and/or gas pipelines *(Specify)*		54	Telegraph

Budget Bureau Number 48-6001. Approval expires March 31, 1961

FORM T.D. 2791
(REV. JUNE 1960)

U. S. TREASURY DEPARTMENT - DEPRECIATION SURVEY

SCHEDULE A

(Note: Data should be reported for the latest taxable year)

FOR TAXABLE YEAR ENDING ________________, 19____

FOR TREASURY USE

FIRM NAME	NAME OF OFFICIAL OR REPRESENTATIVE OF FIRM TO BE CONTACTED	TELEPHONE	NUMBER AND NAME OF ACTIVITY COVERED BY THIS SCHEDULE A

Use a separate Schedule A for each activity checked in the Business Activity Schedule and for the Summary Schedule (See instruction 2)

DEPRECIABLE PROPERTY GROUPS *(See instruction 4)*	AVERAGE LIFE *(Years)*		GROSS INVESTMENT *(At end of year)*					TOTAL DEPRECIATION RESERVE FOR GROSS INVESTMENT AT END OF YEAR	DEPRECIATION CLAIMED FOR THE YEAR			
					OTHER PROPERTY					PROPERTY ACQUIRED SINCE 12/31/53		
					ACQUIRED SINCE 12/31/53							
	ALL PROPERTY	PROPERTY ACQ'D AFTER 12/31/53	TOTAL	FULLY DEPRECIATED PROPERTY *(No depreciation taken for year)*	USING NEW 1954 METHODS	OTHER	ACQUIRED PRIOR TO 1/1/54		TOTAL	USING NEW 1954 METHODS	OTHER	PROPERTY ACQUIRED PRIOR TO 1 1 54
	A	B	C	D	E	F	G	H	I	J	K	L
1. Leasehold improvements written off over the life of the lease			$	$		$	$	$	$		$	$
2. Portion of emergency facilities subject to 60 month amortization												
3. Property used when acquired												
4. Property new when acquired a. Bldgs. of steel, stone, or reinforced concrete construction, including building fixture equip.												
b. Buildings of cinder block, frame or sheet metal construction, including building fixture equip.												
c. Land improvements, including roads, fences, parking lots, and landscaping												
d. Power plant machinery and equipment												
e. Furniture and fixtures												
f. Office machines and equipment												
g. Automobiles, trucks and trailers												
NOTE: For the additional depreciable property groups below, see accompanying list: Additional Depreciable Property Groups for Schedule A.												
h.												
i.												
j.												
k.												
l.												
m.												
n.												
o.												

Budget Bureau Number 48-6001. Approval expires March 31, 1961

FORM **T.D. 2791**
(REV. JUNE 1960)

U. S. TREASURY DEPARTMENT - DEPRECIATION SURVEY

SCHEDULE A

(Note: Data should be reported for the latest taxable year)

FOR TAXABLE YEAR ENDING ________________, 19____

FOR TREASURY USE

FIRM NAME	NAME OF OFFICIAL OR REPRESENTATIVE OF FIRM TO BE CONTACTED	TELEPHONE	NUMBER AND NAME OF ACTIVITY COVERED BY THIS SCHEDULE A

Use a separate Schedule A for each activity checked in the Business Activity Schedule and for the Summary Schedule (See instruction 2)

DEPRECIABLE PROPERTY GROUPS *(See instruction 4)*	AVERAGE LIFE *(Years)* ALL PROPERTY A	AVERAGE LIFE *(Years)* PROPERTY ACQ'D AFTER 12/31/53 B	GROSS INVESTMENT *(At end of year)* TOTAL C	FULLY DEPRECIATED PROPERTY *(No depreciation taken for year)* D	OTHER PROPERTY ACQUIRED SINCE 12/31/53 USING NEW 1954 METHODS E	OTHER PROPERTY ACQUIRED SINCE 12/31/53 OTHER F	OTHER PROPERTY ACQUIRED PRIOR TO 1/1/54 G	TOTAL DEPRECIATION RESERVE FOR GROSS INVESTMENT AT END OF YEAR H	DEPRECIATION CLAIMED FOR THE YEAR TOTAL I	PROPERTY ACQUIRED SINCE 12/31/53 USING NEW 1954 METHODS J	PROPERTY ACQUIRED SINCE 12/31/53 OTHER K	PROPERTY ACQUIRED PRIOR TO 1/1/54 L
1. Leasehold improvements written off over the life of the lease			$	$		$	$	$	$		$	$
2. Portion of emergency facilities subject to 60 month amortization												
3. **Property used when acquired**												
4. **Property new when acquired** a. Bldgs. of steel, stone, or reinforced concrete construction, including building fixture equip.												
b. Buildings of cinder block, frame or sheet metal construction, including building fixture equip.												
c. Land improvements, including roads, fences, parking lots, and landscaping												
d. Power plant machinery and equipment												
e. Furniture and fixtures												
f. Office machines and equipment												
g. Automobiles, trucks and trailers												
NOTE: For the additional depreciable property groups below, see accompanying list: Additional Depreciable Property Groups for Schedule A.												
h.												
i.												
j.												
k.												
l.												
m.												
n.												
o.												

Budget Bureau Number 48-6001. Approval expires March 31, 1961

FORM T.D. 2791
(REV. JUNE 1960)

U. S. TREASURY DEPARTMENT - DEPRECIATION SURVEY

SCHEDULE A

(Note: Data should be reported for the latest taxable year)

FOR TAXABLE YEAR ENDING ____________, 19____

FOR TREASURY USE

FIRM NAME	NAME OF OFFICIAL OR REPRESENTATIVE OF FIRM TO BE CONTACTED	TELEPHONE	NUMBER AND NAME OF ACTIVITY COVERED BY THIS SCHEDULE A

Use a separate Schedule A for each activity checked in the Business Activity Schedule and for the Summary Schedule (See instruction 2)

DEPRECIABLE PROPERTY GROUPS *(See instruction 4)*	AVERAGE LIFE *(Years)* ALL PROPERTY A	AVERAGE LIFE *(Years)* PROPERTY ACQ'D AFTER 12/31/53 B	GROSS INVESTMENT *(At end of year)* TOTAL C	GROSS INVESTMENT FULLY DEPRECIATED PROPERTY *(No depreciation taken for year)* D	GROSS INVESTMENT OTHER PROPERTY ACQUIRED SINCE 12/31/53 USING NEW 1954 METHODS E	GROSS INVESTMENT OTHER PROPERTY ACQUIRED SINCE 12/31/53 OTHER F	GROSS INVESTMENT OTHER PROPERTY ACQUIRED PRIOR TO 1/1/54 G	TOTAL DEPRECIATION RESERVE FOR GROSS INVESTMENT AT END OF YEAR H	DEPRECIATION CLAIMED FOR THE YEAR TOTAL I	DEPRECIATION CLAIMED FOR THE YEAR PROPERTY ACQUIRED SINCE 12/31/53 USING NEW 1954 METHODS J	DEPRECIATION CLAIMED FOR THE YEAR PROPERTY ACQUIRED SINCE 12/31/53 OTHER K	DEPRECIATION CLAIMED FOR THE YEAR PROPERTY ACQUIRED PRIOR TO 1/1/54 L
1. Leasehold improvements written off over the life of the lease			$	$		$	$	$	$		$	$
2. Portion of emergency facilities subject to 60 month amortization												
3. **Property used when acquired**												
4. **Property new when acquired** a. Bldgs. of steel, stone, or reinforced concrete construction, including building fixture equip.												
b. Buildings of cinder block, frame or sheet metal construction, including building fixture equip.												
c. Land improvements, including roads, fences, parking lots, and landscaping												
d. Power plant machinery and equipment												
e. Furniture and fixtures												
f. Office machines and equipment												
g. Automobiles, trucks and trailers												
NOTE: For the additional depreciable property groups below, see accompanying list: Additional Depreciable Property Groups for Schedule A.												
h.												
i.												
j.												
k.												
l.												
m.												
n.												
o.												
TOTAL												

Budget Bureau Number 48-6001. Approval expires March 31, 1961

FORM T.D. 2793
(REV. JUNE 1960)

U. S. TREASURY DEPARTMENT - DEPRECIATION SURVEY

SCHEDULE B

(Note: Data should be reported for the latest taxable year)

FOR TAXABLE YEAR ENDING ____________, 19____

FOR TREASURY USE

FIRM NAME	NAME OF OFFICIAL OR REPRESENTATIVE OF FIRM TO BE CONTACTED	TELEPHONE	NUMBER AND NAME OF ACTIVITY COVERED BY THIS SCHEDULE B

Use a separate Schedule B for each activity checked in the Business Activity Schedule and for the Summary Schedule (See instruction 2)

DEPRECIABLE PROPERTY GROUPS *(See instruction 4)*	AVERAGE LIFE *(Years)*		GROSS INVESTMENT *(At end of year)*					TOTAL DEPRECIATION RESERVE FOR GROSS INVESTMENT AT END OF YEAR	DEPRECIATION CLAIMED FOR THE YEAR			
				FULLY DEPRECIATED PROPERTY *(No depreciation taken for year)*	OTHER PROPERTY					PROPERTY ACQUIRED SINCE 12/31/53		PROPERTY ACQUIRED PRIOR TO 1/1/54
					ACQUIRED SINCE 12/31/53		ACQUIRED PRIOR TO 1/1/54					
	ALL PROPERTY	PROPERTY ACQ'D AFTER 12/31/53	TOTAL		USING NEW 1954 METHODS	OTHER			TOTAL	USING NEW 1954 METHODS	OTHER	
	A	B	C	D	E	F	G	H	I	J	K	L
1. Leasehold improvements written off over the life of the lease			$	$		$	$	$	$		$	$
2. Portion of emergency facilities subject to 60 month amortization												
3. Property used when acquired												

4. Property new when acquired
NOTE: For the additional depreciable property groups below, see accompanying list: Additional Depreciable Property Groups for Schedule B.

	A	B	C	D	E	F	G	H	I	J	K	L
a.												
b.												
c.												
d.												
e.												
f.												
g.												
h.												
i.												
j.												
k.												
l.												

Budget Bureau Number 48-6001. Approval expires March 31, 1961

FORM T.D. 2793
(REV. JUNE 1960)

U. S. TREASURY DEPARTMENT - DEPRECIATION SURVEY

SCHEDULE B

(Note: Data should be reported for the latest taxable year)

FOR TAXABLE YEAR ENDING ____________, 19____

FOR TREASURY USE

FIRM NAME	NAME OF OFFICIAL OR REPRESENTATIVE OF FIRM TO BE CONTACTED	TELEPHONE	NUMBER AND NAME OF ACTIVITY COVERED BY THIS SCHEDULE B

Use a separate Schedule B for each activity checked in the Business Activity Schedule and for the Summary Schedule (See instruction 2)

DEPRECIABLE PROPERTY GROUPS (*See instruction 4*)	AVERAGE LIFE (*Years*)		GROSS INVESTMENT (*At end of year*)					TOTAL DEPRECIATION RESERVE FOR GROSS INVESTMENT AT END OF YEAR	DEPRECIATION CLAIMED FOR THE YEAR			
				FULLY DEPRECIATED PROPERTY (*No depreciation taken for year*)	OTHER PROPERTY					PROPERTY ACQUIRED SINCE 12/31/53		PROPERTY ACQUIRED PRIOR TO 1/1/54
					ACQUIRED SINCE 12/31/53		ACQUIRED PRIOR TO 1/1/54					
	ALL PROPERTY	PROPERTY ACQ'D AFTER 12/31/53	TOTAL		USING NEW 1954 METHODS	OTHER			TOTAL	USING NEW 1954 METHODS	OTHER	
	A	B	C	D	E	F	G	H	I	J	K	L
1. Leasehold improvements written off over the life of the lease			$	$		$	$	$	$		$	$
2. Portion of emergency facilities subject to 60 month amortization												
3. Property used when acquired												
4. Property new when acquired NOTE: For the additional depreciable property groups below, see accompanying list: Additional Depreciable Property Groups for Schedule B.												
a.												
b.												
c.												
d.												
e.												
f.												
g.												
h.												
i.												
j.												
k.												
l.												
TOTAL												

ADDITIONAL DEPRECIABLE PROPERTY GROUPS FOR SCHEDULE B

(Activity numbers correspond with numbers listed in Business Activity Schedule)

ACTIVITY NUMBER	LINE	DESCRIPTION
		GAS UTILITIES
46	a.	Structures and improvements
	b.	Production plant - manufactured gas
	c.	Production plant - natural gas
	d.	Products extraction plant
	e.	Storage plant - underground facilities
	f.	Storage plant - local
	g.	Transmission plant
	h.	Distribution plant
	i.	Miscellaneous general plant
	j.	Office furniture and equipment
	k.	Transportation equipment
		ELECTRIC UTILITIES
47	a.	Structures
	b.	Production plant - steam
	c.	Production plant - hydraulic
	d.	Production plant - internal combustion engines
	e.	Transmission plant
	f.	Distribution plant
	g.	Miscellaneous general plant
	h.	Office furniture and equipment
	i.	Transportation equipment
		WATER UTILITIES
48	a.	Structures and improvements
	b.	Boiler plant and other power production equipment
	c.	Pumping equipment
	d.	Transmission and distribution system
	e.	Purification system
	f.	Transportation equipment
	g.	Office furniture and equipment
	h.	Miscellaneous general plant equipment
		RAILROADS
49	a.	Buildings *(Accounts 16, 17, 18, 19, 20, 21, 22, 29, 35)*
	b.	Grading *(depreciable)*
	c.	Tunnels and bridges *(Accounts 5 & 6)*
	d.	Power plant machinery and transmission systems
	e.	Wharves and docks
	f.	Communication systems, signals and interlocks
	g.	Other roadway property *(depreciable) (Accounts 13 & 39)*
	h.	Steam locomotives
	i.	Other locomotives
	j.	Cars
	k.	Work equipment *(Including accounts 56 & 57)*
	l.	Miscl. equipment *(Including accounts 37, 44, 58)*

ACTIVITY NUMBER	LINE	DESCRIPTION
		MOTOR CARRIERS
50	a.	Structures
	b.	Revenue equipment
	c.	Service cars and equipment
	d.	Furniture and office equipment
	e.	Miscellaneous equipment
	f.	Carrier operating property leased to others
	g.	Non-carrier operating and/or non-operating property
		OIL AND/OR GAS PIPE LINES
51	a.	Buildings
	b.	Line pipe, fittings and construction
	c.	Boilers
	d.	Pumping equipment
	e.	Machine tools and equipment
	f.	Other station equipment
	g.	Storage tanks
	h.	Delivery facilities
	i.	Communication systems
	j.	Office furniture and equipment
	k.	Vehicles and other work equipment
	l.	Other property
		AIR CARRIERS
52	a.	Buildings and other improvements
	b.	Surface transport vehicles and equipment
	c.	Furniture, fixtures and office equipment
	d.	Airframes
	e.	Aircraft engines and propellers
	f.	Aircraft communication and navigational equipment
	g.	Flight equipment - other
	h.	Ground property and equipment - other
	i.	Passenger service equipment
		TELEPHONE
53	a.	Buildings
	b.	Outside plant
	c.	Furniture and office equipment
	d.	Vehicles and other work equipment
	e.	Central office and station equipment
		TELEGRAPH
54	a.	Buildings
	b.	Outside communication lines
	c.	Inside communication plant
	d.	Office and messenger equipment
	e.	Vehicles
	f.	Work equipment

Budget Bureau Number 48-6001 Approval expires March 31, 1961

U. S. TREASURY DEPARTMENT - DEPRECIATION SURVEY

FOR TREASURY USE

QUESTIONNAIRE

(Explain items checked where appropriate - Use separate sheet for comments)

NAME AND ADDRESS OF FIRM

For Treasury Use - Do not write in this space

1. Check any of the new methods permitted under the Internal Revenue Code of 1954 for tax purposes which you are using for any significant part of your assets.

☐ a. THE DOUBLE DECLINING BALANCE ☐ b. THE SUM OF THE YEARS- DIGITS

☐ c. OTHER *(Specify)*

d. ENTER THE YEAR YOU FIRST ADOPTED ANY OF THESE METHODS 19____

2. Have you elected to use the additional first-year depreciation allowance provided under the Small Business Tax Revision Act of 1958?

☐ a. YES ☐ b. NO c. IF "YES," PLEASE ENTER THE AMOUNT OF THIS DEDUCTION FOR THE MOST RECENT YEAR *(In thousands)* $________

3. If a material change was made in the estimated useful lives of your depreciable assets for tax purposes since December 31, 1953, please enter the year the change was made.

a. 19____ CHECK IF THE USEFUL LIVES WERE MADE ☐ b. LONGER ☐ c. SHORTER

4. If a material change was made in the estimated salvage value of your depreciable assets for tax purposes since December 31, 1953, please enter the year the change was made.

a. 19____ CHECK IF THE SALVAGE VALUE WAS ☐ b. INCREASED ☐ c. DECREASED

5. Do you think the present allowances for depreciation for tax purposes are reasonably satisfactory?

☐ a. YES ☐ b. NO ☐ c. DON'T KNOW

6. If, in your opinion, you should have taken more depreciation than was allowed for tax purposes in the most recent year to maintain your investment in depreciable property and to provide for obsolescence, please fill out the following items:

a. AMOUNT YOU ESTIMATE WOULD HAVE MET YOUR REQUIREMENTS *(In thousands)* ...... $________
b. ACTUAL DEPRECIATION AND AMORTIZATION DEDUCTION .... ________
c. DIFFERENCE .... $________

7. How did your capital expenditures on depreciable property since December 31, 1953 compare with your depreciation deductions for the same period?

a. CAPITAL EXPENDITURES ON DEPRECIABLE PROPERTY SINCE 1953 *(In thousands)* ...... $________
b. DEPRECIATION........ $________
c. AMORTIZATION........ $________
d. TOTAL DEPRECIATION AND AMORTIZATION SINCE 1953 .... ________
e. DIFFERENCE .... $________

8. If you think your deductions for depreciation are inadequate, what are the major reasons for this opinion? *(Check one or more of the following)*

☐ a. USEFUL LIVES REQUIRED FOR TAX PURPOSES TOO LONG ☐ b. INADEQUATE ALLOWANCE DURING EARLY YEARS

☐ c. CHANGE IN PRICE LEVELS ☐ d. OTHER *(Specify)*

9. If you think that the present tax treatment of depreciation should be changed, indicate your first choice by entering "1" in the space provided and your second choice by entering "2" in the space provided. Place a check mark in the space provided for any of the other methods which you favor. *(If you so desire, please expand on any measure you favor.)*

	a. ALL DEPRECIABLE ASSETS GROUPED INTO BROAD-CLASS CATEGORIES WITH GENERALLY SHORTER MINIMUM LIVES PRESCRIBED BY STATUTE.
	b. FURTHER ACCELERATION DURING EARLY PART OF LIFE OF ASSET, SUCH AS TRIPLE DECLINING BAL.
	c. SOME FORM OF DEPRECIATION ADJUSTMENT TO REFLECT INCREASED PRICE LEVELS *(See Question 10)*
	d. FURTHER EXTENSION OF ADDITIONAL FIRST-YEAR DEPRECIATION ALLOWANCE
	e. FREEDOM TO FOLLOW OWN JUDGMENT AS TO LIVES AND METHODS *(Consistently applied)*
	f. ISSUE A NEW REVISED BULLETIN "F", FOR CONTINUED USE AS A GUIDE ONLY
	g. LEGISLATION AUTHORIZING A DETAILED CLASSIFICATION OF ASSETS ALONG THE LINES OF BULLETIN "F", TO BE PRESCRIBED FOR GENERAL USE SUBJECT TO A STATUTORY PERCENTAGE LEEWAY AS TO USEFUL LIVES OR DEPRECIATION RATES.
	h. A SELECTIVE PROGRAM OF ACCELERATED DEPRECIATION FOR PARTICULAR INDUSTRIES OR LINES OF BUSINESS WHICH MAY DEMONSTRATE A NEED FOR ENCOURAGEMENT IN THE NATIONAL INTEREST *(For example, special shortened service lives for railroad equipment and rolling stock, textile machinery, or depreciable assets used in producing for export)*
	i. OTHER *(Explain briefly)*

QUESTIONNAIRE *(Continued)*

10. If you favored method (c) in question 9, which of the following alternatives would be the most suitable? *(Check one)*

- ☐ a. REINVESTMENT DEPRECIATION ALLOWANCE WHICH WOULD PERMIT THE DIFFERENCE BETWEEN THE ORIGINAL COST AND THE CURRENT REPLACEMENT VALUE OF THE OLD ASSET TO BE DEDUCTED IMMEDIATELY WITH ADJUSTMENT OF THE DEPRECIABLE BASIS OF THE NEW PROPERTY
- ☐ b. DEPRECIATION WHICH WOULD ALLOW THE TAXPAYER TO CLAIM ANNUAL DEPRECIATION BASED ON ORIGINAL COST ADJUSTED FOR CHANGES IN THE PRICE LEVEL
- ☐ c. OTHER *(Specify)*

11. How does the amount of depreciation for book purposes compare with depreciation taken for tax purposes in the most recent year? *(Check only one)*

☐ a. ABOUT THE SAME ☐ b. MORE ☐ c. LESS

12. If there are differences, are they caused by: *(Check one or more)*

- ☐ a. CAPITALIZATION OF DIFFERENT AMOUNTS?
- ☐ b. DIFFERENCE IN USEFUL LIVES?
- ☐ c. DIFFERENCE IN DEPRECIATION METHODS *(For example, straight line for book and double declining balance for tax purposes)?* IF ITEM 12c. WAS CHECKED, DO YOU SET UP DEFERRED TAX RESERVES OR MAKE OTHER BOOK ADJUSTMENTS FOR THE CURRENT TAX DIFFERENCES RESULTING FROM THE NEW METHOD?

  ☐ (i) YES ☐ (ii) NO
- ☐ d. PRICE LEVEL ADJUSTMENTS FOR BOOK PURPOSES?
- ☐ e. OTHER? *(Specify)*

13. If depreciation were liberalized along the lines you favor, would you be willing to:

a. GENERALLY CONFORM BOOK AND TAX DEPRECIATION ACCOUNTING PRACTICES? ☐ (i) YES ☐ (ii) NO

b. FOREGO CAPITAL GAINS BENEFITS ON DISPOSALS OF DEPRECIABLE PROPERTY TO THE EXTENT OF DEPRECIATION PREVIOUSLY TAKEN? ☐ (i) YES ☐ (ii) NO

c. WOULD LIBERALIZED DEPRECIATION MATERIALLY INFLUENCE YOUR INVESTMENT DECISIONS SO AS TO INCREASE YOUR CAPITAL EXPENDITURES? *(Please explain briefly the reasons for your answer to 13c.)* ☐ (i) YES ☐ (ii) NO

14. Do you expect future rates of obsolescence on your depreciable property to increase significantly?

☐ a. YES ☐ b. NO *(If "Yes," please explain reasons for expected change)*

15. Please complete the following summary schedule on the firm's dispositions of depreciable property during the most recent year.

(Please round the figures to the nearest thousand and adjust items so that they add to totals)

ITEM	ORIGINAL COST (1)	ACCUMULATED DEPRECIATION (2)	NET SALVAGE AND SALES PROCEEDS (3)	NET GAIN OR LOSS ( ) REALIZED AS		AMOUNT OF SALVAGE AND SALES PROCEEDS CREDITED TO DEPRECIATION RESERVE (6)
				CAPITAL (4)	ORDINARY (5)	
a. BUILDINGS AND STRUCTURES						
b. MACHINERY, EQUIPMENT AND OTHER						
c. TOTAL						

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RELEASE A. M. NEWSPAPERS, Saturday, July 2, 1960.

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated April 7, 1960, and the other series to be dated July 7, 1960, which were offered on June 27, were opened at the Federal Reserve Banks on July 1. Tenders were invited for $1,000,000,000, or thereabouts, of 91-day bills and for $500,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing October 6, 1960		182-day Treasury bills maturing January 5, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.424 a/	2.279%	98.604 b/	2.761%
Low	99.407	2.346%	98.565	2.838%
Average	99.417	2.307% 1/	98.582	2.805% 1/

a/ Excepting one tender of $250,000
b/ Excepting two tenders totaling $275,000
56 percent of the amount of 91-day bills bid for at the low price was accepted
18 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 22,775,000	$ 12,475,000	$ 2,281,000	$ 2,281,000
New York	1,304,297,000	732,497,000	701,018,000	406,803,000
Philadelphia	23,551,000	8,551,000	10,980,000	5,980,000
Cleveland	24,463,000	19,463,000	12,078,000	7,078,000
Richmond	9,931,000	9,931,000	4,632,000	4,632,000
Atlanta	16,285,000	14,613,000	2,379,000	2,144,000
Chicago	168,799,000	99,539,000	85,348,000	40,148,000
St. Louis	17,772,000	15,772,000	3,052,000	2,552,000
Minneapolis	12,193,000	8,753,000	4,496,000	2,996,000
Kansas City	32,740,000	26,980,000	9,060,000	6,860,000
Dallas	7,230,000	7,230,000	1,715,000	1,715,000
San Francisco	46,819,000	44,319,000	41,238,000	16,828,000
TOTALS	$1,686,855,000	$1,000,123,000 c/	$878,277,000	$500,017,000 d/

c/ Includes $164,540,000 noncompetitive tenders accepted at the average price of 99.417
d/ Includes $33,566,000 noncompetitive tenders accepted at the average price of 98.582
1/ Average rate on a coupon issue equivalent yield basis is 2.35% for the 91-day bills and 2.88% for the 182-day bills. Interest rates on bills are quoted on the basis of bank discount, with their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed on the basis of interest on the investment, with the number of days remaining in a semi-annual interest payment period related to the actual number of days in the period, and with semiannual compounding if more than one coupon period is involved.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE A. M. NEWSPAPERS, Saturday, July 2, 1960. A-879

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24

IMMEDIATE RELEASE,
Friday, July 1, 1960.

A-880

(Joint Release With Department of State)

T. Graydon Upton, Assistant Secretary of the Treasury for international financial matters, is heading a U. S. delegation to Bonn, Germany, for the second meeting of the Development Assistance Group, July 5-7, 1960.

The Development Assistance Group which held its first meeting in March of this year has as members: Belgium, Canada, France, the Federal Republic of Germany, Italy, Japan, Portugal, the United Kingdom, the United States, and the Commission of the European Economic Community.

The Deputy Chairman of the delegation will be Edwin M. Martin, Deputy Assistant Secretary, Bureau of Economic Affairs, State Department; other members of the United States delegation include: Samuel C. Waugh, President and Chairman of the Export-Import Bank; Leonard J. Saccio, Deputy Director, International Cooperation Administration; and Hart Perry, Deputy Managing Director, Development Loan Fund.

The Development Assistance Group had its origin at special economic meetings held at Paris in January 1960 where a resolution was adopted noting that certain countries intended to consult concerning their policies of assistance to less developed countries. The first meeting of the group was held in Washington March 9-11, 1960. The purpose of the meetings is to discuss the means of expanding and facilitating the flow of long-term capital funds to less developed areas, and various aspects of cooperation in these efforts.

Representatives of the International Bank for Reconstruction and Development and the Organization for European Economic Cooperation will participate in certain aspects of the discussions.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

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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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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 $ 400,000 ~~(9)~~ or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 15, 1960 ~~(10)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 15, 1960 ~~(11)~~. 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

All bidders are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any bills of this issue, until after one-thirty o'clock p.m., Eastern Daylight Saving time, Tuesday, July 12, 1960.

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TREASURY DEPARTMENT
Washington

A - 881.

IMMEDIATE RELEASE, ~~4 P.M. EDT~~
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
Tuesday, July 5, 1960.

The Treasury Department, by this public notice, invites tenders for $1,500,000,000, or thereabouts, of 365-day Treasury bills, for cash and in exchange for Treasury bills maturing July 15, 1960, in the amount of $2,000,876,000, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be dated July 15, 1960, and will mature July 15, 1961, 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 Daylight Saving ~~Standard~~ time, Tuesday, July 12, 1960. 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. (Notwithstanding the fact that these bills will run for 365 days, the discount rate will be computed on a bank discount basis of 360 days, as is currently the practice on all issues of Treasury bills.) 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Tuesday, July 5, 1960.

A-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.

All bidders are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any bills of this issue, until after one-thirty o'clock p.m., Eastern Daylight Saving time, Tuesday, July 12, 1960.

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 $400,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 15, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 15, 1960. 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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decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated April 14, 1960, (91 days remaining until maturity date on October 13, 1960) and noncompetitive tenders for $100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 14, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 14, 1960. 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

A-882

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TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE, ~~4:00 P.M., EDT,~~
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
Wednesday, July 6, 1960.

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $ 1,500,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing July 14, 1960 , in the amount of $ 1,500,156,000 , as follows:

91 -day bills (to maturity date) to be issued July 14, 1960 , in the amount of $1,000,000,000 , or thereabouts, representing an additional amount of bills dated April 14, 1960 , and to mature October 13, 1960 , originally issued in the amount of $ 500,024,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 500,000,000 , or thereabouts, to be dated July 14, 1960 , and to mature January 12, 1961 .

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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 Daylight Saving/~~Standard~~ time, Monday, July 11, 1960. 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

IMMEDIATE RELEASE,
Wednesday, July 6, 1960.

A-882

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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 Departmment 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 for the additional bills dated April 14, 1960, (91 days remaining until maturity date on October 13, 1960) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 14, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 14, 1960. 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 hereunde need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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

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RELEASE A. M. NEWSPAPERS, Thursday, July 7, 1960.

The Treasury Department announced last evening that the tenders for $3,500,000,000, or thereabouts, of Tax Anticipation Series 252-day Treasury bills to be dated July 13, 1960, and to mature March 22, 1961, which were offered on June 30, were opened at the Federal Reserve Banks on July 6.

The details of this issue are as follows:

Total applied for - $4,392,203,000
Total accepted - 3,500,109,000 (includes $439,999,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Range of accepted competitive bids: (Excepting one tender of $1,300,000)

High	- 98.138	Equivalent rate of discount approx. 2.660% per annum
Low	- 97.972	" " " " " 2.897% " "
Average	- 98.024	" " " " " 2.823% " " 1/

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 210,315,000	$ 179,075,000
New York	1,846,698,000	1,231,447,000
Philadelphia	206,775,000	192,225,000
Cleveland	428,046,000	387,206,000
Richmond	109,645,000	86,275,000
Atlanta	174,057,000	157,107,000
Chicago	577,726,000	545,106,000
St. Louis	130,208,000	101,488,000
Minneapolis	113,575,000	110,075,000
Kansas City	107,438,000	99,125,000
Dallas	210,430,000	196,730,000
San Francisco	277,290,000	214,250,000
	$4,392,203,000	$3,500,109,000

1/ Average rate on a coupon issue equivalent yield basis is 2.91% for these bills. Interest rates on bills are quoted on the basis of bank discount, with their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed on the basis of interest on the investment, with the number of days remaining in a semiannual interest payment period related to the actual number of days in the period, and with semiannual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE A. M. NEWSPAPERS, Thursday, July 7, 1960.

A-883

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U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

June 30, 1960

The Honorable Robert B. Anderson
The Secretary of the Treasury
U. S. Department of the Treasury
Washington, D. C.

Dear Mr. Secretary:

You will recall that I wrote to you on December 31, 1959 suggesting the desirability of a joint exploration by our two agencies of the problem of duplicate reporting requirements under the Welfare and Pension Plans Disclosure Act and the regulations of the Internal Revenue Service.

I am delighted to learn that an understanding has been reached with your staff and the Internal Revenue Service concerning this matter. The reporting arrangements set forth in the proposed procedural statement of the Internal Revenue Service should be helpful to employers or trustees who are required to file reports with each of our agencies.

I am glad to give my approval to this proposal and I want to express to you my appreciation for your fine cooperation in achieving this result.

Sincerely yours,

James Mitchell
Secretary of Labor

113

THE SECRETARY OF THE TREASURY
WASHINGTON

JUL 1 1960

My dear Mr. Secretary:

Thank you for your letter of June 30, regarding the joint exploration by representatives of the Labor Department and the Treasury of duplicate reporting requirements under the Welfare and Pension Plans Disclosure Act and the regulations of the Internal Revenue Service.

The requirement of preparing such reports in the past has placed a burden upon employers or trustees of organizations concerned with claiming deductions for tax purposes of contributions under pension, annuity, profit-sharing and stock bonus plans.

I share your pleasure in learning that the working group from the two Departments has been successful in minimizing the duplication involved in present reporting requirements. This has been done through the medium of a Revenue Procedure to be issued by the Internal Revenue Service, which allows for part of the information required under income tax regulations to be in the form of a copy of the organization's report to the Labor Department's Bureau of Labor Standards under the Welfare and Pension Plans Disclosure Act.

This letter is to notify you of my approval of the proposals of our joint working group, and to take this opportunity to ask you to extend to the Labor Department's representatives my congratulations on a job well done.

Sincerely,

Robert B. Anderson

Honorable James P. Mitchell
Secretary of Labor
Washington 25, D. C.

JOINT RELEASE WITH DEPARTMENT OF LABOR

FOR RELEASE A.M. NEWSPAPERS,
Monday, July 11, 1960.

A-884

Simplified procedures were jointly announced today by the Labor and Treasury Departments which will reduce the amount of "paper work" in preparing reports required under the Welfare and Pension Plans Disclosure Act of 1958, and the filing of similar information with the Internal Revenue Service.

Attached are copies of correspondence between Treasury Secretary Robert B. Anderson and Secretary of Labor James P. Mitchell approving the new reporting procedures.

Under these procedures a copy of the forms giving descriptive and financial data which must be filed with the Labor Department will be accepted by the Internal Revenue Service as part of the information required in claiming tax deductions for contributions under pension, annuity, or profit sharing and stock bonus plans.

Details of the new reporting procedures will appear as Revenue Procedure 60-14 in the Internal Revenue Bulletin No. 1960-28 of July 11, 1960. Copies of the Bulletin may be purchased from the Superintendent of Documents, U. S Government Printing Office, Washington 25, D. C., for 20 cents each.

Single copies of Revenue Procedure 60-14 may be obtained free upon request to the IRS Public Information Division, Room 1315, Internal Revenue Building, Washington 25, D.C., or from the Bureau of Labor Standards, U. S. Department of Labor, Washington 25, D. C.

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Attachments

TREASURY DEPARTMENT

WASHINGTON, D.C.

JOINT RELEASE WITH DEPARTMENT OF LABOR

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Monday, July 11, 1960.

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WASHINGTON

June 30, 1960

The Honorable Robert B. Anderson
The Secretary of the Treasury
U. S. Department of the Treasury
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Dear Mr. Secretary:

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I am delighted to learn that an understanding has been reached with your staff and the Internal Revenue Service concerning this matter. The reporting arrangements set forth in the proposed procedural statement of the Internal Revenue Service should be helpful to employers or trustees who are required to file reports with each of our agencies.

I am glad to give my approval to this proposal and I want to express to you my appreciation for your fine cooperation in achieving this result.

Sincerely yours,

James Mitchell

Secretary of Labor

IMMEDIATE RELEASE,
Friday, July 8, 1960.   A-885

Treasury and State Department representatives will hold technical discussions with representatives of the Government of Luxembourg looking toward the conclusion of an income tax treaty between the two countries for the avoidance of double taxation and the elimination of other tax obstacles to the international flow of trade and investment.

Interested persons in the United States who desire to submit comments bearing on such a treaty, or suggestions for possible inclusion in such a treaty, should forward their views to Mr. Fred C. Scribner, Jr., Under Secretary of the Treasury, Treasury Department, Washington 25, D. C. Such submissions should be made before September 15, 1960.

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WASHINGTON, D.C.

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oOo

30 A-886

RELEASE A. M. NEWSPAPERS, Tuesday, July 12, 1960.

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated April 14, 1960, and the other series to be dated July 14, 1960, which were offered on July 6, were opened at the Federal Reserve Banks on July 11. Tenders were invited for $1,000,000,000, or thereabouts, of 91-day bills and for $500,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing October 13, 1960		182-day Treasury bills maturing January 12, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.373 a/	2.480%	98.418 b/	3.129%
Low	99.337	2.623%	98.386	3.193%
Average	99.351	2.567% 1/	98.395	3.175% 1/

a/ Excepting 4 tenders totaling $1,739,000
b/ Excepting one tender of $225,000
10 percent of the amount of 91-day bills bid for at the low price was accepted
24 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 27,118,000	$ 17,118,000	$ 16,048,000	$ 7,248,000
New York	1,243,791,000	619,031,000	780,146,000	387,406,000
Philadelphia	26,967,000	11,967,000	8,580,000	3,580,000
Cleveland	35,744,000	35,744,000	18,292,000	18,292,000
Richmond	10,688,000	10,688,000	1,985,000	1,985,000
Atlanta	21,419,000	20,019,000	4,168,000	3,542,000
Chicago	186,759,000	141,459,000	83,645,000	37,005,000
St. Louis	22,188,000	21,188,000	4,485,000	3,985,000
Minneapolis	21,853,000	21,853,000	4,955,000	2,455,000
Kansas City	41,025,000	41,025,000	14,041,000	8,901,000
Dallas	12,144,000	12,144,000	2,506,000	2,506,000
San Francisco	49,055,000	48,155,000	38,196,000	23,116,000
TOTALS	$1,698,751,000	$1,000,391,000 c/	$977,047,000	$500,021,000 d/

c/ Includes $215,974,000 noncompetitive tenders accepted at the average price of 99.351
d/ Includes $49,701,000 noncompetitive tenders accepted at the average price of 98.395
1/ Average rate on a coupon issue equivalent yield basis is 2.62% for the 91-day bills and 3.27% for the 182-day bills. Interest rates on bills are quoted on the basis of bank discount, with their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed on the basis of interest on the investment, with the number of days remaining in a semi-annual interest payment period related to the actual number of days in the period, and with semiannual compounding if more than one coupon period is involved.

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Chicago	186,759,000	141,459,000	83,645,000	37,005,000
St. Louis	22,188,000	21,188,000	4,485,000	3,985,000
Minneapolis	21,853,000	21,853,000	4,955,000	2,455,000
Kansas City	41,025,000	41,025,000	14,041,000	8,901,000
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July 8, 1960

Dear Mr. Kilby:

It was with genuine regret that I learned from your note of June 28, of your plans to retire on July 31, 1960. I trust that your decision to relinquish your heavy responsibilities will be conducive to your improved health.

I would like to take this opportunity to extend to you my personal appreciation and commendation for the efficient and faithful service you have rendered the Government. The gratification which comes from the knowledge of a long and useful service is a reward which, I am sure, is a source of real pleasure to you and will continue to be in the years to come.

I wish to congratulate you on your accomplishments and to wish you the very best.

Sincerely,

(Signed) Robert B. Anderson

Secretary of the Treasury

Mr. Edwin L. Kilby
Commissioner of the Public Debt
Treasury Department
Washington, D. C.

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THE SECRETARY OF THE TREASURY
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Secretary of the Treasury

Mr. Edwin L. Kilby
Commissioner of the Public Debt
Treasury Department
Washington, D. C.

IMMEDIATE RELEASE,
Monday, July 11, 1960.

A-887

The Treasury Department today announced the retirement of Edwin L. Kilby as Commissioner of the Public Debt. Mr. Kilby's retirement becomes effective July 31, 1960.

Treasury Secretary Robert B. Anderson in a letter to Mr. Kilby expressed his "personal appreciation and commendation for the efficient and faithful service you have rendered the Government."

Mr. Kilby has served as Commissioner of the Public Debt since January 1, 1946 and has completed 42 years of Government service. He joined the Treasury Department's Internal Revenue Service in March 1919 and transferred to government financing operations in 1930. Mr. Kilby was selected as one of 10 Federal officials in 1960 to receive the National Civil Service League's Annual Career Service Award.

Mr. Kilby was born in Dennysville, Maine, July 13, 1897. He taught school and worked for the Maine Central Railroad prior to entering the service of the Federal Government on October 22, 1917 as a Clerk in the War Department. He served in the United States Army in World War I.

Donald M. Merritt, Assistant Commissioner of the Public Debt, has been designated as Acting Commissioner of the Public Debt beginning August 1.

A copy of Secretary Anderson's letter to Mr. Kilby is attached.

Attachment

O.K.

TREASURY DEPARTMENT

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Sincerely,

(Signed) Robert B. Anderson
Secretary of the Treasury

Mr. Edwin L. Kilby
Commissioner of the Public Debt
Treasury Department
Washington, D. C.

A-888

RELEASE A. M. NEWSPAPERS,
Wednesday, July 13, 1960.

The Treasury Department announced last evening that the tenders for $1,500,000,000, or thereabouts, of 365-day Treasury bills to be dated July 15, 1960, and to mature July 15, 1961, which were offered on July 5, were opened at the Federal Reserve Banks on July 12.

The details of this issue are as follows:

Total applied for - $3,035,425,000
Total accepted - 1,500,296,000 (includes $179,277,000 entered on a non-competitive basis and accepted in full at the average price shown below)

Range of accepted competitive bids: (Excepting two tenders totaling $10,000,000)

High	- 96.740	Equivalent rate of discount approx.	3.215% per annum
Low	- 96.665	" " " " "	3.289% " "
Average	- 96.690	" " " " "	3.265% " " 1/

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

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 86,010,000	$ 11,260,000
New York	2,076,331,000	1,041,069,000
Philadelphia	41,053,000	7,053,000
Cleveland	148,400,000	36,121,000
Richmond	36,866,000	13,266,000
Atlanta	51,344,000	13,454,000
Chicago	362,790,000	278,672,000
St. Louis	36,629,000	18,629,000
Minneapolis	19,449,000	7,224,000
Kansas City	45,589,000	26,129,000
Dallas	24,072,000	9,872,000
San Francisco	106,892,000	37,547,000
TOTAL	$3,035,425,000	$1,500,296,000

1/ Average rate on a coupon issue equivalent yield basis is 3.39% for these bills. Interest rates on bills are quoted on the basis of bank discount, with their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed on the basis of interest on the investment, with the number of days remaining in a semiannual interest payment period related to the actual number of days in the period, and with semiannual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

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WASHINGTON, D.C.

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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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decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 (xxxx) or less for the additional bills dated April 21, 1960 (xxx), (91 (xxx) days remaining until maturity date on October 20, 1960 (xxx)) and noncompetitive tenders for $100,000 (xxx) or less for the 182 (xxx) -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 21, 1960 (xxx), in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 21, 1960 (xxx). 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

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE, 4:00 P.M., EDT,
Wednesday, July 13, 1960.

A-889

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,400,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing July 21, 1960, in the amount of $1,400,458,000, as follows:

91-day bills (to maturity date) to be issued July 21, 1960, in the amount of $1,000,000,000, or thereabouts, representing an additional amount of bills dated April 21, 1960, and to mature October 20, 1960, originally issued in the amount of $400,148,000, the additional and original bills to be freely interchangeable.

182-day bills, for $400,000,000, or thereabouts, to be dated July 21, 1960, and to mature January 19, 1961.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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 Daylight Saving time, Monday, July 18, 1960. 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
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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 Departmment 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 for the additional bills dated April 21, 1960, (91 days remaining until maturity date on October 20, 1960) and noncompetitive tenders for $ 100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 21, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 21, 1960. 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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Commodity	Period and Quantity		Unit of Quantity	Imports as of July 2, 196
Absolute Quotas:				
Peanuts, shelled, unshelled, blanched, salted, prepared or preserved (incl. roasted peanuts but not peanut butter)......	12 mos. from August 1, 1959	1,709,000	Pound	612,767
Rye, rye flour, and rye meal......	Sept. 1, 1959 - June 30, 1960			
	Canada	75,851,741	Pound	Quota Filled
	Other Countries	1,547,995	Pound	-
	July 1, 1960 - June 30, 1961			
	Canada	140,733,957	Pound	88,391,610
	Other Countries	2,872,122	Pound	-
Butter substitutes, including butter oil, containing 45% or more butterfat..................	Calendar Year	1,200,000	Pound	1,199,952
Tung Oil.........................	Feb. 1, 1960 - Oct. 31, 1960			
	Argentina	17,979,151	Pound	11,181,845
	Paraguay	2,223,000	Pound	Quota Fill
	Other Countries	704,382	Pound	185,254

* Imports through July 11, 1960.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, JULY 14, 1960

A-890

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, 1960, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of July 2, 1960
Tariff-Rate Quotas:				
Cream, fresh or sour..............	Calendar Year	1,500,000	Gallon	
Whole milk, fresh or sour.........	Calendar Year	3,000,000	Gallon	
Cattle, 700 lbs. or more each (other than dairy cows)..........	April 1, 1960 - June 30, 1960	120,000	Head	29,227
	July 1, 1960 - Sept. 30, 1960	120,000	Head	
Cattle, less than 200 lbs. ea.....	12 mos. from April 1, 1960	200,000	Head	29,575
Fish, fresh or frozen, filleted etc., cod, haddock, hake, pollock, cusk, and rosefish.........	Calendar Year	36,533,173	Pound	21,139,829
Tuna fish.........................	Calendar Year	53,448,330	Pound	22,698,066
White or Irish potatoes:				
Certified seed....................	12 mos. from Sept. 15, 1959	114,000,000	Pound	54,945,14[illegible]
Other.............................		36,000,000	Pound	4,263,82[illegible]
Walnuts...........................	Calendar Year	5,000,000	Pound	4,241,72[illegible]
Peanut oil........................	12 mos. from July 1, 1959	80,000,000	Pound	
	12 mos. from July 1, 1960	80,000,000	Pound	
Woolen fabrics....................	Calendar Year	13,500,000	Pound	Quota Filled
Woolen fabrics - Pres. Proc. 3285 and 3317 (T. Ds. 54845 and 54955)........	March 7 - December 31, 1960	350,000	Pound	Quota Filled
Stainless steel table flatware (table knives, table forks, table spoons)....................	Nov. 1, 1959 - Oct. 31, 1960	69,000,000	Pieces	Quota Filled

1/ Imports for consumption at the quota rate are limited to 27,399,879 pounds during the first nine months of the calendar year

(over)

TREASURY DEPARTMENT
Washington, D. C.

DIATE RELEASE
RSDAY, JULY 14, 1960

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le milk, fresh or sour.........	Calendar Year	3,000,000	Gallon	85
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nuts...........................	Calendar Year	5,000,000	Pound	4,241,729
nut oil........................	12 mos. from July 1, 1959	80,000,000	Pound	423
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Absolute Quotas:				
Peanuts, shelled, unshelled, blanched, salted, prepared or preserved (incl. roasted peanuts but not peanut butter)......	12 mos. from August 1, 1959	1,709,000	Pound	612,767
Rye, rye flour, and rye meal......	Sept. 1, 1959 - June 30, 1960			
	Canada	75,851,741	Pound	Quota Filled
	Other Countries	1,547,995	Pound	-
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* Imports through July 11, 1960.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
THURSDAY, JULY 14, 1960. A-891

The Bureau of Customs announced today the following preliminary figures showing the imports for consumption from January 1, 1960, to July 2, 1960, inclusive, of commodities for which quotas were established pursuant to the Philippine Trade Agreement Revision Act of 1955:

Commodity	Established Annual Quota Quantity	Unit of Quantity	Imports as of July 2, 1960
Buttons.............	765,000	Gross	151,535
Cigars..............	180,000,000	Number	1,781,195
Coconut oil.........	403,200,000	Pound	45,011,833
Cordage.............	6,000,000	Pound	2,327,488
Sugars (Refined......	1,904,000,000	Pound	70,332,000*
Sugars (Unrefined....		Pound	1,839,075,000*
Tobacco.............	5,850,000	Pound	5,761,264

* Information furnished by Department of Agriculture, covering total authorizations, in terms of raw value, issued under quota through June 13, 1960.

TREASURY DEPARTMENT
Washington

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IMMEDIATE RELEASE
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Tobacco	5,850,000	Pound	5,761,264

* Information furnished by Department of Agriculture, covering total authorizations, in terms of raw value, issued under quota through June 13, 1960.

XL

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, 1959, to July 11, 1960	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1959 to July 11, 1960
United Kingdom	4,323,457	1,982,553	1,441,152	1,441,152
Canada	239,690	239,690	-	-
France	227,420	131,686	75,807	75,807
British India	69,627	-	-	-
Netherlands	68,240	22,216	22,747	22,216
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	25,443	25,443
Italy	21,263	2,260	7,088	2,260
	5,482,509	2,403,848	1,599,886	1,566,878

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, JULY 14, 1960.

A-892

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 September 20, 1959 - July 11, 1960

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	-	Honduras	752	752
Peru	247,952	-	Paraguay	871	-
British India	2,003,483	19,908	Colombia	124	124
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	8,883,259	British East Africa ...	2,240	-
Brazil	618,723	618,000	Netherlands E. Indies .	71,388	-
Union of Soviet Socialist Republics ...	475,124	-	Barbados	-	-
Argentina	5,203	-	1/Other British W. Indies	21,321	-
Haiti	237	-	Nigeria	5,377	-
Ecuador	9,333	-	2/Other British W. Africa	16,004	-
			3/Other French Africa ...	689	-
			Algeria and Tunisia ...	-	-

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

Cotton 1-1/8" or more
Imports August 1, 1959 - July 11, 1960

Established Quota (Global) - 45,656,420 Lbs.

Staple Length	Allocation	Imports
1-3/8" or more	39,590,778	39,590,778
1-5/32" or more and under 1-3/8" (Tanguis)	1,500,000	1,500,000
1-1/8" or more and under 1-3/8"	4,565,642	4,565,642

TREASURY DEPARTMENT
Washington, D. C.

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A-892

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Brazil	618,723	618,000
Union of Soviet Socialist Republics ...	475,124	-
Argentina	5,203	-
Haiti	237	-
Ecuador	9,333	-
Honduras	752	752
Paraguay	871	-
Colombia	124	124
Iraq	195	-
British East Africa ...	2,240	-
Netherlands E. Indies .	71,388	-
Barbados	-	-
1/Other British W. Indies	21,321	-
Nigeria	5,377	-
2/Other British W. Africa	16,004	-
3/Other French Africa ...	689	-
Algeria and Tunisia ...	-	-

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

Cotton 1-1/8" or more
Imports August 1, 1959 - July 11, 1960

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Staple Length	Allocation	Imports
1-3/8" or more	39,590,778	39,590,778
1-5/32" or more and under 1-3/8" (Tanguis)	1,500,000	1,500,000
1-1/8" or more and under 1-3/8"	4,565,642	[illegible]

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, 1959, to July 11, 1960	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1959 to July 11, 1960
United Kingdom	4,323,457	1,982,553	1,441,152	1,441,152
Canada	239,690	239,690	-	-
France	227,420	131,686	75,807	75,807
British India	69,627	-	-	-
Netherlands	68,240	22,216	22,747	22,216
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	25,443	25,443
Italy	21,263	2,260	7,088	2,260
	5,482,509	2,403,848	1,599,886	1,566,878

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, JULY 14, 1960.

A-893

PRELIMINARY DATA ON IMPORTS FOR CONSUMPTION OF UNMANUFACTURED LEAD AND ZINC CHARGEABLE TO THE QUOTAS ESTABLISHED BY PRESIDENTIAL PROCLAMATION NO. 3257 OF SEPTEMBER 22, 1958

QUARTERLY QUOTA PERIOD - April 1, 1960 - June 30, 1960

IMPORTS - April 1, 1960 - June 30, 1960

Country of Production	ITEM 391 Lead-bearing ores, flue dust, and mattes		ITEM 392 Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, all alloys or combinations of lead n.s.p.f.		ITEM 393 Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		ITEM 394 Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead (Pounds)	Imports (Pounds)	Quarterly Quota Dutiable Lead (Pounds)	Imports (Pounds)	Quarterly Quota Dutiable Zinc (Pounds)	Imports (Pounds)	Quarterly Quota By Weight (Pounds)	Imports (Pounds)
Australia	10,080,000	10,080,000	23,680,000	23,680,000	-		-	
Belgian Congo	-		-		-		5,440,000	2,921,148
Belgium and Luxemburg (total)	-		-		-		7,520,000	3,640,830
Bolivia	5,040,000	5,040,000	-		-		-	
Canada	13,440,000	13,440,000	15,920,000	15,920,000	66,480,000	66,480,000	37,840,000	37,840,000
Italy	-		-		-		3,600,000	1,905,749
Mexico	-		36,880,000	36,880,000	70,480,000	70,480,000	6,320,000	6,318,997
Peru	16,160,000	16,160,000	12,880,000	12,877,902	35,120,000	35,120,000	3,760,000	3,759,964
Un. So. Africa	14,880,000	14,880,000	-		-		-	
Yugoslavia	-		15,760,000	15,760,000	-		-	
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	3,830,992

TREASURY DEPARTMENT
Washington, D. C.

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IMMEDIATE RELEASE
THURSDAY, JULY 14, 1960.

A-893

PRELIMINARY DATA ON IMPORTS FOR CONSUMPTION OF UNMANUFACTURED LEAD AND ZINC CHARGEABLE TO THE QUOTAS ESTABLISHED BY PRESIDENTIAL PROCLAMATION NO. 3257 OF SEPTEMBER 22, 1958

QUARTERLY QUOTA PERIOD - April 1, 1960 - June 30, 1960

IMPORTS - April 1, 1960 - June 30, 1960

Country of Production	ITEM 391: Lead-bearing ores, flue dust, and mattes		ITEM 392: Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, all alloys or combinations of lead n.s.p.f.		ITEM 393: Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		ITEM 394: Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead (Pounds)	Imports (Pounds)	Quarterly Quota Dutiable Lead (Pounds)	Imports (Pounds)	Quarterly Quota Dutiable Zinc (Pounds)	Imports (Pounds)	Quarterly Quota By Weight (Pounds)	Imports (Pounds)
Australia	10,080,000	10,080,000	23,680,000	23,680,000	-		-	
Belgian Congo	-		-		-		5,440,000	2,921,148
Belgium and Luxemburg (total)	-		-		-		7,520,000	3,640,830
Bolivia	5,040,000	5,040,000	-		-		-	
Canada	13,440,000	13,440,000	15,920,000	15,920,000	66,480,000	66,480,000	37,840,000	37,840,000
Italy	-		-		-		3,600,000	1,905,749
Mexico	-		36,880,000	36,880,000	70,480,000	70,480,000	6,320,000	6,318,997
Peru	16,160,000	16,160,000	12,880,000	12,877,902	35,120,000	35,120,000	3,760,000	3,759,964
Un. So. Africa	14,880,000	14,880,000	-		-		-	
Yugoslavia	-		15,760,000	15,760,000	-		-	
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	3,830,992

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, JULY 14, 1960.

A-894

PRELIMINARY DATA ON IMPORTS FOR CONSUMPTION OF UNMANUFACTURED LEAD AND ZINC CHARGEABLE TO THE QUOTAS ESTABLISHED BY PRESIDENTIAL PROCLAMATION NO. 3257 OF SEPTEMBER 22, 1958

QUARTERLY QUOTA PERIOD - July 1, 1960 - September 30, 1960

IMPORTS - July 1, 1960 - July 11, 1960

Country of Production	ITEM 391 Lead-bearing ores, flue dust, and mattes		ITEM 392 Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, all alloys or combinations of lead n.s.p.f.		ITEM 393 Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		ITEM 394 Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead (Pounds)	Imports	Quarterly Quota Dutiable Lead (Pounds)	Imports	Quarterly Quota Dutiable Zinc (Pounds)	Imports	Quarterly Quota By Weight (Pounds)	Imports
Australia	10,080,000	9,539,769	23,680,000	10,311,268	-		-	
Belgian Congo	-		-		-		5,440,000	-
Belgium and Luxemburg (total)	-		-		-		7,520,000	-
Bolivia	5,040,000	3,050,552	-		-		-	
Canada	13,440,000	13,440,000	15,920,000	4,130,122	66,480,000	38,106,662	37,840,000	2,428,820
Italy	-		-		-		3,600,000	771,610
Mexico	-		36,880,000	1,262,707	70,480,000	17,178,098	6,320,000	-
Peru	16,160,000	2,873,710	12,880,000	399,872	35,120,000	4,050,781	3,760,000	-
Un. So. Africa	14,880,000	13,234,900	-		-		-	
Yugoslavia	-		15,760,000	3,628,460	-		-	
All other foreign countries (total)	6,560,000	1,942,329	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	661,532

TREASURY DEPARTMENT
Washington, D. C.

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IMMEDIATE RELEASE
THURSDAY, JULY 14, 1960.

A-894

PRELIMINARY DATA ON IMPORTS FOR CONSUMPTION OF UNMANUFACTURED LEAD AND ZINC CHARGEABLE TO THE QUOTAS ESTABLISHED BY PRESIDENTIAL PROCLAMATION NO. 3257 OF SEPTEMBER 22, 1958

QUARTERLY QUOTA PERIOD - July 1, 1960 - September 30, 1960

IMPORTS - July 1, 1960 - July 11, 1960

Country of Production	ITEM 391 Lead-bearing ores, flue dust, and mattes		ITEM 392 Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, all alloys or combinations of lead n.s.p.f.		ITEM 393 Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		ITEM 394 Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead (Pounds)	Imports	Quarterly Quota Dutiable Lead (Pounds)	Imports	Quarterly Quota Dutiable Zinc (Pounds)	Imports	Quarterly Quota By Weight (Pounds)	Imports
Australia	10,080,000	9,539,769	23,680,000	10,311,268	-		-	
Belgian Congo	-		-		-		5,440,000	-
Belgium and Luxemburg (total)	-		-		-		7,520,000	-
Bolivia	5,040,000	3,050,552	-		-		-	
Canada	13,440,000	13,440,000	15,920,000	4,130,122	66,480,000	38,106,662	37,840,000	2,428,820
Italy	-		-		-		3,600,000	771,610
Mexico	-		36,880,000	1,262,707	70,480,000	17,178,098	6,320,000	-
Peru	16,160,000	2,873,710	12,880,000	399,872	35,120,000	4,050,781	3,760,000	-
Un. So. Africa	14,880,000	13,234,900	-		-		-	
Yugoslavia	-		15,760,000	3,628,460	-		-	
All other foreign countries (total)	6,560,000	1,942,329	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	661,532

FISCAL SERVICE
OFFICE OF
FISCAL ASST. SECRETARY

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TREASURY DEPARTMENT

241

STATUTORY DEBT LIMITATION

AS OF JUNE 30, 1960

55

Washington, July 14, 1960

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 $285,000,000,000 (Act of June 30, 1959; 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 June 30, 1959 (P.L. 86-74 86th Congress) provides that during the period beginning on July 1, 1959 and ending June 30, 1960, the above limitation ($285,000,000,000) shall be temporarily increased by $10,000,000,000.

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$295,000,000,000
Outstanding-			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$33,414,810,000		
Certificates of indebtedness	17,650,060,000		
Treasury notes	51,483,384,000	$102,548,254,000	
Bonds-			
Treasury	81,247,247,150		
* Savings (current redemp. value)	47,543,786,105		
Depositary	169,925,500		
Investment series	6,782,924,000	135,743,882,755	
Special Funds-			
Certificates of indebtedness	6,275,106,000		
Treasury notes	11,086,755,000		
Treasury bonds	27,537,385,000	44,899,246,000	
Total interest-bearing		283,191,382,755	
Matured, interest-ceased		441,850,200	
Bearing no interest:			
United States Savings Stamps	53,109,916		
Excess profits tax refund bonds	779,678		
Special notes of the United States:			
Internat'l Monetary Fund series	2,238,000,000	2,291,889,594	
Total		285,925,122,549	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	139,305,000		
Matured, interest-ceased	536,775	139,841,775	
Grand total outstanding			286,064,964,324
Balance face amount of obligations issuable under above authority			8,935,035,676

Reconcilement with Statement of the Public Debt June 30, 1960
(Date)

(Daily Statement of the United States Treasury, June 30, 1960)
(Date)

Outstanding-	
Total gross public debt	286,330,760,848
Guaranteed obligations not owned by the Treasury	139,841,775
Total gross public debt and guaranteed obligations	286,470,602,623
Deduct - other outstanding public debt obligations not subject to debt limitation	405,638,299
	286,064,964,324

A-895

STATUTORY DEBT LIMITATION

AS OF JUNE 30, 1960

Washington, July 14, 1960

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 $285,000,000,000 (Act of June 30, 1959; 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 June 30, 1959 (P.L. 86-74 86th Congress) provides that during the period beginning on July 1, 1959 and ending June 30, 1960, the above limitation ($285,000,000,000) shall be temporarily increased by $10,000,000,000.

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Treasury bills	$33,414,810,000		
Certificates of indebtedness	17,650,060,000		
Treasury notes	51,483,384,000	$102,548,254,000	
Bonds-			
Treasury	81,247,247,150		
* Savings (current redemp. value)	47,543,786,105		
Depositary	169,925,500		
Investment series	6,782,924,000	135,743,882,755	
Special Funds-			
Certificates of indebtedness	6,275,106,000		
Treasury notes	11,086,755,000		
Treasury bonds	27,537,385,000	44,899,246,000	
Total interest-bearing		283,191,382,755	
Matured, interest-ceased		441,850,200	
Bearing no interest:			
United States Savings Stamps	53,109,916		
Excess profits tax refund bonds	779,678		
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Total		285,925,122,549	
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Interest-bearing:			
Debentures: F.H.A.	139,305,000		
Matured, interest-ceased	536,775	139,841,775	
Grand total outstanding			286,064,964,324
Balance face amount of obligations issuable under above authority			8,935,035,676

Reconcilement with Statement of the Public Debt June 30, 1960
(Date)

(Daily Statement of the United States Treasury, June 30, 1960)
(Date)

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Guaranteed obligations not owned by the Treasury	139,841,775
Total gross public debt and guaranteed obligations	286,470,602,623
Deduct - other outstanding public debt obligations not subject to debt limitation	405,638,299
	286,064,964,324

57 July 7, 1960

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 June 1960:

Sales	$25,341,500.00
Purchases	10,806,000.00
NET SALES	14,535,500.00

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
~~Wednesday, June 15, 1960.~~
Friday, July 15, 1960

~~A-862~~ A-896

During ~~May~~ June 1960, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net ~~purchases~~ sales by the Treasury Department of ~~$21,829,500~~ $14,535,500.

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WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, July 15, 1960.

A-896

During June 1960, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net sales by the Treasury Department of $14,535,500.

oOo

8U A-897

RELEASE A. M. NEWSPAPERS, Tuesday, July 19, 1960.

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated April 21, 1960, and the other series to be dated July 21, 1960, which were offered on July 13, were opened at the Federal Reserve Banks on July 18. Tenders were invited for $1,000,000,000, or thereabouts, of 91-day bills and for $400,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing October 20, 1960		182-day Treasury bills maturing January 19, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.423 a/	2.283%	98.684	2.603%
Low	99.410	2.334%	98.670	2.631%
Average	99.417	2.307% 1/	98.673	2.625% 1/

a/ Excepting one tender of $4,268,000
59 percent of the amount of 91-day bills bid for at the low price was accepted
14 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 30,191,000	$ 16,921,000	$ 3,756,000	$ 2,358,000
New York	1,250,676,000	640,386,000	673,981,000	312,312,000
Philadelphia	28,119,000	12,719,000	6,848,000	1,698,000
Cleveland	25,881,000	20,081,000	14,187,000	5,526,000
Richmond	11,694,000	10,334,000	12,055,000	2,094,000
Atlanta	19,362,000	14,568,000	3,745,000	2,631,000
Chicago	195,128,000	127,218,000	93,732,000	40,861,000
St. Louis	26,821,000	21,296,000	5,618,000	4,918,000
Minneapolis	14,067,000	10,067,000	4,951,000	2,351,000
Kansas City	38,828,000	35,328,000	9,690,000	4,553,000
Dallas	12,019,000	12,019,000	3,381,000	3,381,000
San Francisco	81,156,000	79,204,000	37,508,000	17,380,000
TOTALS	$1,733,942,000	$1,000,141,000 b/	$869,452,000	$400,063,000 c/

b/ Includes $230,023,000 noncompetitive tenders accepted at the average price of 99.417
c/ Includes $52,499,000 noncompetitive tenders accepted at the average price of 98.673
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.35%, for the 91-day bills, and 2.70%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE A. M. NEWSPAPERS, Tuesday, July 19, 1960. A-897

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RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing October 20, 1960		182-day Treasury bills maturing January 19, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.423 a/	2.283%	98.684	2.603%
Low	99.410	2.334%	98.670	2.631%
Average	99.417	2.307% 1/	98.673	2.625% 1/

a/ Excepting one tender of $4,268,000
59 percent of the amount of 91-day bills bid for at the low price was accepted
14 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 30,191,000	$ 16,921,000	$ 3,756,000	$ 2,358,000
New York	1,250,676,000	640,386,000	673,981,000	312,312,000
Philadelphia	28,119,000	12,719,000	6,848,000	1,698,000
Cleveland	25,881,000	20,081,000	14,187,000	5,526,000
Richmond	11,694,000	10,334,000	12,055,000	2,094,000
Atlanta	19,362,000	14,568,000	3,745,000	2,631,000
Chicago	195,128,000	127,218,000	93,732,000	40,861,000
St. Louis	26,821,000	21,296,000	5,618,000	4,918,000
Minneapolis	14,067,000	10,067,000	4,951,000	2,351,000
Kansas City	38,828,000	35,328,000	9,690,000	4,553,000
Dallas	12,019,000	12,019,000	3,381,000	3,381,000
San Francisco	81,156,000	79,204,000	37,508,000	17,380,000
TOTALS	$1,733,942,000	$1,000,141,000 b/	$869,452,000	$400,063,000 c/

b/ Includes $230,023,000 noncompetitive tenders accepted at the average price of 99.417
c/ Includes $52,499,000 noncompetitive tenders accepted at the average price of 98.673
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.35%, for the 91-day bills, and 2.70%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

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.

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated April 28, 1960, (91 days remaining until maturity date on October 27, 1960) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 28, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 28, 1960. 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

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TREASURY DEPARTMENT
Washington

A-898

IMMEDIATE RELEASE, 4:00 P.M., EDT,
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
Wednesday, July 20, 1960.

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,400,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing July 28, 1960, in the amount of $1,401,176,000, as follows:

91-day bills (to maturity date) to be issued July 28, 1960, in the amount of $1,000,000,000, or thereabouts, representing an additional amount of bills dated April 28, 1960, and to mature October 27, 1960, originally issued in the amount of $400,225,000, the additional and original bills to be freely interchangeable.

182-day bills, for $400,000,000, or thereabouts, to be dated July 28, 1960, and to mature January 26, 1961.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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 Daylight Saving ~~Standard~~ time, Monday, July 25, 1960. 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, July 20, 1960.

A-898

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,400,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing July 28, 1960, in the amount of $1,401,176,000, as follows:

91-day bills (to maturity date) to be issued July 28, 1960, in the amount of $1,000,000,000, or thereabouts, representing an additional amount of bills dated April 28, 1960, and to mature October 27, 1960, originally issued in the amount of $400,225,000, the additional and original bills to be freely interchangeable.

182-day bills, for $400,000,000, or thereabouts, to be dated July 28, 1960, and to mature January 26, 1961.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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 Daylight Saving time, Monday, July 25, 1960. 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 Departmment 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 for the additional bills dated April 28, 1960, (91 days remaining until maturity date on October 27, 1960) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on July 28, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing July 28, 1960. 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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RELEASE A. M. NEWSPAPERS, Tuesday, July 26, 1960.

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated April 28, 1960, and the other series to be dated July 28, 1960, which were offered on July 20, were opened at the Federal Reserve Banks on July 25. Tenders were invited for $1,000,000,000, or thereabouts, of 91-day bills and for $400,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing October 27, 1960		182-day Treasury bills maturing January 26, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.399 a/	2.378%	98.644 b/	2.682%
Low	99.388	2.421%	98.630	2.710%
Average	99.392	2.404% 1/	98.635	2.701% 1/

a/ Excepting one tender of $500,000
b/ Excepting one tender of $400,000
34 percent of the amount of 91-day bills bid for at the low price was accepted
18 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 24,239,000	$ 13,863,000	$ 5,402,000	$ 4,917,000
New York	1,364,499,000	713,169,000	623,519,000	311,071,000
Philadelphia	25,653,000	10,439,000	13,100,000	8,075,000
Cleveland	26,292,000	20,252,000	17,837,000	10,886,000
Richmond	9,682,000	9,651,000	6,227,000	6,177,000
Atlanta	18,413,000	15,241,000	3,036,000	2,207,000
Chicago	174,492,000	102,314,000	65,725,000	29,178,000
St. Louis	13,533,000	12,486,000	4,318,000	2,818,000
Minneapolis	10,297,000	7,297,000	5,981,000	1,481,000
Kansas City	30,975,000	23,675,000	9,846,000	3,889,000
Dallas	9,935,000	9,935,000	2,044,000	1,983,000
San Francisco	83,018,000	61,858,000	33,280,000	17,467,000
TOTALS	$1,791,028,000	$1,000,180,000 c/	$788,345,000	$400,149,000 d/

c/ Includes $190,822,000 noncompetitive tenders accepted at the average price of 99.392
d/ Includes $39,243,000 noncompetitive tenders accepted at the average price of 98.635
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.45%, for the 91-day bills, and 2.78%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE A. M. NEWSPAPERS, Tuesday, July 26, 1960. A-899

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated April 28, 1960, and the other series to be dated July 28, 1960, which were offered on July 20, were opened at the Federal Reserve Banks on July 25. Tenders were invited for $1,000,000,000, or thereabouts, of 91-day bills and for $400,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing October 27, 1960		182-day Treasury bills maturing January 26, 1961	
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Low	99.388	2.421%	98.630	2.710%
Average	99.392	2.404% 1/	98.635	2.701% 1/

a/ Excepting one tender of $500,000
b/ Excepting one tender of $400,000
34 percent of the amount of 91-day bills bid for at the low price was accepted
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TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
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Philadelphia	25,653,000	10,439,000	13,100,000	8,075,000
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Richmond	9,682,000	9,651,000	6,227,000	6,177,000
Atlanta	18,413,000	15,241,000	3,036,000	2,207,000
Chicago	174,492,000	102,314,000	65,725,000	29,178,000
St. Louis	13,533,000	12,486,000	4,318,000	2,818,000
Minneapolis	10,297,000	7,297,000	3,981,000	1,481,000
Kansas City	30,975,000	23,675,000	9,846,000	3,889,000
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TOTALS	$1,791,028,000	$1,000,180,000 c/	$788,345,000	$400,149,000 d/

c/ Includes $190,822,000 noncompetitive tenders accepted at the average price of 99.392
d/ Includes $39,243,000 noncompetitive tenders accepted at the average price of 98.635
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.45%, for the 91-day bills, and 2.78%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

IMMEDIATE RELEASE,
Monday, July 25, 1960.

A-900

The holders of \$9.6 billion of 4-3/4% Treasury notes maturing August 15, 1960, and of \$0.8 billion Federal National Mortgage Association 3-5/8% notes maturing August 23, 1960, will not be offered preemptive rights to exchange their holdings for new securities to be offered later this week. Both maturing issues will be paid off in cash. Approximately \$4.7 billion of the two maturing issues are publicly held.

The necessary funds will be provided by a new issue, or issues, of direct Treasury obligations offered for cash subscription and by a reduction in the Treasury's cash balance. The new issue, or issues, to be offered will aggregate approximately \$9 billion as against the aggregate of \$10.4 billion of securities being paid off.

Subscribers to the new issue, or issues, who hold the maturing securities may, if they wish, deposit them at face value in lieu of any cash down payments required with subscriptions. To the extent subscribers are allotted the new securities, the Treasury will accept the maturing securities in lieu of cash in making final payments. Accrued interest on the FNMA notes will be adjusted as of August 15, the expected delivery date of the new securities.

An announcement of the terms of the new issue, or issues, will be made later this week.

TREASURY DEPARTMENT

69

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, July 25, 1960.

A-900

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An announcement of the terms of the new issue, or issues, will be made later this week.

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.

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated May 5, 1960, (91 days remaining until maturity date on November 3, 1960) and noncompetitive tenders for $ 100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 4, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 4, 1960. 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

TREASURY DEPARTMENT
Washington

A-901

IMMEDIATE RELEASE, 4:00 P.M., EDT,
Wednesday, July 27, 1960.

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $ 1,400,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 4, 1960, in the amount of $ 1,400,536,000, as follows:

91-day bills (to maturity date) to be issued August 4, 1960, in the amount of $ 1,000,000,000, or thereabouts, representing an additional amount of bills dated May 5, 1960, and to mature November 3, 1960, originally issued in the amount of $ 400,014,000, the additional and original bills to be freely interchangeable.

182-day bills, for $ 400,000,000, or thereabouts, to be dated August 4, 1960, and to mature February 2, 1961.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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/Daylight Saving time, Monday, August 1, 1960. 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

IMMEDIATE RELEASE,
Wednesday, July 27, 1960. A-901

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91-day bills (to maturity date) to be issued **August 4, 1960,** in the amount of $1,000,000,000, or thereabouts, representing an additional amount of bills dated **May 5, 1960,** and to mature **November 3, 1960,** originally issued in the amount of $400,014,000, the additional and original bills to be freely interchangeable.

182 -day bills, for $400,000,000, or thereabouts, to be dated **August 4, 1960,** and to mature **February 2, 1961.**

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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 **Daylight Saving** time, **Monday, August 1, 1960.** 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 Departmment 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 for the additional bills dated May 5, 1960, (91 days remaining until maturity date on November 3, 1960) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 4, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 4, 1960. 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, D.C.

IMMEDIATE RELEASE,
Thursday, July 28, 1960.

A-902

The Treasury will borrow $8-3/4 billion, or thereabouts, on August 15, 1960, and reduce its cash balance by about $1-1/2 billion, for the purpose of paying off in cash $9.6 billion of 4-3/4% Treasury Notes maturing August 15, 1960, and $.8 billion Federal National Mortgage Association 3-5/8% Notes maturing August 23, 1960. The $8-3/4 billion to be borrowed will be obtained from the issue of:

$7-3/4 billion, or thereabouts, of 11-1/2 month 3-1/8% Treasury Certificates of Indebtedness, at par, to be dated August 15, 1960, and to mature August 1, 1961. Interest to be payable February 1 and August 1, 1961.

$1 billion, or thereabouts, of additional 3-7/8% Treasury Bonds of 1968, at par and accrued interest to August 15, 1960.

The 3-7/8% Treasury Bonds of 1968 are outstanding in the amount of $320 million; were issued on June 23, 1960, and will mature on May 15, 1968. Interest on such bonds is payable November 15, 1960, and semiannually thereafter on May 15 and November 15.

Subscriptions to the new Certificates of Indebtedness and Bonds will be received, subject to allotment. Payment for the securities may be made in cash, or Treasury Notes of Series C-1960, maturing August 15, 1960, which will be accepted at par, in payment or exchange, in whole or in part, for the Certificates of Indebtedness and Bonds subscribed for, to the extent such subscriptions are allotted by the Treasury.

In addition, in order to afford the holders of the 3-5/8% FNMA Notes maturing August 23, 1960, an opportunity to reinvest the proceeds of their notes, the Secretary of the Treasury, on behalf of the Federal National Mortgage Association, offers to purchase such notes on August 15, 1960, at par and accrued interest, to the extent to which subscriptions from the holders thereof to the new Treasury Certificates of Indebtedness and Bonds are allotted by the Treasury, and the proceeds from the par amount of the Notes are applied to the payment, in whole or in part, of the new securities.

The subscription books will be open for the 3-1/8% Certificates of Indebtedness and the 3-7/8% Treasury Bonds of 1968, <u>only on Monday, August 1, and Tuesday, August 2, 1960</u>.

Any subscriptions for the Certificates or Bonds with the required deposits addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight, August 2, 1960, will be considered timely.

The new issues may <u>not</u> be paid for by credit in Treasury Tax and Loan Accounts.

The Treasury will enter subscriptions subject to allotment for the 3-7/8% Treasury Bonds of 1968, in the amount of approximately $100 million, for Government Investment Accounts which it administers. Subscriptions for these accounts for the 3-1/8% Certificates maturing August 1, 1961, will not exceed about $10 million. Such accounts hold about $8 million of the maturing 4-3/4% Treasury Notes due August 15, 1960.

Other details concerning the new issues are as follows:

3-1/8% Certificates of Indebtedness, maturing August 1, 1961

Subscriptions to the 3-1/8% certificates from commercial banks, for their own account, 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.

Subscriptions to the 3-1/8% certificates from commercial and other banks for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Government Investment Accounts, and the Federal Reserve Banks will be received without deposit.

Subscriptions to the 3-1/8% certificates due August 1, 1961, from all others must be accompanied by payment of 2% (in cash, or Treasury Notes, maturing August 15, 1960, at par, or Federal National Mortgage Association Notes maturing August 23, 1960, tendered for purchase, at par) of the amount of certificates applied for not subject to withdrawal until after allotment.

The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of certificates applied for, and to make different percentage allotments to various classes of subscribers; and any action he may take in these respects shall be final. Subject to these reservations, all subscriptions from States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, Government Investment Accounts, and the Federal Reserve Banks, will be allotted in full. The basis of the allotment of all other subscriptions will be publicly announced, and allotment notices will be sent out promptly upon allotment.

All subscribers are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any certificates of this issue, until after midnight August 2, 1960.

Commercial banks in submitting subscriptions will be required to certify that they have no beneficial interest in any of the subscriptions they enter for the account of their customers, and that their customers have no beneficial interest in the banks' subscriptions for their own account.

3-7/8% Treasury Bonds of 1968

Subscriptions to the additional 3-7/8% Treasury Bonds of 1968 from commercial banks, for their own account, will be restricted in each case to an amount not exceeding 25 percent of the combined capital, surplus and undivided profits of the subscribing bank.

Subscriptions to the 3-7/8% Treasury Bonds of 1968 from commercial and other banks for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Government Investment Accounts, and the Federal Reserve Banks will be received without deposit.

Subscriptions to the 3-7/8% Treasury Bonds of 1968 from all others must be accompanied by payment of 20% (in cash, or Treasury Notes, maturing August 15, 1960, at par, or Federal National Mortgage Association Notes maturing August 23, 1960, tendered for purchase, at par) of the amount of bonds applied for not subject to withdrawal until after allotment.

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 to various classes of subscribers; and any action he may take in these respects shall be final. The basis of the allotment will be publicly announced, and allotment notices sent out promptly upon allotment.

Commercial banks in submitting subscriptions will be required to certify that they have no beneficial interest in any of the subscriptions they enter for the account of their customers, and that their customers have no beneficial interest in the banks' subscriptions for their own account.

RELEASE A. M. NEWSPAPERS, Tuesday, August 2, 1960. 77 90

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated May 5, 1960, and the other series to be dated August 4, 1960, which were offered on July 27, were opened at the Federal Reserve Banks on August 1. Tenders were invited for $1,000,000,000, or thereabouts, of 91-day bills and for $400,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing November 3, 1960		182-day Treasury bills maturing February 2, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.472	2.089%	98.792	2.389%
Low	99.455	2.156%	98.778	2.417%
Average	99.461	2.131% 1/	98.782	2.409% 1/

85 percent of the amount of 91-day bills bid for at the low price was accepted
35 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 22,984,000	$ 11,682,000	$ 3,944,000	$ 1,684,000
New York	1,397,149,000	680,729,000	703,865,000	302,300,000
Philadelphia	28,554,000	12,854,000	6,045,000	985,000
Cleveland	18,398,000	17,558,000	12,041,000	10,241,000
Richmond	11,949,000	9,999,000	4,249,000	2,499,000
Atlanta	16,450,000	13,650,000	4,425,000	3,330,000
Chicago	187,560,000	138,110,000	93,212,000	36,122,000
St. Louis	13,798,000	12,698,000	2,907,000	2,907,000
Minneapolis	13,663,000	8,513,000	4,527,000	2,027,000
Kansas City	35,836,000	32,536,000	13,195,000	11,795,000
Dallas	10,522,000	10,022,000	2,618,000	2,618,000
San Francisco	52,071,000	51,843,000	39,036,000	23,511,000
TOTALS	$1,808,934,000	$1,000,194,000 a/	$890,064,000	$400,019,000 b/

a/ Includes $187,168,000 noncompetitive tenders accepted at the average price of 99.461
b/ Includes $40,230,000 noncompetitive tenders accepted at the average price of 98.782
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.17%, for the 91-day bills, and 2.47%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

Aug 21, 1958 -
1.895

Lowest since
Dec. 1958

TREASURY DEPARTMENT

78

WASHINGTON, D.C.

RELEASE A. M. NEWSPAPERS, Tuesday, August 2, 1960. A-903

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated May 5, 1960, and the other series to be dated August 4, 1960, which were offered on July 27, were opened at the Federal Reserve Banks on August 1. Tenders were invited for $1,000,000,000, or thereabouts, of 91-day bills and for $400,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

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Atlanta	16,450,000	13,650,000	4,425,000	3,330,000
Chicago	187,560,000	138,110,000	93,212,000	36,122,000
St. Louis	13,798,000	12,698,000	2,907,000	2,907,000
Minneapolis	13,663,000	8,513,000	4,527,000	2,027,000
Kansas City	35,836,000	32,536,000	13,195,000	11,795,000
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TOTALS	$1,808,934,000	$1,000,194,000 a/	$890,064,000	$400,019,000 b/

a/ Includes $187,168,000 noncompetitive tenders accepted at the average price of 99.461
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1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.17%, for the 91-day bills, and 2.47%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

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.

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated May 12, 1960, (91 days remaining until maturity date on November 10, 1960) and noncompetitive tenders for $100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 11, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 11, 1960. 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

~~Exhibit B-A~~

~~BETA - MODIFIED~~

TREASURY DEPARTMENT
Washington

A-904

IMMEDIATE RELEASE, ~~4:00 P.M.,~~ EDT,
Wednesday, August 3, 1960.

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $ 1,600,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing August 11, 1960 , in the amount of $ 1,591,048,000 , as follows:

91 -day bills (to maturity date) to be issued August 11, 1960 , in the amount of $ 1,100,000,000 , or thereabouts, representing an additional amount of bills dated May 12, 1960 , and to mature November 10, 1960 , originally issued in the amount of $ 404,989,000 , the additional and original bills to be freely interchangeable.

182-day bills, for $ 500,000,000 , or thereabouts, to be dated August 11, 1960 , and to mature February 9, 1961 .

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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 Daylight Saving ~~Standard~~ time, Monday, August 8, 1960 . 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE
Wednesday, August 3, 1960

A-904

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182-day bills, for $ 500,000,000, or thereabouts, to be dated August 11, 1960, and to mature February 9, 1961.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Departmment 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 for the additional bills dated May 12, 1960, (91 days remaining until maturity date on November 10, 1960) and noncompetitive tenders for $ 100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 11, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 11, 1960. 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, D.C.

IMMEDIATE RELEASE,
Friday, August 5, 1960.

A-905

Reports received from the Federal Reserve Banks show that subscriptions total about $17,377 million for the offering of $7,750 million, or thereabouts, of 3-1/8 percent Treasury Certificates of Indebtedness of Series C-1961, due August 1, 1961, and about $5,178 million for the additional offering of $1,000 million, or thereabouts, of 3-7/8 percent Treasury Bonds of 1968, due May 15, 1968, included in the Treasury's current financing.

The Treasury will allot in full all subscriptions for the certificates, totaling about $6,282 million, from States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, Government Investment Accounts, and the Federal Reserve Banks, as provided in the offering circular. On subscriptions for the certificates received subject to allotment, the Treasury announced a 13 percent allotment. 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. Reports received thus far from the Federal Reserve Banks show that subscriptions for the certificates total about $5,903 million from commercial banks for their own account and $5,192 million from all others.

On the additional offering of $1,000 million, or thereabouts, of 3-7/8 percent Treasury Bonds of 1968, the Treasury announced a 25 percent allotment to savings-type investors and Government Investment Accounts, a 20 percent allotment to commercial banks for their own account, and a 15 percent allotment to all other subscribers. Subscriptions for $5,000 or less will be allotted in full. Subscriptions for more than $5,000 will be allotted not less than $5,000. Subscriptions for the 3-7/8 percent Treasury Bonds include $1,181 million from savings-type investors, $100 million from Government Investment Accounts, $2,708 million from commercial banks for their own account, and $1,190 million from all others.

The savings-type investors whose subscriptions were given a 25 percent allotment are as follows:

Pension and Retirement Funds--public and private
Endowment Funds
Common Trust Funds under Regulation F of the Board of Governors of the
  Federal Reserve System
Insurance Companies
Mutual Savings Banks
Fraternal Benefit Associations and Labor Unions' insurance funds
Savings and Loan Associations
Credit Unions
Other Savings Organizations (not including commercial banks)
States, Political Subdivisions or instrumentalities thereof, and Public Funds

Details by Federal Reserve Districts as to subscriptions and allotments will
ts are received from the Federal Reserve Banks.

RELEASE A. M. NEWSPAPERS, Tuesday, August 9, 1960.

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The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated May 12, 1960, and the other series to be dated August 11, 1960, which were offered on August 3, were opened at the Federal Reserve Banks on August 8. Tenders were invited for $1,100,000,000 or thereabouts, of 91-day bills and for $500,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing November 10, 1960		182-day Treasury bills maturing February 9, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.451 a/	2.172%	98.774	2.425%
Low	99.434	2.239%	98.742	2.488%
Average	99.440	2.215% 1/	98.757	2.458% 1/

a/ Excepting two tenders totaling $550,000
67 percent of the amount of 91-day bills bid for at the low price was accepted
33 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 24,215,000	$ 14,215,000	$ 5,658,000	$ 5,658,000
New York	1,425,473,000	794,173,000	580,928,000	381,918,000
Philadelphia	26,563,000	11,563,000	6,374,000	1,374,000
Cleveland	34,015,000	29,015,000	17,725,000	12,725,000
Richmond	10,367,000	8,367,000	9,470,000	7,470,000
Atlanta	24,674,000	22,974,000	3,229,000	2,979,000
Chicago	161,236,000	108,606,000	84,020,000	41,520,000
St. Louis	15,961,000	13,961,000	4,093,000	4,093,000
Minneapolis	17,452,000	14,452,000	4,204,000	3,204,000
Kansas City	37,652,000	34,452,000	10,944,000	8,944,000
Dallas	10,746,000	10,746,000	2,212,000	2,212,000
San Francisco	38,259,000	37,759,000	28,129,000	27,929,000
TOTALS	$1,826,613,000	$1,100,283,000 b/	$756,986,000	$500,026,000 c/

b/ Includes $188,539,000 noncompetitive tenders accepted at the average price of 99.440
c/ Includes $37,277,000 noncompetitive tenders accepted at the average price of 98.757
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.26%, for the 91-day bills, and 2.52%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE A. M. NEWSPAPERS, Tuesday, August 9, 1960.

A-906

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St. Louis	15,961,000	13,961,000	4,093,000	4,093,000
Minneapolis	17,452,000	14,452,000	4,204,000	3,204,000
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initiative at the 1958 annual meeting of the World Bank in New Delhi and the 1959 annual meeting in Washington, and in the intervening period, in moving the project closer to reality. In the fall of 1959 active negotiations were undertaken by the Executive Directors of the International Bank. In January, 1960, the Executive Directors submitted the present Articles of Agreement to member Governments for action.

Legislative action in the U. S. was completed by the Congress early in July. The Congress authorized the President to accept U. S. membership in IDA with a subscription of $320.29 million and appropriated $73,666,700 to pay the first installment on the U. S. subscription. This payment is to be made within thirty days after IDA begins operations.

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FOR RELEASE 12:30 P.M., E.D.T.
Tuesday, August 9, 1960 A-907

Secretary of the Treasury Robert B. Anderson today signed the Articles of Agreement of the International Development Association (IDA) on behalf of the United States. Mr. Anderson acted in his capacity as U. S. Governor of the International Bank for Reconstruction and Development (World Bank), of which the new Association is to be an affiliate.

The IDA is designed to complement the World Bank by providing development financing in less-developed countries on terms which are more flexible and bear less heavily on the balance of payments than the terms of conventional loans. IDA is to have initial subscriptions from its members totaling $1 billion, payable over a 5-year period. Of this, the U. S. subscription is $320 million. Seventeen other economically strong members are to subscribe a total of $443 million, payable in gold or freely convertible currency, and the balance is to be subscribed by the less developed members, largely in their own currencies. The Articles of Agreement also provide a means whereby one member may under appropriate circumstances transfer to IDA the local currency of another member.

Membership in the IDA is open to the 68 member countries of the World Bank, and becomes effective as soon as member countries whose subscriptions amount to 65% of the $1 billion total accept the IDA Articles of Agreement, but not prior to September 15. It is hoped that the 65% figure will be achieved by that date, so that IDA's entry into force under the terms of the Agreement could be formally announced at the annual meeting of the Board of Governors of the World Bank in Washington late in September. Financial operations by the agency could start shortly thereafter.

Also signing the IDA's Articles of Agreement today were Canada and Honduras. As a result of today's actions, subscriptions now amount to 43.1% of the $1 billion total. Legislative action has been completed by a substantial number of other countries, thus opening the way for additional signatures in the near future.

The new organization is the outgrowth of a U. S. suggestion originally put forward early in 1958 by Senator A. S. Mike Monroney of Oklahoma. At President Eisenhower's request, Secretary Anderson, Under Secretary of State Dillon, and other U. S. officials took the

TREASURY DEPARTMENT

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WASHINGTON, D.C.

FOR RELEASE 12:30 P.M., E.D.T.
Tuesday, August 9, 1960

A-907

Secretary of the Treasury Robert B. Anderson today signed the Articles of Agreement of the International Development Association (IDA) on behalf of the United States. Mr. Anderson acted in his capacity as U. S. Governor of the International Bank for Reconstruction and Development (World Bank), of which the new Association is to be an affiliate.

The IDA is designed to complement the World Bank by providing development financing in less-developed countries on terms which are more flexible and bear less heavily on the balance of payments than the terms of conventional loans. IDA is to have initial subscriptions from its members totaling $1 billion, payable over a 5-year period. Of this, the U. S. subscription is $320 million. Seventeen other economically strong members are to subscribe a total of $443 million, payable in gold or freely convertible currency, and the balance is to be subscribed by the less developed members, largely in their own currencies. The Articles of Agreement also provide a means whereby one member may under appropriate circumstances transfer to IDA the local currency of another member.

Membership in the IDA is open to the 68 member countries of the World Bank, and becomes effective as soon as member countries whose subscriptions amount to 65% of the $1 billion total accept the IDA Articles of Agreement, but not prior to September 15. It is hoped that the 65% figure will be achieved by that date, so that IDA's entry into force under the terms of the Agreement could be formally announced at the annual meeting of the Board of Governors of the World Bank in Washington late in September. Financial operations by the agency could start shortly thereafter.

Also signing the IDA's Articles of Agreement today were Canada and Honduras. As a result of today's actions, subscriptions now amount to 43.1% of the $1 billion total. Legislative action has been completed by a substantial number of other countries, thus opening the way for additional signatures in the near future.

The new organization is the outgrowth of a U. S. suggestion originally put forward early in 1958 by Senator A. S. Mike Monroney of Oklahoma. At President Eisenhower's request, Secretary Anderson, Under Secretary of State Dillon, and other U. S. officials took the initiative at the 1958 annual meeting of the World Bank in New Delhi and the 1959 annual meeting in Washington, and in the intervening period, in moving the project closer to reality. In the fall of 1959 active negotiations were undertaken by the Executive Directors of the International Bank. In January, 1960, the Executive Directors submitted the present Articles of Agreement to member Governments for action.

Legislative action in the U. S. was completed by the Congress early in July. The Congress authorized the President to accept U. S. membership in IDA with a subscription of $320.29 million and appropriated $73,666,700 to pay the first installment on the U. S. subscription. This payment is to be made within thirty days after IDA begins operations.

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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.

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated May 19, 1960, (91 days remaining until maturity date on November 17, 1960) and noncompetitive tenders for $ 100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 18, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 18, 1960. 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

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE, 4:00 P.M., EDT
Wednesday, August 10, 1960.

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,600,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 18, 1960, in the amount of $1,600,257,000, as follows:

91-day bills (to maturity date) to be issued August 18, 1960, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated May 19, 1960, and to mature November 17, 1960, originally issued in the amount of $500,040,000, the additional and original bills to be freely interchangeable.

182-day bills, for $500,000,000, or thereabouts, to be dated August 18, 1960, and to mature February 16, 1961.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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 Daylight Saving time, Monday, August 15, 1960. 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

TREASURY DEPARTMENT

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WASHINGTON, D.C.

IMMEDIATE RELEASE
Wednesday, August 10, 1960

A-908

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of \$1,600,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 18, 1960, in the amount of \$1,600,257,000, as follows:

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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 Departmment 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 for the additional bills dated May 19, 1960, (91 days remaining until maturity date on November 17, 1960) and noncompetitive tenders for $ 100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 18, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 18, 1960. 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, D. C.

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A-909

IMMEDIATE RELEASE
Thursday, August 11, 1960

PRELIMINARY DATA ON IMPORTS FOR CONSUMPTION OF UNMANUFACTURED LEAD AND ZINC CHARGEABLE TO THE QUOTAS ESTABLISHED BY PRESIDENTIAL PROCLAMATION NO. 3257 OF SEPTEMBER 22, 1958

QUARTERLY QUOTA PERIOD - July 1, 1960 - September 30, 1960

IMPORTS - July 1, 1960 - August 8, 1960

Country of Production	ITEM 391: Lead-bearing ores, flue dust, and mattes		ITEM 392: Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, all alloys or combinations of lead n.s.p.f.		ITEM 393: Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		ITEM 394: Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead (Pounds)	Imports	Quarterly Quota Dutiable Lead (Pounds)	Imports	Quarterly Quota Dutiable Zinc (Pounds)	Imports	Quarterly Quota By Weight (Pounds)	Imports
Australia	10,080,000	10,080,000	23,680,000	13,555,631	-		-	
Belgian Congo	-		-		-		5,440,000	2,304,872
Belgium and Luxemburg (total)	-		-		-		7,520,000	-
Bolivia	5,040,000	4,445,150	-		-		-	
Canada	13,440,000	13,440,000	15,920,000	12,451,942	66,480,000	66,480,000	37,840,000	8,063,426
Italy	-		-		-		3,600,000	771,610
Mexico	-		36,880,000	8,034,269	70,480,000	46,230,034	6,320,000	472,501
Peru	16,160,000	9,121,225	12,880,000	1,791,862	35,120,000	10,830,085	3,760,000	139,336
Un. So. Africa	14,880,000	14,880,000	-		-		-	
Yugoslavia	-		15,760,000	10,619,340	-		-	
All other foreign countries (total)	6,560,000	2,911,371	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	2,717,818

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
Thursday, August 11, 1960

A-909

PRELIMINARY DATA ON IMPORTS FOR CONSUMPTION OF UNMANUFACTURED LEAD AND ZINC CHARGEABLE TO THE QUOTAS ESTABLISHED BY PRESIDENTIAL PROCLAMATION NO. 3257 OF SEPTEMBER 22, 1958

QUARTERLY QUOTA PERIOD - July 1, 1960 - September 30, 1960

IMPORTS - July 1, 1960 - August 8, 1960

Country of Production	ITEM 391 Lead-bearing ores, flue dust, and mattes		ITEM 392 Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, all alloys or combinations of lead n.s.p.f.		ITEM 393 Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		ITEM 394 Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead (Pounds)	Imports	Quarterly Quota Dutiable Lead (Pounds)	Imports	Quarterly Quota Dutiable Zinc (Pounds)	Imports	Quarterly Quota By Weight (Pounds)	Imports
Australia	10,080,000	10,080,000	23,680,000	13,555,631	-		-	
Belgian Congo	-		-		-		5,440,000	2,304,872
Belgium and Luxemburg (total)	-		-		-		7,520,000	-
Bolivia	5,040,000	4,445,150	-		-		-	
Canada	13,440,000	13,440,000	15,920,000	12,451,942	66,480,000	66,480,000	37,840,000	8,063,426
Italy	-		-		-		3,600,000	771,610
Mexico	-		36,880,000	8,034,269	70,480,000	46,230,034	6,320,000	472,501
Peru	16,160,000	9,121,225	12,880,000	1,791,862	35,120,000	10,830,085	3,760,000	139,336
Un. So. Africa	14,880,000	14,880,000	-		-		-	
Yugoslavia	-		15,760,000	10,619,340	-		-	
All other foreign countries (total)	6,560,000	2,911,371	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	2,717,818

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COTTON WASTES
(In pounds)

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

Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 1959, to August 8, 1960	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1959 to August 8, 1960
United Kingdom	4,323,457	2,014,947	1,441,152	1,441,152
Canada	239,690	239,690	-	-
France	227,420	131,686	75,807	75,807
British India	69,627	-	-	-
Netherlands	68,240	22,216	22,747	22,216
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	25,443	25,443
Italy	21,263	2,260	7,088	2,260
	5,482,509	2,436,242	1,599,886	1,566,878

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
Thursday, August 11, 1960

A-910

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 September 20, 1959 - August 8, 1960

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	-	Honduras	752	752
Peru	247,952	-	Paraguay	871	-
British India	2,003,483	19,908	Colombia	124	124
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	8,883,259	British East Africa ...	2,240	-
Brazil	618,723	618,000	Netherlands E. Indies .	71,388	-
Union of Soviet Socialist Republics ...	475,124	-	Barbados	-	-
Argentina	5,203	-	1/Other British W. Indies	21,321	-
Haiti	237	-	Nigeria	5,377	-
Ecuador	9,333	-	2/Other British W. Africa	16,004	-
			3/Other French Africa ...	689	-
			Algeria and Tunisia ...	-	-

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

Cotton 1-1/8" or more
Imports August 1, 1960 - August 8, 1960

Established Quota (Global) - 45,656,420 Lbs.

Staple Length	Allocation	Imports
1-3/8" or more	39,590,778	39,590,778
1-5/32" or more and under 1-3/8" (Tanguis)	1,500,000	447,173
1-1/8" or more and under 1-3/8"	4,565,642	4,430,023

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
Thursday, August 11, 1960

A-910

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

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Ecuador	9,333	-
Honduras	752	752
Paraguay	871	-
Colombia	124	124
Iraq	195	-
British East Africa	2,240	-
Netherlands E. Indies	71,388	-
Barbados	-	-
1/Other British W. Indies	21,321	-
Nigeria	5,377	-
2/Other British W. Africa	16,004	-
3/Other French Africa	689	-
Algeria and Tunisia	-	-

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
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1-1/8" or more and under 1-3/8"	4,565,642	4,430,023

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, 1959, to August 8, 1960	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1959 to August 8, 1960
United Kingdom	4,323,457	2,014,947	1,441,152	1,441,152
Canada	239,690	239,690	-	-
France	227,420	131,686	75,807	75,807
British India	69,627	-	-	-
Netherlands	68,240	22,216	22,747	22,216
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	25,443	25,443
Italy	21,263	2,260	7,088	2,260
	5,482,509	2,436,242	1,599,886	1,566,878

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

Commodity	Period and Quantity		Unit of Quantity	Imports as of July 30, 19
Absolute Quotas:				
Peanuts, shelled, unshelled, blanched, salted, prepared or preserved (incl. roasted peanuts but not peanut butter).......	12 mos. from August 1, 1959	1,709,000	Pound	612,76
	12 mos. from August 1, 1960	1,709,000	Pound	
Rye, rye flour, and rye meal......	July 1, 1960 - June 30, 1961			
	Canada	140,733,957	Pound	106,506,47
	Other Countries	2,872,122	Pound	
Butter substitutes, including butter oil, containing 45% or more butterfat........................	Calendar Year	1,200,000	Pound	1,199,95
Tung Oil........................	Feb. 1, 1960 - Oct. 31, 1960			
	Argentina	17,979,151	Pound	13,327,48
	Paraguay	2,223,000	Pound	Quota Fille
	Other Countries	704,382	Pound	185,25

* Imports through August 8, 1960.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
Thursday, August 11, 1960

A-911 99

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, 1960, inclusive, as follows:

Commodity	Period	and Quantity	Unit of Quantity	Imports as of July 30, 196
Tariff-Rate Quotas				
Cream, fresh or sour................	Calendar Year	1,500,000	Gallon	
Whole milk, fresh or sour...........	Calendar Year	3,000,000	Gallon	
Cattle, 700 lbs. or more each (other than dairy cows)............	July 1, 1960 - Sept. 30, 1960	120,000	Head	4,19
Cattle, less than 200 lbs. each.....	12 mos. from April 1, 1960	200,000	Head	31,42
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish...........	Calendar Year	36,533,173	Pound	26,201,37
Tuna fish...........................	Calendar Year	53,448,330	Pound	26,754,85
White or Irish potatoes:				
Certified seed......................	12 mos. from	114,000,000	Pound	54,945,14
Other...............................	Sept. 15, 1959	36,000,000	Pound	4,279,61
Peanut oil..........................	12 mos. from July 1, 1960	80,000,000	Pound	
Walnuts.............................	Calendar Year	5,000,000	Pound	4,596,59
Woolen fabrics......................	Calendar Year	13,500,000	Pound	Quota Fill
Woolen fabrics - Pres. Proc. 3285 and 3317 (T. Ds. 54845 and 54955).........	March 7 - December 31, 1960	350,000	Pound	Quota Fill
Stainless steel table flatware (table knives, table forks, table spoons)......................	Nov. 1, 1959 - Oct. 31, 1960	69,000,000	Pieces	Quota Fill

1/ Imports for consumption at the quota rate are limited to 27,399,879 pounds during the first nine months of the calendar year.

(over)

TREASURY DEPARTMENT
Washington, D. C.

100

EDIATE RELEASE
hursday, August 11, 1960

A-911

The Bureau of Customs announced today preliminary figures showing the imports for con- ption of the commodities listed below within quota limitations from the beginning of the ota periods to July 30, 1960, inclusive, as follows:

Commodity	Period and	Quantity	Unit of Quantity	Imports as of July 30, 1960
riff-Rate Quotas				
eam, fresh or sour..................	Calendar Year	1,500,000	Gallon	72
le milk, fresh or sour............	Calendar Year	3,000,000	Gallon	143
ttle, 700 lbs. or more each other than dairy cows)............	July 1, 1960 - Sept. 30, 1960	120,000	Head	4,191
tle, less than 200 lbs. each.....	12 mos. from April 1, 1960	200,000	Head	31,429
h, fresh or frozen, filleted, c., cod, haddock, hake, pol- ck, cusk, and rosefish...........	Calendar Year	36,533,173	Pound	26,201,378[1]
a fish............................	Calendar Year	53,448,330	Pound	26,754,852
ite or Irish potatoes:				
rtified seed......................	12 mos. from	114,000,000	Pound	54,945,145
her................................	Sept. 15, 1959	36,000,000	Pound	4,279,610
nut oil...........................	12 mos. from July 1, 1960	80,000,000	Pound	-
nuts..............................	Calendar Year	5,000,000	Pound	4,596,595
len fabrics.......................	Calendar Year	13,500,000	Pound	Quota Filled
len fabrics - es. Proc. 3285 and 3317 (T. Ds. 54845 and 54955).........	March 7 - December 31, 1960	350,000	Pound	Quota Filled
inless steel table flatware able knives, table forks, ble spoons)......................	Nov. 1, 1959 - Oct. 31, 1960	69,000,000	Pieces	Quota Filled

Imports for consumption at the quota rate are limited to 27,399,879 pounds during the first nine months of the calendar year.

(over)

Commodity	Period and Quantity		Unit of Quantity	Imports as of July 30, 19
Absolute Quotas:				
Peanuts, shelled, unshelled, blanched, salted, prepared or preserved (incl. roasted peanuts but not peanut butter).......	12 mos. from August 1, 1959	1,709,000	Pound	612,76
	12 mos. from August 1, 1960	1,709,000	Pound	
Rye, rye flour, and rye meal......	July 1, 1960 - June 30, 1961			
	Canada	140,733,957	Pound	106,506,47
	Other Countries	2,872,122	Pound	
Butter substitutes, including butter oil, containing 45% or more butterfat.........................	Calendar Year	1,200,000	Pound	1,199,95
Tung Oil..........................	Feb. 1, 1960 - Oct. 31, 1960			
	Argentina	17,979,151	Pound	13,327,48
	Paraguay	2,223,000	Pound	Quota Fille
	Other Countries	704,382	Pound	185,25

* Imports through August 8, 1960.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
Thursday, August 11, 1960 A-912

The Bureau of Customs announced today the following preliminary figures showing the imports for consumption from January 1, 1960, to July 30, 1960, inclusive, of commodities for which quotas were established pursuant to the Philippine Trade Agreement Revision Act of 1955:

Commodity	Established Annual Quota Quantity	Unit of Quantity	Imports as of July 30, 1960
Buttons.............	765,000	Gross	160,814
Cigars..............	180,000,000	Number	2,217,295
Coconut oil.........	403,200,000	Pound	51,539,229
Cordage.............	6,000,000	Pound	2,522,181
Sugars (Refined.......	1,904,000,000	Pound	95,991,000*
Sugars (Unrefined.....			1,810,076,000*
Tobacco.............	5,850,000	Pound	6,412,111

* Information furnished by Department of Agriculture, covering total authorizations issued under quota through July 30, 1960.

TREASURY DEPARTMENT
Washington

102

IMMEDIATE RELEASE
Thursday, August 11, 1960

A-912

The Bureau of Customs announced today the following preliminary figures showing the imports for consumption from January 1, 1960, to July 30, 1960, inclusive, of commodities for which quotas were established pursuant to the Philippine Trade Agreement Revision Act of 1955:

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Cigars..............	180,000,000	Number	2,217,295
Coconut oil.........	403,200,000	Pound	51,539,229
Cordage.............	6,000,000	Pound	2,522,181
Sugars (Refined.......	1,904,000,000	Pound	95,991,000*
Sugars (Unrefined.....			1,810,076,000*
Tobacco.............	5,850,000	Pound	6,412,111

* Information furnished by Department of Agriculture, covering total authorizations issued under quota through July 30, 1960.

103

Allotments by investor classes were as follows:

3-1/8% Certificates

States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, and Federal Reserve Banks	$6,276,316,000
All others	1,543,961,000
Total	$7,820,277,000
Government Investment Accounts	8,826,000
Grand Total	$7,829,103,000

3-7/8% Bonds

Savings-type	$ 313,989,500
Commercial banks	542,677,500
All others	188,445,000
Total	$1,045,112,000
Government Investment Accounts	25,000,000
Grand Total	$1,070,112,000

10

IMMEDIATE RELEASE,
Friday, August 12, 1960.

The Treasury Department today announced the subscription and allotment figures with respect to the current offering of $7,750 million, or thereabouts, of 3-1/8% Treasury Certificates of Indebtedness of Series C-1961, due August 1, 1961, and for the additional offering of $1,000 million, or thereabouts, of 3-7/8% Treasury Bonds of 1968, due May 15, 1968.

Subscriptions for the certificates from States, political subdivisions, or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, Government Investment Accounts, and the Federal Reserve Banks were allotted in full. Subscriptions from all others were allotted 13 percent.

Subscriptions for the bonds from savings-type investors and Government Investment Accounts were allotted 25 percent, subscriptions from commercial banks for their own account were allotted 20 percent, and subscriptions from all others were allotted 15 percent.

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

Federal Reserve District	CERTIFICATES OF INDEBTEDNESS SERIES C-1961 Total Subscriptions Received	CERTIFICATES OF INDEBTEDNESS SERIES C-1961 Total Allotments	TREASURY BONDS OF 1968 Total Subscriptions Received	TREASURY BONDS OF 1968 Total Allotments
Boston	$ 352,529,000	$ 55,596,000	$ 333,848,000	$ 74,994,500
New York	11,542,910,000	6,539,954,000	2,383,795,000	467,616,500
Philadelphia	252,410,000	44,307,000	115,211,000	23,993,000
Cleveland	823,833,000	206,260,000	211,221,500	45,622,500
Richmond	330,570,000	77,749,000	175,465,500	37,778,000
Atlanta	376,321,000	80,483,000	201,074,000	41,028,500
Chicago	1,608,076,000	256,291,000	642,608,500	139,647,000
St. Louis	287,939,000	71,875,000	125,664,500	26,524,500
Minneapolis	151,712,000	34,673,000	83,017,500	17,092,000
Kansas City	284,445,000	80,901,000	123,852,500	27,064,500
Dallas	239,635,000	44,713,000	177,943,000	36,063,500
San Francisco	1,127,203,000	286,803,000	502,706,000	106,276,500
Treasury	2,289,000	672,000	6,702,000	1,411,000
Govt.Inv.Accts.	8,826,000	8,826,000	100,000,000	25,000,000
Totals	$17,388,698,000	$7,829,103,000	$5,183,109,000	$1,070,112,000

TREASURY DEPARTMENT

106

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, August 12, 1960.

A-913

The Treasury Department today announced the subscription and allotment figures with respect to the current offering of \$7,750 million, or thereabouts, of 3-1/8% Treasury Certificates of Indebtedness of Series C-1961, due August 1, 1961, and for the additional offering of \$1,000 million, or thereabouts, of 3-7/8% Treasury Bonds of 1968, due May 15, 1968.

Subscriptions for the certificates from States, political subdivisions, or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, Government Investment Accounts, and the Federal Reserve Banks were allotted in full. Subscriptions from all others were allotted 13 percent.

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

Federal Reserve District	CERTIFICATES OF INDEBTEDNESS SERIES C-1961: Total Subscriptions Received	CERTIFICATES OF INDEBTEDNESS SERIES C-1961: Total Allotments	TREASURY BONDS OF 1968: Total Subscriptions Received	TREASURY BONDS OF 1968: Total Allotments
Boston	\$ 352,529,000	\$ 55,596,000	\$ 333,848,000	\$ 74,994,500
New York	11,542,910,000	6,539,954,000	2,383,795,000	467,616,500
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Cleveland	823,833,000	206,260,000	211,221,500	45,622,500
Richmond	330,570,000	77,749,000	175,465,500	37,778,000
Atlanta	376,321,000	80,483,000	201,074,000	41,028,500
Chicago	1,608,076,000	296,291,000	642,608,500	139,647,000
St. Louis	287,939,000	71,875,000	125,664,500	26,524,500
Minneapolis	151,712,000	34,673,000	83,017,500	17,092,000
Kansas City	284,445,000	80,901,000	123,852,500	27,064,500
Dallas	239,635,000	44,713,000	177,943,000	36,063,500
San Francisco	1,127,203,000	286,803,000	502,706,000	106,276,500
Treasury	2,289,000	672,000	6,702,000	1,411,000
Govt.Inv.Accts.	8,826,000	8,826,000	100,000,000	25,000,000
Totals	\$17,388,698,000	\$7,829,103,000	\$5,183,109,000	\$1,070,112,000

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All others	1,543,961,000
Total	$7,820,277,000
Government Investment Accounts	8,826,000
Grand Total	$7,829,103,000

3-7/8% Bonds

Savings-type	$ 313,989,500
Commercial banks	542,677,500
All others	188,445,000
Total	$1,045,112,000
Government Investment Accounts	25,000,000
Grand Total	$1,070,112,000

TREASURY DEPARTMENT
Washington

STATEMENT BY T. GRAYDON UPTON, ASSISTANT SECRETARY OF THE TREASURY, BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE, ON THE PRESIDENT'S PROPOSAL FOR LATIN AMERICA, 10:00 A.M., EDT, MONDAY, AUGUST 15, 1960.

Mr. Chairman:

I am happy to appear on behalf of the Treasury Department in support of the President's proposal for Latin America. The Treasury has a deep interest in our financial relations with Latin America. As you know, the Treasury Department presented to the Congress last year recommendations for the formation of the Inter-American Development Bank, which the Congress approved. It is anticipated that the Inter-American Development Bank will take an active role in the implementation of the program which is being presented to you.

We see this program as a major and significant step in the evolution of the historic close relations among the American Republics. As the President's Message indicated, what is envisaged here is a direct approach to some of the problems of the average man in Latin America. We are confident that the Latin American countries wish to direct their own efforts increasingly to this objective, and the purpose of our program is to supplement and encourage these additional steps. We would cooperate with individual Latin American countries in their own efforts to provide for the individual citizen. He needs such things as improved community facilities and an opportunity to work land which is not now being used productively. We expect that under the authorization being requested, we should be able to extend our assistance in such areas as pilot and self-help housing and vocational education. Measures of this type will, as the President said, "help our Latin American neighbors accelerate their efforts to strengthen the social and economic structure of their nations and improve the status of their individual citizens."

While we will press forward with our efforts to assist constructive economic development activities, the new program would seek to assist in spreading the benefits of economic growth. The proposal is supplemental to the long history of our previous efforts taken to promote economic and industrial development through loans for dams, power, airports, railroads, and factories.

The U.S. program, including the present proposal, can be considered as providing support for the broad objectives of Operation Pan America, which was conceived some two years ago by President Kubitschek of Brazil. There is, however, some difference of emphasis. President Eisenhower's proposal would promote democratic freedom by giving particular attention to social aspects of the Latin American problem and to the objective of spreading the benefits of economic growth and advancing the status of individual people in these nations.

In considering this new endeavor, it is necessary to recognize the special place of the American Republics in their historical association with the United States and the particular importance to us of these neighboring countries in the southern parts of this hemisphere. We have a long history of a special political relationship with the American Republics. More recently that special relationship has been highlighted in the economic and financial field by the establishment of the Inter-American Development Bank. The proposal now before you represents our belief that the time has come to underline this relationship still further and with particular stress upon the status of the individual citizen and his opportunity for advancement. Economic development by itself does not fully meet the need in Latin America to promote growth with social stability.

In our relations with leaders of Latin American countries we have sensed an increasing note of urgency about the importance of stressing activities which would contribute directly and relatively quickly to the economic and social progress of individual citizens. During most of the postwar years Latin America has concentrated on the development of industries and other directly productive economic areas. Our neighbors have come to us for financial support for these activities, and, as is well known, they have obtained large amounts of financing. Great strides have been achieved in general economic progress. Indeed during many of the postwar years the growth of the gross national product in many Latin American countries has proceeded more rapidly than in most other parts of the world.

It is evident that the United States and the international institutions have been doing a great deal toward advancing economic development in Latin America. We expect to be doing even more through the Inter-American Development Bank. The Export-Import Bank has been particularly active in Latin America, and of its total current loans about $1.5 billion, or 45 percent, pertain to this area. (The total loans of the Bank include non-development loans, particularly to European countries; therefore Latin America's share of development loans is even higher.) The World Bank has some 21 percent, or almost $800 million, of its current loans in Latin America. The International Monetary Fund has given repeated and active support to overcoming the exchange problems of Latin American countries. At present it has more than $415 million in short-term credits outstanding to these countries. Furthermore, there is, of course, a very large investment of private American capital south of our border totaling approximately $9 billion in the other American Republics. About 31 percent of our total private foreign investments are situated in Latin America.

Nevertheless, there are many problems remaining in Latin America. Some of these have their roots in political and social history, in degree and type of economic activity, in climate, and many other factors. One of the major problems is the extremely rapid rate of increase in population. It has been estimated that in the case of a few countries, the population may as much as triple by the end of this century. Without improved facilities for utilization of land and settlement of a growing population on new land, there is a movement to the cities, where the increasing numbers put a very heavy strain on community facilities.

In struggling with these problems, the Latin countries have faced many difficulties due to the over-all limitations on available resources and the many competing demands for their use. These countries have also found impediments in the way of mobilizing effectively their financial, human and physical means to organize and carry out advancement in these fields. We all recognize I am sure, that there is everywhere tremendous competition for available resources and savings. But such competition is more acute when the total production of a country is limited and when its population is rapidly increasing.

A special problem in many Latin American countries has been the development of financial policies to enable currencies to be strengthened and inflation to be brought under control. Deficit financing on an excessive scale and rapid inflation have driven capital abroad and have distorted the pattern of savings and their effective use. Inflation has brought its usual consequences of speculative investment and of particularly heavy burdens for the large groups of the community who are least able to protect themselves against the threat to real incomes which inflation presents. In recent years an increasing number of Latin American countries have recognized the need for ending the vicious cycle of inflation if they are to survive economically and progress socially. It is gratifying that several countries have recently seen considerable success in their stabilization efforts. In due course, as savings are encouraged and capital markets develop, the social values of a stable currency are increasingly demonstrated.

I have listed some of the factors which, I believe create an urgent demand for the proposals envisaged by this legislation. If this program is approved, we shall be able to work with the countries of Latin America by providing financing to supplement the investment of additional domestic resources in the direction which many of their leaders increasingly believe requires a higher priority.

In the implementation of this program we propose to be flexible. We will seek to concentrate our efforts, in cooperation with Latin American countries, in the particular situations and areas where our assistance will be most valuable and effective. As Mr. Dillon has indicated, it is expected that the Inter-American Development Bank will become the principal institution for administering loans under the special program for Latin America. The Inter-American Development Bank was organized only this year and it will not officially open its doors for loans for another six weeks. But its potential for promoting economic progress in Latin America has, I feel, already been demonstrated by the practical and cooperative atmosphere which surrounded the work of building the structure of the Bank and by the high quality of the Bank's Board of Directors and Management.

In the ultimate analysis, we can provide seed capital, technical assistance, and assist in meeting some of the more drastic needs in some areas. The over-all problems are so large, and so complex, and are so intimately related to the institutions and the economic and social capacities and capabilities of each country, that only the Latin American people themselves, and particularly their leaders, can effectively deal with them. In the utilization of land, and in the various areas of public administration and public finance, I believe they realize increasingly the challenges before them and wish to face up to them. Through the present proposal we can give encouragement and emphasis to an approach -- directed straight to the heart of the problem -- the simple needs of the common man in Latin America. I sincerely hope that this Congress, so many members of which have shown themselves cognizant and actively interested in Latin America, will give its support to this proposal.

112 A-915

RELEASE A. M. NEWSPAPERS, Tuesday, August 16, 1960.

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated May 19, 1960, and the other series to be dated August 18, 1960, which were offered on August 10, were opened at the Federal Reserve Banks on August 15. Tenders were invited for $1,100,000,000, or thereabouts, of 91-day bills and for $500,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing November 17, 1960		182-day Treasury bills maturing February 16, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.445	2.196%	98.700 a/	2.571%
Low	99.417	2.306%	98.663	2.645%
Average	99.424	2.278% 1/	98.675	2.621% 1/

a/ Excepting two tenders totaling $1,700,000
76 percent of the amount of 91-day bills bid for at the low price was accepted
4 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 25,303,000	$ 15,298,000	$ 6,355,000	$ 6,355,000
New York	1,431,215,000	750,215,000	752,724,000	363,124,000
Philadelphia	27,647,000	17,647,000	12,063,000	12,063,000
Cleveland	33,135,000	33,135,000	9,948,000	9,948,000
Richmond	9,001,000	9,001,000	5,039,000	3,039,000
Atlanta	17,527,000	17,107,000	4,679,000	3,979,000
Chicago	185,018,000	132,038,000	72,556,000	47,556,000
St. Louis	20,668,000	19,668,000	4,317,000	4,317,000
Minneapolis	12,396,000	12,296,000	3,846,000	3,846,000
Kansas City	41,634,000	41,634,000	11,378,000	11,278,000
Dallas	11,705,000	11,705,000	5,021,000	5,021,000
San Francisco	40,387,000	40,387,000	31,609,000	29,609,000
TOTALS	$1,855,636,000	$1,100,131,000 b/	$919,535,000	$500,135,000 c/

b/ Includes $230,765,000 noncompetitive tenders accepted at the average price of 99.424
c/ Includes $47,326,000 noncompetitive tenders accepted at the average price of 98.675
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.32%, for the 91-day bills, and 2.69%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

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RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing November 17, 1960		182-day Treasury bills maturing February 16, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
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Low	99.417	2.306%	98.663	2.645%
Average	99.424	2.278% 1/	98.675	2.621% 1/

a/ Excepting two tenders totaling $1,700,000
76 percent of the amount of 91-day bills bid for at the low price was accepted
4 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 25,303,000	$ 15,298,000	$ 6,355,000	$ 6,355,000
New York	1,431,215,000	750,215,000	752,724,000	363,124,000
Philadelphia	27,647,000	17,647,000	12,063,000	12,063,000
Cleveland	33,135,000	33,135,000	9,948,000	9,948,000
Richmond	9,001,000	9,001,000	5,039,000	3,039,000
Atlanta	17,527,000	17,107,000	4,679,000	3,979,000
Chicago	185,018,000	132,038,000	72,556,000	47,556,000
St. Louis	20,668,000	19,668,000	4,317,000	4,317,000
Minneapolis	12,396,000	12,296,000	3,846,000	3,846,000
Kansas City	41,634,000	41,634,000	11,378,000	11,278,000
Dallas	11,705,000	11,705,000	5,021,000	5,021,000
San Francisco	40,387,000	40,387,000	31,609,000	29,609,000
TOTALS	$1,855,636,000	$1,100,131,000 b/	$919,535,000	$500,135,000 c/

b/ Includes $230,765,000 noncompetitive tenders accepted at the average price of 99.424
c/ Includes $47,326,000 noncompetitive tenders accepted at the average price of 98.675
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.32%, for the 91-day bills, and 2.69%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

August 4, 1960

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 1960:

Purchases	$57,393,000.00
Sales	21,869,400.00
NET PURCHASES................	35,523,600.00

TREASURY DEPARTMENT

WASHINGTON, D.C.

X-916

IMMEDIATE RELEASE,
~~Friday, July 15,~~ 1960.
Monday August 15, 1960

A-~~896~~

During ~~June~~ July 1960, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net ~~sales~~ purchases by the Treasury Department of $~~14,535,500.~~ [illegible]00.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, August 15, 1960.

A-916

During July 1960, 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 $35,523,600.

oOo

968

STATUTORY DEBT LIMITATION

AS OF JULY 31, 1960

17

Washington, Aug. 16, 1960

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 $285,000,000,000 (Act of June 30, 1959; 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 June 30, 1960 (P.L. 86-564 86th Congress) provides that during the period beginning on July 1, 1960 and ending June 30, 1961, the above limitation ($285,000,000,000) shall be temporarily increased by $8,000,000,000.

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$293,000,000,000
Outstanding-			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$36,426,620,000		
Certificates of indebtedness	17,650,060,000		
Treasury notes	51,549,663,000	$105,626,343,000	
Bonds-			
Treasury	81,238,614,950		
* Savings (current redemp. value)	47,350,794,729		
Depositary	139,578,500		
R.E.A. series	465,000		
Investment series	6,681,937,000	135,411,390,179	
Special Funds-			
Certificates of indebtedness	6,329,135,000		
Treasury notes	10,331,098,000		
Treasury bonds	27,537,385,000	44,197,618,000	
Total interest-bearing		285,235,351,179	
Matured, interest-ceased		378,497,576	
Bearing no interest:			
United States Savings Stamps	51,101,676		
Excess profits tax refund bonds	771,729		
Special notes of the United States:			
Internat'l Monetary Fund series	2,268,000,000	2,319,873,405	
Total		287,933,722,160	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	132,728,700		
Matured, interest-ceased	1,461,075	134,189,775	
Grand total outstanding			288,067,911,935
Balance face amount of obligations issuable under above authority			4,932,088,065

Reconcilement with Statement of the Public Debt July 31, 1960
(Date)

(Daily Statement of the United States Treasury, July 29, 1960)
(Date)

Outstanding-	
Total gross public debt	288,338,271,036
Guaranteed obligations not owned by the Treasury	134,189,775
Total gross public debt and guaranteed obligations	288,472,460,811
Deduct - other outstanding public debt obligations not subject to debt limitation	404,548,876
	288,067,911,935

A-917

STATUTORY DEBT LIMITATION

AS OF JULY 31, 1960

Washington, Aug. 16, 1960

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 $285,000,000,000 (Act of June 30, 1959; 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 June 30, 1960 (P.L. 86-564 86th Congress) provides that during the period beginning on July 1, 1960 and ending June 30, 1961, the above limitation ($285,000,000,000) shall be temporarily increased by $8,000,000,000.

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Bonds-			
Treasury	81,238,614,950		
* Savings (current redemp. value)	47,350,794,729		
Depositary	139,578,500		
R.E.A. series	465,000		
Investment series	6,681,937,000	135,411,390,179	
Special Funds-			
Certificates of indebtedness	6,329,135,000		
Treasury notes	10,331,098,000		
Treasury bonds	27,537,385,000	44,197,618,000	
Total interest-bearing		285,235,351,179	
Matured, interest-ceased		378,497,576	
Bearing no interest:			
United States Savings Stamps	51,101,676		
Excess profits tax refund bonds	771,729		
Special notes of the United States:			
Internat'l Monetary Fund series	2,268,000,000	2,319,873,405	
Total		287,933,722,160	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	132,728,700		
Matured, interest-ceased	1,461,075	134,189,775	
Grand total outstanding			288,067,911,935
Balance face amount of obligations issuable under above authority			4,932,088,065

Reconcilement with Statement of the Public Debt July 31, 1960
(Date)

(Daily Statement of the United States Treasury, July 29, 1960)
(Date)

Outstanding-	
Total gross public debt	288,338,271,036
Guaranteed obligations not owned by the Treasury	134,189,775
Total gross public debt and guaranteed obligations	288,472,460,811
Deduct - other outstanding public debt obligations not subject to debt limitation	404,548,876
	288,067,911,935

A-917

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.

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated May 26, 1960, (92 days remaining until maturity date on November 25, 1960) and noncompetitive tenders for $ 100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 25, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 25, 1960. 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

TREASURY DEPARTMENT
Washington

A-918

IMMEDIATE RELEASE, 4:00 P.M., EDT,
Wednesday, August 17, 1960.

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,600,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 25, 1960, in the amount of $1,600,116,000, as follows:

92-day bills (to maturity date) to be issued August 25, 1960, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated May 26, 1960, and to mature November 25, 1960, originally issued in the amount of $500,123,000, the additional and original bills to be freely interchangeable.

182-day bills, for $500,000,000, or thereabouts, to be dated August 25, 1960, and to mature February 23, 1961.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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 Daylight Saving time, Monday, August 22, 1960. 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

TREASURY DEPARTMENT

WASHINGTON. D.C.

IMMEDIATE RELEASE,
Wednesday, August 17, 1960.

A-918

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,600,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 25, 1960, in the amount of $1,600,116,000, as follows:

92-day bills (to maturity date) to be issued August 25, 1960, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated May 26, 1960, and to mature November 25, 1960, originally issued in the amount of $ 500,123,000, the additional and original bills to be freely interchangeable.

182-day bills, for $500,000,000, or thereabouts, to be dated August 25, 1960, and to mature February 23, 1961.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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 Daylight Saving time, Monday, August 22, 1960. 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 Departmment 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 for the additional bills dated May 26, 1960, (92 days remaining until maturity date on November 25, 1960) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 25, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 25, 1960. 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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A-919

RELEASE A. M. NEWSPAPERS,
Tuesday, August 23, 1960.

123

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated May 26, 1960, and the other series to be dated August 25, 1960, which were offered on August 17, were opened at the Federal Reserve Banks on August 22. Tenders were invited for $1,100,000,000, or thereabouts, of 92-day bills and for $500,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	92-day Treasury bills maturing November 25, 1960		:	182-day Treasury bills maturing February 23, 1961	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.370 a/	2.465%	:	98.590 b/	2.789%
Low	99.351	2.540%	:	98.580	2.809%
Average	99.356	2.518% 1/	:	98.582	2.806% 1/

a/ Excepting one tender of $150,000
b/ Excepting two tenders totaling $125,000
31 percent of the amount of 92-day bills bid for at the low price was accepted
22 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 23,547,000	$ 13,547,000	:	$ 15,154,000	$ 1,219,000
New York	1,388,696,000	763,166,000	:	1,090,332,000	418,387,000
Philadelphia	26,332,000	12,352,000	:	8,441,000	1,363,000
Cleveland	41,971,000	41,971,000	:	26,436,000	14,306,000
Richmond	10,586,000	10,586,000	:	2,312,000	1,910,000
Atlanta	23,737,000	22,237,000	:	9,705,000	3,315,000
Chicago	193,027,000	128,539,000	:	99,256,000	16,369,000
St. Louis	16,746,000	15,246,000	:	3,584,000	2,538,000
Minneapolis	7,830,000	7,664,000	:	2,589,000	2,389,000
Kansas City	35,724,000	31,924,000	:	11,501,000	3,969,000
Dallas	7,634,000	7,634,000	:	2,810,000	2,810,000
San Francisco	50,353,000	45,153,000	:	46,749,000	32,175,000
TOTALS	$1,826,183,000	$1,100,019,000 c/	:	$1,321,869,000	$500,824,000 d/

c/ Includes $194,650,000 noncompetitive tenders accepted at the average price of 99.356
d/ Includes $41,308,000 noncompetitive tenders accepted at the average price of 98.582
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.57%, for the 92-day bills, and 2.89%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

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TREASURY DEPARTMENT

124

WASHINGTON, D.C.

RELEASE A. M. NEWSPAPERS,
Tuesday, August 23, 1960.

A-919

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated May 26, 1960, and the other series to be dated August 25, 1960, which were offered on August 17, were opened at the Federal Reserve Banks on August 22. Tenders were invited for $1,100,000,000, or thereabouts, of 92-day bills and for $500,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	92-day Treasury bills maturing November 25, 1960		182-day Treasury bills maturing February 23, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.370 a/	2.465%	98.590 b/	2.789%
Low	99.351	2.540%	98.580	2.809%
Average	99.356	2.518% 1/	98.582	2.806% 1/

a/ Excepting one tender of $150,000
b/ Excepting two tenders totaling $125,000
34 percent of the amount of 92-day bills bid for at the low price was accepted
22 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 23,547,000	$ 13,547,000	$ 15,154,000	$ 1,219,000
New York	1,388,696,000	763,166,000	1,090,332,000	418,387,000
Philadelphia	26,332,000	12,352,000	8,441,000	1,363,000
Cleveland	41,971,000	41,971,000	26,436,000	14,386,000
Richmond	10,586,000	10,586,000	2,312,000	1,910,000
Atlanta	23,737,000	22,237,000	9,705,000	3,315,000
Chicago	193,027,000	128,539,000	99,256,000	16,363,000
St. Louis	16,746,000	15,246,000	3,584,000	2,538,000
Minneapolis	7,830,000	7,664,000	2,589,000	2,389,000
Kansas City	35,724,000	31,924,000	14,501,000	3,969,000
Dallas	7,634,000	7,634,000	2,810,000	2,810,000
San Francisco	50,353,000	45,153,000	46,749,000	32,175,000
TOTALS	$1,826,183,000	$1,100,019,000 c/	$1,321,869,000	$500,824,000 d/

c/ Includes $194,650,000 noncompetitive tenders accepted at the average price of 99.356
d/ Includes $41,308,000 noncompetitive tenders accepted at the average price of 98.582
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.57%, for the 92-day bills, and 2.89%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

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.

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated June 2, 1960, (91 days remaining until maturity date on December 1, 1960) and noncompetitive tenders for $100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 1, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 1, 1960. 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

A-920

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE, 4:00 P.M., EDT,
Wednesday, August 24, 1960.

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,500,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing September 1, 1960, in the amount of $1,500,658,000, as follows:

91-day bills (to maturity date) to be issued September 1, 1960, in the amount of $ 1,000,000,000, or thereabouts, representing an additional amount of bills dated June 2, 1960, and to mature December 1, 1960, originally issued in the amount of $ 500,299,000, the additional and original bills to be freely interchangeable.

182-day bills, for $ 500,000,000, or thereabouts, to be dated September 1, 1960, and to mature March 2, 1961.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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~~ Daylight Saving time, Monday, August 29, 1960. 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

TREASURY DEPARTMENT

128

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, August 24, 1960.

A-920

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,500,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing September 1,1960, in the amount of $1,500,658,000, as follows:

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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 Departmment 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 for the additional bills dated June 2, 1960, (91 days remaining until maturity date on December 1, 1960) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 1, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 1,1960. 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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Immediate Release
Monday July 29-60

DRAFT PRESS ~~RELEASE~~

A-921

Treasury and State Department representatives will hold technical discussions in the near future with representatives of the Governments of Peru and of Chile to seek agreement on the content of income tax treaties between the United States and each of the two countries for the avoidance of double taxation and the elimination of other tax obstacles to the international flow of trade and investment.

Interested persons in the United States who desire to submit comments bearing on such treaties or suggestions for possible inclusion in such treaties, should forward their views to Mr. Fred C. Scribner, Jr., Under Secretary of the Treasury, Treasury Department, Washington 25, D. C. Such submissions should be made before October 15, 1960.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Monday, August 29, 1960. A-921

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Interested persons in the United States who desire to submit comments bearing on such treaties or suggestions for possible inclusion in such treaties, should forward their views to Mr. Fred C. Scribner, Jr., Under Secretary of the Treasury, Treasury Department, Washington 25, D. C. Such submissions should be made before October 15, 1960.

oOo

RELEASE A. M. NEWSPAPERS, Tuesday, August 30, 1960. 131A-922

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated June 2, 1960, and the other series to be dated September 1, 1960, which were offered on August 24, were opened at the Federal Reserve Banks on August 29. Tenders were invited for $1,000,000,000, or thereabouts, of 91-day bills and for $500,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 1, 1960		182-day Treasury bills maturing March 2, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.368	2.500%	98.588	2.793%
Low	99.352	2.564%	98.569	2.831%
Average	99.356	2.550% 1/	98.572	2.825% 1/

94 percent of the amount of 91-day bills bid for at the low price was accepted
95 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 22,926,000	$ 22,926,000	$ 15,927,000	$ 5,927,000
New York	1,367,454,000	670,904,000	822,176,000	380,005,000
Philadelphia	24,113,000	9,113,000	7,776,000	1,726,000
Cleveland	40,362,000	30,356,000	28,418,000	11,943,000
Richmond	9,686,000	9,686,000	7,235,000	2,235,000
Atlanta	38,871,000	26,111,000	3,107,000	2,514,000
Chicago	180,379,000	123,419,000	79,191,000	57,720,000
St. Louis	14,559,000	13,059,000	5,246,000	3,321,000
Minneapolis	11,050,000	10,438,000	4,041,000	2,341,000
Kansas City	40,467,000	35,467,000	9,005,000	5,905,000
Dallas	11,143,000	11,143,000	2,231,000	2,231,000
San Francisco	45,004,000	37,884,000	72,708,000	24,832,000
TOTALS	$1,806,014,000	$1,000,506,000 a/	$1,057,061,000	$500,700,000 b/

a/ Includes $196,876,000 noncompetitive tenders accepted at the average price of 99.356
b/ Includes $41,123,000 noncompetitive tenders accepted at the average price of 98.572
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.60%, for the 91-day bills, and 2.91%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

[illegible]

TREASURY DEPARTMENT

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WASHINGTON, D.C.

RELEASE A. M. NEWSPAPERS, Tuesday, August 30, 1960. A-922

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated June 2, 1960, and the other series to be dated September 1, 1960, which were offered on August 24, were opened at the Federal Reserve Banks on August 29. Tenders were invited for $1,000,000,000, or thereabouts, of 91-day bills and for $500,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 1, 1960		182-day Treasury bills maturing March 2, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.368	2.500%	98.588	2.793%
Low	99.352	2.564%	98.569	2.831%
Average	99.356	2.550% 1/	98.572	2.825% 1/

94 percent of the amount of 91-day bills bid for at the low price was accepted
95 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 22,926,000	$ 22,926,000	$ 15,927,000	$ 5,927,000
New York	1,367,454,000	670,904,000	822,176,000	380,005,000
Philadelphia	24,113,000	9,113,000	7,776,000	1,726,000
Cleveland	40,362,000	30,356,000	28,418,000	11,943,000
Richmond	9,686,000	9,686,000	7,235,000	2,235,000
Atlanta	38,871,000	26,111,000	3,107,000	2,514,000
Chicago	180,379,000	123,419,000	79,191,000	57,720,000
St. Louis	14,559,000	13,059,000	5,246,000	3,321,000
Minneapolis	11,050,000	10,438,000	4,041,000	2,341,000
Kansas City	40,467,000	35,467,000	9,005,000	5,905,000
Dallas	11,143,000	11,143,000	2,231,000	2,231,000
San Francisco	45,004,000	37,884,000	72,708,000	24,832,000
TOTALS	$1,806,014,000	$1,000,506,000 a/	$1,057,061,000	$500,700,000 b/

a/ Includes $196,876,000 noncompetitive tenders accepted at the average price of 99.356
b/ Includes $41,123,000 noncompetitive tenders accepted at the average price of 98.572
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.60%, for the 91-day bills, and 2.91%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

Comparison of principal items of assets and liabilities of active national banks - Continued

(In thousands of dollars)

	June 15, 1960	Mar. 15, 1960	June 10, 1959	Increase or decrease since Mar. 15, 1960		Increase or decrease since June 10, 1959	
				Amount	Percent	Amount	Percent
LIABILITIES							
Deposits of individuals, partnerships, and corporations:							
Demand	59,649,364	60,223,228	58,917,809	-573,864	-.95	731,555	1.24
Time	34,650,471	34,182,165	33,779,747	468,306	1.37	870,724	2.58
Deposits of U. S. Government	3,769,645	2,717,522	1,755,388	1,052,123	38.72	2,014,257	114.75
Postal savings deposits	8,464	8,457	9,457	7	.08	- 993	-10.50
Deposits of States and political subdivisions	8,137,561	7,925,607	8,072,361	211,954	2.67	65,200	.81
Deposits of banks	8,409,880	8,226,436	8,522,813	183,444	2.23	-112,933	-1.33
Other deposits (certified and cashiers' checks, etc.)	1,552,826	1,416,171	1,601,688	136,655	9.65	-48,862	-3.05
Total deposits	116,178,211	114,699,586	112,659,263	1,478,625	1.29	3,518,948	3.12
Bills payable, rediscounts, and other liabilities for borrowed money	1,490,892	1,559,321	1,419,817	-68,429	-4.39	71,075	5.01
Other liabilities	3,077,909	2,619,138	2,135,073	458,771	17.52	942,836	44.16
Total liabilities, excluding capital accounts	120,747,012	118,878,045	116,214,153	1,868,967	1.57	4,532,859	3.90
CAPITAL ACCOUNTS							
Capital stock:							
Common	3,263,652	3,240,119	3,075,784	23,533	.73	187,868	6.11
Preferred	1,530	3,037	3,091	-1,507	-49.62	-1,561	-50.50
Total	3,265,182	3,243,156	3,078,875	22,026	.68	186,307	6.05
Surplus	5,164,562	5,110,791	4,857,509	53,771	1.05	307,053	6.32
Undivided profits	2,019,267	1,850,560	1,843,558	168,707	9.12	175,709	9.53
Reserves	237,151	241,406	260,696	-4,255	-1.76	-23,545	-9.03
Total surplus, profits and reserves	7,420,980	7,202,757	6,961,763	218,223	3.03	459,217	6.60
Total capital accounts	10,686,162	10,445,913	10,040,638	240,249	2.30	645,524	6.43
Total liabilities and capital accounts	131,433,174	129,323,958	126,254,791	2,109,216	1.63	5,178,383	4.10
RATIOS:	Percent	Percent	Percent				
U.S.Gov't securities to total assets	22.29	22.96	26.26				
Loans & discounts to total assets	47.47	46.67	44.21				
Capital accounts to total deposits	9.20	9.11	8.91				

NOTE: Minus sign denotes decrease.

Statement showing comparison of principal items of assets and liabilities of active national banks as of June 15, 1960, March 15, 1960 and June 10, 1959

(In thousands of dollars)

	June 15, 1960	Mar. 15, 1960	June 10, 1959	Increase or decrease since Mar. 15, 1960		Increase or decrease since June 10, 1959	
				Amount	Percent	Amount	Percent
Number of banks	4,542	4,541	4,559	1		-17	
ASSETS							
Commercial and industrial loans	23,355,540	22,626,857	23,255,052	728,683	3.22	100,488	.43
Loans on real estate	15,277,735	15,188,117	14,505,113	89,618	.59	772,622	5.33
Loans to financial institutions	4,934,488	4,681,984	1/ 836,884	252,504	5.39	4,097,604	
All other loans	20,056,318	19,082,959	18,316,331	973,359	5.10	1,739,987	9.50
Total gross loans	63,624,081	61,579,917	56,913,380	2,044,164	3.32	6,710,701	11.79
Less valuation reserves	1,226,348	1,224,894	1,097,534	1,454	.12	128,814	11.74
Net loans	62,397,733	60,355,023	55,815,846	2,042,710	3.38	6,581,887	11.79
U. S. Government securities:							
Direct obligations	29,227,240	29,639,498	33,147,723	-412,258	-1.39	-3,920,483	-11.83
Obligations fully guaranteed	70,438	53,702	4,604	16,736	31.16	65,834	1429.93
Total U. S. securities	29,297,678	29,693,200	33,152,327	-395,522	-1.33	-3,854,649	-11.63
Obligations of States and political subdivisions	8,984,454	9,020,152	9,071,985	-35,698	-.40	-87,531	-.96
Other bonds, notes and debentures	1,318,874	1,403,833	1,650,551	-84,959	-6.05	-331,677	-20.09
Corporate stocks, including stocks of Federal Reserve banks	310,631	306,750	291,561	3,881	1.27	19,070	6.54
Total securities	39,911,637	40,423,935	44,166,424	-512,298	-1.27	-4,254,787	-9.63
Total loans and securities	102,309,370	100,778,958	99,982,270	1,530,412	1.52	2,327,100	2.33
Currency and coin	1,669,619	1,596,856	1,602,648	72,763	4.56	66,971	4.18
Reserve with Federal Reserve banks	11,116,992	11,088,277	11,022,453	28,715	.26	94,539	.86
Balances with other banks	13,593,058	13,183,068	11,209,402	409,990	3.11	2,383,656	21.26
Total cash, balances with other banks, including reserve balances and cash items in process of collection	26,379,669	25,868,201	23,834,503	511,468	1.98	2,545,166	10.68
Other assets	2,744,135	2,676,799	2,438,018	67,336	2.52	306,117	12.56
Total assets	131,433,174	129,323,958	126,254,791	2,109,216	1.63	5,178,383	4.10

1/ Loans to banks only. Excludes loans to sales finance companies, mortgage companies and other real estate lenders which are included in commercial and industrial loans and loans to other financial institutions which are included in all other loans.

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other securities of $1,700,000,000 increased $129,000,000. Other loans, including loans to farmers and other loans to individuals (repair and modernization and installment cash loans, and single-payment loans) of $11,900,000,000 showed an increase of $522,000,000 since March. The percentage of net loans and discounts (after deduction of valuation reserves of $1,226,348,000) to total assets on June 15, 1960 was 47.47 in comparison with 46.67 in March and 44.21 in June 1959.

Total investments of the banks in bonds, stocks, and other securities aggregate $39,900,000,000, a decrease of $500,000,000 since March. Included in the investments were obligations of the United States Government of $29,300,000,000 ($70,438,000 of which were guaranteed obligations). These investments, representing 22.29 percent of total assets, were decreased by $396,000,000 during the period. Other bonds, stocks, and other securities of $10,600,000,000, including $9,000,000,000 of obligations of States and other political subdivisions, showed a decrease of $117,000,000 since March.

Cash of $1,670,000,000, reserves with Federal Reserve banks of $11,117,000,000, and balances with other banks (including cash items in process of collection) of $13,593,000,000, a total of $26,380,000,000, showed an increase of $512,000,000.

Bills payable and other liabilities for borrowed money of $1,491,000,000 showed a decrease of $68,000,000 since March.

Total capital funds of the banks on June 15 of $10,686,000,000, equal to 9.20 percent of total deposits, were $240,000,000 more than in March when they were 9.11 percent of total deposits. Included in the capital funds were capital stock of $3,265,000,000, of which $1,530,000 was preferred stock; surplus of $5,165,000,000; undivided profits of $2,019,000,000, and capital reserves of $237,000,000.

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

RELEASE A. M. NEWSPAPERS,
Wednesday, August 31, 1960.

A-923

The total assets reported by the 4,542 active national banks in the United States and possessions on June 15, 1960 amounted to $131,400,000,000, it was announced today by Comptroller of the Currency Ray M. Gidney. The total assets showed an increase of $2,100,000,000 over the amount reported by the 4,541 active national banks on March 15, 1960, the date of the previous call, and an increase of $5,178,000,000 over the amount reported by the 4,559 banks on June 10, 1959.

The deposits of the banks on June 15 were $116,200,000,000, an increase of $1,500,000,000 since March. Included in the deposit figures were demand deposits of individuals, partnerships, and corporations of $59,600,000,000, a decrease of $600,000,000, and time deposits of individuals, partnerships, and corporations of $34,700,000,000, an increase of $500,000,000. Deposits of the United States Government of $3,800,000,000 increased $1,100,000,000 in the period; deposits of States and political subdivisions of $8,100,000,000 increased $200,000,000, and deposits of banks of $8,400,000,000 showed an increase of $200,000,000. Postal savings deposits were $8,464,000 and certified and cashiers' checks, etc., were $1,600,000,000.

Gross loans and discounts on June 15, 1960 of $63,600,000,000 showed an increase of $2,000,000,000 since March. Commercial and industrial loans of $23,400,000,000 increased $729,000,000, while loans on real estate of $15,300,000,00 increased $90,000,000. Loans to financial institutions amounted to $4,900,000,000, an increase of $253,000,000. Retail automobile installment loans of $4,900,000,000 showed an increase of $299,000,000. Other types of retail installment loans of $1,500,000,000 showed an increase of $23,000,000. Loans to brokers and dealers in securities, and others for the purpose of purchasing or carrying stocks, bonds, and

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Cash of $1,670,000,000, reserves with Federal Reserve banks of $11,117,000,000, and balances with other banks (including cash items in process of collection) of $13,593,000,000, a total of $26,380,000,000, showed an increase of $512,000,000.

Bills payable and other liabilities for borrowed money of $1,491,000,000 showed a decrease of $68,000,000 since March.

Total capital funds of the banks on June 15 of $10,686,000,000, equal to 9.20 percent of total deposits, were $240,000,000 more than in March when they were 9.11 percent of total deposits. Included in the capital funds were capital stock of $3,265,000,000, of which $1,530,000 was preferred stock; surplus of $5,165,000,000; undivided profits of $2,019,000,000, and capital reserves of $237,000,000.

Statement showing comparison of principal items of assets and liabilities of active national banks
as of June 15, 1960, March 15, 1960 and June 10, 1959

(In thousands of dollars)

	June 15, 1960	Mar. 15, 1960	June 10, 1959	Increase or decrease since Mar. 15, 1960		Increase or decrease since June 10, 1959	
				Amount	Percent	Amount	Percent
Number of banks	4,542	4,541	4,559	1		-17	
ASSETS							
Commercial and industrial loans	23,355,540	22,626,857	23,255,052	728,683	3.22	100,488	.43
Loans on real estate	15,277,735	15,188,117	14,505,113	89,618	.59	772,622	5.33
Loans to financial institutions	4,934,488	4,681,984	1/ 836,884	252,504	5.39	4,097,604	
All other loans	20,056,318	19,082,959	18,316,331	973,359	5.10	1,739,987	9.50
Total gross loans	63,624,081	61,579,917	56,913,380	2,044,164	3.32	6,710,701	11.79
Less valuation reserves	1,226,348	1,224,894	1,097,534	1,454	.12	128,814	11.74
Net loans	62,397,733	60,355,023	55,815,846	2,042,710	3.38	6,581,887	11.79
U. S. Government securities:							
Direct obligations	29,227,240	29,639,498	33,147,723	-412,258	-1.39	-3,920,483	-11.83
Obligations fully guaranteed	70,438	53,702	4,604	16,736	31.16	65,834	1429.93
Total U. S. securities	29,297,678	29,693,200	33,152,327	-395,522	-1.33	-3,854,649	-11.63
Obligations of States and political subdivisions	8,984,454	9,020,152	9,071,985	-35,698	-.40	-87,531	-.96
Other bonds, notes and debentures	1,318,874	1,403,833	1,650,551	-84,959	-6.05	-331,677	-20.09
Corporate stocks, including stocks of Federal Reserve banks	310,631	306,750	291,561	3,881	1.27	19,070	6.54
Total securities	39,911,637	40,423,935	44,166,424	-512,298	-1.27	-4,254,787	-9.63
Total loans and securities	102,309,370	100,778,958	99,982,270	1,530,412	1.52	2,327,100	2.33
Currency and coin	1,669,619	1,596,856	1,602,648	72,763	4.56	66,971	4.18
Reserve with Federal Reserve banks	11,116,992	11,088,277	11,022,453	28,715	.26	94,539	.86
Balances with other banks	13,593,058	13,183,068	11,209,402	409,990	3.11	2,383,656	21.26
Total cash, balances with other banks, including reserve balances and cash items in process of collection	26,379,669	25,868,201	23,834,503	511,468	1.98	2,545,166	10.68
Other assets	2,744,135	2,676,799	2,438,018	67,336	2.52	306,117	12.56
Total assets	131,433,174	129,323,958	126,254,791	2,109,216	1.63	5,178,383	4.10

1/ Loans to banks only. Excludes loans to sales finance companies, mortgage companies and other real estate lenders which are included in commercial and industrial loans and loans to other financial institutions which are included in all other loans.

Comparison of principal items of assets and liabilities of active national banks - Continued

(In thousands of dollars)

	June 15, 1960	Mar. 15, 1960	June 10, 1959	Increase or decrease since Mar. 15, 1960		Increase or decrease since June 10, 1959	
				Amount	Percent	Amount	Percent
LIABILITIES							
Deposits of individuals, partnerships, and corporations:							
Demand	59,649,364	60,223,228	58,917,809	-573,864	-.95	731,555	1.24
Time	34,650,471	34,182,165	33,779,747	468,306	1.37	870,724	2.58
Deposits of U. S. Government	3,769,645	2,717,522	1,755,388	1,052,123	38.72	2,014,257	114.75
Postal savings deposits	8,464	8,457	9,457	7	.08	- 993	-10.50
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Deposits of banks	8,409,880	8,226,436	8,522,813	183,444	2.23	-112,933	-1.33
Other deposits (certified and cashiers' checks, etc.)	1,552,826	1,416,171	1,601,688	136,655	9.65	-48,862	-3.05
Total deposits	116,178,211	114,699,586	112,659,263	1,478,625	1.29	3,518,948	3.12
Bills payable, rediscounts, and other liabilities for borrowed money	1,490,892	1,559,321	1,419,817	-68,429	-4.39	71,075	5.01
Other liabilities	3,077,909	2,619,138	2,135,073	458,771	17.52	942,836	44.16
Total liabilities, excluding capital accounts	120,747,012	118,878,045	116,214,153	1,868,967	1.57	4,532,859	3.90
CAPITAL ACCOUNTS							
Capital stock:							
Common	3,263,652	3,240,119	3,075,784	23,533	.73	187,868	6.11
Preferred	1,530	3,037	3,091	-1,507	-49.62	-1,561	-50.50
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Undivided profits	2,019,267	1,850,560	1,843,558	168,707	9.12	175,709	9.53
Reserves	237,151	241,406	260,696	-4,255	-1.76	-23,545	-9.03
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Total liabilities and capital accounts	131,433,174	129,323,958	126,254,791	2,109,216	1.63	5,178,383	4.10
RATIOS:	Percent	Percent	Percent				
U.S.Gov't securities to total assets	22.29	22.96	26.26				
Loans & discounts to total assets	47.47	46.67	44.21				
Capital accounts to total deposits	9.20	9.11	8.91				

NOTE: Minus sign denotes decrease.

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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decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated June 9, 1960, (91 days remaining until maturity date on December 8, 1960) and noncompetitive tenders for $100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 8, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 8, 1960. 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

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE, 4:00 P.M., EDT,
Monday, August 29, 1960.

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,600,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing September 8, 1960, in the amount of $1,600,265,000, as follows:

91-day bills (to maturity date) to be issued September 8, 1960, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated June 9, 1960, and to mature December 8, 1960, originally issued in the amount of $500,067,000, the additional and original bills to be freely interchangeable.

182-day bills, for $500,000,000, or thereabouts, to be dated September 8, 1960, and to mature March 9, 1961.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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 Daylight Saving ~~Standard~~ time, Friday, September 2, 1960. 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

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

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

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¶ In addition, if

~~And If~~ we maintain fiscal discipline we shall be in much better position to counter effectively fluctuations in business activity that sometimes can occur in a free enterprise society.

reducing the tax take, can only postpone the day on which a general tax cut becomes effective.

Economic prospects throughout the 1960's as a whole are most favorable, providing only that we continue to conduct our fiscal affairs responsibly.

If the American people understand the facts, I am certain the choice of the great majority will be to support sound budget policy, prudent government spending, a program of gradual debt reduction, and ultimately a tax cut benefiting all classes of taxpayers.

Under this course, the 1960's will see our Nation rewarded with healthy, long-lasting and sustainable growth.

posture in which to be. It can only be effective if we have support of the taxpayers of the Nation. We do need an understanding that we can best improve our tax system by resisting relatively small piecemeal cuts and bringing our fiscal picture into such shape that a tax cut program which will give general relief to individuals and corporations and provide tax incentives to business can be supported and duly legislated.

Neither in the Congress nor at the Treasury should we for a moment take our eyes from this ultimate goal. I am convinced that we can and will have a general tax cut if we can secure an understanding by the majority of our taxpayers and voters that such a tax cut will come only after we have determined to practice sound economy in operations and to resist special legislation which, by segments of the American economy or for some particular taxpayer or group of taxpayers -- individual or corporate.

The piecemeal reduction of excise taxes which has occurred since 1954 has reduced our annual tax take by more than three-quarters of a billion dollars. It is reductions like these which move us away instead of toward the time when a general tax cut may be proposed.

It is interesting to note that this reduction in annual collections of more than three-quarters of a billion dollars is about equal to the amount of tax which would be lost if the top bracket in the individual income tax schedule was set at 50 percent.

We in the Treasury believe that except in the most unusual cases involving gross inequities, we can best work for comprehensive tax reduction by vigorously opposing special legislation which will give tax relief to only a few or only in limited situations. This is not an easy to maintain a sound budget policy, and to bring about reduction in the Federal debt.

These goals must be achieved if we are to put the Nation in a position which will permit a responsible proposal that the time has arrived for a broad-based tax cut. As our economy continues to expand and our tax receipts rise, we must exert every effort to keep Federal spending within reasonable limits.

We will need something else on the Federal level in addition to economy, however, if we are soon to reach the point where a broad-based tax cut is practical. We must resist the many limited tax cuts proposed in ever increasing numbers for special

Tax Reduction

Changes within our tax structure to eliminate burdens on individuals and business, a tax and fiscal policy geared to provide strong restraints on inflationary pressures, and the prompt elimination of tax provisions found to provide relief to special groups or areas of business in ways not contemplated by the Congress when the legislation was adopted, must all have constant and first attention by those charged with the responsibility for the Nation's tax system. We must never lose sight of the fact, however, that an over-all tax reduction benefiting all taxpayers is the ultimate goal of those struggling to control Federal expenditures and Federal employment, forego capital gain treatment as a condition for liberalized depreciation allowances.

This review of developments is not intended to imply any statement of Treasury position on future depreciation policy. The basic decisions will be made after the facts are in and are analyzed. We hope to carry the work of tabulation and analysis forward so that they will be available for Congress and the Treasury early next year.

The depreciation changes which have been made here since 1953 have made a substantial contribution to the economy of the 1950's. We must now give careful thought to further changes in the depreciation provisions which will meet the new problems and challenges of the next decade.

The early returns show a great variety of depreciation practices and a wide variety of opinions about what should be done. The final results will be informative and valuable. Some may prove surprising.

One important question is, would faster depreciation materially affect investment decisions? Some have answered that it would help by placing capital recovery ahead of tax payments, but many feel it would not because investment is determined primarily by business needs and technology.

The responses to date generally indicate a willingness to conform book depreciation with tax depreciation as a condition for liberalization. The majority also indicate they are willing to

The survey got under way on July 5 with the mailing of statistical schedules and questionnaires to thousands of firms in all lines of industry. The Small Business Administration is cooperating to ensure coverage of smaller firms. Altogether about 6,000 replies to the questionnaire are expected, from firms accounting for nearly two-thirds of the corporate depreciation deductions.

Although it is too soon to report in any detail on the results which we have obtained from the early returns, the response has been excellent. The large number of calls and written inquiries we have received indicates high interest on the part of business and an earnest desire to furnish accurate and unbiased information.

deductions at present levels would, in the short run, reduce revenues by about $1.5 billion.

There has been a divergency of opinion on the relative merits of speeding up the write-off of historical costs as against some specific recognition of increased replacement costs. We want to know more exactly how businessmen feel on this issue.

There has been a large response to the new methods provided by the 1954 Internal Revenue Code and the additional first-year allowances under the Small Business Tax Revision Act. However, use of the available benefits has been less than 100 percent. We want to know more about the extent of adoption of the new methods and allowances and the reasons why some taxpayers still cling to the straight line method.

To obtain a better and more up-to-date factual basis for appraising the future direction of depreciation policy, the Department has initiated a survey of the depreciation practices and opinions of business. I want to report to you briefly on this survey.

Depreciation allowances "finance" a large part of business capital expenditures. Corporate depreciation is nearly twice the amount of retained corporate earnings at present levels. Both the adequacy of depreciation funds and their continuous flow into investment are important factors in keeping the economy moving forward on an even keel.

Even a small change in the depreciation deduction item would have a large immediate impact on the revenues. For 1960, the total depreciation of corporations, unincorporated businesses, and farmers is about $30 billion and is constantly increasing with the expansion of the economy. A 10 percent across-the-board increase in depreciation

The proposed legislation on capital gains would have made for both a better administration of the existing law and a better climate in which to consider further legislation on the basic issue. I deem it unfortunate that this legislation was not generally supported and failed of passage. I am convinced that if it had become law it would have been possible in this year to have taken further administrative and procedural steps which would have been of material assistance to business in the depreciation area.

Turning to the prospects for the future, responsible action must take account of a great many factors on which neither the Treasury or business has accurate or timely data. Mistakes could be very costly for all concerned. The dollar amounts involved are large. The most effective use must be made of available revenue margins. Taxpayers and government alike want to know the respective stakes of different groups.

property for more than its depreciated value, and take the resulting gain as a capital gain. This effectively shifts corporate income from a 52 percent bracket to a 25 percent bracket. In certain areas major use is made of this method of shifting income.

Earlier this year the President recommended to the Congress legislation which would treat the income from the sale of depreciable property as ordinary income to the extent of the depreciation deduction previously taken on the property. Such legislation, if adopted, would make it possible for revenue agents to accept more readily business judgments as to the useful life of depreciable property. Faster depreciation, in the absence of corrective change in the capital gain rules, would not only impair revenues but encourage wasteful and artificial turnover of depreciable property with an eye to tax savings.

policy. Under this new policy the Internal Revenue Service will not disturb depreciation deductions unless there is a clear and convincing basis for change. Revenue agents are instructed to consider carefully evidence presented by taxpayers with respect to obsolescence on a forward-looking basis, rather than in the static light of the past.

Our efforts to secure greater flexibility in the estimate of service life and the application of the depreci- tion rules have encountered a serious stumbling block in the provisions of section 1231 of the Code which provide capital gain treatment on the disposition of depreciable plant and equipment. It is now possible to depreciate an item of equipment or machinery taking the amount of deprec tion as an ordinary deduction, thereafter dispose of the of its service life and about two-thirds of the cost over the first half of the life. These more liberal depreciation patterns have neutralized to some extent the deterrent effect of taxes and one is justified in concluding that a part, perhaps a considerable part, of the modernization and expansion of productive capacity in the last several years is due to these more liberalized methods of determining depreciation.

In the area of administrative policy, the Treasury in the last several years has also made changes which give recognition to the fact that in many industries today technological improvements and rapid economic changes have magnified the importance of obsolescence in determining depreciation rates. The issuance of Revenue Rulings 90 and 91 in 1953, the substance of which was embodied in the 1956 regulations under section 167, laid down clear new ground rules for administrative

The notable things about English depreciation are the large allowances in the year of acquisition and the use of broad categories of depreciable property.

The example of foreign countries must necessarily be kept before us. Basically, however, our depreciation system should be determined by what is best for this country and under our own conditions and circumstances.

The 1954 Code for the first time authorized use of the double declining balance method of depreciation, with the alternative of the sum of the years-digits method. This permitted greater deductions in the early years of service life and resulted in a timing of allowances more in accord with the realities of modern industry. As compared with the more rigid straight line approach, the new liberalized methods permit the tax-free recovery of about half the cost of an asset during the first third

United States. Under English law a balancing charge is imposed or allowed, as required, in the year of disposition of an asset. This brings back into income any profit on sale, up to original purchase price, or gives an additional deduction for previously undepreciated cost. Thus depreciation becomes a matter of timing.

Over and above the regular depreciation, English tax law allows initial and investment allowances on certain classes of new investment. An investment allowance is given over and above the original cost which can be recovered in full irrespective of the investment allowance.

Among the combined allowances established in England in 1959 and unchanged in the Budget of April, 1960, is an investment allowance of 20 percent plus an initial allowance of 10 percent on new machinery and plant. For machinery receiving ~~the basic~~ an ordinary 12-1/2 percent rate, this gives a total allowance in the year of acquisition of over 40 percent.

Depreciation

Many believe that the major contribution made to the Nation's economy by the 1954 Code was in the liberalized treatment of depreciation. Liberalized depreciation has the unique advantage of providing its benefits to those who invest in the productive plant and equipment of the Nation which is the keystone of our economic strength.

The number of western countries which have liberalized depreciation allowances in the postwar period demonstrates the widespread recognition of the key role of tax depreciation in a free enterprise economy. Many of these countries have shown great ingenuity, as well as a disposition to experiment with this form of tax legislation.

Under the system of taxation applicable to our British friends there appears to be much less controversy over depreciation or capital allowance than exists in the business corporations; further extension of the net operating loss carry-back; more liberal depreciation allowances; more time to pay estate taxes attributable to investment in closely-held business enterprises, and an increase in the amount of earnings a small business may accumulate without being subject to tax on improper accumulation of surplus.

changes made in 1954 and subsequent years, which have contributed to the growth and increasing efficiency of American business. There are many of these, far more than most taxpayers and businessmen appreciate. Some of the most important include: (1) the granting to taxpayers the option to deduct research and experimental expenditures or to capitalize them and write them off in a period of not less than five years; (2) extending the period for carry-back of losses, thereby providing, in combination with the five-year carry-forward, a total span of eight years for absorbing a loss; (3) liberalized the provisions permitting the accumulation of surplus.

Substantial relief for small business was provided by the Small Business Tax Revision Act of 1958, including more liberal loss deductions for investors in certain small

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The major benefit of the '54 reductions went to individuals. In addition to the cut of $3 billion in individual taxes flowing from rate reductions, individuals shared to a substantial extent in the savings from the excise tax reductions and in the benefits provided by the structural changes in the system. Each tax change which allows an individual to retain more of his earnings makes the individual a potential investor and a source of funds, particularly for equity financing.

The structural changes made in the '54 Code, and in subsequent years, have made the tax burden easier and fairer for many, and reduced tax barriers to long-term economic growth.

While all of us have a most immediate and personal interest in those tax changes which reduce our own tax burdens, all of you, because of your professional responsibilities, have, I am sure, an even greater interest in the

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The elimination of a tax or the reduction of a tax rate by allowing individuals and businesses to retain more of their earnings is, in my judgment, the most effective contribution which we can make to this basic objective.

The 1954 Code, in addition to making many major and necessary changes which altered the impact of the Federal tax burden, did provide for major reductions totaling $7.4 billion annually in the total Federal income tax collected from American taxpayers.

Some have forgotten the magnitude of the relief which the 1954 changes brought about. Structural changes in the Code reduced taxes annually in the amount of $1.4 billion. Elimination of the excess profits tax reduced the Nation's annual tax burden by $2 billion. Reductions in excise taxes accounted for $1 billion and reductions in individual income tax rates $3 billion.

such a small portion of the gross national product, that only the most limited attention was required to be given to the question of whether or not a particular tax would in some way impede the expansion of our economy through discouraging the accumulation of savings and the investment of such savings in areas which would make them available to finance the expansion of our industrial plant.

Today we have quite a different approach to tax legislation. No change in the tax law is considered without major attention being given to the question of whether or not it will aid and assist in strengthening and expanding our economic system.

It is a truism to say that our Federal tax structure is like Topsy -- "It just growed." Time after time a new tax has been imposed or an existing tax increased to meet the demands for additional revenue which were then presented to the Congress. Many of our taxes imposed as war measures or intended to be in effect for a limited time are still in existence.

In the early days of our Federal income tax, the major, if not the entire, interest of those drafting and submitting such legislation was directed to obtaining the necessary funds through legislation which would be certain and simple, would impose the tax with fairness to all and in a manner which would permit its collection with a minimum expenditure of funds. Tax rates were low and the total Federal tax take was

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governments hit a record high of $18 billion in fiscal 1960, up 14 percent from taxes collected in the previous year. Taxes collected by the States have doubled since 1951. Local taxes were also at an all-time high last year, totaling nearly $18.5 billion. While totals here seem small compared to Federal collections, the annual rate of increase is substantial and steady.

p. 4

The existing tax burden is extremely heavy. Nevertheless, the possibility of relief through any general tax reduction must be carefully weighed in the light of expenditures approved by the Congress, the level of our national debt, and the effects of the government's financial policies upon economic activity and upon the value of the dollar. Financial discipline in limiting spending and fiscal responsibility in maintaining revenues, while often irksome and unpopular, are necessary to serve the broad public interest.

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to save and to make their savings available to assist in meeting plant and equipment requirements both at home and abroad. In the current fiscal year, it is estimated that the Federal Government will collect from individuals and businesses $99.3 billion. Total Federal taxes are equivalent to about one-fifth of the gross national product of our economy or one-quarter of national income. The bulk of this sum represents sums collected to pay for the 1961 budgeted expenditures voted by the Congress. The balance consists of taxes collected to maintain the trust funds, through which the social security and highway construction programs are financed.

In our concern with the mounting Federal tax burden we must not loverlook developments on the State and municipal levels. Tax revenues of the fifty State

A strong dollar can perform the function of a reserve currency; a weak dollar cannot. We will retain confidence, if we continue to follow the time-tested and wise governmental financial policies that have proved their worth over so many years. We can lose this confidence if, because of an unwillingness to face up to the economic facts of life, we permit inflation to undermine the real value of the United States dollar. Inflation, therefore, ~~is not only~~ can be a thief at home; it can undermine our position of world leadership and hamper the entire Free World in its struggle against communism.

Tax Matters

For the 1960's we need not only a stable currency but also a tax climate which will encourage our people have been greatly increased. In short, monetary discipline was essential, and it was achieved through the courageous and timely actions of the Federal Reserve authorities, who are charged by Congress with the responsibility for monetary management.

What we do as a government -- the policies we pursue -- affect not only the American people but all the people of the Free World. Since the second World War we have become, in effect, one of the world's major bankers. We are in this international financial position, not as a matter of deliberate choice, but as a consequence of the course of world development.

The dollar has become the principal reserve currency for many friendly nations abroad. It supplements gold as a basic monetary reserve. It is a currency in which other nations of the Free World have confidence. This confidence has been earned over a period of many years.

people with relatively fixed incomes, or who live on past savings, find it difficult to purchase the bare necessities of life.

Monetary discipline, then, requires conscious government policies which tend to prevent money from being too freely available at one time, too restricted at another.

The vigor of the business upturn in mid-1958 threatened to push economic activity rapidly ahead at an unsustainable pace. Credit demands multiplied as businesses and consumers borrowed heavily to support spending. Under these circumstances, growth in the money supply had to be restrained; otherwise, spending would have tended to rise much more rapidly, excessive speculation could have been stimulated, and the chances of a sharp cutback to lower levels of activity would we must do so in a way that will not impair the functioning of our free enterprise economy. And we must be ever mindful of the fact that this Nation's greatness has resulted, not from the operation of a paternalistic government that seeks every opportunity to broaden its activities, but from giving maximum free play to individual initiative.

Monetary discipline is the second indispensable pillar of financial integrity. To the individual, more money means a greater ability to buy the things he wants and needs for better living. But to the economy as a whole, more money in circulation does not necessarily mean that everybody will be better off. If the additional money is not matched by more goods and services available to be purchased, the inevitable result is higher prices. And, as prices rise, more and more value of peoples' savings and the stability of our money. During periods of strong business activity when spending by consumers, businesses and State and local governments is substantial, the Federal Government can help to keep spending from outrunning productive capacity by restraint in its own fiscal activities. In times of good business, spending by the Federal Government should be matched by taxes with a margin left over, a surplus to be applied to debt retirement.

A determination to maintain fiscal discipline is consistent with and vital to this country's determination to meet our domestic and international responsibilities. Such a determination is a recognition of the fact that in meeting those responsibilities -- whether they consist of national defense, of desirable domestic programs, or assistance to the developing nations of the Free World --

won a final victory in the battle against inflation. The maintenance of financial integrity is not an on-again off-again task; it requires the utmost diligence at all times. Complacency is our number one enemy in the battle for sound money.

Because to many of our citizens, fiscal and monetary policies seem complicated and remote, none of us can too frequently call attention to the time-tested government financial policies necessary to help promote sound money, job opportunities and to provide the basis for a healthy and sustainable economic growth.

At the very minimum, during a period of strong business activity such as now exists, we must achieve a moderate surplus in the Federal budget. Sensible economics justifies this type of policy to help dampen those pressures which, through inflation, would destroy the rather than on the false illusion of inflation engendered profits. This is precisely what is required if we are to achieve in this Nation a long period of healthy noninflationary growth.

For the first time in twenty years the economy is moving along that desirable middle ground which avoids inflation on the one hand and deflation on the other. If the American people had not accepted the disciplines required for the maintenance of sound money, the situation today, in my judgment, would be far different. Inflationary psychology would probably have spread, the healthy advance in economic activity could have been converted into unsustainable upsurge based on speculation, and the international position of the dollar would have been weakened.

The lesson of this experience is not that we have

Address by Fred C. Scribner, Jr., Under Secretary of the Treasury, at the Joint Session of the Section of Corporation, Banking and Business Law, and the Section of Public Utility Law of the American Bar Association at its Annual Meeting, Shoreham Hotel, Washington, D. C., August 30, 1960, 2:00 P.M. 178

Economic Outlook

We meet today with less drive behind inflationary pressures than at any time in the last twenty years. The American economy is now functioning without the artificial stimulus of inflationary expectations. The quieting of these expectations dates almost precisely from the President's State of the Union message in January when he confirmed the prospects for a surplus for fiscal 1960 and presented a budget with a projected $4.2 billion surplus for fiscal 1961.

Businessmen are now justified in making plans and calculating costs on the basis of a stable dollar

At the very minimum, during a period of strong business activity such as now exists, we must achieve a moderate surplus in the Federal budget. Sensible economics justifies this type of policy to help dampen those pressures which, through inflation, would destroy the value of people's savings and the stability of our money. During periods of strong business activity when spending by consumers, businesses and State and local governments is substantial, the Federal Government can help to keep spending from outrunning productive capacity by restraint in its own fiscal activities. In times of good business, spending by the Federal Government should be matched by taxes with a margin left over, a surplus to be applied to debt retirement.

A determination to maintain fiscal discipline is consistent with and vital to this country's determination to meet our domestic and international responsibilities. Such a determination is a recognition of the fact that in meeting those responsibilities -- whether they consist of national defense, of desirable domestic programs, or assistance to the developing nations of the Free World -- we must do so in a way that will not impair the functioning of our free enterprise economy. And we must be ever mindful of the fact that this Nation's greatness has resulted, not from the operation of a paternalistic government that seeks every opportunity to broaden its activities, but from giving maximum free play to individual initiative.

In addition, if we maintain fiscal discipline we shall be in much better position to counter effectively fluctuations in business activity that sometimes can occur in a free enterprise society.

Monetary discipline is the second indispensable pillar of financial integrity. To the individual, more money means a greater ability to buy the things he wants and needs for better living. But to the economy as a whole, more money in circulation does not necessarily mean that everybody will be better off. If the additional money is not matched by more goods and services available to be purchased, the inevitable result is higher prices. And, as prices rise, more and more people with relatively fixed incomes, or who live on past savings, find it difficult to purchase the bare necessities of life.

Monetary discipline, then, requires conscious government policies which tend to prevent money from being too freely available at one time, too restricted at another.

The vigor of the business upturn in mid-1958 threatened to push economic activity rapidly ahead at an unsustainable pace. Credit demands multiplied as businesses and consumers borrowed heavily to support spending. Under these circumstances, growth in the money supply had to be restrained; otherwise, spending would have tended to rise much more rapidly, excessive speculation could have been stimulated, and the chances of a sharp cutback to lower levels of activity would have been greatly increased. In short, monetary discipline was essential, and it was achieved through the courageous and timely actions of the Federal Reserve authorities, who are charged by Congress with the responsibility for monetary management.

What we do as a government -- the policies we pursue -- affect not only the American people but all the people of the Free World. Since the second World War we have become, in effect, one of the world's major bankers. We are in this international financial position, not as a matter of deliberate choice, but as a consequence of the course of world development.

The dollar has become the principal reserve currency for many friendly nations abroad. It supplements gold as a basic monetary reserve. It is a currency in which other nations of the Free World have confidence. This confidence has been earned over a period of many years.

A strong dollar can perform the function of a reserve currency; a weak dollar cannot. We will retain confidence, if we continue to follow the time-tested and wise governmental financial policies that have proved their worth over so many years. We can lose this confidence if, because of an unwillingness to face up to the economic facts of life, we permit inflation to undermine the real value of the United States dollar.

Inflation, therefore, can be a thief at home; it can undermine our position of world leadership and hamper the entire Free World in its struggle against communism.

Tax Matters

For the 1960's we need not only a stable currency but also a tax climate which will encourage our people to save and to make their savings available to assist in meeting plant and equipment requirements both at home and abroad. In the current fiscal year, it is estimated that the Federal Government will collect from individuals and businesses $99.3 billion. Total Federal taxes are equivalent to about one-fifth of the gross national product of our economy or one-quarter of national income. The bulk of this sum represents sums collected to pay for the 1961 budgeted expenditures voted by the Congress. The balance consists of taxes collected to maintain the trust funds, through which the social security and highway construction programs are financed.

In our concern with the mounting Federal tax burden we must not overlook developments on the State and municipal levels. Tax revenues of the fifty State governments hit a record high of $18 billion in fiscal 1960, up 14 percent from taxes collected in the previous year. Taxes collected by the States have doubled since 1951. Local taxes were also at an all-time high last year, totaling nearly $18.5 billion. While totals here seem small compared to Federal collections, the annual rate of increase is substantial and steady.

The existing tax burden is extremely heavy. Nevertheless, the possibility of relief through any general tax reduction must be carefully weighed in the light of expenditures approved by the Congress, the level of our national debt, and the effects of the government's financial policies upon economic activity and upon the value of the dollar. Financial discipline in limiting spending and fiscal responsibility in maintaining revenues, while often irksome and unpopular, are necessary to serve the broad public interest.

It is a truism to say that our Federal tax structure is like Topsy -- "It just growed." Time after time a new tax has been imposed or an existing tax increased to meet the demands for additional revenue which were then presented to the Congress. Many of our taxes imposed as war measures or intended to be in effect for a limited time are still in existence.

In the early days of our Federal income tax, the major, if not the entire, interest of those drafting and submitting such legislation was directed to obtaining the necessary funds through legislation which would be certain and simple, would impose the tax with fairness to all and in a manner which would permit its collection with a minimum expenditure of funds. Tax rates were low and the total Federal tax take was such a small portion of the gross national product, that only the most limited attention was required to be given to the question of whether or not a particular tax would in some way impede the expansion of our economy through discouraging the accumulation of savings and the investment of such savings in areas which would make them available to finance the expansion of our industrial plant.

Today we have quite a different approach to tax legislation. No change in the tax law is considered without major attention being given to the question of whether or not it will aid and assist in strengthening and expanding our economic system.

The elimination of a tax or the reduction of a tax rate by allowing individuals and businesses to retain more of their earnings is, in my judgment, the most effective contribution which we can make to this basic objective.

The 1954 Code, in addition to making many major and necessary changes which altered the impact of the Federal tax burden, did provide for major reductions totaling $7.4 billion annually in the total Federal income tax collected from American taxpayers.

Some have forgotten the magnitude of the relief which the 1954 changes brought about. Structural changes in the Code reduced taxes annually in the amount of $1.4 billion. Elimination of the excess profits tax reduced the Nation's annual tax burden by $2 billion. Reductions in excise taxes accounted for $1 billion and reductions in individual income tax rates $3 billion.

The major benefit of the '54 reductions went to individuals. In addition to the cut of $3 billion in individual taxes flowing from rate reductions, individuals shared to a substantial extent in the savings from the excise tax reductions and in the benefits provided by the structural changes in the system. Each tax change which allows an individual to retain more of his earnings makes the individual a potential investor and a source of funds, particularly for equity financing.

The structural changes made in the '54 Code, and in subsequent years, have made the tax burden easier and fairer for many, and reduced tax barriers to long-term economic growth.

While all of us have a most immediate and personal interest in those tax changes which reduce our own tax burdens, all of you, because of your professional responsibilities, have, I am sure, an even greater interest in the changes made in 1954 and subsequent years, which have contributed to the growth and increasing efficiency of American business. There are many of these, far more than most taxpayers and businessmen appreciate. Some of the most important include: (1) the granting to taxpayers the option to deduct research and experimental expenditures or to capitalize them and write them off in a period of not less than five years; (2) extending the period for carry-back of losses, thereby providing, in combination with the five-year carry-forward, a total span of eight years for absorbing a loss; (3) liberalized the provisions permitting the accumulation of surplus.

Substantial relief for small business was provided by the Small Business Tax Revision Act of 1958, including more liberal loss deductions for investors in certain small business corporations; further extension of the net operating loss carry-back;more liberal depreciation allowances; more time to pay estate taxes attributable to investment in closely-held business enterprises, and an increase in the amount of earnings a small business may accumulate without being subject to tax on improper accumulation of surplus.

Depreciation

Many believe that the major contribution made to the Nation's economy by the 1954 Code was in the liberalized treatment of depreciation. Liberalized depreciation has the unique advantage of providing its benefits to those who invest in the productive plant and equipment of the Nation which is the keystone of our economic strength.

The number of western countries which have liberalized depreciation allowances in the postwar period demonstrates the widespread recognition of the key role of tax depreciation in a free enterprise economy. Many of these countries have shown great ingenuity, as well as a disposition to experiment with this form of tax legislation.

Under the system of taxation applicable to our British friends there appears to be much less controversy over depreciation or capital allowance than exists in the United States. Under English law a balancing charge is imposed or allowed, as required, in the year of disposition of an asset. This brings back into income any profit on sale, up to original purchase price, or gives an additional deduction for previously undepreciated cost. Thus depreciation becomes a matter of timing.

Over and above the regular depreciation, English tax law allows initial and investment allowances on certain classes of new investment. An investment allowance is given over and above the original cost which can be recovered in full irrespective of the investment allowance.

Among the combined allowances established in England in 1959 and unchanged in the Budget of April, 1960, is an investment allowance of 20 percent plus an initial allowance of 10 percent on new machinery and plant. For machinery receiving an ordinary 12-1/2 percent rate, this gives a total allowance in the year of acquisition of over 40 percent.

The notable things about English depreciation are the large allowances in the year of acquisition and the use of broad categories of depreciable property.

The example of foreign countries must necessarily be kept before us. Basically, however, our depreciation system should be determined by what is best for this country and under our own conditions and circumstances.

The 1954 Code for the first time authorized use of the double declining balance method of depreciation, with the alternative of the sum of the years-digits method. This permitted greater deductions in the early years of service life and resulted in a timing of allowances more in accord with the realities of modern industry. As compared with the more rigid straight line approach, the new liberalized methods permit the tax-free recovery of about half the cost of an asset during the first third of its service life and about two-thirds of the cost over the first half of the life. These more liberal depreciation patterns have neutralized to some extent the deterrent effect of taxes and one is justified in concluding that a part, perhaps a considerable part, of the modernization and expansion of productive capacity in the last several years is due to these more liberalized methods of determining depreciation.

In the area of administrative policy, the Treasury in the last several years has also made changes which give recognition to the fact that in many industries today technological improvements and rapid economic changes have magnified the importance of obsolescence in determining depreciation rates. The issuance of Revenue Rulings 90 and 91 in 1953, the substance of which was embodied in the 1956 regulations under section 167, laid down clear new ground rules for administrative policy. Under this new policy the Internal Revenue Service will not disturb depreciation deductions unless there is a clear and convincing basis for change. Revenue agents are instructed to consider carefully evidence presented by taxpayers with respect to obsolescence on a forward-looking basis, rather than in the static light of the past.

Our efforts to secure greater flexibility in the estimate of service life and the application of the depreciation rules have encountered a serious stumbling block in the provisions of section 1231 of the Code which provide capital gain treatment on the disposition of depreciable plant and equipment. It is now possible to depreciate an item of equipment or machinery taking the amount of depreciation as an ordinary deduction, thereafter dispose of the property for more than its depreciated value, and take the resulting gain as a capital gain. This effectively shifts corporate income from a 52 percent bracket to a 25 percent bracket. In certain areas major use is made of this method of shifting income.

Earlier this year the President recommended to the Congress legislation which would treat the income from the sale of depreciable property as ordinary income to the extent of the depreciation deduction previously taken on the property. Such legislation, if adopted, would make it possible for revenue agents to accept more readily business judgments as to the useful life of depreciable property. Faster depreciation, in the absence of corrective change in the capital gain rules, would not only impair revenues but encourage wasteful and artificial turnover of depreciable property with an eye to tax savings.

The proposed legislation on capital gains would have made for both a better administration of the existing law and a better climate in which to consider further legislation on the basic issue. I deem it unfortunate that this legislation was not generally supported and failed of passage. I am convinced that if it had become law it would have been possible in this year to have taken further administrative and procedural steps which would have been of material assistance to business in the depreciation area.

Turning to the prospects for the future, responsible action must take account of a great many factors on which neither the Treasury nor business has accurate or timely data. Mistakes could be very costly for all concerned. The dollar amounts involved are large. The most effective use must be made of available revenue margins. Taxpayers and government alike want to know the respective stakes of different groups.

To obtain a better and more up-to-date factual basis for appraising the future direction of depreciation policy, the Department has initiated a survey of the depreciation practices and opinions of business. I want to report to you briefly on this survey.

Depreciation allowances "finance" a large part of business capital expenditures. Corporate depreciation is nearly twice the amount of retained corporate earnings at present levels. Both the adequacy of depreciation funds and their continuous flow into investment are important factors in keeping the economy moving forward on an even keel.

Even a small change in the depreciation deduction item would have a large immediate impact on the revenues. For 1960, the total depreciation of corporations, unincorporated businesses, and farmers is about $30 billion and is constantly increasing with the expansion of the economy. A 10 percent across-the-board increase in depreciation deductions at present levels would, in the short run, reduce revenues by about $1.5 billion.

There has been a divergency of opinion on the relative merits of speeding up the write-off of historical costs as against some specific recognition of increased replacement costs. We want to know more exactly how businessmen feel on this issue.

There has been a large response to the new methods provided by the 1954 Internal Revenue Code and the additional first-year allowances under the Small Business Tax Revision Act. However, use of the available benefits has been less than 100 percent. We want to know more about the extent of adoption of the new methods and allowances and the reasons why some taxpayers still cling to the straight line method.

The survey got under way on July 5 with the mailing of statistical schedules and questionnaires to thousands of firms in all lines of industry. The Small Business Administration is cooperating to ensure coverage of smaller firms. Altogether about 6,000 replies to the questionnaire are expected, from firms accounting for nearly two-thirds of the corporate depreciation deductions.

Although it is too soon to report in any detail on the results which we have obtained from the early returns, the response has been excellent. The large number of calls and written inquiries we have received indicates high interest on the part of business and an earnest desire to furnish accurate and unbiased information.

The early returns show a great variety of depreciation practices and a wide variety of opinions about what should be done. The final results will be informative and valuable. Some may prove surprising.

One important question is, would faster depreciation materially affect investment decisions? Some have answered that it would help by placing capital recovery ahead of tax payments, but many feel it would not because investment is determined primarily by business needs and technology.

The responses to date generally indicate a willingness to conform book depreciation with tax depreciation as a condition for liberalization. The majority also indicate they are willing to forego capital gain treatment as a condition for liberalized depreciation allowances.

This review of developments is not intended to imply any statement of Treasury position on future depreciation policy. The basic decisions will be made after the facts are in and are analyzed. We hope to carry the work of tabulation and analysis forward so that they will be available for Congress and the Treasury early next year.

The depreciation changes which have been made here since 1953 have made a substantial contribution to the economy of the 1950's. We must now give careful thought to further changes in the depreciation provisions which will meet the new problems and challenges of the next decade.

Tax Reduction

Changes within our tax structure to eliminate burdens on individuals and business, a tax and fiscal policy geared to provide strong restraints on inflationary pressures, and the prompt elimination of tax provisions found to provide relief to special groups or areas of business in ways not contemplated by the Congress when the legislation was adopted, must all have constant and first attention by those charged with the responsibility for the Nation's tax system. We must never lose sight of the fact, however, that an over-all tax reduction benefiting all taxpayers is the ultimate goal of those struggling to control Federal expenditures and Federal employment, to maintain a sound budget policy, and to bring about reduction in the Federal debt.

These goals must be achieved if we are to put the Nation in a position which will permit a responsible proposal that the time has arrived for a broad-based tax cut. As our economy continues to expand and our tax receipts rise, we must exert every effort to keep Federal spending within reasonable limits.

We will need something else on the Federal level in addition to economy, however, if we are soon to reach the point where a broad-based tax cut is practical. We must resist the many limited tax cuts proposed in ever increasing numbers for special segments of the American economy or for some particular taxpayer or group of taxpayers -- individual or corporate.

The piecemeal reduction of excise taxes which has occurred since 1954 has reduced our annual tax take by more than three-quarters of a billion dollars. It is reductions like these which move us away instead of toward the time when a general tax cut may be proposed.

It is interesting to note that this reduction in annual collections of more than three-quarters of a billion dollars is about equal to the amount of tax which would be lost if the top bracket in the individual income tax schedule was set at 50 percent.

We in the Treasury believe that except in the most unusual cases involving gross inequities, we can best work for comprehensive tax reduction by vigorously opposing special legislation which will give tax relief to only a few or only in limited situations. This is not an easy posture in which to be. It can only be effective if we have support of the taxpayers of the Nation. We do need an understanding that we can best improve our tax system by resisting relatively small piecemeal cuts and bringing our fiscal picture into such shape that a tax cut program which will give general relief to individuals and corporations and provide tax incentives to business can be supported and duly legislated.

Neither in the Congress nor at the Treasury should we for a moment take our eyes from this ultimate goal. I am convinced that we can and will have a general tax cut if we can secure an understanding by the majority of our taxpayers and voters that such a tax cut will come only after we have determined to practice sound economy in operations and to resist special legislation which, by reducing the tax take, can only postpone the day on which a general tax cut becomes effective.

Economic prospects throughout the 1960's as a whole are most favorable, providing only that we continue to conduct our fiscal affairs responsibly.

If the American people understand the facts, I am certain the choice of the great majority will be to support sound budget policy, prudent government spending, a program of gradual debt reduction, and ultimately a tax cut benefiting all classes of taxpayers.

Under this course, the 1960's will see our Nation rewarded with healthy, long-lasting and sustainable growth.

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RELEASE A. M. NEWSPAPERS, Saturday, September 3, 1960. 190 A-926

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated June 9, 1960, and the other series to be dated September 8, 1960, which were offered on August 29, were opened at the Federal Reserve Banks on September 2. Tenders were invited for $1,100,000,000, or thereabouts, of 91-day bills and for $500,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 8, 1960		182-day Treasury bills maturing March 9, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.371	2.488%	98.590	2.789%
Low	99.358	2.540%	98.581	2.807%
Average	99.363	2.520% 1/	98.584	2.802% 1/

95 percent of the amount of 91-day bills bid for at the low price was accepted
45 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 21,867,000	$ 21,867,000	$ 11,993,000	$ 1,893,000
New York	1,562,601,000	776,825,000	1,086,897,000	333,327,000
Philadelphia	24,997,000	9,770,000	6,744,000	1,563,000
Cleveland	28,147,000	21,347,000	38,789,000	4,189,000
Richmond	15,090,000	10,739,000	12,648,000	1,648,000
Atlanta	18,664,000	16,749,000	4,430,000	3,120,000
Chicago	200,519,000	131,714,000	117,758,000	86,171,000
St. Louis	14,381,000	12,381,000	8,237,000	2,237,000
Minneapolis	10,113,000	9,308,000	1,975,000	1,675,000
Kansas City	29,166,000	27,007,000	21,163,000	8,518,000
Dallas	16,560,000	15,530,000	7,603,000	1,603,000
San Francisco	52,177,000	47,004,000	85,594,000	54,744,000
TOTALS	$1,994,282,000	$1,100,241,000 a/	$1,403,831,000	$500,688,000 b/

a/ Includes $178,386,000 noncompetitive tenders accepted at the average price of 99.363
b/ Includes $39,861,000 noncompetitive tenders accepted at the average price of 98.584
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.57%, for the 91-day bills, and 2.88%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

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Richmond	15,090,000	10,739,000	12,648,000	1,648,000
Atlanta	18,664,000	16,749,000	4,430,000	3,120,000
Chicago	200,519,000	131,714,000	117,758,000	86,171,000
St. Louis	14,381,000	12,381,000	8,237,000	2,237,000
Minneapolis	10,113,000	9,308,000	1,975,000	1,675,000
Kansas City	29,166,000	27,007,000	21,163,000	8,518,000
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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.

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 ~~(16)~~ or less for the additional bills dated June 16, 1960 ~~(17)~~, (91 ~~(18)~~ days remaining until maturity date on December 15, 1960 ~~(19)~~) and noncompetitive tenders for $100,000 ~~(20)~~ or less for the 182 ~~(21)~~ -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 15, 1960 ~~(22)~~, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 15, 1960 ~~(23)~~. 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

A-927

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE, 4:00 P.M., EDT,
Wednesday, September 7, 1960.

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $ 1,600,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing September 15, 1960 , in the amount of $1,600,246,000 , as follows:

91 -day bills (to maturity date) to be issued September 15, 1960 , in the amount of $1,100,000,000 , or thereabouts, representing an additional amount of bills dated June 16, 1960 , and to mature December 15, 1960 , originally issued in the amount of $500,036,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 500,000,000 , or thereabouts, to be dated September 15, 1960 , and to mature March 16, 1961 .

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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 Daylight Saving ~~Standard~~ time, Monday, September 12, 1960 . 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

TREASURY DEPARTMENT

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A-927

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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 Departmment 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 for the additional bills dated June 16, 1960, (91 days remaining until maturity date on December 15,1960) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 15, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 15,1960.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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12. Investment return on the $3\frac{1}{2}\%$ bonds offered in exchange, to the holders of the eligible $2\frac{1}{2}\%$ bonds:

Eligible $2\frac{1}{2}\%$ bond	June 15, 1962-67	Dec. 15, 1963-68	June 15, 1964-69	Dec. 1 1964-(
$3\frac{1}{2}\%$ bond offered in exchange	Nov. 15, 1980	Feb. 15, 1990	Nov. 15, 1998	
Approximate investment return:				
From issue date (Oct. 3, 1960) to maturity 1/	3.92%	3.96%	3.97%	3.9
For the extension of maturity: 2/				
Nontaxable holder (or before tax)	4.23	4.17	4.09	4.1
Taxable holder; equivalent rate 3/ if cost (book value) of $2\frac{1}{2}\%$ bond (per $ face value) is:				
$102 4/	4.08	3.99	3.90	3.9
100	4.11	4.02	3.93	3.9
98	4.13	4.04	3.95	3.9
96	4.15	4.06	3.97	4.0
94	4.17	4.08	3.99	4.0
92	4.19	4.10	4.01	4.0
90	4.21	4.12	4.03	4.0
88	4.23	4.14	4.05	4.0
86	4.25	4.16	4.07	4.1
84	4.27	4.18	4.09	4.1
82	4.29	4.20	4.11	4.1

1/ Yield to a nontaxable holder, or before tax. Based on mean of bid and ask prices of eligible $2\frac{1}{2}\%$ bond at noon on September 8, 1960.

2/ For explanation see paragraph 11 above.

3/ Rate of return during extension which, combined with $2\frac{1}{2}\%$ until maturity of eligible $2\frac{1}{2}\%$ bond, would provide the same return as the appropriate $3\frac{1}{2}\%$ bond for its full term after tax (on basis of 52% tax on ordinary income and 25% tax on long-term capital gain at maturity of $3\frac{1}{2}\%$ bond). To obtain approximate equivalent rates between those for book values shown, interpolation may be applied.

4/ Holders with book cost above par are assumed to be amortizing any premium to par at maturity or call date.

9. Federal estate tax option in new bonds:

The option to redeem the eligible $2\frac{1}{2}\%$ bonds at par and accrued interest prior to maturity for the purpose of using the proceeds in payment of Federal estate taxes (if the bonds were owned by the deceased at the time of his death) is also applicable to the new $3\frac{1}{2}\%$ bonds issued in exchange.

10. Book value of new bonds to banking institutions:

The Comptroller of the Currency, Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation have indicated to the Treasury their intent to notify banks under their supervision that they may place the new $3\frac{1}{2}\%$ bonds received in exchange on their books at an amount not greater than the amount at which the $2\frac{1}{2}\%$ bonds surrendered by them are carried on their books.

11. Computation of investment return for the extension of maturity:

A holder of the outstanding $2\frac{1}{2}\%$ bonds has the option of accepting the Treasury's exchange offer or of holding the $2\frac{1}{2}\%$ bonds to maturity. Consequently, he can compare his return resulting from exchanging now with the return that he might obtain by reinvesting the proceeds of the $2\frac{1}{2}$s at maturity.

The return for making the extension now through exchange will be the coupon rate on the new issue. If a nontaxable holder of the $2\frac{1}{2}\%$ bonds does not make the exchange, he would receive only $2\frac{1}{2}\%$ to their maturity and would have to reinvest at that time at a somewhat higher rate than the present market rate for a comparable maturity to do as well as he would by accepting the exchange offer. For example, if the $2\frac{1}{2}\%$ bonds of December 15, 1964-69, are exchanged for the new $3\frac{1}{2}\%$ 38-year bonds, the rate for the entire 38 years will be $3\frac{1}{2}\%$. If the exchange is not made, a $2\frac{1}{2}\%$ rate will be received until December 1969 requiring reinvestment of the proceeds of the $2\frac{1}{2}$s at that time at a rate of at least 4.14% for the remainder of the 38 years, all at compound interest, to average out to a $3\frac{1}{2}\%$ rate for 38 years. This minimum reinvestment rate for the extension period is shown in the table under section 12 and is the investment return for the extension period if the exchange is made now. The minimum reinvestment rates for the other issues included in the exchange are also shown in the table under section 12.

4. Limitation on amount of new bonds to be issued:

All subscriptions to exchange $2\frac{1}{2}\%$ bonds of 1962-67 for $3\frac{1}{2}\%$ bonds of 1980 will be allotted in full.

While there is no precedent which would indicate the extent of investor acceptance, the Treasury is placing an outside limit of $4.5 billion, or thereabouts, on the combined amounts of $3\frac{1}{2}\%$ bonds of 1990 and $3\frac{1}{2}\%$ bonds of 1998 to be issued to the public. In the event the outside limit is exceeded, subscriptions will be subject to allotment on the same basis for both issues. In addition, exchange subscriptions not to exceed $550,000,000, in the aggregate, from Government Investment Accounts to these two issues will be allotted in full.

5. Books open for subscriptions for the new bonds:

Books will be open for subscriptions from September 12, through September 20, 1960. Subscriptions accompanied by eligible $2\frac{1}{2}\%$ bonds and placed in the mail by midnight September 20, 1960, addressed to Treasurer, U.S., Washington 25, D. C., or any Federal Reserve Bank or Branch will be accepted. The use of registered mail is recommended for bondholders' protection.

6. Requirements applicable to subscriptions:

Subscriptions will be received at the Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States, Washington, D. C. Banking institutions generally may submit subscriptions for account of customers.

Subscriptions from banking institutions for their own account, Federally-insure savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, internatior organizations in which the United States holds membership, foreign central banl and foreign States, Federal Reserve Banks, and Government Investment Accounts v be received without deposit. Subscriptions from all others must be accompanied by deposit of eligible bonds in an amount equal to 10% of the bonds applied for

7. Denominations and other characteristics of new bonds:

$500, $1,000, $5,000, $10,000, $100,000, and $1,000,000 in coupon and registere forms.

They will be acceptable to secure deposits of public moneys.

8. Nonrecognition of gain or loss for Federal income tax purposes:

Pursuant to the provisions of section 1037(a) of the Internal Revenue Code of 1954 as added by Public Law 86-346 (approved Sept. 22, 1959) the Secretary of the Treasury has declared that no gain or loss shall be recognized for Federal income tax purposes upon the exchange of the eligible $2\frac{1}{2}\%$ bonds solely for the new $3\frac{1}{2}\%$ bonds. For tax purposes, therefore, the investor will carry the new $3\frac{1}{2}\%$ bonds on his books at the same amount as he now is carrying the eligible $2\frac{1}{2}\%$ bonds. Gain or loss, if any, upon the obligations surrendered in exchange will be taken into account upon the disposition or redemption of the new bonds

Terms and Conditions of the Advance Refunding Offer

1. To all holders owning $500, or more, of the following outstanding Treasury bonds:

Description of bonds	Issue date	Maturity date	Remaining term to maturity (Yrs.-Mos.)	Amount outstanding (in billions)
2½% - of 1962-67	May 5, 1942	June 15, 1967	6 - 8½	$2.1
2½% - of 1963-68	Dec. 1, 1942	Dec. 15, 1968	8 - 2½	2.8
2½% - of 6/15/64-69	Apr. 15, 1943	June 15, 1969	8 - 8½	3.7
2½% - of 12/15/64-69	Sept. 15, 1943	Dec. 15, 1969	9 - 2½	3.8

2. New bonds to be issued:

Description	Issue date	Maturity date	Interest starts 1/	Interest paya
3½% bonds of 1980	Oct. 3, 1960	Nov. 15, 1980	Oct. 3, 1960	May 15 & Nov.
3½% bonds of 1990	Feb. 14, 1958 2/	Feb. 15, 1990	Oct. 3, 1960	Feb. 15 & Aug
3½% bonds of 1998	Oct. 3, 1960	Nov. 15, 1998	Oct. 3, 1960	May 15 & Nov.

3. Terms of the exchange:

Exchanges will be made on the basis of par for par in multiples of $500, and with adjustments of accrued interest to October 3, 1960.

Outstanding 2½% bonds	Exchangeable only for	Accrued interest payable to investor (per $100 face amount)	Extension of maturity: Yrs.-Mos.	Extension of maturity: Investment return 3/
June 15, 1962-67	3½% of Nov. 15, 1980	$.751	13 - 5	4.23%
Dec. 15, 1963-68	3½% of Feb. 15, 1990	.285 4/	21 - 2	4.17
June 15, 1964-69)	3½% of Nov. 15, 1998	.751	29 - 5	4.09
Dec. 15, 1964-69)			28 - 11	4.14

1/ Interest on the 2½% bonds surrendered stops on Oct. 3, 1960.

2/ Additional to $1,726,561,000 outstanding bonds of this issue which were originally issued Feb. 14, 1958.

3/ To nontaxable holder, and assuming 2½% to maturity of outstanding bond. This is also interest cost of the extension to the Treasury. For complete explanation see section 11 below.

4/ Net after deducting $.466 payable by investor to the Treasury for accrued interest from Aug. 15, 1960, to Oct. 3, 1960, on 3½% bond of 1990.

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Friday, September 9, 1960

A-928

ADVANCE REFUNDING OFFER

The U. S. Treasury offers to the holders of four issues of outstanding $2\frac{1}{2}\%$ Treasury Bonds which were issued during the war-loan drives in 1942 and 1943, and which mature from June 15, 1967, through December 15, 1969, three issues of $3\frac{1}{2}\%$ long-term bonds (including additional $3\frac{1}{2}\%$ bonds due February 15, 1990; originally issued on February 14, 1958) in exchange, on mutually advantageous terms to the holder and the Treasury.

Advance refunding is an important technique in the marketing of U. S. Government securities involving the following significant advantages: 1/

The investor gains an immediate increase in interest return, in consideration of his acceptance of a longer-term security; avoids any immediate book loss for tax purposes and, if nontaxable, in most instances is not required to take a book loss; acquires a security whose market yield is at least equal to, and in most cases slightly higher than, that on outstanding issues of comparable maturity, and earns a rate of return over the life of the new security only equalled, if he does not exchange, by reinvesting at maturity of the old security at higher than present market yields.

The economy benefits because a minimum of new long-term investment funds are absorbed; the adverse market impact of debt extension is lessened; the functioning of the market is improved; and potential inflationary pressures are reduced.

The U. S. Treasury achieves substantial improvement in the present unbalanced maturity structure of the public debt; reduces its dependence on inflationary bank borrowing; retains its customers for long-term securities; and holds down its long-run cost of managing the public debt.

1/ A detailed discussion of the principles and objectives of advance refunding is available in the pamphlet Debt Management and Advance Refunding, which may be obtained on request to any Federal Reserve Bank or the U. S. Treasury Department, Washington 25, D. C.

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The economy benefits because a minimum of new long-term investment funds are absorbed; the adverse market impact of debt extension is lessened; the functioning of the market is improved; and potential inflationary pressures are reduced.

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1/ A detailed discussion of the principles and objectives of advance refunding is available in the pamphlet Debt Management and Advance Refunding, which may be obtained on request to any Federal Reserve Bank or the U. S. Treasury Department, Washington 25, D. C.

Terms and Conditions of the Advance Refunding Offer

1. To all holders owning $500, or more, of the following outstanding Treasury bonds:

Description of bonds	Issue date	Maturity date	Remaining term to maturity (Yrs.-Mos.)	Amount outstanding (in billions)
$2\frac{1}{2}$% - of 1962-67	May 5, 1942	June 15, 1967	6 - $8\frac{1}{2}$	$2.1
$2\frac{1}{2}$% - of 1963-68	Dec. 1, 1942	Dec. 15, 1968	8 - $2\frac{1}{2}$	2.8
$2\frac{1}{2}$% - of 6/15/64-69	Apr. 15, 1943	June 15, 1969	8 - $8\frac{1}{2}$	3.7
$2\frac{1}{2}$% - of 12/15/64-69	Sept. 15, 1943	Dec. 15, 1969	9 - $2\frac{1}{2}$	3.8

2. New bonds to be issued:

Description	Issue date	Maturity date	Interest starts 1/	Interest payable
$3\frac{1}{2}$% bonds of 1980	Oct. 3, 1960	Nov. 15, 1980	Oct. 3, 1960	May 15 & Nov. 15
$3\frac{1}{2}$% bonds of 1990	Feb. 14, 1958 2/	Feb. 15, 1990	Oct. 3, 1960	Feb. 15 & Aug.15
$3\frac{1}{2}$% bonds of 1998	Oct. 3, 1960	Nov. 15, 1998	Oct. 3, 1960	May 15 & Nov. 15

3. Terms of the exchange:

Exchanges will be made on the basis of par for par in multiples of $500, and with adjustments of accrued interest to October 3, 1960.

Outstanding $2\frac{1}{2}$% bonds	Exchangeable only for	Accrued interest payable to investor (per $100 face amount)	Extension of maturity: Yrs.-Mos.	Extension of maturity: Investment return 3/
June 15, 1962-67	$3\frac{1}{2}$% of Nov. 15, 1980	$.751	13 - 5	4.23%
Dec. 15, 1963-68	$3\frac{1}{2}$% of Feb. 15, 1990	.285 4/	21 - 2	4.17
June 15, 1964-69	$3\frac{1}{2}$% of Nov. 15, 1998	.751	29 - 5	4.09
Dec. 15, 1964-69			28 - 11	4.14

1/ Interest on the $2\frac{1}{2}$% bonds surrendered stops on Oct. 3, 1960.

2/ Additional to $1,726,561,000 outstanding bonds of this issue which were originally issued Feb. 14, 1958.

3/ To nontaxable holder, and assuming $2\frac{1}{2}$% to maturity of outstanding bond. This is also interest cost of the extension to the Treasury. For complete explanation see section 11 below.

4/ Net after deducting $.466 payable by investor to the Treasury for accrued interest from Aug. 15, 1960, to Oct. 3, 1960, on $3\frac{1}{2}$% bond of 1990.

4. Limitation on amount of new bonds to be issued:

All subscriptions to exchange $2\frac{1}{2}$% bonds of 1962-67 for $3\frac{1}{2}$% bonds of 1980 will be allotted in full.

While there is no precedent which would indicate the extent of investor acceptance, the Treasury is placing an outside limit of $4.5 billion, or thereabouts, on the combined amounts of $3\frac{1}{2}$% bonds of 1990 and $3\frac{1}{2}$% bonds of 1998 to be issued to the public. In the event the outside limit is exceeded, subscriptions will be subject to allotment on the same basis for both issues. In addition, exchange subscriptions not to exceed $550,000,000, in the aggregate, from Government Investment Accounts to these two issues will be allotted in full.

5. Books open for subscriptions for the new bonds:

Books will be open for subscriptions from September 12 through September 20, 1960. Subscriptions accompanied by eligible $2\frac{1}{2}$% bonds and placed in the mail by midnight September 20, 1960, addressed to Treasurer, U.S., Washington 25, D. C., or any Federal Reserve Bank or Branch will be accepted. The use of registered mail is recommended for bondholders' protection.

6. Requirements applicable to subscriptions:

Subscriptions will be received at the Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States, Washington, D. C. Banking institutions generally may submit subscriptions for account of customers.

Subscriptions from banking institutions for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, Federal Reserve Banks, and Government Investment Accounts will be received without deposit. Subscriptions from all others must be accompanied by deposit of eligible bonds in an amount equal to 10% of the bonds applied for.

7. Denominations and other characteristics of new bonds:

$500, $1,000, $5,000, $10,000, $100,000, and $1,000,000 in coupon and registered forms.

They will be acceptable to secure deposits of public moneys.

8. Nonrecognition of gain or loss for Federal income tax purposes:

Pursuant to the provisions of section 1037(a) of the Internal Revenue Code of 1954 as added by Public Law 86-346 (approved Sept. 22, 1959) the Secretary of the Treasury has declared that no gain or loss shall be recognized for Federal income tax purposes upon the exchange of the eligible $2\frac{1}{2}$% bonds solely for the new $3\frac{1}{2}$% bonds. For tax purposes, therefore, the investor will carry the new $3\frac{1}{2}$% bonds on his books at the same amount as he now is carrying the eligible $2\frac{1}{2}$% bonds. Gain or loss, if any, upon the obligations surrendered in exchange will be taken into account upon the disposition or redemption of the new bonds.

9. Federal estate tax option in new bonds:

The option to redeem the eligible $2\frac{1}{2}\%$ bonds at par and accrued interest prior to maturity for the purpose of using the proceeds in payment of Federal estate taxes (if the bonds were owned by the deceased at the time of his death) is also applicable to the new $3\frac{1}{2}\%$ bonds issued in exchange.

10. Book value of new bonds to banking institutions:

The Comptroller of the Currency, Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation have indicated to the Treasury their intent to notify banks under their supervision that they may place the new $3\frac{1}{2}\%$ bonds received in exchange on their books at an amount not greater than the amount at which the $2\frac{1}{2}\%$ bonds surrendered by them are carried on their books.

11. Computation of investment return for the extension of maturity:

A holder of the outstanding $2\frac{1}{2}\%$ bonds has the option of accepting the Treasury's exchange offer or of holding the $2\frac{1}{2}\%$ bonds to maturity. Consequently, he can compare his return resulting from exchanging now with the return that he might obtain by reinvesting the proceeds of the $2\frac{1}{2}$s at maturity.

The return for making the extension now through exchange will be the coupon rate on the new issue. If a nontaxable holder of the $2\frac{1}{2}\%$ bonds does not make the exchange, he would receive only $2\frac{1}{2}\%$ to their maturity and would have to reinvest at that time at a somewhat higher rate than the present market rate for a comparable maturity to do as well as he would by accepting the exchange offer. For example, if the $2\frac{1}{2}\%$ bonds of December 15, 1964-69, are exchanged for the new $3\frac{1}{2}\%$ 38-year bonds, the rate for the entire 38 years will be $3\frac{1}{2}\%$. If the exchange is not made, a $2\frac{1}{2}\%$ rate will be received until December 1969 requiring reinvestment of the proceeds of the $2\frac{1}{2}$s at that time at a rate of at least 4.14% for the remainder of the 38 years, all at compound interest, to average out to a $3\frac{1}{2}\%$ rate for 38 years. This minimum reinvestment rate for the extension period is shown in the table under section 12 and is the investment return for the extension period if the exchange is made now. The minimum reinvestment rates for the other issues included in the exchange are also shown in the table under section 12.

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12. Investment return on the $3\frac{1}{2}\%$ bonds offered in exchange, to the holders of the eligible $2\frac{1}{2}\%$ bonds:

Eligible $2\frac{1}{2}\%$ bond ------------------------	June 15, 1962-67	Dec. 15, 1963-68	June 15, 1964-69	Dec. 15, 1964-69
$3\frac{1}{2}\%$ bond offered in exchange -------------	Nov. 15, 1980	Feb. 15, 1990	Nov. 15, 1998	
Approximate investment return:				
From issue date (Oct. 3, 1960) to maturity 1/ -----------------------	3.92%	3.96%	3.97%	3.99%
For the extension of maturity: 2/				
Nontaxable holder (or before tax)---	4.23	4.17	4.09	4.14
Taxable holder; equivalent rate 3/ if cost (book value) of $2\frac{1}{2}\%$ bond (per $ face value) is:				
$102 4/ ---------------	4.08	3.99	3.90	3.93
100 ---------------	4.11	4.02	3.93	3.96
98 ---------------	4.13	4.04	3.95	3.98
96 ---------------	4.15	4.06	3.97	4.00
94 ---------------	4.17	4.08	3.99	4.02
92 ---------------	4.19	4.10	4.01	4.04
90 ---------------	4.21	4.12	4.03	4.06
88 ---------------	4.23	4.14	4.05	4.08
86 ---------------	4.25	4.16	4.07	4.10
84 ---------------	4.27	4.18	4.09	4.12
82 ---------------	4.29	4.20	4.11	4.14

1/ Yield to a nontaxable holder, or before tax. Based on mean of bid and ask prices of eligible $2\frac{1}{2}\%$ bond at noon on September 8, 1960.
2/ For explanation see paragraph 11 above.
3/ Rate of return during extension which, combined with $2\frac{1}{2}\%$ until maturity of eligible $2\frac{1}{2}\%$ bond, would provide the same return as the appropriate $3\frac{1}{2}\%$ bond for its full term after tax (on basis of 52% tax on ordinary income and 25% tax on long-term capital gain at maturity of $3\frac{1}{2}\%$ bond). To obtain approximate equivalent rates between those for book values shown, interpolation may be applied.
4/ Holders with book cost above par are assumed to be amortizing any premium to par at maturity or call date.

U. S. TREASURY DEPARTMENT
Washington, D. C.

QUESTIONS AND ANSWERS ON ADVANCE REFUNDING OF SEPTEMBER 1960 1/

What is advance refunding?

Advance refunding is a method of marketing United States Government securities whereby the holder of an outstanding bond is offered the option to exchange for a new, longer bond with a higher coupon interest rate, some years in advance of the maturity date on the old bond.

Who can participate in this advance refunding?

All individuals and institutions who hold $500 or more of the eligible 2-1/2 percent bonds of 1962-67, 1963-68, or 1964-69 have an equal opportunity to exchange into the new 3-1/2 percent bonds.

How does an investor gain from advance refunding?

(a) He receives a higher current interest return, in consideration of his acceptance of a longer-term security.

(b) He acquires a security whose market yield is at least equal to, and in most instances slightly higher than, the yield on outstanding issues of comparable maturity.

(c) He earns a rate of return over the life of the new security only equaled, if he does not exchange, by reinvesting at maturity of the old security at market rates higher than currently prevail.

(d) He avoids an immediate book loss for tax purposes, and if nontaxable is not required in most instances to take a book loss.

Why does the Treasury want to offer an advance refunding?

(a) To achieve a better balanced maturity structure of the public debt, through a significant amount of debt extension.

(b) To retain its customers for long-term securities.

(c) To reduce its dependence on inflationary borrowing from commercial banks.

(d) To reduce the size and frequency of Treasury refunding operations.

(e) To attain these objectives at lower costs relative to alternative methods of financing.

1/ A detailed discussion of the principles and objectives of advance refunding is available in the pamphlet, Debt Management and Advance Refunding, which may be obtained on request to any Federal Reserve Bank or the U. S. Treasury Department, Washington 25, D. C.

How does advance refunding help the economy?

(a) It minimizes the adverse market impact of debt extension such as occurs in the case of comparable cash offerings.

(b) It avoids the absorption of new long-term funds in cash offerings and consequently does not interfere with the flow of new savings into the private sector of the economy.

(c) It improves the functioning of the financial markets by contributing to an improved maturity structure of the public debt.

(d) It helps to minimize future inflationary pressures by holding down the potential increase of highly liquid short-term debt.

(e) It lessens the interference of Treasury financing with effective monetary policy actions.

Why is the Treasury undertaking advance refunding now?

Successful advance refunding requires market conditions in which investors are willing to extend debt, and in which the cost of the extension to the Treasury does not exceed the statutory interest rate limitation of 4-1/4 percent. Both of these conditions now exist.

How does this financing differ from earlier advance refunding?

This is the Treasury's first attempt to encourage investors in intermediate term marketable bonds to exchange for longer-term marketable issues. The advance refunding of longer-term bonds in 1951 was to reduce a critical market overhang of long-term bonds as a part of the Treasury-Federal Reserve Accord. The refunded bonds were selling close to par, however, so that the problem of recognition of loss was not important. Th 1951 exchange also involved a new nonmarketable rather than marketable bon

The Treasury's advance refunding in June 1960 was primarily to reduce the heavy concentration of maturities in November 1961. Most of the $4.2 billion of bonds that were refunded in advance were shifted to a 4-year maturity, not to long-term. Because of the interest rate limitation, the 8-year bond could not be made sufficiently attractive under then existing market conditions.

Doesn't this advance refunding increase the cost to the Treasury of servicing the debt?

Obviously the difference between the present 2-1/2 percent interest rate and the 3-1/2 percent rate on the new issues represents increased cost to the Treasury in the early years. This is offset by rates of interest in the later years which are lower than would have to be paid currently on a cash offering of the same maturity -- assuming interest rates are substantially the same at the maturity of the presently outstanding issue. Stated another way, if the Treasury were to sell the same amount of comparable long-term bonds for cash, it would have to pay a rate much higher than 3-1/2 percent and considerably higher than the current market yield for comparable long-term Treasury bonds.

Viewed from this standpoint, advance refunding does not increase the cost of properly managing the public debt and more likely reduces the cost over a period of years. Neither does this take account of the intangible benefits that accrue to the Treasury and the economy as a whole, and which in dollar terms cannot be evaluated.

Since the greatest congestion of maturities of the marketable public debt is in the area between one and five years, why doesn't the Treasury give priority to an advance refunding from that area into the intermediate area (5 to 10 years)?

While it is true that the long-run objective of advance refunding is to relieve congestion in the 1- to 5-year area, the Treasury believes this can best be accomplished in phases, with "senior" advance refunding coming first, followed at some future time by "junior" advance refunding.

There are two reasons for this approach. First, Treasury ownership studies indicate that long-term investors have been liquidating their holdings of the 2-1/2 percent bonds issued during World War II. This shift in ownership will probably accelerate as the bonds move closer to maturity. Thus the longer the Treasury delayed a "senior" advance refunding, the greater the shift of ownership that would occur with less likelihood of a significant volume of exchanges into long-term securities. It should also be noted that the character of ownership in the 1- to 5-year area will probably not change materially with the passage of time.

Second, the shift of a significant amount of "intermediates" into "longs" will provide additional space in the intermediate (5- to 10-year) area, thus facilitating future "junior" advance refundings and cash offerings some time in the future.

If advance refunding is desirable, why limit the amount of exchanges?

No one can predict what interest rates will be in the years ahead, but there will, of course, be substantial variations. Therefore, it would seem preferable to undertake only a moderate part of the program now with the possibility of additional amounts in future years in order to strike a fair average of interest rates. Further, even an exchange offer of this type does cause some market and economic impact, and the greater the amount involved, the greater the impact.

Does this mean that the holders of these same specific 2-1/2 percent bonds will be offered another opportunity to exchange in the near future?

It is highly unlikely that the Treasury will offer the holders of these same securities a similar type of exchange within any reasonable period of time.

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Debt Management and Advance Refunding

U.S. TREASURY DEPARTMENT
Washington 25, D.C.

September 1960

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DEBT MANAGEMENT AND ADVANCE REFUNDING

I. Summary

Debt management is an important link in the vital chain of Federal financial responsibility. The objectives of debt management are threefold: to contribute to an orderly growth of the economy without inflation, to minimize borrowing costs, and to achieve a balanced maturity structure of the public debt. The latter has been the most pressing problem confronting the Treasury as there has been a relentless increase in the short-term debt. Related to this, the Treasury has found it increasingly difficult to retain as customers long-term investors in Treasury bonds (pars. 1 to 16).[1]

Advance refunding makes possible significant progress toward the twin goals of a better maturity structure and ownership distribution of the public debt. In essence, it involves offering all individual and other holders of an existing U.S. Government security selected for advance refunding the opportunity to exchange it, some years in advance of maturity, for a new security on terms mutually advantageous to the holders and to the Treasury (par. 17).

Broadly speaking, two types of advance refunding may be distinguished: (a) "senior" advance refunding, in which holders of securities of intermediate maturity (5 to 12 years) would be offered the opportunity to exchange into long-term issues (15 to 40 years), and (b) "junior" advance refunding, in which holders of securities of shorter maturity (1 to 5 years) would be offered the opportunity to exchange into securities in the intermediate range (5 to 10 years). The two types of operations are related and keyed to the differing investor needs and demands in terms of investments of varying maturity (pars. 18 and 19).

Prior experience with advance refunding in this country—such as the operations in 1951–52 and in June 1960—has been limited. These operations were not directly analogous to a senior advance refunding in which investors in medium-term marketable bonds would be permitted to exchange for long-term marketable securities (pars. 20 to 27).

[1] The numbers refer to the paragraphs which follow the summary.

Advance refunding offers significant advantages to the economy, to long-term investors, and to the U.S. Treasury.

Advantages to the economy

By facilitating significant debt extension with a minimum change in ownership, advance refunding:

(*a*) Minimizes the adverse market impact of debt extension such as that which occurs in the case of comparable cash offerings (pars. 28 to 30);

(*b*) Avoids the absorption of new, long-term funds in cash offerings and consequently does not interfere with the flow of new savings into the private sector of the economy (pars. 28 to 32);

(*c*) Improves the functioning of the U.S. Government securities market by contributing to a better maturity structure of the marketable public debt (par. 31);

(*d*) Helps to minimize inflationary pressures by reducing the amount of highly liquid short-term debt, especially in the case of junior advance refunding (par. 32).

Advantages to the investor

By participating in an advance refunding, the investor:

(*a*) Gains an immediate increase in interest return, in consideration of his acceptance of a longer-term security (pars. 33 and 37);

(*b*) Avoids any immediate book loss for tax purposes and, if nontaxable, in most instances is not required to take a book loss (par. 36);

(*c*) Acquires a security whose market yield is at least equal to, and in most instances slightly higher than, that on outstanding issues of comparable maturity (par. 34);

(*d*) Earns a rate of return over the life of the new security only equaled, if he does *not* exchange, by reinvesting at maturity of the old security at higher than present market yields (pars. 35 and 37 to 39).

Advantages to the U.S. Treasury

By using advance refunding as a debt management technique, the Treasury:

(*a*) Achieves substantial improvement in the present unbalanced maturity structure of the marketable public debt (par. 40);

(*b*) Reduces its dependence on inflationary bank borrowing (par. 41);

(*c*) Retains its customers for long-term securities (par. 43);

(*d*) Helps keep down the long-run cost of managing the public debt by avoiding concentration of maturities in a given area (pars. 41 and 42);

(*e*) Reduces the size and frequency of Treasury refunding operations and minimizes interference with timing of appropriate monetary policy actions (pars. 12 and 40).

An important impediment to the earlier use of advance refunding was the tax treatment of the exchanges. This obstruction was remedied by new legislation enacted in 1959 which permits the postponement of the tax consequences of any capital gain or loss resulting from the exchange (pars. 24 and 36).

Another important obstacle to advance refunding has been the $4\frac{1}{4}$ percent statutory interest rate limitation. Although this limitation still exists, recent declines in interest rates now permit advance refunding of selected issues (pars. 44 to 50).

Advance refunding, therefore, offers much promise at the present time as a way of implementing sound debt management policy as an integral part of Federal financial responsibility (par. 51).

II. Debt Management and Advance Refunding

1. The ability of the American economy to sustain orderly growth without inflation, to generate increased employment, to provide sufficient real capital to finance expansion, and to function as a source of strength for the entire free world—all of this depends on the maintenance of responsible financial policies. There are three main links in the chain of Federal financial responsibility. Debt management is only one, but an important one, of these links. The two strongest links in the chain of financial responsibility are a sound fiscal policy—in terms of the relationship between revenues and expenditures—and an independent and responsible monetary policy. Without strength in these areas there is little that debt management alone can do. Combined with effective fiscal and monetary policies, however, appropriate debt management can contribute substantially to our overall financial strength. Inappropriate debt management inordinately increases the burdens on fiscal and monetary policy.

A. The Objectives of Debt Management

2. Debt management policy has three major objectives.

3. First, management of the debt should be conducted in such a way as to contribute to an orderly growth, without inflation, of the economy. This means that, except in periods of recession, as much of the debt as is practicable should be placed outside of the commercial banks (apart from temporary bank underwriting). Restraint must be exercised in the amount of long-term securities issued, particularly in a recession period, in order not to preempt an undue amount of the new savings needed to support an expansion of the economy. A related aim should be to minimize, as far as possible, the frequency of Treasury trips to the market so as to interfere as little as possible with necessary Federal Reserve actions and also with corporate, municipal and mortgage financing.

4. A second important objective of Treasury debt management is the achievement of a balanced maturity structure of the debt, one that is tailored to the needs of our economy for a sizeable volume of short-term instruments but also includes a reasonable amount of intermediate and long-term securities. There must be continuous efforts to issue long-term securities to offset the erosion of maturity caused by the lapse of time, which otherwise results in an excessively large volume of highly liquid short-term debt.

5. A third objective of debt management relates to borrowing costs. While primary weight must be given to the two objectives just noted, the Treasury, like any other borrower,

should try to borrow as cheaply as possible. Unlike other borrowers, however, the Treasury must consider the impact of its actions on financial markets and the economy as a whole. Consequently, the aim of keeping borrowing costs at a minimum must be balanced against broader considerations of the public interest.

6. These several objectives are not easily reconcilable at all times; nor can a priority be assigned to one or another of them under all circumstances.

7. There is some merit, for example, in the view that Treasury debt management policy should take account of cyclical considerations—pressing long-term securities on the market to absorb investment funds when the economy is expanding and, conversely, issuing short-term securities attractive to banks so as to increase liquidity in a period of recession. Yet in practice it has proved both impracticable and undesirable to adhere strictly to this view in disregard of other considerations. The Treasury's first obligation is to secure the funds needed to meet the Government's fiscal requirements; these requirements cannot be postponed. A pressing need for cash may force it to market short-term issues—for which there is usually a substantial demand—even when the economy is expanding rapidly. The constant shortening in the maturity of the public debt means, however, that the Treasury also must take advantage of every reasonable opportunity to issue long-term securities despite the cyclical aspect. From a purely housekeeping standpoint the Treasury needs to do some funding of short-term debt into longer term securities whenever market conditions permit.

8. Similar difficulties arise with respect to following only the objective of keeping borrowing costs as low as possible. Against any gain in terms of interest cost there must be weighed the loss in terms of economic effects. For example, aggressive issuance of long-term securities in recessions, when interest costs are low, would absorb too large a part of the investment funds needed elsewhere for recovery and could even prevent desirable reductions in interest rates. It would unduly increase the burden on the Federal Reserve and necessitate much greater monetary ease, complicating the subsequent problem of curbing the excesses that may develop in a boom.

9. Clearly, the Treasury must follow a middle course in attempting to reconcile its various objectives. Its concern with the public interest requires that minimum reliance be placed on short-term financing during periods of expansion. Similarly, financing in a recession should be handled so as to minimize interference with national efforts to promote economic recovery. At all times, attention should be given to the objective of borrowing as cheaply as possible consistent with the other objectives. Finally, constant effort must be directed toward achieving a balanced maturity structure of the debt.

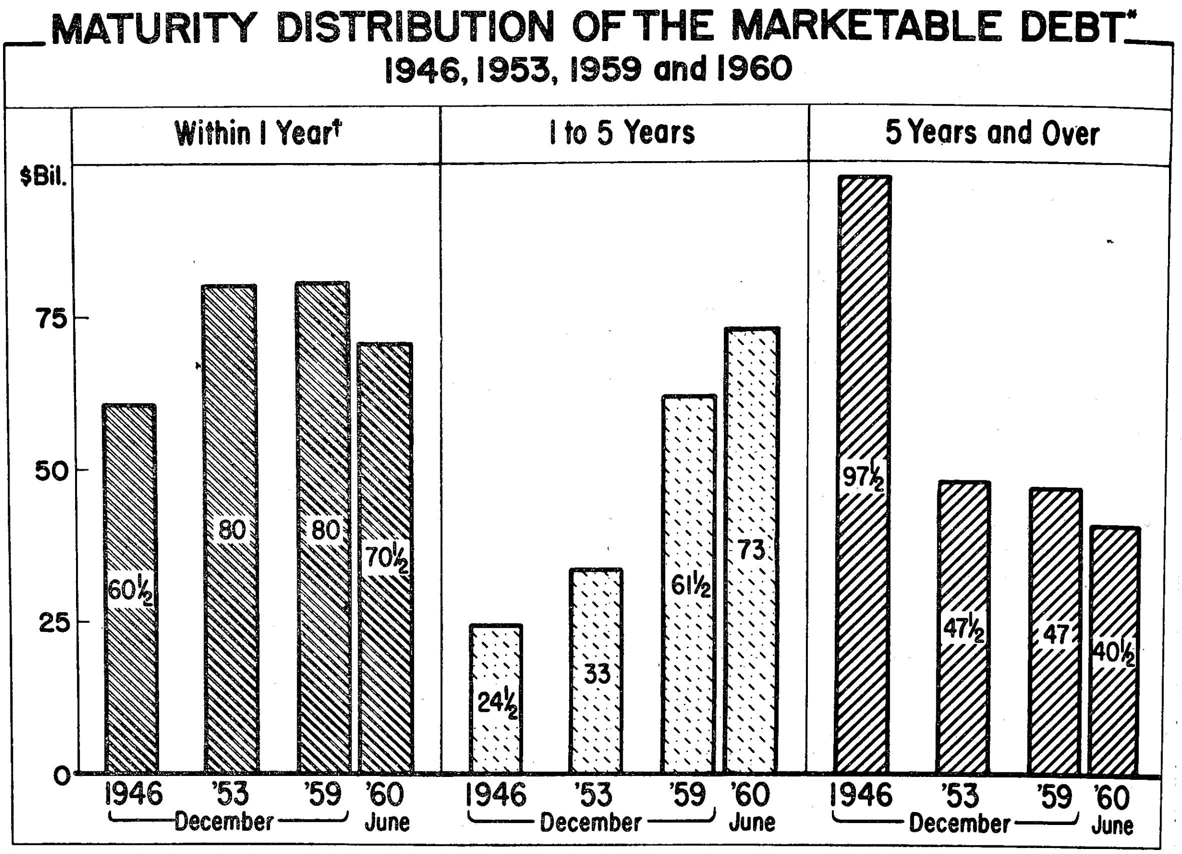
B. The Problem of the Short-term Debt

10. For some time, the most pressing debt management problem facing the Treasury has been that of securing a better maturity structure of the public debt. Long-term securities, with the passage of time, grow constantly shorter, bringing about a relentless increase in the short-term debt. Despite persistent efforts in recent years to offer longer term securities (some $51 billion maturing in over 5 years have been sold since the beginning of 1953), as of June 30, 1960, almost 80 percent of the marketable public debt of $184 billion matured within five years, as contrasted with less than 50 percent at the end of 1946 and 71 percent in December 1953. Moreover, if the total amount of marketable debt does not change, and no securities of more than 5 years' maturity are issued, the under-5-year debt will swell to 87 percent of the total by the end of 1964. This obviously is a maturity structure—both present and prospective—which is far too heavily concentrated in the under-5-year maturity area. However, the $70 billion of debt maturing within one year is *not* a major problem since the liquidity needs of the economy require a very short-term debt of this general magnitude; the real problem is the excessive amount of securities maturing between 1 to 5 years. (See par. 19, which explains how both senior and junior advance refundings assist in reducing the concentration of maturities in this range.)

11. Chart 1 illustrates the changes in the maturity distribution of the marketable public debt since 1946. The most significant changes, of course, are the decline in the 5-year-and-over maturity category from $97.5 billion in 1946 to $40.5 billion in 1960 and the rise in the maturities between one and five years from $24.5 billion to $73 billion.

12. The undue and growing concentration of the public debt in the under-5-year area has important implications both for the money and capital markets and for the economy as a whole.

Chart I



*Partially tax-exempt bonds to earliest call date. †Including savings notes.

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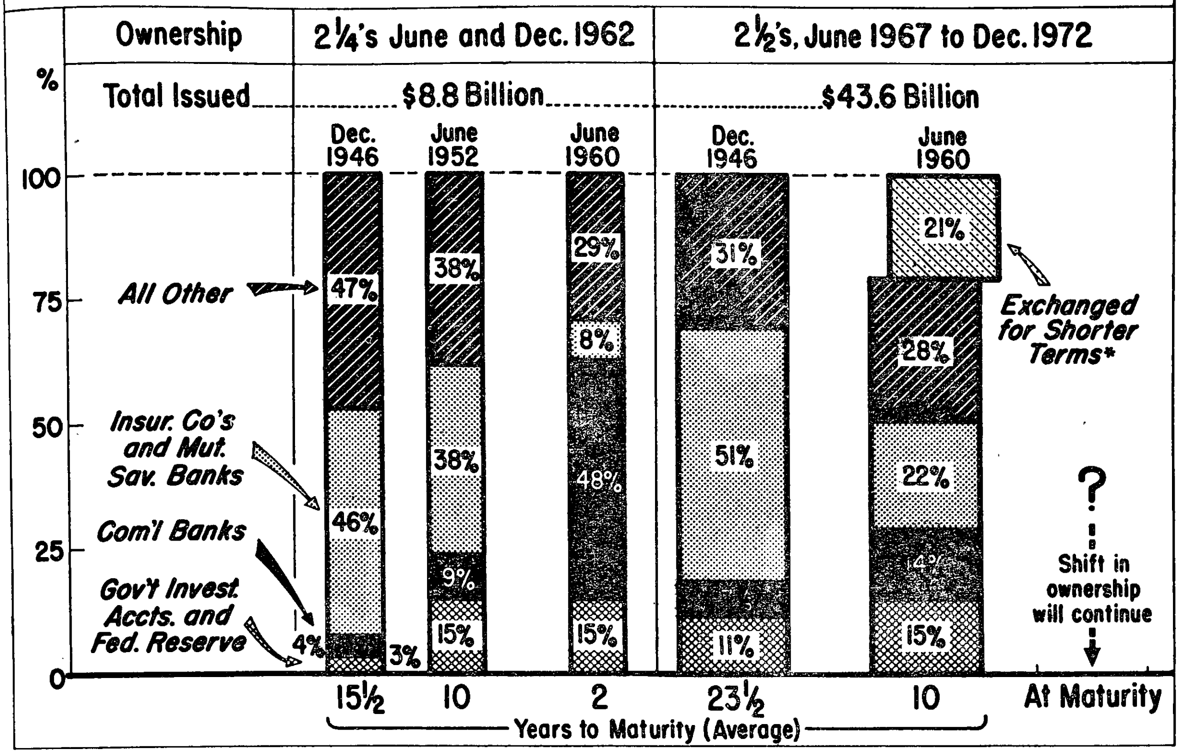
If the composition of the debt is permitted to grow continuously shorter, Treasury refunding operations will occur more frequently and in larger amounts. The Treasury might often be forced to refund excessively large maturities under unfavorable conditions with unduly large repercussions on the structure of interest rates. This would tend to interfere with orderly marketing of corporate and municipal bonds. Moreover, the emergence of a larger amount of highly liquid, short-term Government debt than the economy requires could create inflationary pressures. Excessive liquidity in the economy and frequent and large Treasury operations in the market can unduly complicate the flexible administration of Federal Reserve credit policies essential to sustainable growth. A balanced maturity structure of the debt, therefore, can make a major contribution toward sound financial policy by reducing the frequency, size, and adverse consequences of Treasury financings, by helping to forestall potential inflationary pressures, and by enabling monetary policy to function more effectively.

C. The Problem of Retaining the Treasury's Customers

13. The constant shortening of the debt also has very practical consequences for the Treasury, since it has made it difficult to retain as customers many long-term investors who once were buyers of Treasury bonds. Long-term investors who have found their holdings of Government securities moving nearer to maturity

Chart 2

PERCENTAGE DISTRIBUTION OF OWNERSHIP OF TREASURY BONDS AS THEY APPROACH MATURITY



*Including redemption for estate taxes.

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have had a tendency to dispose of them and to turn to other types of long-term investments. As a result, the Treasury has found that it has lost customers as the passage of time has eroded the long-term characteristics of Government bonds. The securities that were once long-term but which have become short-term have passed into the hands of commercial banks, nonfinancial corporations and other short-term investors, while holdings of Government securities by long-term investors—savings institutions and individuals—have been reduced. Even in those cases where the securities have been retained by long-term investors, such investors have tended to regard them as part of their *liquid* holdings. Consequently, by maturity there is little demand for new long-term Treasury bonds from the holders of the maturing securities.

14. The case of the 2¼ percent bonds maturing in June and December 1962, as shown in Chart 2, illustrates what has happened to the ownership of Treasury bonds with the passage of time. When these bonds were originally sold during World War II, they were in the 15- to 20-year maturity area and were purchased largely by longer term investors. At the end of 1946, almost half of them were held by insurance companies and mutual savings banks. Most of the remainder were held by individuals, some savings and loan associations, pension funds, etc. Only 4 percent were held by the commercial banks.

15. The picture is strikingly different today. Commercial banks now own 48 percent of the 2¼ percent bonds of 1962, and holdings of savings institutions and individuals are down

very sharply. As is shown in Chart 2, much the same sort of shift in ownership has been taking place with respect to the 2½ percent bonds maturing between 1967 and 1972; but with maturity still some time off, the shift has not gone so far.

16. These changes in ownership distribution over time illustrate the problem that the Treasury has in retaining its customers, but the statistics alone do not tell the whole story. In many cases, as longer term Government bonds shorten up, they come to serve a liquidity function within the portfolios of savings institutions and other long-term investors. On maturity, consequently, little replacement demand for long-term securities may be expected from these holders.

D. Advance Refunding—A Significant Step Toward Solution

17. Advance refunding is a debt management technique that makes possible significant progress towards the twin goals of a better maturity structure and ownership distribution of the public debt. In essence, it involves offering all individual and other holders of an existing U.S. Government security selected for advance refunding the opportunity to exchange it, some years in advance of maturity, for a new security on terms mutually advantageous to the holder and to the Treasury. Such exchanges promote debt lengthening with a minimum change in ownership, thus helping the Treasury to retain its customers for long-term securities. Advance refunding contributes to these objectives with a minimum of adverse effects on the financial markets and the economy as compared with alternative ways of debt lengthening. In turn, the investor is offered an opportunity to exchange for a new, longer term bond with a higher coupon rate and without an immediate taxable capital gain or loss.

Types of advance refunding

18. Within the context of the current debt structure there are two separate but related types of advance refunding that are of particular interest to the Treasury. They are (a) "senior" advance refunding, in which holders of securities of intermediate maturity (5 to 12 years) would be offered the opportunity to exchange into long-term issues (15 to 40 years), and (b) "junior" advance refunding, in which holders of securities of shorter maturity (1 to 5 years) would be offered the opportunity to exchange into securities in the intermediate range (5 to 10 years).

19. The relationship between these two types of operations is important in the successful use of advance refunding at certain times to implement needed debt lengthening. To accomplish best the major purpose of advance refunding the use at different times of senior and junior type advance refunding seems desirable. The reasons for this rest on the fact that securities in the 1- to 5-year range are not suitable obligations for advance refunding into long-term bonds; yet it is the relatively large amount of securities ($73 billion) maturing in 1 to 5 years that constitutes the hard core of the debt management problem. These securities are now held primarily by short-term investors, such as commercial banks and business corporations, which for the most part would not desire to exchange for long-term issues. Consequently, a two-phased approach, sometimes described as a "leapfrog" process, involving over time both senior and junior advance refunding, appears necessary.

(*a*) A senior advance refunding would be undertaken first to shift a substantial amount of the 5- to 12-year maturities into the longer-term area. For this purpose the securities most often referred to as likely candidates are the 2½ percent bonds issued to help finance World War II. These securities, often referred to as the "tap issues," originally totaling $43.6 billion, are now outstanding in the amount of $28 billion; and the Treasury's ownership studies indicate that a substantial portion is still in the portfolios of the original long-term investors. Consequently, no significant changes in ownership would be necessary for a successful extension. In fact, a major purpose in an early undertaking of a senior advance refunding of some significant part of these securities would be to prevent the lapse of time from changing their ownership such that holders would no longer be long-term investors who could be attracted by a new long-term offering. In addition to forestalling the inroads of time on ownership, this senior advance refunding would provide additional space in the intermediate sector and facilitate a junior advance refunding at a later date.

(*b*) A junior advance refunding would shift an even larger amount of securities now in the 1- to 5-year range into the intermediate area. Just as an example, such a shift might involve an offering of 6-year bonds to holders of an issue now maturing in 2 or 3 years; an 8-year security for issues maturing in 3 or 4 years; and so on. It should be noted that a junior advance refunding can be successfully carried out in much larger amounts due to the characteristics of the intermediate market. There is a much larger market in the 5- to 10-year area, so that some greater amount of the debt extension ultimately achieved by use of advance refunding presumably would represent a shift from the 1- to 5-year into the 5- to 10-year area, with a significantly smaller amount moved out from the 5- to 12-year area to the very long area in order to retain long-term investors as Treasury customers.

Experience with advance refunding

20. The Treasury-Federal Reserve Accord of March 4, 1951, included an advance refunding of existing marketable bonds as one of its agreed upon provisions. In order to eliminate what appeared to be an overhanging supply of long-term marketable bonds, holders of the two longest issues of bank-restricted bonds (the 2½s of June and December 1967–72) were offered—21 years before maturity of their bonds—an optional exchange into 29-year, nonmarketable 2¾ percent Investment Series B bonds convertible before maturity into 5-year, 1½ percent marketable Treasury notes. A total of $19.7 billion bonds eligible for exchange into Investment Series B bonds were outstanding, of which $13.6 billion were exchanged. (About $8 billion were exchanged by private investors and the balance by the Federal Reserve banks and Government investment accounts.) In effect, then, the Treasury did advance refund this amount of its 1972 maturities when it issued the 2¾ percent Investment B bonds back in 1951.

21. Although the major purpose of the 1951 advance refunding was not to extend debt, it is significant that almost $14 billion of the 1972 maturities were shifted to 1980—an extension of 8 years. However, the privilege of converting the new 2¾ percent bonds into 5-year marketable notes in effect reduced the accomplishment in terms of debt lengthening. In fact, since 1951 more than half of the 2¾ percent bonds have been so converted into the 5-year notes.

22. In May 1952 the Treasury made another offering of the 2¾ percent nonmarketable investment bonds to the holders of the remainder of the June and December 1967–72s and to the holders of the 2½s of 1965–70 and 1966–71. About $1.3 billion was exchanged. (However, one-fourth of the amount subscribed for had to be paid for in cash.)

23. Other than as a precedent, this experience in 1951–52 is not analogous since at that time the securities involved in the first exchange were still at or slightly above par and were not much below par in the second exchange. The reluctance of investors to take capital losses was not a material consideration. Moreover, the new issue was nonmarketable and could be liquidated only under penalty.

24. In the interim period since 1951 an advance refunding of the tap 2½s, for example, would not have been particularly attractive to investors because—except for short periods in 1954 and 1958—they would have had to take book losses. (See footnote to par. 36 as to investor reluctance to incur such losses.) Legislation in the fall of 1959 permits the Treasury to provide exchanges with postponement of tax consequences. This again made practicable (subject to the 4¼ percent statutory interest rate limitation) the undertaking of advance refunding of marketable issues.

25. On June 6, 1960, the Treasury Department offered the holders of $11.2 billion of the outstanding 2½ percent Treasury bonds maturing November 15, 1961, the option to exchange—with the privilege of deferring the tax consequences—for either 3¾ percent Treasury notes maturing May 15, 1964 (limited to $3.5 billion), or 3⅞ percent Treasury bonds maturing May 15, 1968 (limited to $1 billion). Holders of approximately $4.9 billion of the 2½ percent Treasury bonds submitted exchange subscriptions, but the bulk of the subscriptions ($4.6 billion) was for the new 4-year note, of which $3.9 billion were allotted, and only a relatively small part (a little over $300 million) for the new 3⅞ percent bond.

26. This advance refunding, undertaken in June 1960, provided a testing ground for use of the technique in this country under prevailing market conditions and ownership characteristics.[2] This particular advance refunding was

[2] The advance refunding technique was used in the Canadian conversion loan operation in the summer of 1958. Some $6 billion of Dominion of Canada securities having from 6 months to 8 years to run to maturity were exchanged for securities with maturities ranging from 3 to 25 years—an operation involving over half of that country's direct marketable debt. Because of the fundamental differences in the financial systems of

designed primarily to obviate the difficult problem that would have arisen in refunding the 2½ percent bonds of November 1961 at maturity, as this issue totaled $11 billion publicly held—the largest single outstanding issue. It was not undertaken to preserve ownership nor with the expectation of achieving substantial debt lengthening of the type desired.

27. This refunding clearly demonstrated the feasibility of debt extension by advance refunding but also demonstrated the difficulty of extending beyond 5 years under the 4¼ percent interest rate ceiling in the market environment then prevailing. The significant investor response to the note offering enabled the Treasury to reduce the size of the November 1961 maturity from $11 billion to $7 billion, thus making it much more manageable at maturity. However, the interest rate ceiling did not permit a significant amount of extension beyond the seriously congested 1- to 5-year area because the 8-year bonds could not be made sufficiently attractive to induce larger acceptance of the issue. This advance refunding also served a very useful purpose in familiarizing the market generally with the technique of advance refunding; it gave investors, dealers, and investment advisers the opportunity to study the different problems which an advance refunding offering presents.

Advantages of advance refunding to the economy

28. Advance refunding can be accomplished in worthwhile amounts with a minimum of disturbance to financial markets and to the economy as a whole. This is because most of the new long-term bonds taken in the refunding will simply be substituted for shorter-term issues held by investors who are essentially long-term holders. Because only a small change in ownership is involved, little if any new savings will be absorbed and the impact on the markets for mortgages and corporate and municipal securities should be relatively small. (See par. 32 for further discussion of this point.)

29. In contrast, if the Treasury were to offer a significant amount of long-term bonds for cash it would capture funds that otherwise would be available for investment in other types of long-term securities, and the increased supply of long bonds competing for those funds would have a marked impact on the interest rates of all such securities. Similarly, when a long-term bond is offered in exchange for maturing securities the economic and market effects are as pronounced as those on a cash offering. The maturing securities by that time are almost entirely held by short-term investors (or as liquidity protection by long-term investors) who do not want long-term bonds. This involves churning in the market as the holders of the rights (maturing securities) sell to investors who want to exchange for the long bond. Since the securities are obtained by long-term investors through their purchases of rights, there is a net absorption of long-term funds with much the same results as in the case of offering a new long-term issue for cash.

30. In an advance refunding, however, this adverse market impact would be largely avoided. Under conditions such as exist today, when the securities to be refunded are selling at a discount, the holder's motive in taking the longer security in exchange is to get a better immediate return, as well as a satisfactory return to maturity, and to do so without registering a loss on his books (if depreciation from cost exists). The combination of a higher coupon and longer maturity on the new security being offered in exchange is designed so that it will tend to sell in the market at a price comparable to that of the old security. As a result it is reasonable to assume that few of the securities taken would be sold in the market in the period immediately following the exchange, and, indeed, the greater part would probably not be sold for many years. The effect on available market supply is, therefore, distinctly less than in the case of either a cash offering or a refunding at time of maturity. Assuming that the Treasury offers investors in exchange a somewhat higher coupon in consideration for their taking a longer bond, they can better their current income and still carry the new bond on their books at the price paid for the old bond. On balance, then, much more substantial debt extension may be achieved with no more immediate market impact than would occur in the case of a cash offering of a nominal amount of long-term bonds.

31. From a longer-run standpoint, the addition to the supply of long-term Government securities, and the relief of the congestion in the area between 1 and 5 years, should also contribute to a smoother functioning market

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Canada and the United States this experience is of only limited applicability in this country. No operation of similar scope in relation to the total debt of this country would be either feasible or desirable.

for all U.S. Government securities. The principal market improvement, of course, would eventually be reflected in the 1- to 5-year area, which has been distorted by the unduly heavy concentration of issues in this maturity range, but the entire market structure would be brought into better balance. The breadth, depth, and resilience of the market should also reflect the improved maturity distribution, including the additional supply of long-term issues which presumably would result in a broader and more continous long-term market.

32. Similarly, the economic consequences of an advance refunding involving substantial debt extension would be less pronounced than cash offerings (or refundings at maturity) since such an advance refunding would not immediately result in the absorption of additional amounts of long-term funds that usually are being generated currently in relatively limited amounts. It would minimize the interference with the flow of new savings into the private sector of the economy, such as would result from an equal offering for cash. At the same time, postponing the shortening process on this portion of the debt would further reduce the possible movement of these securities into the hands of short-term investors, thus diminishing the inflationary potential of the public debt. Although this would tend to reduce somewhat the flow of funds from intermediate credit markets to long-term private (non-Treasury) investment, as long-term investors might otherwise sell their holdings in order to acquire long-term private and municipal investments, the immediate absorption of new savings still would be much less than in the case of a cash offering of equal magnitude. Stated differently, there is no denying that senior advance refunding would reduce somewhat the shift of funds from the intermediate area into long-term corporate, municipal and mortgage financing which otherwise might occur; but the impact would be spread over a period of years, in much the same manner as if the Treasury were able from month to month to market relatively small amounts of long-term bonds for cash. This latter program does not, however, seem feasible from a market standpoint.

Advantages of advance refunding to investors

33. An advance refunding offers tangible advantages to the investor who is willing to exchange for a longer-term security. Most importantly, the investor would obtain a better immediate return on his security since the Treasury would offer a higher coupon to make the exchange attractive. One immediate advantage to the investor, therefore, is an improvement in current income—to a rate level that for many institutional investors would more adequately cover interest income requirements. The investor is guaranteed the higher coupon for the entire life of the new security.

34. It should be noted that the investor also obtains a new bond that at least is equal to, and in most instances a better value than, the current market for comparable maturity issues. In most cases the Treasury would be offering a bond with a yield slightly higher than the current market rate for existing bonds of comparable maturity when computed at the *same price* (prior to announcement) as the bond being exchanged in advance of maturity. Or, viewed another way—in terms of price—the price of a new bond offered by the Treasury in an advance refunding, if computed at the *same yield* as existing bonds comparable in maturity to the new bond, generally would be slightly higher than the current price of the old bond.

35. The increased coupon for the full term of the new issue carries an additional implication. The investor who did *not* elect to exchange would have to replace his existing security at maturity at higher than present market rates to net the same return as that being offered over the entire life of the new security. Reinvestment at the maturity of the old bond would be required at a coupon rate for the extension period which, if averaged with the lower coupon rate on the old security to maturity, would be equal to the coupon rate the Treasury is offering on the new security for the entire period to maturity. (See pars. 37–39 for an example.)

36. Finally, one further benefit accrues to the investor who extends in an advance refunding. Under Title II of Public Law 86–346 passed in September 1959 in preparation for advance refunding, the Secretary of the Treasury may designate an exchange of one Treasury security

for another as a nontaxable exchange.[3] Generally, this means that in the exchange the value of the existing security on the books of the investor becomes the book value of the new security. Therefore, the exchange causes no immediate tax consequences and investors are *not* required to take a loss for tax purposes merely because they exchanged. The gain or loss is deferred until the new security is redeemed (or disposed of prior to maturity). However, if a payment to the investor—other than an adjustment of *accrued interest*—is involved (which might be the case in some advance refundings), the book value of the new issue would *not* be the same as that of the existing issue and part or all of the payment becomes immediately taxable.

37. A simple example of an advance refunding offer by the Treasury will make these added advantages to the investor clear. *This example is purely hypothetical and intentionally has no relationship to any possible or prospective offering.* Assume that nontaxable holders of a 2½ percent bond due in 5 years were offered an opportunity, at a time when the market interest rates on 10-year issues were 4 percent, to exchange in advance of maturity into a 3¼ percent bond maturing in 10 years. The nontaxable holder of the 2½s who takes advantage of the advance refunding offer has an immediate increase of ¾ percent per annum over the period (5 years) to the maturity of the original security. This would amount to $37.50 on a $1,000 bond, which could be reinvested as received at compound interest. As a result, if the nontaxable holder of the 2½s did *not* elect to accept the advance refunding offer, he would have to reinvest the proceeds of his 2½s on maturity at a rate of at least 4.16 percent on this hypothetical issue in a 5-year maturity to earn as much as he would by accepting the exchange offer. This 4.16 percent minimum rate of investment is the rate of return for the extension period.

38. An analysis of the advantages in return to a taxable holder of the 2½ percent bonds is somewhat more complicated. The effect of tax provisions varies among different investors, depending upon the price at which the security being refunded was originally acquired and the investor's tax status and plans. On the one hand, assuming a par for par exchange of the 10-year, 3¼ percent bond for the 2½s, if the holder had originally acquired his 2½ percent bonds at a price of, say, 96, he would have realized a capital gain of $40 per $1,000 at time of maturity in 5 years. This would involve a $10 tax liability per bond at a 25 percent capital gains tax rate at the end of 5 years. By electing to exchange for the new issue of 3¼s he could postpone this tax for an additional 5 years and continue earning interest on the amount of the postponed tax for that period. If this investor did *not* exchange, the capital gains tax would lower the amount he had available for reinvestment at the maturity date of the 2½s; on an equivalent taxable basis he would have to reinvest at a rate higher than 4.13 percent to earn as much as he would by participating in the advance refunding. For the taxable investor who elected to exchange, the tax on ordinary income would work in the opposite direction, since the investor after taxes would net something less than the ¾ percent additional coupon over the period (5 years) to the maturity of the original security.

39. Based on the assumptions in the hypothetical example, the following table illustrates the rates at which investors who held the 2½s at varying book values would have to reinvest at the end of 5 years to be as well off as they would be by accepting an advance refunding offer of 3¼s, assuming a par for par exchange.

[3] Paradoxically, this legislation was designed primarily to induce exchanges by nontaxable or partially taxable investors, regulated by Federal or State authorities, rather than taxable institutions. These nontaxable or partially taxable investment institutions are usually quite reluctant to incur book losses because of the resulting decrease in the stated value of their assets. However, the regulatory authorities are typically willing to permit such exchanges with postponement of recognition of capital gain or loss on the investors' books, provided that a change in the Internal Revenue Code establishes an appropriate precedent. Thus, while the legislation directly affected only holders subject to Federal income taxes, it gave sanction to an accounting practice for public authorities to apply in the regulation of certain types of financial institutions even though they may not pay Federal income taxes. The advantage to such nontaxable investors is that they may be permitted to carry the new, higher rate securities at the same price as the old.

	Cost (basis) of 2½ percent bond due in 5 years	Rate of return for the extension of maturity (5 years)
To nontaxable investors (or before tax).	Any cost	4.16 percent.[1]
To taxable investors [2]	101	(Taxable equivalent).[3] 4.08
	100	4.09
	99	4.10
	98	4.11
	97	4.12
	96	4.13
	95	4.14
	94	4.14
	93	4.15
	92	4.16

[1] Based on semiannual compounding at 4 percent (from assumed pattern of market rates).
[2] Assuming coupon income is subject to 52 percent tax and capital gain is subject to 25 percent tax.
[3] Coupon rate during extension which, combined with 2½ percent until maturity of old bond (5 years), would provide the same return *after tax* as 3¼ percent for 10 years.

Advantages of advance refunding to the U.S. Treasury

40. From the standpoint of the Treasury, advance refunding is the best means of achieving an urgently needed improvement in the maturity structure of the marketable public debt. An improved debt structure, which is the principal advantage accruing to the Treasury from use of advance refunding, would afford much needed flexibility in financing operations. It should also result in lower over-all costs to the Treasury over the years ahead. The size and frequency of Treasury borrowings will be reduced to the extent the debt can be funded at long term. In turn, this would minimize the interference of Treasury financings with the timing of appropriate monetary policy actions.

41. As noted, advance refunding permits substantial debt extension with a minimum disturbance to financial markets and the economy generally. It makes Government bonds more attractive to long-term investors, thus reducing the Treasury's dependence on inflationary short-term bank borrowing. It avoids many of the disadvantages involved in selling long-term bonds for cash or in exchange for maturing issues. Specifically, it reduces market interference of heavy refundings (or of resorting to alternative sizeable cash offerings) in relation to corporate, municipal and mortgage financing. As a result, the direct interest cost to the Treasury of placing a given amount of securities in the long-term area by means of advance refunding should be significantly less than if *an equal amount* were sold for cash or in exchange for maturing issues. This is because the market process of mobilizing the cash to buy new bonds or the process of effecting the redistribution that must accompany a refunding at maturity requires a relatively high interest rate commensurate with the amount issued. In an advance refunding, however, there should be little market churning and no need for mobilization of new cash, thereby resulting in a lower interest cost than on a cash offering or routine refunding of equal amount.

42. It may be noted that only when debt operations are supported by all types of investors purchasing and holding a wide range of maturities can the Treasury finance on the most economical basis. An undue concentration of the debt in one area is almost immediately reflected in higher interest costs in the area affected and experience has shown that this tends to fan out across the maturity spectrum. This was clearly demonstrated in the past year when as a result of the interest rate ceiling the Treasury was forced to concentrate its financing in the under-5-year area. Any increased interest cost is on only a small portion of the debt and very likely will be more than offset by lower costs on subsequent routine debt operations (totaling many billions of dollars each year) as the maturity structure of the debt is brought into better balance. In addition, in viewing the cost aspect of advance refunding from the standpoint of the Treasury it should be noted that the increased coupon over the remaining life of the maturing security (e.g., 5 years in the case of a hypothetical issue maturing in 1965) would be offset by a lower coupon for the remaining years of the new security (e.g., the five years following 1965 in this particular case) than would have to be paid now to sell a new security at a comparable maturity.

43. Finally, keeping present holders of Treasury securities as investors in the years ahead is an important task for the Treasury in managing the debt. Advance refunding makes a major contribution toward this goal; specifically, it greatly improves the Treasury's chances of retaining its long-term customers, who in recent years have been liquidating Treasury securities, as they move toward maturity, and reinvesting in non-Treasury securities. The

use of advance refunding recognizes the preference of each class of investors for securities of suitable maturity. Thus a principal merit of advance refunding is that it enables a long-term holder whose bond is shortening in maturity an opportunity to extend *before* the maturity shortens to the point where he decides to sell. In effect, it enables the Treasury to keep typical long bondholders in long bonds and typical intermediate holders in intermediates.

Advance refunding and the statutory 4¼ percent interest limitation

44. Advance refunding is the least costly method for the Treasury to retain its customers and to achieve a significant extension of the debt. Achieving these twin objectives involves some cost, however, and in setting the terms of an advance refunding the Treasury must consider whether the cost involved would in any way conflict with the 4¼ percent interest rate ceiling established by Congress on Government *bonds* (the only obligations the Treasury can issue maturing in more than 5 years).[4] Until recently, in fact, the existence of the ceiling precluded any attempt to undertake an advance refunding involving a new issue of Government bonds since the maximum return of 4¼ percent the Treasury could have offered was below market rates.

45. In relating the interest rate ceiling to advance refunding it is obvious that the coupon rate on the new security does not represent the true interest cost to the Treasury of obtaining the debt extension. To consider only the coupon cost ignores the fact that the Treasury could allow the existing lower coupon security to remain outstanding for whatever number of years remain to maturity under the terms of the original contract with the investor. On the other hand, the coupon that could be placed on an advance refunding, say for 10 years, would normally be substantially below the 10-year market rate either on outstanding bonds or new issues.

46. The following is a simple illustration—*again purely hypothetical*—of the dollar cost to the Treasury of a 10-year, 3¼ percent bond offered to holders of a 2½ percent bond maturing in 5 years. Over 10 years the Treasury would pay out in interest $325 per $1,000 bond at 3¼ percent per annum. On the other hand, if the 2½s were allowed to run to maturity and then refunded after 5 years, the Treasury would pay out only $125 on the 2½s for the first 5 years. The Treasury could, therefore, offer a 5-year bond at the maturity of the 2½s and pay out $200 in interest without exceeding the total interest paid out on a 10-year 3¼ percent bond offered in exchange for the 5-year 2½ percent issue. This would be equivalent to selling a 4 percent, 5-year obligation to refund the 2½s at maturity. This 4 percent rate, ignoring compound interest, would be the cost of the 5-year extension to the Treasury.

47. This example is oversimplified, however, since the additional coupon cost to the Treasury takes place in the first 5 years while the saving in coupon does not take place until the next 5-year period. If interest is compounded semi-annually (at 4 percent per annum) the cost to the Treasury of the 5-year extension in advance is 4.16 percent rather than the 4 percent cost in the simplified illustration. It is this derived interest cost of 4.16 percent that the Treasury would have to take into account in determining whether or not an advance refunding issue would be within the 4¼ percent interest rate ceiling.

48. It should be further emphasized that this interest cost to the Treasury results only from the fact that the Treasury could have allowed the old issue to continue to maturity. In that sense it is a derived cost computed only to determine whether the advance refunding complies with the intent of the legal interest limitation. The cost of refunding 5 years from now cannot, of course, be determined in advance. If the cost of refunding in 5 years should turn out to be greater than the derived cost of advance refunding, the Treasury would have made a real saving in interest costs by undertaking an advance refunding. On the other hand, if market interest rates 5 years from now are lower, then the additional dollar cost to the Treasury would be greater than if no advance refunding had been undertaken.

49. To illustrate these calculations graphi-

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[4] This interest rate limitation was established by Congress in 1918, in connection with a particular financing operation of World War I. Except for the years 1919–22, it did not restrict Treasury debt management until 1959, when the cost of long-term borrowing rose above 4¼ percent in response to strong pressures of demand in credit markets. The net effect of the interest rate ceiling, during most of 1959 and the first half of 1960, was to force the Treasury to rely almost exclusively on new issues of Treasury bills, certificates, and notes, which mature in five years or less and on which no interest rate ceiling exists.

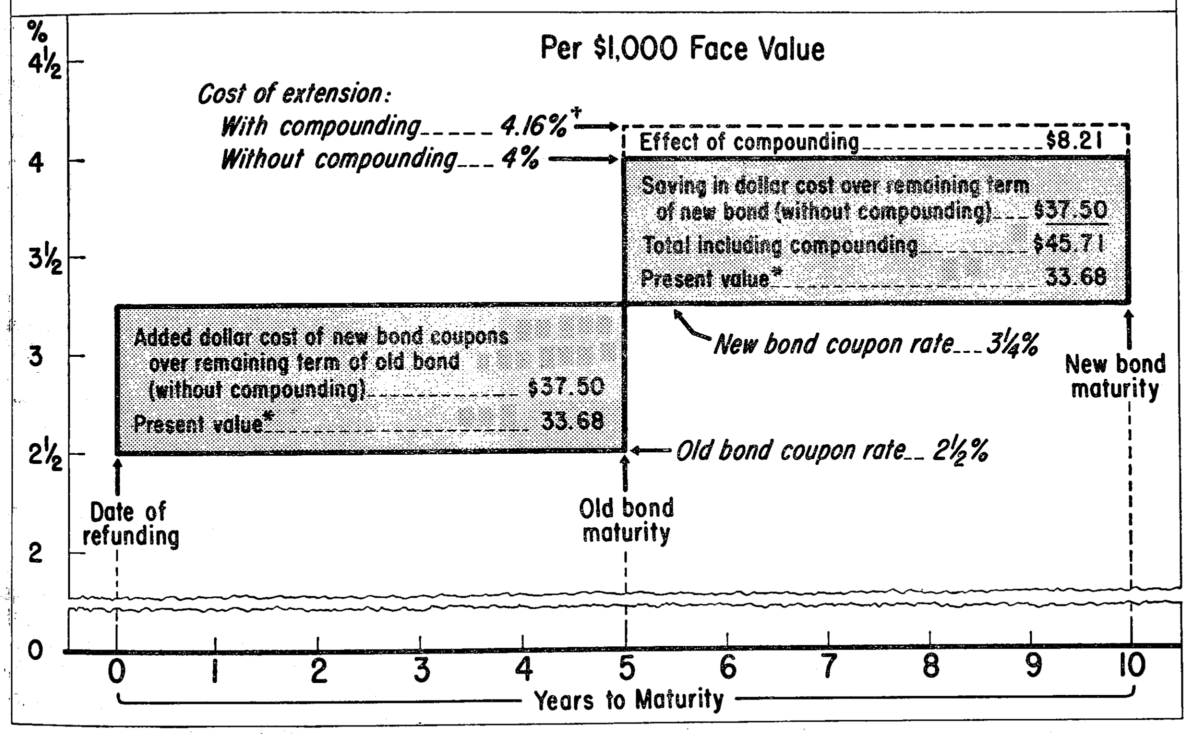
cally, Chart 3 shows the true cost of an extension of a 2½ percent, 5-year bond into a 3¼ percent, 10-year bond. The left-hand block shows the additional cost to the Treasury of the 3¼ percent coupon over the 2½ percent coupon for the 5 years to maturity. The right-hand block shows the true cost of the extension to the Treasury, i.e., 4.16 percent, which is simply the coupon rate (including compounding) which, if averaged with the 2½ percent return on the security being refunded (for the 5 years to maturity), equals the 3¼ percent return the Treasury is offering on the new security for the 10-year period. The right-hand block also shows the saving to the Treasury in the extension period in terms of the coupon cost on the new issue relative to either the derived cost of extension or a 4 percent market yield (assuming that the market yield curve in the 10-year area is 4 percent).

50. Finally, it may be noted that regardless of the actual level of market yields, alternative use of cash offerings (or refundings at maturity) to extend an equal amount of debt would exert upward pressure on yields. To obtain a substantial amount of debt extension, the coupon rate on such issues would have to be considerably higher than the market yield prior to announcement—how much above depending upon the size of the offering. On the other hand, if the amount offered were limited to avoid market impact, then a cash financing becomes relatively more "costly" in the broader context of a lesser achievement in attaining a better debt structure. Also, it is more "costly" from a broader economic standpoint, particularly during any recession when interest rates are low, to turn to cash offerings or refundings at maturity which absorb new savings that otherwise could contribute to economic recovery.

Chart 3

ADVANCE REFUNDING OF A HYPOTHETICAL 5-YEAR 2½% INTO A 10-YEAR 3¼% BOND*

Relationship of New and Old Bond Coupon Rates and Cost of Extension



*Assuming 10-year market rate of 4%, which is also the rate for compounding or discounting to present value.
†Rounded from 4.1642%.

Office of the Secretary of the Treasury

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E. Concluding Comment

51. The advance refunding technique offers much promise in terms of the achievement of a better maturity structure of the marketable public debt and the retention of the present long-term holders as investors in Government securities. It is not a panacea for all the problems of debt management under all circumstances, since it is chiefly applicable when large outstanding issues are selling at substantial discounts and in a market in which there is willingness on the part of investors to extend the maturity. It is clearly the best method of bringing about significant debt lengthening, so essential in the light of the unbalanced debt structure, and at the same time retaining intermediate and long-term investors in Government securities. It would accomplish this with a minimum of adverse market and economic effects. Alternatively, the Treasury could offer long-term bonds for cash or in exchange for maturing issues of Government securities. While both of these other techniques may be useful under certain circumstances, advance refunding has great promise at the present time as a way of implementing sound debt management policy as an integral part of Federal financial responsibility.

U.S. GOVERNMENT PRINTING OFFICE: 1960

TREASURY DEPARTMENT
Washington

MEMORANDUM TO THE PRESS: September 9, 1960

In connection with the advance refunding announced this afternoon, the Treasury is scheduling meetings for Wednesday, September 14, in three cities at which Treasury officials will discuss the financing and answer questions on the subject. All interested investors in the area of each city are invited to attend. The cities, place and time of meetings, and the Treasury officials are as follows:

New York -- Federal Reserve Bank Auditorium, 33 Liberty Street -- 3:00 p.m. (local time) -- Under Secretary Julian B. Baird.

Chicago -- Federal Reserve Bank Auditorium, 230 South La Salle Street -- 3:00 p.m. (local time) -- Assistant to the Secretary Charls E. Walker.

San Francisco -- Federal Reserve Bank -- 400 Sansome Street -- 3:00 p.m. (local time) -- Assistant to the Secretary J. Dewey Daane.

The Treasury officials in each of the cities will also be available for a press conference on the subject.

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Market Quotations on Selected U. S. Government Bonds 1/

(Dollars per $100 face value)

Description	September 8, 1960 (Noon)		September 9, 1960 (Close)	
	Bid	Ask	Bid	Ask
2-1/2% June 15, 1962-67...	94-4/32	94-12/32	94-2/32	94-10/32
2-1/2% Dec. 15, 1963-68...	91-29/32	92-5/32	91-27/32	92-3/32
2-1/2% June 15, 1964-69...	90-22/32	90-30/32	90-22/32	90-30/32
2-1/2% Dec. 15, 1964-69...	90-10/32	90-18/32	90-11/32	90-19/32
3-1/2% Feb. 15, 1990......	93-14/32	93-22/32	93-13/32	93-21/32

Office of the Secretary of the Treasury — September 9, 1960

1/ As reported to the Treasury by the Federal Reserve Bank of New York

Estimated Ownership of Selected U. S. Government Bonds
as of June 30, 1960

(In millions of dollars)

	2-1/2% June 15 1962-67	2-1/2% Dec. 15 1963-68	2-1/2% June 15 1964-69	2-1/2% Dec. 15 1964-69	Total
Commercial banks............	$885	$783	$913	$899	$3,480
Mutual savings banks........	185	397	779	577	1,939
Insurance companies:					
Life......................	121	282	377	506	1,286
Other.....................	153	245	209	179	786
Total, insurance companies	274	527	586	685	2,072
Corporate pension funds.....	30	60	55	45	190
Corporations................	25	20	10	10	65
Savings & loan associations.	75	150	185	140	550
All other private investors.	365	453	755	932	2,505
Federal Reserve Banks and Government Investment Accounts..................	270	424	455	524	1,673
Total outstanding..........	$2,109	$2,815	$3,738	$3,812	$12,474

Office of the Secretary of the Treasury — September 9, 1960

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RELEASE A. M. NEWSPAPERS, Tuesday, September 13, 1960.

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated June 16, 1960, and the other series to be dated September 15, 1960, which were offered on September 7, were opened at the Federal Reserve Banks on September 12. Tenders were invited for $1,100,000,000, or thereabouts, of 91-day bills and for $500,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 15, 1960		182-day Treasury bills maturing March 16, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.338 a/	2.619%	98.550	2.868%
Low	99.323	2.678%	98.520	2.927%
Average	99.329	2.654% 1/	98.526	2.916% 1/

a/ Excepting two tenders totaling $795,000
52 percent of the amount of 91-day bills bid for at the low price was accepted
86 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 27,572,000	$ 17,572,000	$ 5,991,000	$ 5,991,000
New York	1,393,749,000	695,029,000	807,158,000	289,597,000
Philadelphia	29,740,000	14,740,000	9,619,000	4,169,000
Cleveland	32,594,000	30,594,000	85,310,000	24,610,000
Richmond	13,886,000	13,886,000	12,189,000	7,189,000
Atlanta	24,193,000	22,693,000	5,219,000	4,584,000
Chicago	225,115,000	161,155,000	120,453,000	96,422,000
St. Louis	19,236,000	19,236,000	10,296,000	9,705,000
Minneapolis	24,361,000	20,185,000	5,493,000	2,393,000
Kansas City	36,859,000	28,859,000	16,845,000	6,106,000
Dallas	13,981,000	13,981,000	3,103,000	3,103,000
San Francisco	70,207,000	62,247,000	58,840,000	46,210,000
TOTALS	$1,911,493,000	$1,100,177,000 b/	$1,080,516,000	$500,079,000 c/

b/ Includes $248,054,000 noncompetitive tenders accepted at the average price of 99.32
c/ Includes $53,092,000 noncompetitive tenders accepted at the average price of 98.526
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.71%, for the 91-day bills, and 3.00%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

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A-929

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Richmond	13,886,000	13,886,000	12,189,000	7,189,000
Atlanta	24,193,000	22,693,000	5,219,000	4,584,000
Chicago	225,115,000	161,155,000	120,453,000	96,422,000
St. Louis	19,236,000	19,236,000	10,296,000	9,705,000
Minneapolis	24,361,000	20,185,000	5,493,000	2,393,000
Kansas City	36,859,000	28,859,000	16,845,000	6,106,000
Dallas	13,981,000	13,981,000	3,103,000	3,103,000
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UNITED STATES NET MONETARY GOLD TRANSACTIONS WITH

FOREIGN COUNTRIES AND INTERNATIONAL INSTITUTIONS

January 1, 1960 - June 30, 1960

(in millions of dollars at $35 per fine troy ounce)

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

Country	First Quarter 1960	Second Quarter 1960	Fiscal Year 1960 July 1, 1959 - June 30, 1960
Austria	-1.1	---	-44.5
Belgium	-26.3	-24.5	-50.8
Ceylon	---	---	-7.5
Chile	---	---	-1.3
Denmark	---	---	-10.0
Egypt	---	-7.5	-7.5
Finland	---	---	-4.7
France	---	---	-265.7
Greece	---	---	-15.0
Iceland	-2.4	---	-2.4
Indonesia	---	---	-6.0
International Monetary Fund	-1.1	-26.4	+252.1
Israel	---	---	-4.4
Japan	---	---	-62.5
Korea	---	---	-1.6
Mexico	---	---	-10.0
Netherlands	-10.0	-24.9	-34.9
Philippines	---	---	+5.0
Switzerland	---	---	+20.1
United Kingdom	---	---	-150.0
Vatican City	---	+1.0	+1.0
Venezuela	---	---	+65.0
Yugoslavia	---	---	-1.5
All Other	-.8	-1.1	-4.5
Total	-41.7	-83.5	-341.6

Figures may not add to totals because of rounding.

IMMEDIATE RELEASE,
Monday, September 12, 1960. A-930

The Treasury Department today made public a report on monetary gold transactions with foreign governments, central banks and international institutions for the second quarter of 1960. The net sale of monetary gold by the United States in this period amounted to $83.5 million; net sales of gold in the first half of 1960 were $125.3 million.

In the fiscal year ended June 30, 1960, net monetary gold transactions by the United States totaled $341.6 million.

A table showing net transactions, by country, for the first two quarters of 1960, and for the fiscal year (ended June 30) 1960 is printed on reverse side.

TREASURY DEPARTMENT 216

WASHINGTON, D.C.

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Austria	-1.1	---	-44.5
Belgium	-26.3	-24.5	-50.8
Ceylon	---	---	-7.5
Chile	---	---	-1.3
Denmark	---	---	-10.0
Egypt	---	-7.5	-7.5
Finland	---	---	-4.7
France	---	---	-265.7
Greece	---	---	-15.0
Iceland	-2.4	---	-2.4
Indonesia	---	---	-6.0
International Monetary Fund	-1.1	-26.4	+252.1
Israel	---	---	-4.4
Japan	---	---	-62.5
Korea	---	---	-1.6
Mexico	---	---	-10.0
Netherlands	-10.0	-24.9	-34.9
Philippines	---	---	+5.0
Switzerland	---	---	+20.1
United Kingdom	---	---	-150.0
Vatican City	---	+1.0	+1.0
Venezuela	---	---	+65.0
Yugoslavia	---	---	-1.5
All Other	-.8	-1.1	-4.5
Total	-41.7	-83.5	-341.6

Figures may not add to totals because of rounding.

STATUTORY DEBT LIMITATION

AS OF AUGUST 31, 1960

Washington, Sept. 13, 1960

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 $285,000,000,000 (Act of June 30, 1959; 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 June 30, 1960 (P.L. 86-564 86th Congress) provides that during the period beginning on July 1, 1960 and ending June 30, 1961, the above limitation ($285,000,000,000) shall be temporarily increased by $8,000,000,000.

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$293,000,000,000
Outstanding-			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$36,436,429,000		
Certificates of indebtedness	25,478,835,000		
Treasury notes	42,032,010,000	$103,947,274,000	
Bonds-			
Treasury	82,297,084,750		
* Savings (current redemp. value)	47,336,846,209		
Depositary	140,250,500		
R.E.A. series	3,254,000		
Investment series	6,638,101,000	136,415,536,459	
Special Funds-			
Certificates of indebtedness	7,521,484,000		
Treasury notes	10,162,984,000		
Treasury bonds	27,537,385,000	45,221,853,000	
Total interest-bearing		285,584,663,459	
Matured, interest-ceased		373,078,950	
Bearing no interest:			
United States Savings Stamps	49,523,942		
Excess profits tax refund bonds	764,523		
Special notes of the United States:			
Internat'l Monetary Fund series	2,260,000,000	2,310,288,465	
Total		288,268,030,874	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	155,718,400		
Matured, interest-ceased	1,141,275	156,859,675	
Grand total outstanding			288,424,890,549
Balance face amount of obligations issuable under above authority			4,575,109,451

Reconcilement with Statement of the Public Debt August 31, 1960
(Date)

(Daily Statement of the United States Treasury, August 31, 1960)
(Date)

Outstanding-	
Total gross public debt	288,672,218,895
Guaranteed obligations not owned by the Treasury	156,859,675
Total gross public debt and guaranteed obligations	288,829,078,570
Deduct - other outstanding public debt obligations not subject to debt limitation	404,188,021
	288,424,890,549

A-931

STATUTORY DEBT LIMITATION

AS OF AUGUST 31, 1960

Washington, Sept. 13, 1960

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 $285,000,000,000 (Act of June 30, 1959; 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 June 30, 1960 (P.L. 86-564 86th Congress) provides that during the period beginning on July 1, 1960 and ending June 30, 1961, the above limitation ($285,000,000,000) shall be temporarily increased by $8,000,000,000.

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

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Interest-bearing:			
Treasury bills	$36,436,429,000		
Certificates of indebtedness	25,478,835,000		
Treasury notes	42,032,010,000	$103,947,274,000	
Bonds-			
Treasury	82,297,084,750		
* Savings (current redemp. value)	47,336,846,209		
Depositary	140,250,500		
R.E.A. series	3,254,000		
Investment series	6,638,101,000	136,415,536,459	
Special Funds-			
Certificates of indebtedness	7,521,484,000		
Treasury notes	10,162,984,000		
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Total interest-bearing		285,584,663,459	
Matured, interest-ceased		373,078,950	
Bearing no interest:			
United States Savings Stamps	49,523,942		
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Total		288,268,030,874	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F.H.A.	155,718,400		
Matured, interest-ceased	1,141,275	156,859,675	
Grand total outstanding			288,424,890,549
Balance face amount of obligations issuable under above authority			4,575,109,451

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Outstanding-	
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Total gross public debt and guaranteed obligations	288,829,078,570
Deduct - other outstanding public debt obligations not subject to debt limitation	404,188,021
	288,424,890,549

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.

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated June 23, 1960, (91 days remaining until maturity date on December 22, 1960) and noncompetitive tenders for $ 100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 22, 1960 , in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 22, 1960 . 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

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A-932

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE, 4:00 P.M., EDT,
~~XXXXXXXXXXXXXXXXXXXXXXXX~~
Wednesday, September 14, 1960 .

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $ 1,600,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing September 22, 1960 , in the amount of $1,600,774,000 , as follows:

91 -day bills (to maturity date) to be issued September 22, 1960 , in the amount of $ 1,100,000,000 , or thereabouts, representing an additional amount of bills dated June 23, 1960 , and to mature December 22, 1960 , originally issued in the amount of $ 500,157,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 500,000,000 , or thereabouts, to be dated September 22, 1960 , and to mature March 23, 1961 .

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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 Daylight Saving ~~Standard~~ time, Monday, September 19, 1960 . 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, September 14, 1960.

A-932

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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 Departmment 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 for the additional bills dated June 23, 1960, (91 days remaining until maturity date on December 22, 1960) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 22, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 22,1960.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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1403

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 15, 1960.

A-933

The Bureau of Customs announced today the following preliminary figures showing the imports for consumption from January 1, 1960, to September 3, 1960, inclusive, of commodities for which quotas were established pursuant to the Philippine Trade Agreement Revision Act of 1955:

Commodity	Established Annual Quota Quantity	Unit of Quantity	Imports as of Sept. 3, 1960
Buttons.............	765,000	Gross	191,598
Cigars..............	180,000,000	Number	2,479,395
Coconut oil.........	403,200,000	Pound	57,942,168
Cordage.............	6,000,000	Pound	2,833,146
Tobacco.............	5,850,000	Pound	6,415,906

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 15, 1960.

A-933

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Cordage.............	6,000,000	Pound	2,833,146
Tobacco.............	5,850,000	Pound	6,415,906

Commodity	Period and Quantity		Unit of Quantity	Imports as of Sept. 3,
Absolute Quotas:				
Peanuts, shelled, unshelled, blanched, salted, prepared or preserved (incl. roasted peanuts but not peanut butter).......	12 mos. from August 1, 1960	1,709,000	Pound	
Rye, rye flour, and rye meal......	July 1, 1960 - June 30, 1961			
	Canada	140,733,957	Pound	121,158
	Other Countries	2,872,122	Pound	
Butter substitutes, including butter oil, containing 45% or more butterfat......................	Calendar Year	1,200,000	Pound	1,199
Tung Oil.......................	Feb. 1, 1960 - Oct. 31, 1960			
	Argentina	17,979,151	Pound	15,627
	Paraguay	2,223,000	Pound	Quota Fi
	Other Countries	704,382	Pound	185

* Imports through September 12, 1960.

1403

TREASURY DEPARTMENT
Washington, D. C.

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IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 15, 1960.

A-934

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, 1960, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Sept. 3, 1
Tariff-Rate Quotas				
Cream, fresh or sour.................	Calendar Year	1,500,000	Gallon	
Whole milk, fresh or sour............	Calendar Year	3,000,000	Gallon	
Cattle, 700 lbs. or more each (other than dairy cows).............	July 1, 1960 - Sept. 30, 1960	120,000	Head	6,
Cattle, less than 200 lbs. each......	12 mos. from April 1, 1960	200,000	Head	32,
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish...........	Calendar Year	36,533,173	Pound	1/ Quota Fil
Tuna fish............................	Calendar Year	53,448,330	Pound	32,925,
White or Irish potatoes:				
Certified seed.......................	12 mos. from	114,000,000	Pound	54,945,
Other................................	Sept. 15, 1959	36,000,000	Pound	4,289,
Peanut oil...........................	12 mos. from July 1, 1960	80,000,000	Pound	
Walnuts..............................	Calendar Year	5,000,000	Pound	4,847,
Woolen fabrics.......................	Calendar Year	13,500,000	Pound	Quota Fill
Woolen fabrics - Pres. Proc. 3285 and 3317 (T. Ds. 54845 and 54955)..........	March 7 - December 31, 1960	350,000	Pound	Quota Fill
Stainless steel table flatware (table knives, table forks, table spoons)......................	Nov. 1, 1959 - Oct. 31. 1960	69,000,000	Pieces	Quota Fill

1/ Imports for consumption at the quota rate are limited to 27,399,879 pounds during the first nine months of the calendar year.

(over)

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 15, 1960.

A-934

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, 1960, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Sept. 3, 1960
Tariff-Rate Quotas				
Cream, fresh or sour.................	Calendar Year	1,500,000	Gallon	98
Whole milk, fresh or sour............	Calendar Year	3,000,000	Gallon	171
Cattle, 700 lbs. or more each (other than dairy cows).............	July 1, 1960 - Sept. 30, 1960	120,000	Head	6,659
Cattle, less than 200 lbs. each......	12 mos. from April 1, 1960	200,000	Head	32,102
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish...........	Calendar Year	36,533,173	Pound	1/ Quota Filled
Tuna fish............................	Calendar Year	53,448,330	Pound	32,925,519
White or Irish potatoes:				
Certified seed.......................	12 mos. from	114,000,000	Pound	54,945,145
Other................................	Sept. 15, 1959	36,000,000	Pound	4,289,737
Peanut oil...........................	12 mos. from July 1, 1960	80,000,000	Pound	-
Walnuts..............................	Calendar Year	5,000,000	Pound	4,847,292
Woolen fabrics.......................	Calendar Year	13,500,000	Pound	Quota Filled
Woolen fabrics - Pres. Proc. 3285 and 3317 (T. Ds. 54845 and 54955)..........	March 7 - December 31, 1960	350,000	Pound	Quota Filled
Stainless steel table flatware (table knives, table forks, table spoons)......................	Nov. 1, 1959 - Oct. 31, 1960	69,000,000	Pieces	Quota Filled

1/ Imports for consumption at the quota rate are limited to 27,399,879 pounds during the first nine months of the calendar year.

(over)

Commodity	Period and Quantity		Unit of Quantity	Imports as of Sept. 3, 1
Absolute Quotas:				
Peanuts, shelled, unshelled, blanched, salted, prepared or preserved (incl. roasted peanuts but not peanut butter).......	12 mos. from August 1, 1960	1,709,000	Pound	
Rye, rye flour, and rye meal......	July 1, 1960 - June 30, 1961			*
	Canada	140,733,957	Pound	121,158,
	Other Countries	2,872,122	Pound	
Butter substitutes, including butter oil, containing 45% or more butterfat........................	Calendar Year	1,200,000	Pound	1,199,
Tung Oil........................	Feb. 1, 1960 - Oct. 31, 1960			
	Argentina	17,979,151	Pound	15,627,
	Paraguay	2,223,000	Pound	Quota Fil
	Other Countries	704,382	Pound	185,

* Imports through September 12, 1960.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 15, 1960.

A-935

PRELIMINARY DATA ON IMPORTS FOR CONSUMPTION OF UNMANUFACTURED LEAD AND ZINC CHARGEABLE TO THE QUOTAS ESTABLISHED BY PRESIDENTIAL PROCLAMATION NO. 3257 OF SEPTEMBER 22, 1958

QUARTERLY QUOTA PERIOD - July 1, 1960 - September 30, 1960

IMPORTS - July 1, 1960 - September 13, 1960

Country of Production	ITEM 391: Lead-bearing ores, flue dust, and mattes		ITEM 392: Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, all alloys or combinations of lead n.s.p.f.		ITEM 393: Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		ITEM 394: Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead (Pounds)	Imports (Pounds)	Quarterly Quota Dutiable Lead (Pounds)	Imports (Pounds)	Quarterly Quota Dutiable Zinc (Pounds)	Imports (Pounds)	Quarterly Quota By Weight (Pounds)	Imports (Pounds)
Australia	10,080,000	10,080,000	23,680,000	23,680,000	-		-	
Belgian Congo	-		-		-		5,440,000	3,913,236
Belgium and Luxemburg (total)	-		-		-		7,520,000	-
Bolivia	5,040,000	5,040,000	-		-		-	
Canada	13,440,000	13,440,000	15,920,000	15,920,000	66,480,000	66,480,000	37,840,000	23,374,307
Italy	-		-		-		3,600,000	771,610
Mexico	-		36,880,000	33,337,191	70,480,000	69,170,406	6,320,000	2,035,158
Peru	16,160,000	11,130,682	12,880,000	9,043,985	35,120,000	27,216,833	3,760,000	1,957,488
Un. So. Africa	14,880,000	14,880,000	-		-		-	
Yugoslavia	-		15,760,000	15,759,062	-		-	
All other foreign countries (total)	6,560,000	4,263,042	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	6,080,000

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 15, 1960.

A-935

PRELIMINARY DATA ON IMPORTS FOR CONSUMPTION OF UNMANUFACTURED LEAD AND ZINC CHARGEABLE TO THE QUOTAS ESTABLISHED BY PRESIDENTIAL PROCLAMATION NO. 3257 OF SEPTEMBER 22, 1958

QUARTERLY QUOTA PERIOD - July 1, 1960 - September 30, 1960

IMPORTS - July 1, 1960 - September 13, 1960

Country of Production	ITEM 391 Lead-bearing ores, flue dust, and mattes		ITEM 392 Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, all alloys or combinations of lead n.s.p.f.		ITEM 393 Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		ITEM 394 Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead (Pounds)	Imports	Quarterly Quota Dutiable Lead (Pounds)	Imports	Quarterly Quota Dutiable Zinc (Pounds)	Imports	Quarterly Quota By Weight (Pounds)	Imports
Australia	10,080,000	10,080,000	23,680,000	23,680,000	-		-	
Belgian Congo	-		-		-		5,440,000	3,913,236
Belgium and Luxemburg (total)	-		-		-		7,520,000	-
Bolivia	5,040,000	5,040,000	-		-		-	
Canada	13,440,000	13,440,000	15,920,000	15,920,000	66,480,000	66,480,000	37,840,000	23,374,307
Italy	-		-		-		3,600,000	771,610
Mexico	-		36,880,000	33,337,191	70,480,000	69,170,406	6,320,000	2,035,158
Peru	16,160,000	11,130,682	12,880,000	9,043,985	35,120,000	27,216,833	3,760,000	1,957,488
Un. So. Africa	14,880,000	14,880,000	-		-		-	
Yugoslavia	-		15,760,000	15,759,062	-		-	
All other foreign countries (total)	6,560,000	4,263,042	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	6,080,000

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, 1959, to Sept. 12, 1960	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1959 to Sept. 12, 1960
United Kingdom	4,323,457	2,014,947	1,441,152	1,441,152
Canada	239,690	239,690	-	-
France	227,420	131,686	75,807	75,807
British India	69,627	-	-	-
Netherlands	68,240	22,216	22,747	22,216
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	37,531	25,443	25,443
Italy	21,263	2,260	7,088	2,260
	5,482,509	2,448,330	1,599,886	1,566,878

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 15, 1960.

A-936

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 September 20, 1959 - September 12, 1960

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	-	Honduras	752	752
Peru	247,952	-	Paraguay	871	-
British India	2,003,483	19,908	Colombia	124	124
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	8,883,259	British East Africa ...	2,240	-
Brazil	618,723	618,000	Netherlands E. Indies .	71,388	-
Union of Soviet Socialist Republics ...	475,124	-	Barbados	-	-
		-	1/Other British W. Indies	21,321	-
Argentina	5,203	-	Nigeria	5,377	-
Haiti	237	-	2/Other British W. Africa	16,004	-
Ecuador	9,333	-	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 1-1/8" or more
Imports August 1, 1960 - September 12, 1960

Established Quota (Global) - 45,656,420 Lbs.

Staple Length	Allocation	Imports
1-3/8" or more	39,590,778	39,590,778
1-5/32" or more and under 1-3/8" (Tanguis)	1,500,000	472,060
1-1/8" or more and under 1-3/8"	4,565,642	4,565,642

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 15, 1960.

A-936

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)
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Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	-	Honduras	752	752
Peru	247,952	-	Paraguay	871	-
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China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	8,883,259	British East Africa ...	2,240	-
Brazil	618,723	618,000	Netherlands E. Indies .	71,388	-
Union of Soviet Socialist Republics ...	475,124	-	Barbados	-	-
Argentina	5,203	-	1/Other British W. Indies	21,321	-
Haiti	237	-	Nigeria	5,377	-
Ecuador	9,333	-	2/Other British W. Africa	16,004	-
			3/Other French Africa ...	689	-
			Algeria and Tunisia ...	-	-

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

Cotton 1-1/8" or more
Imports August 1, 1960 - September 12, 1960

Established Quota (Global) - 45,656,420 Lbs.

Staple Length	Allocation	Imports
1-3/8" or more	39,590,778	39,590,778
1-5/32" or more and under 1-3/8" (Tanguis)	1,500,000	472,060
1-1/8" or more and under 1-3/8"	4,565,642	4,565,642

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, 1959, to Sept. 12, 1960	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1959 to Sept. 12, 1960
United Kingdom	4,323,457	2,014,947	1,441,152	1,441,152
Canada	239,690	239,690	-	-
France	227,420	131,686	75,807	75,807
British India	69,627	-	-	-
Netherlands	68,240	22,216	22,747	22,216
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	37,531	25,443	25,443
Italy	21,263	2,260	7,088	2,260
	5,482,509	2,448,330	1,599,886	1,566,878

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

Mo.

September 8, 1960

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:

Purchases	$44,922,000.00
Sales	523,100.00
NET PURCHASES	44,398,900.00

TREASURY DEPARTMENT

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WASHINGTON, D.C.

A-437 ~~A-916~~

IMMEDIATE RELEASE,
~~Monday, August 15, 1960.~~
Thursday, September 8, 1960

During ~~July~~ August 1960, 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 ~~$35,523,600.~~ $44,398,900.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Thursday, September 15, 1960. A-937

During August 1960, 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 $44,398,900.

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436

A-93

RELEASE A. M. NEWSPAPERS,
Tuesday, September 20, 1960.

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated June 23, 1960, and the other series to be dated September 22, 1960, which were offered on September 14, were opened at the Federal Reserve Banks on September 19. Tenders were invited for $1,100,000,000, or thereabouts, of 91-day bills and for $500,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 22, 1960		182-day Treasury bills maturing March 23, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.394	2.397%	98.624	2.722%
Low	99.380	2.453%	98.604	2.761%
Average	99.385	2.434% 1/	98.613	2.743% 1/

49 percent of the amount of 91-day bills bid for at the low price was accepted
56 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 33,236,000	$ 18,521,000	$ 4,239,000	$ 3,639,000
New York	1,444,359,000	681,306,000	730,108,000	282,254,000
Philadelphia	43,954,000	20,529,000	7,031,000	2,031,000
Cleveland	33,250,000	30,930,000	37,197,000	32,797,000
Richmond	19,708,000	17,513,000	7,831,000	7,831,000
Atlanta	27,487,000	22,382,000	9,717,000	8,817,000
Chicago	246,599,000	157,003,000	105,199,000	76,133,000
St. Louis	28,503,000	22,330,000	4,893,000	4,393,000
Minneapolis	22,893,000	12,289,000	7,711,000	2,711,000
Kansas City	51,106,000	37,286,000	22,128,000	19,776,000
Dallas	13,036,000	12,956,000	4,339,000	4,239,000
San Francisco	75,255,000	67,629,000	77,712,000	55,543,000
TOTALS	$2,039,386,000	$1,100,674,000 a/	$1,018,105,000	$500,164,000 b/

a/ Includes $263,415,000 noncompetitive tenders accepted at the average price of 99.385
b/ Includes $62,122,000 noncompetitive tenders accepted at the average price of 98.613
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.48%, for the 91-day bills, and 2.82%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

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TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE A. M. NEWSPAPERS,
Tuesday, September 20, 1960.

A-938

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated June 23, 1960, and the other series to be dated September 22, 1960, which were offered on September 14, were opened at the Federal Reserve Banks on September 19. Tenders were invited for $1,100,000,000, or thereabouts, of 91-day bills and for $500,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 22, 1960		182-day Treasury bills maturing March 23, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
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Low	99.380	2.453%	98.604	2.761%
Average	99.385	2.434% 1/	98.613	2.743% 1/

49 percent of the amount of 91-day bills bid for at the low price was accepted
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Richmond	19,708,000	17,513,000	7,831,000	7,831,000
Atlanta	27,487,000	22,382,000	9,717,000	8,817,000
Chicago	246,599,000	157,003,000	105,199,000	76,133,000
St. Louis	28,503,000	22,330,000	4,893,000	4,393,000
Minneapolis	22,893,000	12,289,000	7,711,000	2,711,000
Kansas City	51,106,000	37,286,000	22,128,000	19,776,000
Dallas	13,036,000	12,956,000	4,339,000	4,239,000
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TOTALS	$2,039,386,000	$1,100,674,000 a/	$1,018,105,000	$500,164,000 b/

a/ Includes $263,415,000 noncompetitive tenders accepted at the average price of 99.385
b/ Includes $62,122,000 noncompetitive tenders accepted at the average price of 98.613
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.48%, for the 91-day bills, and 2.82%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

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.

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated June 30, 1960, (91 days remaining until maturity date on December 29, 1960) and noncompetitive tenders for $100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 29, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 29, 1960. 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

A-939

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE, 4:00 P.M., EDT,
~~RELEASE A. M. NEWSPAPERS,~~
Wednesday, September 21, 1960.

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $ 1,500,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing September 29, 1960 , in the amount of $ 1,500,292,000 , as follows:

91 -day bills (to maturity date) to be issued September 29, 1960 , in the amount of $ 1,000,000,000 , or thereabouts, representing an additional amount of bills dated June 30, 1960 , and to mature December 29, 1960 , originally issued in the amount of $ 500,303,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 500,000,000 , or thereabouts, to be dated September 29, 1960 , and to mature March 30, 1961 .

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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~~ two o'clock p.m., Eastern ~~Standard~~ Daylight Saving time, Monday, September 26, 1960 . 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, September 21, 1960.

A-939

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,500,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing September 29,1960,in the amount of $1,500,292,000, as follows:

91-day bills (to maturity date) to be issued September 29, 1960, in the amount of $1,000,000,000, or thereabouts, representing an additional amount of bills dated June 30, 1960, and to mature December 29,1960, originally issued in the amount of $500,303,000, the additional and original bills to be freely interchangeable.

182-day bills, for $ 500,000,000, or thereabouts, to be dated September 29,1960,and to mature March 30, 1961.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Daylight Saving time, Monday, September 26, 1960. 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 Departmment 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 for the additional bills dated June 30, 1960, (91 days remaining until maturity date on December 29, 1960) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 29, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 29, 1960. 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 hereunde need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

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

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TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE, September 22, 1960. A-940

Preliminary reports from the Federal Reserve Banks show that total subscriptions of $3,972.1 million (including $3,388.4 million from public holders and $583.7 million from Government Investment Accounts) have been received to the three issues of 3-1/2% Treasury Bonds included in the recent advance refunding offer of the Treasury to the holders of four issues of outstanding 2-1/2% Treasury Bonds, aggregating $12.5 billion. All subscriptions will be allotted in full. The 3-1/2% bonds will be issued on October 3, 1960.

Subscriptions are as follows (in millions of dollars):

New Issue	From Public Holders	From Govt. Inv. Accts.	Total
3-1/2% Bonds of 1980 ---------------	$ 510.7	$131.3	$ 642.0
3-1/2% Bonds of 1990 (additional issue) --------------	775.0	215.9	990.9
3-1/2% Bonds of 1998 ---------------	2,102.7	236.5	2,339.2
Total -------------------------	$3,388.4	$583.7	$3,972.1

Details by Federal Reserve Banks as to subscriptions will be announced when final reports are received.

* *

The Treasury is pleased with investor response to the first major effort to lengthen the maturity of the marketable public debt through advance refunding. The result is that $4.0 billion of securities scheduled to mature in 7 to 9 years have been shifted to long-term issues maturing in 20 to 38 years. This increase in the amount of long-term bonds outstanding is especially significant when viewed in comparison with total sales of only $9.2 billion of over 15-year securities in the entire postwar period. The amount of outstanding bonds with maturities beyond 15 years increases by nearly one-half, from $8.5 billion to $12.5 billion.

As a result, the average maturity of the marketable public debt is extended from approximately 50 months to 57 months.

This substantial amount of debt extension has been achieved with a minimum of market impact, as evidenced by the relatively small changes in prices of the affected issues since the time of announcement; the small amount of market churning that occurred; and the absence of any appreciable effect on the market for long-term Government, corporate, or municipal bonds. The modest amount of market trading in the affected issues also suggests a minimum of speculative purchases. This, in turn, indicates that the participants in the exchange are primarily long-term investors who are interested in extending the maturity of their holdings.

Attachment to A-940
Sheet No. 1

Marketable Treasury Bonds

(In billions of dollars)

	Maturity class 1/			
	5 to 10 years	10 to 15 years	15 to 20 years	Over 20 years
Issued since December 1946	$45.7	$1.3	$.7	$8.6
Issued since January 1953	40.5	1.3	.7	8.6
Outstanding August 31, 1960:				
Total	21.3	11.7	.9	7.7
Publicly held	18.0	10.3	.8	7.0
Preliminary results of current advance refunding:				
Total	-4.0			+4.0
Publicly held	-3.4			+3.4
Outstanding October 3, 1960 2/:				
Total	17.3	11.7	.9	11.6
Publicly held	14.7	10.3	.8	10.3

1/ All issues classified to final maturity except partially tax-exempt bonds, which are classified to earliest call date.
2/ On the basis of preliminary data on the current advance refunding.

Attachment to A-940
Sheet No. 2.

Market Quotations on U. S. Government Bonds Involved in Advance Refunding

Announced September 9, 1960 1/

(Mean of bid and ask closing quotations in dollars per $100 face value)

Bonds eligible for and offered in exchange	September 1960			
	9th	12th	20th	21st
	(Announcement date)	(Books open)	(Books close)	(Day after books close)
ligible: 2-1/2% June 15, 1962-67......	94-6/32	94-20/32	95-8/32	95-4/32
ffered: 3-1/2% Nov. 15, 1980 2/......	3/	94-20/32	95-8/32	95-10/32
ligible: 2-1/2% Dec. 15, 1963-68......	91-31/32	92-16/32	93-12/32	93-6/32
ffered: 3-1/2% Feb. 15, 1990 2/......	93-17/32 4/	92-18/32	93-13/32	93-18/32
ligible: 2-1/2% June 15, 1964-69......	90-26/32	91-2/32	91-12/32	91-12/32
2-1/2% Dec. 15, 1964-69......	90-15/32	91	91-10/32	91-6/32
ffered: 3-1/2% Nov. 15, 1998 2/......	3/	91-2/32	91-12/32	91-22/32

ffice of the Secretary of the Treasury

September 22, 1960

As reported to the Treasury by the Federal Reserve Bank of New York.

Quoted on "when issued" basis.

Not quoted until September 12, 1960.

Quotation on outstanding issue.

145 A-941

RELEASE A. M. NEWSPAPERS, Tuesday, September 27, 1960.

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated June 30, 1960, and the other series to be dated September 29, 1960, which were offered on September 21, were opened at the Federal Reserve Banks on September 26. Tenders were invited for $1,000,000,000, or thereabouts, of 91-day bills and for $500,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 29, 1960		182-day Treasury bills maturing March 30, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.433	2.243%	98.640	2.690
Low	99.419	2.298%	98.610	2.749
Average	99.422	2.286% 1/	98.620	2.729 1/

57 percent of the amount of 91-day bills bid for at the low price was accepted
The entire amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 25,711,000	$ 14,102,000	$ 1,729,000	$ 1,729,000
New York	1,523,542,000	693,874,000	672,340,000	371,915,000
Philadelphia	26,513,000	10,699,000	9,902,000	3,692,000
Cleveland	25,909,000	25,659,000	20,375,000	20,050,000
Richmond	11,711,000	11,278,000	7,997,000	4,997,000
Atlanta	16,549,000	13,349,000	5,016,000	4,566,000
Chicago	222,339,000	148,190,000	67,725,000	39,225,000
St. Louis	20,687,000	13,242,000	5,842,000	3,942,000
Minneapolis	15,041,000	8,541,000	5,494,000	1,494,000
Kansas City	28,967,000	16,282,000	10,625,000	10,425,000
Dallas	9,857,000	9,857,000	2,977,000	2,777,000
San Francisco	40,694,000	35,790,000	38,758,000	35,258,000
TOTALS	$1,967,520,000	$1,000,863,000 a/	$848,780,000	$500,070,000 b/

a/ Includes $191,640,000 noncompetitive tenders accepted at the average price of 99.422
b/ Includes $42,462,000 noncompetitive tenders accepted at the average price of 98.620
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.33%, for the 91-day bills, and 2.81%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

TREASURY DEPARTMENT

WASHINGTON, D.C.

RELEASE A. M. NEWSPAPERS, Tuesday, September 27, 1960. A-941

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated June 30, 1960, and the other series to be dated September 29, 1960, which were offered on September 21, were opened at the Federal Reserve Banks on September 26. Tenders were invited for $1,000,000,000, or thereabouts, of 91-day bills and for $500,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 29, 1960		182-day Treasury bills maturing March 30, 1961	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.433	2.243%	98.640	2.690
Low	99.419	2.298%	98.610	2.749
Average	99.422	2.286% 1/	98.620	2.729 1/

57 percent of the amount of 91-day bills bid for at the low price was accepted
The entire amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 25,711,000	$ 14,102,000	$ 1,729,000	$ 1,729,000
New York	1,523,542,000	693,874,000	672,340,000	371,915,000
Philadelphia	26,513,000	10,699,000	9,902,000	3,692,000
Cleveland	25,909,000	25,659,000	20,375,000	20,050,000
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St. Louis	20,687,000	13,242,000	5,842,000	3,942,000
Minneapolis	15,041,000	8,541,000	5,494,000	1,494,000
Kansas City	28,967,000	16,282,000	10,625,000	10,425,000
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TREASURY DEPARTMENT
Washington

FOR RELEASE ON DELIVERY

REMARKS BY SECRETARY OF THE TREASURY ROBERT B. ANDERSON, GOVERNOR FOR THE UNITED STATES, AT THE JOINT MEETING OF THE BOARD OF GOVERNORS OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE INTERNATIONAL MONETARY FUND, AND THE INTERNATIONAL FINANCE CORPORATION, SHERATON-PARK HOTEL, WASHINGTON, D. C., 10:00 A. M., EDT, WEDNESDAY, SEPTEMBER 28, 1960.

In many ways the past year has been one of continued economic and financial progress. As the Annual Report has stated, world industrial production and trade have increased and there has been broad success in sustaining expanded output and real income within the framework of reasonable price stability. These gains have not been shared by all countries, however, and continued relative weaknesses in the markets for some primary products and foodstuffs have presented serious problems for a number of the less-developed countries. Even in these cases pressures have been eased by sharp recovery in industrial countries in 1959 and continued high levels of economic activity in 1960.

The work of the Fund during the year focused on several matters which are of great interest to the United States. We welcomed the Executive Board's decision on discriminatory restrictions last October, which recognized that progress toward general convertibility of currencies had very largely eliminated the basis for discriminatory restrictions on payments. In the past two years we have come much closer to the end of the post-war period which in the field of international finance was characterized by widespread discrimination, especially directed at the dollar area. The Fund deserves a great deal of the credit for the concerted and successful effort which has been made to reduce restrictions and eliminate discrimination. Some discriminatory restrictions still remain, however, and we hope that the Fund and the members will devote attention to rapid completion of the task of doing away with them.

In another important decision foreshadowed at the last Annual Meeting the Executive Board in June agreed on the guidelines which might be useful to members as they consider undertaking all of the obligations of Article VIII. We can anticipate that during the coming year a number of additional countries will take that action, which will be especially important as a formal evidence of the approach to full convertibility of currencies.

In the past year, Fund members in very large part completed the process of increasing the resources of the Fund, which had its inception in the resolution adopted by this Board at the New Delhi meeting in 1958. Scarcely half a dozen members have not yet consented to quota increases, and some of them are in the process of taking the necessary legislative and administrative action. We may therefore anticipate that very nearly all Fund members will in the end consent to quota increases. This near-unanimity of action is another important recognition by members of the great usefulness of the Fund. The increase in resources has put the Fund in a much better position to deal with the exchange shortages which from time to time confront individual countries, and with broader difficulties in the field of foreign exchange.

To my mind, one of the most heartening and important aspects of the work of the Fund is its patient, close and intensive collaboration with members in efforts to achieve financial stabilization. Countries have long needed an impartial and reliable ally in the struggle against financial instability and the inflation which accompanies it. The Fund has demonstrated that it is such an ally and we can draw great encouragement from the fact that members from all parts of the world continue to turn to the Fund for support and technical advice. There has been evident and encouraging progress in stabilization during the year, and we have reason for much satisfaction that so many countries -- industrial and less-developed alike -- have participated in these vital efforts to establish and maintain sound and reliable currencies. Substantial completion of the task of dealing with excess internal liquidity inherited from World War II and resulting from inflationary practices, and the advent of much wider convertibility, have helped create the more favorable conditions for success which have emerged in the past few years.

I agree with the general conclusion in the Annual Report that the policies of the Fund relating to the use of its resources continue to be appropriate and beneficial. They comprise a successful merging of two important considerations. On the one hand, members must have assurance that Fund resources are available to them when need arises. On the other hand, the Fund must have assurance that members are taking reasonable and effective steps to deal with the causes of imbalance and to maintain or re-establish internal and external stability. The wide range of members which have drawn on the Fund year by year, and the great variety of circumstances under which they have drawn, serve as good evidence that Fund resources are fulfilling the purposes for which they have been subscribed.

We have studied with close interest the consideration given in the Annual Report to broad developments in balances of payments and in the levels of reserves. I shall shortly have something to say about what has happened in the United States in this respect during the year. But it may be noted at this point that international liquidity improved during 1959. The increase in Fund resources was, of course, one element in this improvement. Other important aspects were the growing strength of the reserve positions of industrial countries and the continuing relaxation of exchange restrictions, and particularly restrictions on movements of capital. These favorable developments have meant that the free world's banking system, which plays such an important role in the financing of international trade in goods and services, has been able more effectively to add to international liquidity when it is needed.

During the year there has been much discussion of the way in which the international financial system is functioning. A number of suggestions have been made for changes which might be made in that system. My own conclusion is that the international system has continued to function efficiently in financing trade and providing increased freedom of movement of short-term funds among a widening group of convertible currencies. This emerging convertibility, together with the renewed vigor of commercial banking institutions in the international field and the strengthening of the Fund resources, has contributed to the flexible and smooth operation of the system. Taken as a whole, the system has been able to finance a growing volume and value of world trade in commodities and services, and to provide stand-by and emergency assistance to countries in need of it. We are not confronted with any immediate need to consider changes in the system as a whole or in the International Monetary Fund.

Less rapid progress has been made in the field of longer-term financing of economic development. In my remarks a year ago I pointed out that there must be a re-orientation of the policies of the earlier postwar period and a new determination by all the industrial countries to face the common obligation to share in the task of providing capital to the less-developed parts of the free world. Since that time the large capital-providing nations have made a step forward in the formation of the Development Assistance Group, the third meeting of which will take place next week, where means and techniques for speeding up the flow of capital to the less-developed countries will be under active discussion. However, a number of industrial countries have continued to increase their reserves and certain ones have accumulated substantial gold and foreign exchange holdings. This is particularly true of the Federal Republic of Germany. It therefore becomes even more vital than before for the strong surplus countries to take adequate steps to facilitate the movement of international capital on longer terms to the less-developed areas of the world. I believe it is considerably more important to seek ways to deal with this problem than to concern ourselves at this time with proposals for new facilities which may build still larger accumulations of a liquid character.

One fundamental point must be re-emphasized -- and on this I believe there is general agreement. The international financial system should and does provide help in times of emergency and assist countries which are striving to deal with their own problems. But I am sure we have all learned that there is an inexorable rule applying to all countries. Regardless of the technical and mechanical aspects of the international financial system, each country is always confronted with the stern necessity of achieving and maintaining reasonable equilibrium in its own balance of payments. Each capital-exporting country -- whether it is in over-all surplus or deficit -- must achieve reasonable balance over time between its current receipts from abroad and its current expenditures abroad plus the total which it is prepared to lend, invest, and provide through grants. And each capital-importing country must strive for a reasonable equilibrium between its net current deficit and the amount which it can reasonably expect to obtain from abroad in the form of loans and grants.

I should like again this year to describe briefly the present course of economic and financial event in the United States, and to report on the way our balance of payments appears to be developing, as we approach the end of the third quarter of 1960.

In evaluating the performance of the United States economy thus far in 1960, as well as prospects for the future, it is essential to maintain perspective. Excessive optimism colored some forecasts early in the year and some observers have now reversed their opinions and suggest that the economy is trending downward. While judgments of reasonable men can differ, it is my strong view that the outlook for economy activity in this country is favorable, both for the near future and for many years ahead.

Unquestionably, there are some sectors of our economy which give concern. The problem of unemployment is still troublesome and deserves continued attention, especially in those areas which have not shared fully in national gains because of special circumstances. In addition, steel production has continued at a low level relative to our greatly enlarged productive capacity. But, especially considering the fundamenta readjustments that have been taking place in the United States economy in 1960, it can be said that our enterprise system has once again demonstrated its great underlying strength and resilience.

In speaking of fundamental readjustments in our economy, I refer to the fact that the economic environment of 1960 is a new environment. After almost twenty years of recurrent inflationary pressures, it is understandable that a free economy would have to undergo some deep-seated adjustments once appropriate fiscal and monetary policies had struck down both the fear and the fact of inflation. It is indeed heartening that, despite the impact of this adjustment to a new economic environment, total output and the income of individuals have advanced to all-time peaks. Moreover, civilian employment in August established a record for the month, with over a million more persons employed than a year earlier. Industrial production, which has been most directly affected by the adjustments occurring this year, has shown little change. In the aggregate it is only slightly below its January peak and, when production of iron and steel is excluded, is somewhat above the first quarter level.

The most important single fact leading to the decline in inflationary expectations was the realization, last January, that the \$12.4 billion Federal deficit of fiscal year 1959 would be replaced by a surplus in fiscal year 1960. This surplus actually totaled \$1.1 billion. Thus, the domestic economy is now functioning without the dangerous stimulus of inflationary expectations or fears of shortages. Businessmen can now make plans and calculate costs on the basis of a reasonably stable dollar.

This is precisely what we have been striving for throughout the postwar period. It is precisely what is required if this Nation is to achieve the maximum rate of sustainable economic growth without inflation.

As reflected in business attitudes and practices, the major impact of this fundamental readjustment to the decline in inflationary pressures and expectations has been on business spending for inventories -- that is, buying of goods for industrial use or resale. In the first quarter of 1960, businesses were accumulating inventories at the near-record annual rate of \$11.4 billion. This rapid rate of accumulation was partly the result of resumption of steel output after a long strike, and partly the result of expectations of limited supply, rising prices, and vigorous demand in 1960. But, as it became clear in ensuing months that most industrial goods and materials would continue to be readily available at reasonably stable prices, the rate of accumulation began to decrease. The available evidence now indicates that inventories are no longer rising but are perhaps declining slightly. Over-all, therefore, the annual rate of inventory spending has fallen by \$11 to \$12 billion. This sharp decline in inventory spending is the key fact in our domestic business picture and accounts for the relative stability of industrial production in 1960, despite a substantial expansion in final demand.

It is highly significant that the recent decrease in inventory spending is even larger than the drop in inventory buying in 1957-58, which was the most important factor depressing spending and output at that time. It is apparent, therefore, that in the past eight months we have experienced another major postwar shift in inventory spending. But in contrast to some of the earlier experiences -- notably, 1948-49, 1953-54, and 1957-58 -- the recent inventory adjustment has proceeded smoothly and, of primary importance, has been offset by strong final demand. Even with this major shift in inventory spending, total economy activity, measured by gross national product, has risen in 1960.

The inventory adjustment appears now to be nearing completion. Business spending for new plant and equipment, according to the latest Government survey, continues at a high and sustained level. Governmental spending for goods and services, embracing State and local as well as Federal outlays, continues to advance. Recent surveys indicate that consumer buying plans were well maintained during the summer and that consumers increasingly regard their financial positions as favorable. As already noted, personal income has continued to rise and, with inflation under control, rising personal income means rising purchasing power for the consumer.

Of considerable importance from a financial standpoint has been the significant easing of monetary policy in recent months, which was appropriate in view of the shift to a budget surplus and the accompanying decline in inflationary pressures. The Federal Reserve authorities have twice reduced the rate of interest on loans to member banks; margin requirements for stock market loans have been lowered; reserve requirements of member banks have been reduced; and, of primary importance, the reserves of the banking system have been supplemented through purchases of Government securities.

The results of these monetary actions are clearly discernible. Since May, the privately held money supply, which had been declining, has grown by more than $1 billion, or at an annual rate of about 3 percent. Time deposits in banks and share accounts in savings and loan associations, which constitute important types of "near-money," have also been increasing at a substantial rate. Business loans at banks have not grown as much as usual since mid-year, largely due to the decline in inventory spending, but banks have used the additional reserves to add significantly to their holdings of Government securities and other liquid assets. Interest rates have declined from the peaks of early winter.

The easing of credit and the decline in interest rates are encouraging new long-term bond flotations by State and local governments and business corporations, and the Treasury has succeeded in extending a significant amount of its intermediate-term debt to longer maturity, through an advance refunding. Credit to support residential and other construction is more readily available, at lower interest rates. This in turn has helped sustain the level of housing starts. Construction contract awards have also increased recently. Thus, the outlook for a rising volume of construction is favorable.

These facts, in my judgment, reflect the basic underlying strength of the United States economy. The adjustments that our economy has undergone this year provide the base for a long period of sustainable, non-inflationary growth. Primarily because of effective attention to our domestic fiscal and monetary policies, we can view the future of our economy with confidence.

Let us now turn to the United States balance of payments. You may recall that the United States balance of payments showed an over-all deficit of $3.5 billion in 1958 and $3.8 billion in 1959. You may also recall that this very unsatisfactory situation resulted from three main factors. First, our merchandise imports had increased very sharply from a level of around $13 billion per year to more than $15 billion in 1959. Secondly, our merchandise exports had declined from more than $17 billion in 1956 and $19 billion in 1957 to $16 billion in 1958 and 1959. Third, three important elements in our balance of payments were large and, in view of our general international responsibilities, were not susceptible to easy adjustment. These three elements were military expenditures overseas, a net outflow of U. S. private capital, and government loans and grants. These have in total ranged about $8 billion in recent years.

What has been happening in 1960? First, our exports at mid-year were running at an annual rate of about $20 billion, which was equal to the peak reached in 1957 and up almost one-fourth from the level of 1958 and 1959. There has been good progress in expanding our exports, covering a very wide range of commodities and markets. With imports at about the same level as in 1959, our net export surplus is accruing at an annual rate of more than $4 billion, exceeded in the past decade only in 1956 and 1957. But the movements of capital and other non-trade items have left us with an over-all payments deficit which appears to be running this year at an annual rate of something like $3 billion. This is a substantial deficit, even though it represents a reduction from the deficit of $3.8 billion recorded in 1959.

The outflow of gold continued in 1960, and has now reached about $700 million. In the same period foreign countries increased their total holdings of short-term dollar claims, and the gold flow has generally reflected the normal reserve practices of foreign financial institutions.

During 1960, short-term interest rates have moved sharply and in some cases in opposite directions, notably downward in the United States and upward in the United Kingdom and Germany. We cannot expect that liquid funds would be unresponsive to these changes, and, as I have just mentioned, there has been a substantial outflow of short-term funds from the U. S. chiefly to Europe, although some of it comprises a U. S. liquid claim on other countries.

We have made real progress toward the continuing and essential objective of reasonable equilibrium in our balance of payments. But we have not reached that objective. As we advance toward it, our aim is to merit continued confidence at home and abroad. We shall do this by resolute adherence to domestic and foreign economic and financial policies which will maintain the dollar at its existing gold parity as a sound and reliable currency. However, I should like to venture a little broader comment. International trade is increasing and the interdependence of the economic and monetary policies of all nations is becoming ever more apparent. This obliges all of us as we frame and pursue our policies to realize that the free countries of the world must have the common objective of maintaining stability and convertible currencies, and must keep ever in mind that the actions of each affects and concerns all of the others.

We are taking certain steps, notably in expanding our export insurance facilities and in more intensive display of our products overseas, to encourage our exporters to search more actively for markets. We believe they are doing so with good results. In this connection, we hope and expect that other countries and groups of countries, such as the European Common Market, and the European Free Trade Area, will pursue liberal commercial policies with respect to imports from the rest of the world. This is especially needed with respect to agricultural products. The negotiations which have recently started in Geneva will be concerned with the tariffs of the Common Market as well as those of other countries in the GATT, and will provide an opportunity for real progress in that direction. We have high hopes for a successful outcome.

I have so far been talking about the United States balance of payments. Last year I mentioned the very large payments surpluses which a number of other industrial countries were recording not only with the United States but also with the less developed countries, and I ventured to say that this did not represent a satisfactory pattern of world payments and could not be expected to persist. I am glad to see that the Annual Report has very properly directed attention to this important imbalance in international payments arising out of the continuing payments surpluses of these industrial countries. This is a most important, indeed a crucial, problem now facing us in world finance. Both the less-developed countries and the strong industrial countries have a vital and mutual interest in bringing about a more reasonable equilibrium in the payments relationships between these areas. One important need is an increase in the flow of capital, and particularly of long-term capital, from these countries to the less-developed areas, which I have already mentioned. Another form of adjustments of a mutually beneficial character could result from the expansion of imports of goods and services by the surplus countries from the less-developed areas and from the United States as well. As one example, consideration could be given to reducing internal taxes on commodities imported from the less-developed countries.

We are very acutely aware of the importance of securing for ourselves that freedom of action which is essential if we are to use fiscal and monetary policy flexibly as a major means of dealing with both inflationary and deflationary forces. This is another and very important reason which will impel us over the years through proper policies to maintain a sound balance of payments position and an adequate reserve level. We rely on our large reserves to provide this freedom of action, and we have exercised it during 1960 as we have applied our fiscal and monetary policies. But we can preserve it over the long run only as we succeed in our objective to achieve and maintain a reasonable equilibrium in our balance of payments.

The free world is moving through an epoch of vastly significant economic, social and political events. In every field -- health, technology, transportation, social welfare -- new achievements stream from the minds and the labor of men. People who in the past could expect little of life see horizons of which they never dreamed; they are moved by aspirations which they never before dared to have. Out of this has appropriately emerged a surging demand for higher living standards and a drive for the economic development which will make them possible. This drive is pressing on the resources of all countries, because in even the most highly developed there is a demand for improved production facilities, better roads, more schools and hospitals, and more housing.

All of this is of the most intensely practical concern to us, as Treasury officials and as central bankers. We have a vital role to play in the fulfillment of this compelling urge for economic expansion. On the one hand, we must encourage adherence to the time-tested rule that economic and social progress and sound currencies are inseparable -- that one cannot exist without the other. On the other, we must demonstrate that our financial and monetary policies and institutions, operating within a free economic system, can contribute to the objectives of economic growth, social progress, and the security of the free world, and thus help meet the great challenges of our time.

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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.

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

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

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 (16) or less for the additional bills dated July 7, 1960 (17), (91 (18) days remaining until maturity date on January 5, 1961 (19)) and noncompetitive tenders for $ 100,000 (20) or less for the 182 (21) -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 6, 1960 (22), in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 6, 1960 (23). 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

~~Exhibit 2-A~~

~~[illegible] MODIFIED~~

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE, 4:00 P.M., EDT,
~~RELEASE A. M. NEWSPAPERS,~~
Wednesday, September 28, 1960 ~~(1)~~ .

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,500,000,000 ~~(2)~~, or thereabouts, for cash and in exchange for Treasury bills maturing October 6, 1960 ~~(3)~~, in the amount of $1,500,509,000 ~~(4)~~, as follows:

91 ~~(5)~~ -day bills (to maturity date) to be issued October 6, 1960 ~~(6)~~, in the amount of $1,000,000,000 ~~(7)~~, or thereabouts, representing an additional amount of bills dated July 7, 1960 ~~(8)~~, and to mature January 5, 1961 ~~(9)~~, originally issued in the amount of $ 500,050,000 ~~(10)~~, the additional and original bills to be freely interchangeable.

182 ~~(11)~~ -day bills, for $ 500,000,000 ~~(12)~~, or thereabouts, to be dated October 6, 1960 ~~(13)~~, and to mature April 6, 1961 ~~(14)~~.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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~~ two o'clock p.m., Eastern ~~Standard~~ Daylight Saving time, Monday, October 3, 1960 ~~(15)~~. 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

TREASURY DEPARTMENT

WASHINGTON, D.C.

IMMEDIATE RELEASE,
Wednesday, September 28, 1960.

A-943

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $ 1,500,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing October 6, 1960, in the amount of $ 1,500,509,000, as follows:

91 -day bills (to maturity date) to be issued October 6, 1960, in the amount of $ 1,000,000,000, or thereabouts, representing an additional amount of bills dated July 7, 1960, and to mature January 5, 1961, originally issued in the amount of $ 500,050,000, the additional and original bills to be freely interchangeable.

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The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their 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, October 3, 1960. 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 Departmment 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 for the additional bills dated July 7, 1960, (91 days remaining until maturity date on January 5, 1961) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 6, 1960, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 6, 1960. 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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Attachment to

SUMMARY OF AMOUNT AND NUMBER OF SUBSCRIPTIONS RECEIVED
OCTOBER 1960 ADVANCE REFUNDING
AS OF SEPTEMBER 30, 1960

	3½% Bonds of 1980		3½% Bonds of 1990		3½% Bonds of 1998		Total	
	Amount	No. Sub.	Amount	No. Sub.	Amount	No. Sub.	Amount	No. Sub.
Individuals 1/	$ 25,738,000	2,423	$ 22,519,000	2,920	$ 70,674,500	8,762	$ 118,931,500	14,105
Commercial Bks. (own account)	93,956,000	333	47,383,500	144	114,876,000	321	256,215,500	798
All Others 2/	392,560,500	1,284	707,038,500	1,331	1,920,476,000	2,831	3,020,075,000	5,446
Totals	$512,254,500	4,040	$776,941,000	4,395	$2,106,026,500	11,914	$3,395,222,000	20,349
Gov't. Inv. Accts.	131,328,000		215,875,000		236,490,000		583,693,000	
Grand Totals	$643,582,500		$992,816,000		$2,342,516,500		$3,978,915,000	

1/ Includes partnerships and personal trust accounts.

2/ Includes insurance companies, mutual savings banks, corporations exclusive of commercial banks, private pension and retirement funds, pension, retirement and other funds of State and local governments, and dealers and brokers.

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A-944

IMMEDIATE RELEASE
Friday, September 30, 1960.

The Treasury Department announced today the results of the current advance refunding offer of:

3-1/2% Treasury Bonds of 1980, due November 15, 1980, in exchange for 2-1/2% Treasury Bonds of 1962-67, due June 15, 1967,

3-1/2% Treasury Bonds of 1990 (additional issue) due February 15, 1990, in exchange for 2-1/2% Treasury Bonds of 1963-68, due December 15, 1968, and

3-1/2% Treasury Bonds of 1998, due November 15, 1998, in exchange for 2-1/2% Treasury Bonds of 1964-69, due June 15, 1969, and December 15, 1969.

Subscriptions, all of which were allotted in full, were divided among the several Federal Reserve Districts and the Treasury as follows:

Federal Reserve District	3-1/2% BONDS OF 1980	3-1/2% BONDS OF 1990 (Additional Issue)	3-1/2% BONDS OF 1998
Boston	$ 53,237,000	$ 70,059,500	$ 182,555,000
New York	272,199,500	424,119,500	1,270,158,000
Philadelphia	12,364,000	24,202,000	53,693,500
Cleveland	20,995,000	55,266,500	130,487,500
Richmond	12,008,500	29,801,500	41,789,000
Atlanta	2,466,000	5,289,000	11,880,000
Chicago	64,744,500	78,549,500	137,424,500
St. Louis	6,290,000	6,415,500	19,126,000
Minneapolis	4,933,000	4,817,500	24,970,000
Kansas City	10,694,000	16,005,000	48,055,500
Dallas	37,841,500	33,337,500	70,439,500
San Francisco	13,799,500	28,103,000	87,825,000
Treasury	682,000	975,000	27,623,000
Gov't. Inv. Accts.	131,328,000	215,875,000	236,490,000
Totals	$643,582,500	$992,816,000	$2,342,516,500

There is attached a table showing a preliminary analysis of subscriptions.

TREASURY DEPARTMENT

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WASHINGTON, D.C.

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Friday, September 30, 1960.

A-944

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