Annual Report

of the

Secretary of the Treasury

on the

State of the Finances

For the Fiscal Year Ended June 30, 1951

TREASURY DEPARTMENT

DOCUMENT NO. 3177

Secretary

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LETTER OF TRANSMITTAL

TREASURY DEPARTMENT,
Washington, D. C., March 1, 1952.

SIRS: I have the honor to report to you on the finances of the Federal Government for the fiscal year ended June 30, 1951. In particular, I should like to direct your attention to the review of the management of the public debt and related problems contained in my replies to the inquiries addressed to me by the Chairman of the Subcommittee on General Credit Control and Debt Management of the Joint Committee on the Economic Report, beginning on page 198, and to the information beginning on page 630, which covers Reorganization Plan No. 1 of 1952, providing for reorganization of the Bureau of Internal Revenue, transmitted to the Congress by the President on January 14, 1952.

JOHN W. SNYDER,
Secretary of the Treasury.

THE PRESIDENT OF THE SENATE.
THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

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SECRETARIES, UNDER SECRETARIES, AND ASSISTANT SECRETARIES OF THE TREASURY DEPARTMENT FROM MARCH 4, 1933, TO NOVEMBER 15, 1951,[1] AND THE PRESIDENTS UNDER WHOM THEY SERVED

Term of service		Official	Served under—	
From—	To—		Secretary of the Treasury	President
		Secretary of the Treasury		
Mar. 4, 1933	Dec. 31, 1933	William H. Woodin, New York		Roosevelt.
Jan. 1, 1934	July 22, 1945	Henry Morgenthau, Jr., New York		Roosevelt, Truman.
July 23, 1945	June 23, 1946	Fred M. Vinson, Kentucky		Truman.
June 25, 1946		John W. Snyder, Missouri		Truman.
		Under Secretary		
May 19, 1933	Nov. 16, 1933	Dean G. Acheson, Maryland	Woodin	Roosevelt.
Nov. 17, 1933	Dec. 31, 1933	Henry Morgenthau, Jr., New York	Woodin	Roosevelt.
May 2, 1934	Feb. 15, 1936	Thomas Jefferson Coolidge, Massachusetts.	Morgenthau	Roosevelt.
Jan. 29, 1937	Sept. 15, 1938	Roswell Magill, New York	Morgenthau	Roosevelt.
Nov. 1, 1938	Dec. 31, 1939	John W. Hanes, North Carolina	Morgenthau	Roosevelt.
Jan. 18, 1940	Dec. 31, 1945	Daniel W. Bell, Illinois	Morgenthau, Vinson	Roosevelt, Truman.
Mar. 4, 1946	Jan. 14, 1947	O. Max Gardner, North Carolina	Vinson, Snyder	Truman.
Jan. 23, 1947	July 14, 1948	A. L. M. Wiggins, South Carolina	Snyder	Truman.
July 15, 1948		Edward H. Foley, New York	Snyder	Truman.
		Assistant Secretaries		
Apr. 18, 1933	Feb. 15, 1936	Lawrence W. Robert, Jr., Georgia	Woodin, Morgenthau	Roosevelt.
June 6, 1933	Sept. 30, 1939	Stephen B. Gibbons, New York	Woodin, Morgenthau	Roosevelt.
June 12, 1933	Dec. 12, 1933	Thomas Hewes, Connecticut	Woodin	Roosevelt.
Dec. 1, 1934	Nov. 1, 1937	Josephine Roche, Colorado	Morgenthau	Roosevelt.
Feb. 19, 1936	Feb. 28, 1939	Wayne C. Taylor, Illinois	Morgenthau	Roosevelt.
July 1, 1938	Oct. 31, 1938	John W. Hanes, North Carolina	Morgenthau	Roosevelt.
June 23, 1939	Dec. 2, 1945	Herbert E. Gaston, New York	Morgenthau, Vinson	Roosevelt, Truman.
Jan. 18, 1940	Nov. 30, 1944	John L. Sullivan, New Hampshire	Morgenthau	Roosevelt.
Jan. 24, 1945	May 1, 1946	Harry D. White, Maryland	Morgenthau, Vinson	Roosevelt, Truman.
Apr. 15, 1946	July 14, 1948	Edward H. Foley, New York	Vinson, Snyder	Truman.
July 16, 1948		John S. Graham, North Carolina	Snyder	Truman.
Feb. 8, 1949	Mar. 31, 1951	William McChesney Martin, Jr., New York.	Snyder	Truman.
		Fiscal Assistant Secretary		
Mar. 16, 1945		Edward F. Bartelt, Illinois	Morgenthau, Vinson, Snyder.	Roosevelt, Truman.
		Administrative Assistant Secretary		
Aug. 2, 1950		William W. Parsons, California	Snyder	Truman.

[1] For officials since 1789 see annual report for 1932, pp. xvii to xxi, and corresponding table in annual report for 1933.

PRINCIPAL ADMINISTRATIVE AND STAFF OFFICERS OF THE TREASURY DEPARTMENT AS OF NOVEMBER 15, 1951

SECRETARY

JOHN W. SNYDER

Edward H. Foley	Under Secretary of the Treasury.
John S. Graham	Assistant Secretary of the Treasury.
Vacancy	Assistant Secretary of the Treasury.
Edward F. Bartelt	Fiscal Assistant Secretary of the Treasury.
William W. Parsons	Administrative Assistant Secretary.
Thomas J. Lynch	General Counsel.
George C. Haas	Director of the Technical Staff.
William J. Bray	Assistant to the Secretary.
A. L. M. Wiggins	Assistant to the Secretary.
Frank A. Southard, Jr.	Special Assistant to the Secretary.

OFFICE OF THE UNDER SECRETARY EDWARD H. FOLEY [1]

Captain Ernest R. Feidler, U. S. C. G	Aide and Assistant to the Under Secretary.
Captain Frank T. Kenner, U. S. C. G	Special Assistant to the Under Secretary.
Elmer T. Acken	Assistant to the Under Secretary.

OFFICE OF ASSISTANT SECRETARY JOHN S. GRAHAM [1]

Kennedy C. Watkins	Assistant to Assistant Secretary.

OFFICE OF ASSISTANT SECRETARY (VACANCY) [1]

George H. Willis	Director, Office of International Finance.

OFFICE OF THE FISCAL ASSISTANT SECRETARY EDWARD F. BARTELT [1]

William T. Heffelfinger	Assistant to the Fiscal Assistant Secretary.
Edward D. Batchelder	Technical Assistant to the Fiscal Assistant Secretary.
Martin L. Moore	Technical Assistant to the Fiscal Assistant Secretary.
Frank F. Dietrich	Technical Assistant to the Fiscal Assistant Secretary.
Maurace E. Roebuck	Administrative Assistant to Fiscal Assistant Secretary.
George F. Stickney	Head, Fiscal Service Operations and Methods Staff.

OFFICE OF ADMINISTRATIVE ASSISTANT SECRETARY WILLIAM W. PARSONS [1]

William L. Lynch	Assistant to the Administrative Assistant Secretary.
Willard L. Johnson	Budget Officer.
Howard M. Nelson	Assistant Budget Officer.
James H. Hard II	Director of Personnel.
Joseph A. Jordan	Assistant Director of Personnel.
Paul McDonald	Director of Administrative Services.
Elvus W. Proud	Superintendent, Division of Treasury Buildings.
Edward E. Berney	Chief, Division of Buildings Surveys.
Henry L. Merricks	Chief, Division of Office Services.

OFFICE OF THE GENERAL COUNSEL THOMAS J. LYNCH

Elting Arnold	Assistant General Counsel.
John K. Carlock	Assistant General Counsel.
Vance N. Kirby	Tax Legislative Counsel.
Frederick C. Lusk	Assistant Tax Legislative Counsel.
Raphael Sherfy	Assistant Tax Legislative Counsel.
Hugo A. Ranta	Assistant to the General Counsel.
George Bronz	Special Assistant to the General Counsel.
Lawrence Linville	Special Assistant to the General Counsel.
James J. Saxon	Special Assistant to the General Counsel.
Kenneth S. Harrison	Chief Counsel, U. S. Coast Guard.
John F. Anderson	Chief Counsel, Office of the Comptroller of the Currency.
Robert Chambers	Chief Counsel, Bureau of Customs.
Charles Oliphant	Chief Counsel, Bureau of Internal Revenue.
Elting Arnold	Chief Counsel, Office of International Finance.
Alfred L. Tennyson	Chief Counsel, Bureau of Narcotics.
Theodore W. Cunningham	Chief Counsel, Bureau of the Public Debt.
George F. Reeves	Chief Counsel to the Fiscal Assistant Secretary.

[1] See organization chart.

OFFICE OF THE TECHNICAL STAFF

George C. Haas	Director of the Technical Staff.
Edmund M. Daggit	Assistant Director.
Thomas F. Leahey	Assistant Director.
Robert P. Mayo	Assistant Director.
Sidney G. Tickton	Assistant Director.
Cedric W. Kroll	Acting Government Actuary.
Anna M. Michener	Assistant to the Director.
William M. Weir	Administrative Assistant to the Director.
Isabella S. Diamond	Librarian.

OFFICE OF INTERNATIONAL FINANCE

George H. Willis	Director.
Charles Dillon Glendinning	Deputy Director and Secretary, National Advisory Council.
William L. Hebbard	Assistant Director.
Elting Arnold	Acting Director, Foreign Assets Control.
Judd Polk	Chief, British Commonwealth and Middle East Division.
Morris J. Fields	Chief, Commercial Policy and United Nations Division.
Weir M. Brown	Chief, European Division.
Arthur W. Stuart	Chief, Far Eastern Division.
Robert J. Schwartz	Acting Chief, International Statistics Division.
John S. deBeers	Chief, Latin American Division.
George A. Eddy	Chief, Stabilization Fund, Gold and Silver Division.
Mary C. Hall	Administrative Assistant to the Director.
Walter F. White	Budget Officer.

TAX ADVISORY STAFF OF THE SECRETARY

L. L. Ecker-Racz	Director.
F. Newell Campbell	Associate Director.
Richard E. Slitor	Taxation Specialist.
Joseph A. Pechman	Assistant Director.
George E. Lent	Assistant Director.
John Copeland	Assistant Director.

OFFICE OF THE COMPTROLLER OF THE CURRENCY

Preston Delano	Comptroller of the Currency.
J. L. Robertson	First Deputy Comptroller of the Currency.
L. A. Jennings	Second Deputy Comptroller of the Currency.
W. M. Taylor	Third Deputy Comptroller of the Currency.
W. P. Folger	Chief National Bank Examiner.

BUREAU OF CUSTOMS

Frank Dow	Commissioner of Customs.
D. B. Strubinger	Assistant Commissioner of Customs.
W. R. Johnson	Special Assistant to the Commissioner.
Burke H. Flinn	Administrative Officer.
Walter G. Roy	Deputy Commissioner of Appraisement Administration.
C. A. Emerick	Deputy Commissioner of Investigations.
W. H. Ziehl	Deputy Commissioner of Management and Controls.
G. H. Griffith	Chief, Division of Drawbacks, Enforcement, and Quotas.
W. E. Higman	Chief, Division of Classification, Entry, and Value.
H. E. Sweet	Chief, Division of Marine Administration.
J. F. Williams	Chief, Division of Laboratories.

BUREAU OF ENGRAVING AND PRINTING

Alvin W. Hall	Director, Bureau of Engraving and Printing.
Henry J. Holtzclaw	Associate Director.
Thomas F. Slattery	Assistant Director.

BUREAU OF ACCOUNTS (IN THE FISCAL SERVICE)

Robert W. Maxwell	Commissioner of Accounts.
Gilbert L. Cake	Associate Commissioner.
Harold R. Gearhart	Deputy Commissioner.
Edmund C. Nussear	Assistant Deputy Commissioner.
Wallace E. Barker, Jr.	Assistant Commissioner for Administration.
Stephen P. Gerardi	Executive Assistant to the Commissioner.
Paul D. Banning	Chief Disbursing Officer.
Julian F. Cannon	Assistant Chief Disbursing Officer.
Charles O. Bryant	Assistant Chief Disbursing Officer.
George Friedman	Technical Assistant to the Commissioner.
Boyd A. Evans	Assistant to the Associate Commissioner.

BUREAU OF THE PUBLIC DEBT (IN THE FISCAL SERVICE)

Edwin L. Kilby	Commissioner of the Public Debt.
Donald M. Merritt	Assistant Commissioner.
Ross A. Heffelfinger, Jr	Deputy Commissioner in Charge, Washington Office.
Charles D. Peyton	Deputy Commissioner in Charge, Chicago Office.

OFFICE OF THE TREASURER OF THE UNITED STATES (IN THE FISCAL SERVICE)

Georgia Neese Clark	Treasurer of the United States.
Vacant	Assistant Treasurer.
Frederick L. Church	Deputy and Acting Treasurer.
Edmund Doolan	Assistant Deputy Treasurer.
Grover C. Emerson	Staff Assistant.

BUREAU OF INTERNAL REVENUE

John B. Dunlap	Commissioner of Internal Revenue.
Fred S. Martin	Assistant Commissioner.
Justin F. Winkle	Assistant Commissioner.
Thomas C. Atkeson	Assistant to the Commissioner.
Edgar E. Hoppe	Director, Inspection Service.
Edward I. McLarney	Deputy Commissioner, Income Tax Division.
Alvin H. Cross	Deputy Commissioner, Accounts and Collections Division.
Victor H. Self	Deputy Commissioner, Employment Tax Division.
Charles J. Valaer	Deputy Commissioner, Excise Tax Division.
Dwight E. Avis	Deputy Commissioner, Alcohol and Tobacco Tax Division.
Eldon P. King	Special Deputy Commissioner.
Clifford W. Stowe	Head, Appellate Staff.
William H. Woolf	Chief, Intelligence Division.
Henry J. Merry	Chairman, Excess Profits Tax Council.

BUREAU OF THE MINT

Nellie Tayloe Ross	Director of the Mint.
Leland Howard	Assistant Director.

BUREAU OF NARCOTICS

Harry J. Anslinger	Commissioner of Narcotics.
George W. Cunningham	Deputy Commissioner.
Malachi L. Harney	Assistant to the Commissioner.

UNITED STATES COAST GUARD

Vice Admiral Merlin O'Neill	Commandant, U. S. Coast Guard.
Rear Admiral Alfred C. Richmond	Assistant Commandant and Chief of Staff.
Rear Admiral Russell E. Wood	Deputy Chief of Staff.
Rear Admiral Kenneth K. Cowart	Engineer in Chief.
Rear Admiral Halert C. Shepheard	Chief, Office of Merchant Marine Safety.
Rear Admiral Raymond J. Mauerman	Chief, Office of Operations.
Rear Admiral James A. Hirshfield	Chief, Office of Personnel.
Captain Ira E. Eskridge	Comptroller.

UNITED STATES SAVINGS BONDS DIVISION

Vernon L. Clark	National Director.
Leon J. Markham	Director of Sales.
Bill McDonald	Executive Officer.

UNITED STATES SECRET SERVICE

U. E. Baughman	Chief, U. S. Secret Service.
Carl Dickson	Assistant Chief.
Harry E. Neal	Executive Aide to the Chief.
George W. Taylor	Administrative Officer.

STANDING DEPARTMENTAL COMMITTEES

COMMITTEE ON PRACTICE

John L. Graves	Chairman.
Hessel E. Yntema	Member.
Huntington Cairns	Member.

TREASURY DEPARTMENT MANAGEMENT COMMITTEE

William W. Parsons	Chairman.
Thomas C. Atkeson	Member.
John K. Carlock	Member.
William T. Heffelfinger	Member.
Henry J. Holtzclaw	Member.
Leland Howard	Member.
Rear Admiral Russell E. Wood, U. S. C. G.	Member.
D. B. Strubinger	Member.

TREASURY AWARDS COMMITTEE

William L. Lynch	Chairman.
James H. Stover	Vice Chairman.
John K. Carlock	Member.
James H. Hard II	Member.
William T. Heffelfinger	Member.
Henry J. Holtzclaw	Member.
Leland Howard	Member
Willard L. Johnson	Member.
Richard W. Nelson	Member.
Rear Admiral Russell E. Wood, U. S. C. G.	Member.
W. H. Ziehl	Member.

LOYALTY BOARD

James H. Hard II	Chairman
Hugo A. Ranta	Member.
William T. Heffelfinger	Member.

WAGE BOARD

James H. Hard II	Chairman.
Willard L. Johnson	Member.
William T. Heffelfinger	Member.

INTERDEPARTMENTAL SAVINGS BOND COMMITTEE

Edward F. Bartelt	Chairman.

FAIR EMPLOYMENT OFFICER

James H. Hard II

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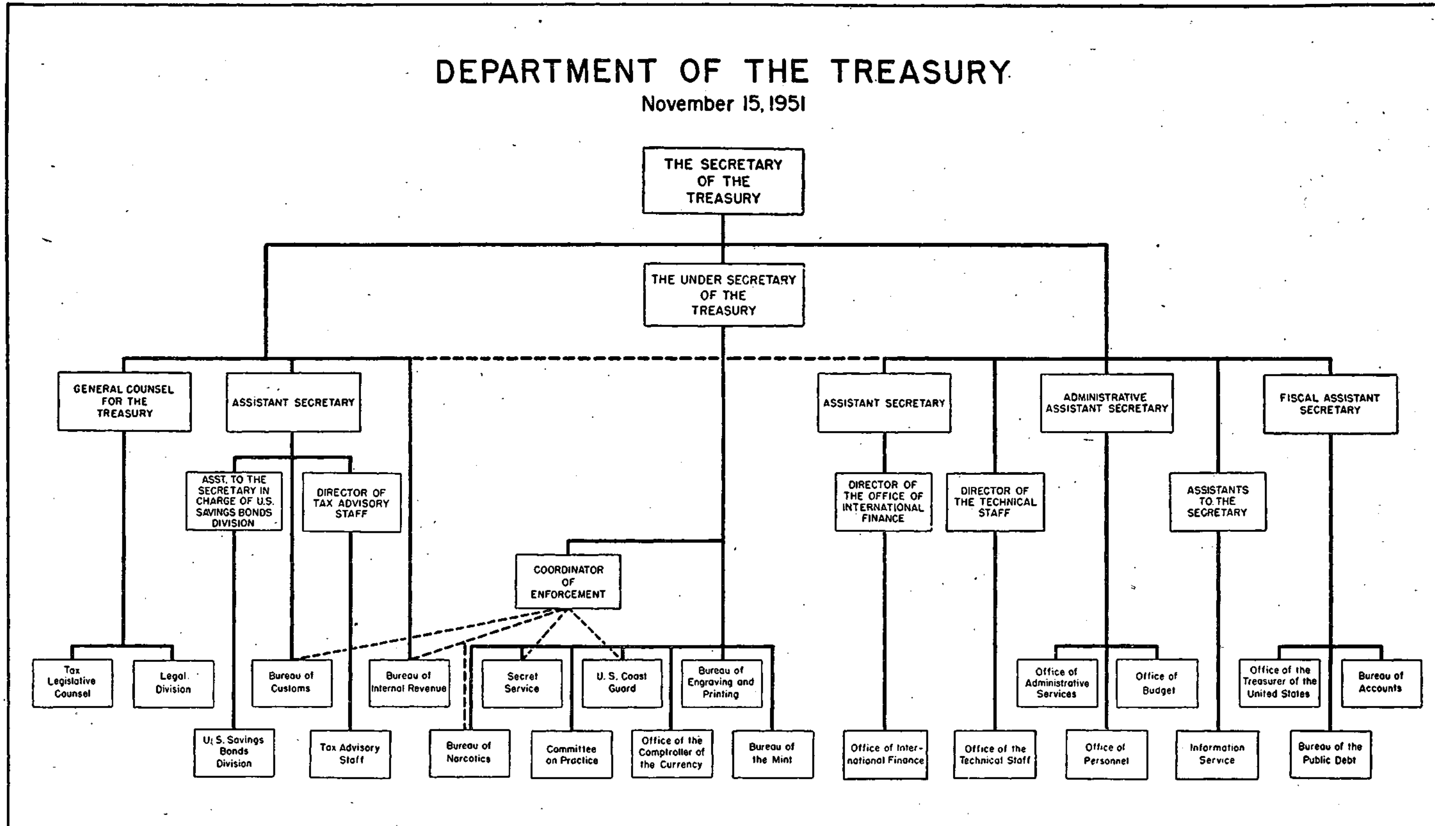
DEPARTMENT OF THE TREASURY
November 15, 1951
THE SECRETARY OF THE TREASURY
THE UNDER SECRETARY OF THE TREASURY
GENERAL COUNSEL FOR THE TREASURY
ASSISTANT SECRETARY
ASSISTANT SECRETARY
ADMINISTRATIVE ASSISTANT SECRETARY
FISCAL ASSISTANT SECRETARY
ASST. TO THE SECRETARY IN CHARGE OF U.S. SAVINGS BONDS DIVISION
DIRECTOR OF TAX ADVISORY STAFF
COORDINATOR OF ENFORCEMENT
DIRECTOR OF THE OFFICE OF INTERNATIONAL FINANCE
DIRECTOR OF THE TECHNICAL STAFF
ASSISTANTS TO THE SECRETARY
Tax Legislative Counsel
Legal Division
Bureau of Customs
Bureau of Internal Revenue
Secret Service
U. S. Coast Guard
Bureau of Engraving and Printing
Office of Administrative Services
Office of Budget
Office of the Treasurer of the United States
Bureau of Accounts
U. S. Savings Bonds Division
Tax Advisory Staff
Bureau of Narcotics
Committee on Practice
Office of the Comptroller of the Currency
Bureau of the Mint
Office of International Finance
Office of the Technical Staff
Office of Personnel
Information Service
Bureau of the Public Debt

CHART 1.

REPORT ON OPERATIONS

SUMMARY OF FISCAL OPERATIONS

Net budget receipts of the United States Government of $48.1 billion in the fiscal year 1951 were $11.1 billion greater than in 1950. At a record volume they exceeded the wartime peak of $44.8 billion in 1945. Budget expenditures in 1951 totaled $44.6 billion, $4.5 billion more than in 1950.

The 1951 budget surplus of $3.5 billion, together with an excess of net receipts in trust account and other transactions, provided for an increase in the general fund balance of $1.8 billion and retirement of the public debt during the year of $2.1 billion. The cash balance in the general fund on June 30, 1951, was $7.4 billion. The public debt on that date amounted to $255.2 billion.

A summary of the fiscal operations of the Federal Government in the past two fiscal years is contained in the table following. The figures are on the basis of daily Treasury statements. Chart 2 summarizes operations in 1951. Annual figures for 1932–51 and monthly for 1951 are shown in table 1 in the tables section of this report.

	1950		1951	
	In billions of dollars			
Budget results:				
Net receipts	37.0		48.1	
Expenditures	40.2		44.6	
Surplus, or deficit (−)		−3.1		3.5
Less:				
General fund balance, increase	2.0		1.8	
Trust account and other transactions, excess of net receipts (−) [1]	−.6		−.5	
		1.5		1.4
Equals: Public debt net increase (−), or decrease		−4.6		2.1

[1] Includes trust accounts, etc.; investments of Government agencies in public debt securities (net); sales and redemptions of obligations of Government agencies in the market (net); and clearing account for outstanding checks and interest coupons, and telegraphic reports from Federal Reserve Banks.

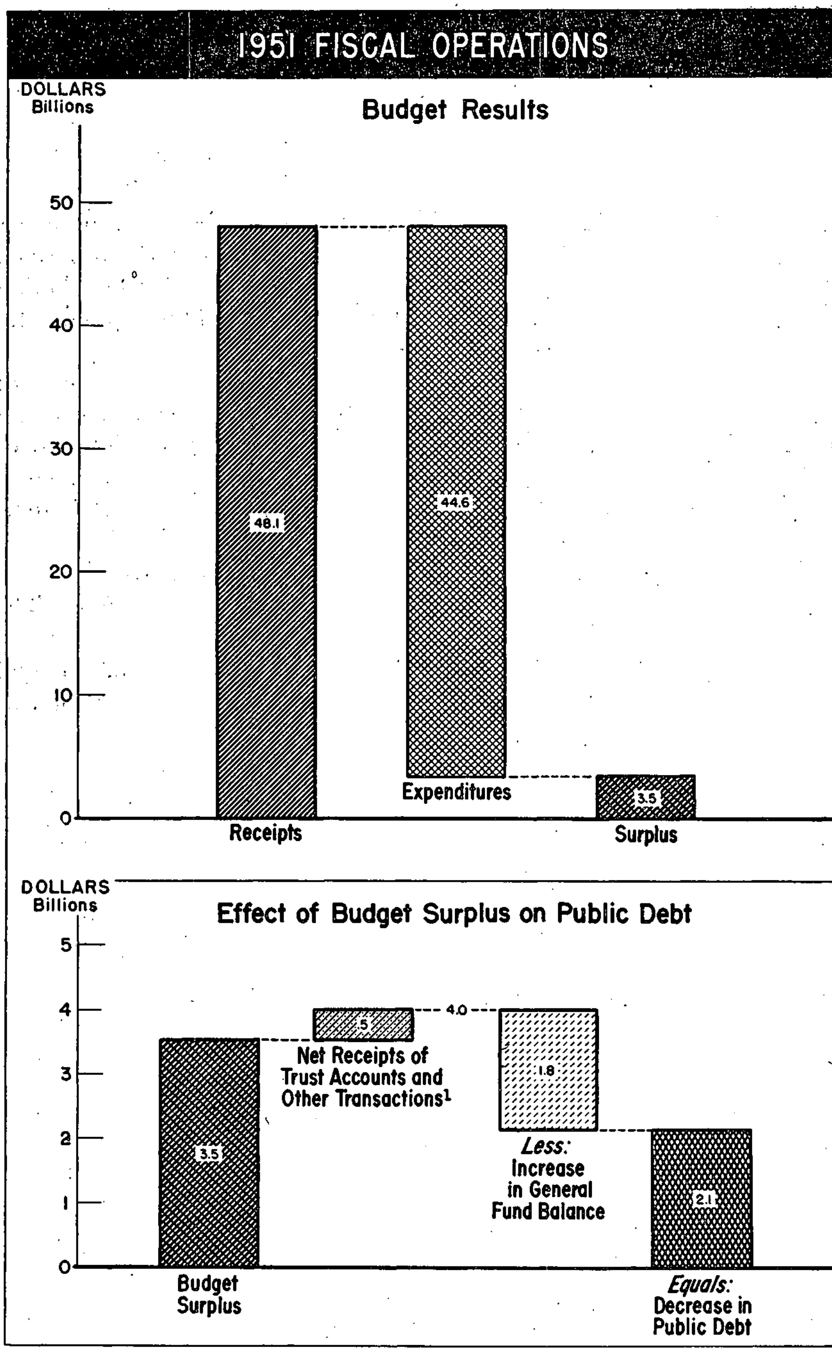

CHART 2.

[1]Includes trust accounts, etc.; investments of Government agencies in public debt securities (net); sales and redemptions of obligations of Government agencies in the market (net); and clearing account for outstanding checks and interest coupons, and telegraphic reports from Federal Reserve Banks.

BUDGET RECEIPTS AND EXPENDITURES

BUDGET RECEIPTS IN 1951

Net budget receipts, total receipts less the appropriation to the Federal old-age and survivors insurance trust fund and refunds of receipts, increased to $48.1 billion in the fiscal year 1951 and were $11.1 billion higher than the $37.0 billion received in 1950. The receipts of $48.1 billion in 1951 represented an all-time record and exceeded the previous high mark of $44.8 billion in the fiscal year 1945 by $3.4 billion.

The trend in receipts was downward in the fiscal years 1946 through 1950 because the tax reductions incorporated in the Revenue Acts of 1945 and 1948 more than offset the effect of a generally rising income level. This trend was reversed in 1951, however, as the substantial tax increases under the Revenue Act of 1950 and the Excess Profits Tax Act of 1950 combined with sharply rising incomes to reach a new peak in receipts. Chart 3 shows total receipts by major sources for the years 1945 through 1951.

Receipts in the fiscal years 1950 and 1951, on the daily Treasury statement basis, are compared by major sources in the following table.

Source	1950	1951	Increase, or decrease (−): Amount	Increase, or decrease (−): Percent
	In billions of dollars			
Individual income tax [1]	17.4	[2] 23.4	6.0	34.2
Corporation income and excess profits taxes	10.9	14.4	3.5	32.6
Total income and excess profits taxes	28.3	37.8	9.5	33.6
Miscellaneous internal revenue	8.3	9.4	1.1	13.5
Employment taxes [3]	2.9	[2] 3.9	1.0	36.3
Customs	.4	.6	.2	47.6
Miscellaneous receipts	1.4	1.6	.2	13.9
Total receipts	41.3	53.4	12.1	29.2
Deduct:				
(a) Appropriation to Federal old-age and survivors insurance trust fund	2.1	3.1	1.0	48.1
(b) Refunds of receipts	2.2	2.1	−.1	−2.5
Net budget receipts	37.0	48.1	11.1	30.0

[1] See table 118, footnote 3.
[2] Beginning in January 1951 receipts from income taxes withheld and the Federal Insurance Contributions Act, a component part of employment taxes, were combined. For purpose of comparison, estimated amounts for 1951 are shown.
[3] Includes Railroad Unemployment Insurance Act receipts.

All major sources of receipts showed increases in the fiscal year 1951 as compared with the fiscal year 1950 and the individual and corporation income and excess profits taxes remained by far the largest sources of revenue.

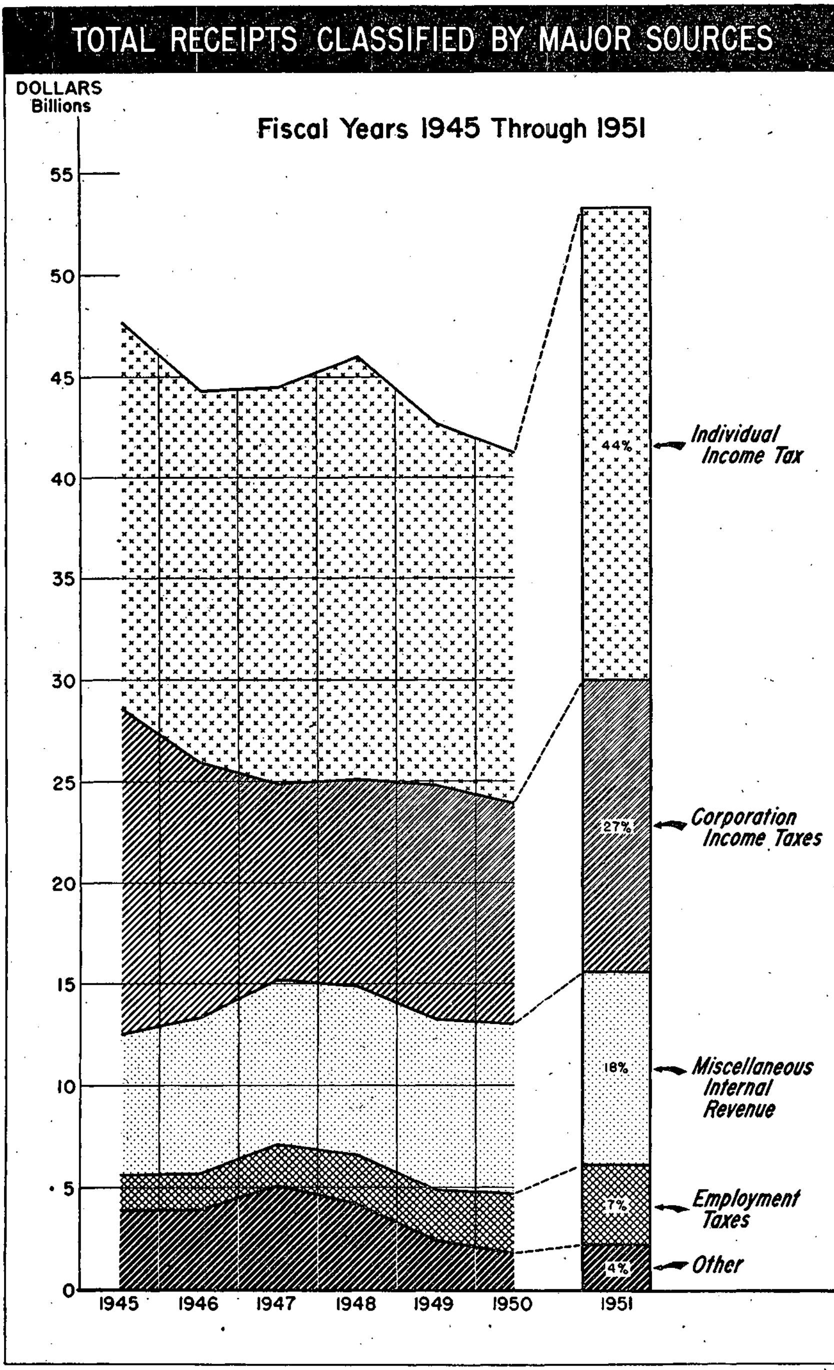
TOTAL RECEIPTS CLASSIFIED BY MAJOR SOURCES
DOLLARS
Billions
Fiscal Years 1945 Through 1951
55
50
45
40
35
30
25
20
15
10
5
0
1945
1946
1947
1948
1949
1950
1951
44%
Individual Income Tax
27%
Corporation Income Taxes
18%
Miscellaneous Internal Revenue
7%
Employment Taxes
4%
Other

CHART 3.

Receipts from income and excess profits taxes

Receipts from income and excess profits taxes amounted to $37.8 billion in the fiscal year 1951, an increase of $9.5 billion over receipts of $28.3 billion in 1950.

Individual income taxes.—The details of the yield of the individual income tax are shown in the following table.

Source	1950	1951	Increase, or decrease (−)	
			Amount	Percent
	In millions of dollars			
Withheld (daily Treasury statement basis)	10,073	[1] 13,535	3,461	34.4
Not withheld (collection basis)	7,264	9,908	2,643	36.4
Adjustment to daily Treasury statement basis [2]	+71	−77	−148	
Not withheld (daily Treasury statement basis)	7,335	9,830	2,495	34.0
Total individual income taxes	17,408	23,365	5,957	34.2

[1] Beginning in January 1951 receipts from individual income taxes withheld and the Federal Insurance Contributions Act were combined. For purpose of comparison, estimated amounts for 1951 are shown.
[2] See table 118, footnote 3.

Receipts from withheld taxes (an estimated figure as this item has been combined with Federal Insurance Contributions Act receipts since January 1951) increased in 1951 as a result of the increased withholding rates instituted by the Revenue Act of 1950, effective October 1, 1950, and increased levels of salaries and wages subject to withholding. Receipts from taxes not withheld increased because of the higher rates under the Revenue Act of 1950, effective on calendar year 1950 incomes, and increased levels of individual incomes reflected in the receipts for the fiscal year.

Corporation income and excess profits taxes.—Receipts from this source were $14,388 million, or $3,533 million higher than the $10,854 million received in the fiscal year 1950. This increase resulted in part from a record level of corporate profits in the calendar year 1950, and in part from new legislation. Increased income tax rates and the acceleration of quarterly payments provided for in the Revenue Act of 1950, and the reimposition of a tax on excess profits by the Excess Profits Tax Act of 1950 were factors contributing to this increase.

Receipts from all other sources

Miscellaneous internal revenue.—Receipts from the major groups of taxes included in this category are shown in the following table.

Source	1950	1951	Increase	
			Amount	Percent
	In millions of dollars			
Estate and gift taxes	706	730	24	3.3
Excise taxes:				
Liquor taxes	2,219	2,547	328	14.8
Tobacco taxes	1,328	1,380	52	3.9
Stamp taxes	85	93	8	10.0
Manufacturers' excise taxes [1]	1,827	2,364	537	29.4
Retailers' excise taxes	409	457	48	11.7
Miscellaneous excise taxes (including repealed) [2 3]	1,721	1,843	121	7.1
Total excise taxes [1 3]	7,589	8,684	1,094	14.4
Adjustment to daily Treasury statement basis [4]	+8	+10	+2	
Total excise taxes [1 3]	7,597	8,693	1,096	14.4
Total miscellaneous internal revenue [1 3]	8,303	9,423	1,120	13.5

[1] Excludes taxes collected on firearms, shells, and cartridges; fishing rods, creels, etc., which are included in "Miscellaneous receipts." (See table 7, "Note".)
[2] See table 118, footnote 6.
[3] Excludes collections of the hydraulic mining tax, which are included in "Miscellaneous receipts." (See table 7, "Note.")
[4] See table 7, "Note."

Estate and gift taxes amounted to $730 million in the fiscal year 1951, an increase of $24 million over the fiscal year 1950.

Receipts from excise taxes totaled $8,693 million in the fiscal year 1951 with a gain in collections of $1,096 million or 14.4 percent over 1950. Increases occurred in all the major categories, reflecting, largely, both higher levels of income and a high level of demand resulting from fears of shortages following the onset of the Korean conflict.

Manufacturers' excise taxes accounted for approximately half of the increase in excise tax collections in the fiscal year 1951. The increase was due primarily to the record levels of production in consumer durable goods induced by the expectation of material shortages and price increases. The most substantial collection increase in this group originated from the tax on passenger automobiles and motorcycles, making this the seventh consecutive year in which an increase has been recorded. The greatest increase percentagewise was from the tax on radio and television receiving sets, phonographs, phonograph records, and musical instruments, which was primarily a result of the imposition of the tax on television sets under the Revenue Act of 1950.

Collections from the liquor taxes advanced from $2,219 million in 1950 to $2,547 million in 1951, almost wholly as a consequence of the increase from the tax on distilled spirits, which remains the leading excise tax from the standpoint of revenues. Taxes on beer and wines, on the other hand, registered slight declines over the same period.

Miscellaneous excise tax receipts rose $121 million in the fiscal year 1951, principally from the taxes on transportation of property and on communication services. The tax on admissions, exclusive of cabarets, roof gardens, etc., dropped slightly, continuing its downward trend of the past few years.

The increase in collections from the tax on small cigarettes accounted for practically all of the increase in tobacco tax collections. Retailers' excise taxes reversed their downward trend between the fiscal years 1947 and 1950 with a gain in all of the component parts totaling $48 million in the fiscal year 1951. Stamp taxes continued their upward trend with an increase of 10.0 percent in the fiscal year 1951.

Employment taxes.—The yields of the various employment taxes, on the daily Treasury statement basis, are shown in the following table.

Source	1950	1951	Increase	
			Amount	Percent
	In millions of dollars			
Federal Insurance Contributions Act	2,106	[1] 3,120	1,013	48.1
Federal Unemployment Tax Act	226	234	7	3.2
Railroad Retirement Tax Act	550	578	27	5.0
Railroad Unemployment Insurance Act [2]	9	10	1	7.3
Total employment taxes	2,892	3,940	1,048	36.3
Deduct: Appropriation to Federal old-age and survivors insurance trust fund	2,106	3,120	1,013	48.1
Net employment taxes	786	821	35	4.5

[1] Beginning in January 1951 receipts from the Federal Insurance Contributions Act and individual income taxes withheld were combined. For purpose of comparison an estimated amount is shown for the Federal Insurance Contributions Act in 1951.
[2] Not classified as an employment tax under the Internal Revenue Code.

Total receipts from employment taxes amounted to $3,940 million in the fiscal year 1951, an increase of $1,048 million or 36.3 percent greater than receipts in 1950. As a result of higher levels of taxable wages, all employment taxes showed increases. However, the large increase in the Federal Insurance Contributions Act receipts is principally attributable to the full year effect of the higher tax rates which were effective January 1, 1950, and the increases in tax base and coverage which were effective January 1, 1951. The tax base limitation was increased from $3,000 to $3,600 and several large groups were included in the coverage.

Customs.—Customs receipts of $624 million in the fiscal year 1951 were at an all-time record. The increase of $201 million over the total in the fiscal year 1950 resulted from a general increase in the imports of dutiable commodities.

Miscellaneous receipts.—Miscellaneous receipts amounted to $1,629 million in the fiscal year 1951, an increase of $199 million over the preceding year.

Refunds of receipts.—Refunds of receipts amounted to $2,107 million in the fiscal year 1951, a slight decline from the fiscal year 1950.

ESTIMATES OF RECEIPTS

The Secretary of the Treasury is required each year to prepare and submit in his annual report to the Congress estimates of the public revenue for the current fiscal year and for the fiscal year next ensuing (act of February 26, 1907 (34 Stat. 949)). The estimates of receipts from taxes and customs are now made by the Treasury Department each year on the basis of legislation existing at the time of making the estimates. The estimates of miscellaneous receipts (including proposed legislation in 1953) are prepared in general by the agency depositing the receipts in the Treasury.

The details of estimated and actual receipts are shown in table 118. The term "net budget receipts" as used in this report has the same significance as the term "budget receipts" used in the Budget document.

Net budget receipts are estimated to be $62,680.2 million in the fiscal year 1952 and $70,997.9 million in the fiscal year 1953. Actual receipts of $48,142.6 million in the fiscal year 1951 represented an all-time high and those in each of the fiscal years 1952 and 1953 are estimated to exceed it by substantial margins. Net budget receipts in the fiscal year 1953 are estimated to be 47 percent above those in the fiscal year 1951. The estimated increase in receipts in the fiscal years 1952 and 1953 results primarily from the large increases in receipts from corporation income and excess profits taxes and the individual income tax.

Total receipts (daily Treasury statement basis) before deduction for refunds and appropriation to the Federal old-age and survivors insurance trust fund, are estimated in the amounts of $69,040.1 million in 1952 and $77,737.1 million in 1953. Both estimates represent substantial increases over the previous peak in actual receipts in the fiscal year 1951.

As is shown in the following table of percentage distribution, the individual income tax and the corporation income and excess profits taxes continue to be by far the two most important sources of receipts. The corporation tax remains the lesser of the two but shows the largest gains both in absolute amounts and in relative importance in both the fiscal years 1952 and 1953. As a result of the increases in corporation tax receipts, all of the other major sources of receipts—individual income taxes, miscellaneous internal revenue, and employment taxes—

decline in relative importance despite substantial gains in absolute amount. Customs and miscellaneous receipts are expected to change little in these years, but to continue to decline in importance.

Percentage distribution of total receipts, by sources

Source	Actual, 1950	Actual, 1951	Estimated, 1952	Estimated, 1953
Individual income tax [1]	42.1	43.7	42.5	41.5
Corporation income and excess profits taxes	26.3	26.9	33.2	35.8
Miscellaneous internal revenue	20.1	17.7	14.2	13.5
Employment taxes [1 2]	7.0	7.4	7.0	6.4
Customs	1.0	1.2	.8	.7
Miscellaneous receipts	3.5	3.1	2.3	2.1
Total receipts	100.0	100.0	100.0	100.0

[1] Beginning in January 1951 receipts from individual income tax withheld, a component part of the individual income tax, and Federal Insurance Contributions Act receipts, a component part of employment taxes, were combined. In allocating receipts under the withheld taxes to its two components, the amount transferred to the Federal old-age and survivors insurance trust fund as shown on the daily Treasury statement is assumed to be the amount received under theFederal Insurance Contributions Act in 1951 and subsequent years.

[2] Includes Railroad Unemployment Insurance Act receipts.

Fiscal year 1952

Actual receipts in the fiscal year 1951 and estimated receipts in the fiscal year 1952 are compared by major sources in the following table.

Source	Actual, 1951	Estimated, 1952	Increase, or decrease (−)
	In millions of dollars		
Individual income tax [1]	23,365.0	29,324.0	5,959.0
Corporation income and excess profits taxes	14,387.6	22,900.0	8,512.4
Miscellaneous internal revenue	9,423.0	9,786.0	363.0
Employment taxes [1 2]	3,940.4	4,857.0	916.6
Customs	624.0	575.0	−49.0
Miscellaneous receipts	1,628.8	1,598.1	−30.7
Total receipts	53,368.7	69,040.1	15,671.4
Deduct:			
Appropriation to Federal old-age and survivors insurance trust fund	3,119.5	3,850.0	730.5
Refunds of receipts	2,106.5	2,509.8	403.3
Net budget receipts	48,142.6	62,680.2	14,537.6

[1] Beginning in January 1951 receipts from individual income tax withheld, a component part of the individual income tax, and Federal Insurance Contributions Act receipts, a component part of employment taxes, were combined. In allocating receipts under the withheld taxes to its two components, the amount transferred to the Federal old-age and survivors insurance trust fund as shown on the daily Treasury statement is assumed to be the amount received under the Federal Insurance Contributions Act in 1951 and subsequent years.

[2] Includes Railroad Unemployment Insurance Act receipts.

Net budget receipts in the fiscal year 1952 are estimated to be $62,680.2 million, an increase of $14,537.6 million or 30.2 percent over the $48,142.6 million received in the previous peak year, fiscal year 1951. All major sources of tax receipts except customs contribute to the increase with corporation income and excess profits taxes accounting for more than half of the increase.

Individual income taxes.—The detail of the yield of the individual income tax is shown in the following table.

Source	Actual, 1951	Estimated, 1952	Increase
	In millions of dollars		
Individual income tax:			
Withheld [1]	13,534.6	17,906.0	4,371.4
Not withheld	9,830.4	11,418.0	1,587.6
Total individual income tax	23,365.0	29,324.0	5,959.0

[1] Beginning in January 1951 receipts from individual income tax withheld, a component part of the individual income tax, and Federal Insurance Contributions Act receipts, a component part of employment taxes, were combined. In allocating receipts under the withheld taxes to its two components, the amount transferred to the Federal old-age and survivors insurance trust fund as shown on the daily Treasury statement is assumed to be the amount received under the Federal Insurance Contributions Act in 1951 and subsequent years.

The large increase in receipts from income tax withheld in the fiscal year 1952 reflects three major factors: estimated higher levels of salaries and wages; the full year effect of the Revenue Act of 1950, which was in effect only for the last nine months of the fiscal year 1951; and the part year effect of the Revenue Act of 1951 which increased withholding rates effective November 1, 1951.

Income taxes not withheld also are estimated to increase because of higher levels of personal income and because of the increases in tax rates provided in the Revenue Acts of 1950 and 1951.

Corporation income and excess profits taxes.—Estimated receipts of $22,900.0 million in the fiscal year 1952 represent an increase of $8,512.4 million over the $14,387.6 million collected from this source during the fiscal year 1951. Important factors in this increase are the continued sharp rise in corporation profits which has occurred since 1949, new legislation, and the increasing effect of the 1950 legislation.

Increases in the corporation income tax rates from 38 percent to approximately 47 percent for large corporations provided for by the Revenue Act of 1950 and the Excess Profits Tax Act of 1950, affecting only a portion of 1950 incomes, become completely effective for the 1951 tax year. The excess profits tax, which was imposed on only 50 percent of calendar year 1950 incomes, is effective fully for the calendar year 1951. The effect on fiscal year collections is accentuated by the acceleration of quarterly payments under the provisions of the Revenue Act of 1950. (See the 1950 Annual Report of the Secretary of the Treasury, pages 38 and 218.) The Revenue Act of 1951 increased the corporation normal tax by five percentage points, effective April 1, 1951; reduced the excess profits credit from

85 percent to 83 percent, effective July 1, 1951; and increased the excess profits tax limitation from approximately 15 percent of excess profits net income to 18 percent, effective April 1, 1951.

Miscellaneous internal revenue.—Receipts from this source by major groups are listed in the following table.

Source	Actual, 1951	Estimated, 1952	Increase, or decrease (—)
	In millions of dollars		
Estate and gift taxes	729.7	740.0	10.3
Excise taxes:			
Liquor taxes	2,546.8	2,612.0	65.2
Tobacco taxes	1,380.4	1,590.0	209.6
Stamp taxes	93.1	92.0	—1.1
Manufacturers' excise taxes	2,363.8	2,272.0	—91.8
Retailers' excise taxes	457.0	486.0	29.0
Miscellaneous excise taxes	1,842.6	1,994.0	151.4
Total excise taxes	8,683.7	9,046.0	362.3
Adjustment to daily Treasury statement basis	+9.5		—9.5
Total excise taxes	8,693.2	9,046.0	352.8
Total miscellaneous internal revenue	9,423.0	9,786.0	363.0

Combined estate and gift taxes are estimated to increase slightly in the fiscal year 1952. Excise taxes are estimated to increase because of rate increases and additional taxes provided under the Revenue Act of 1951, effective November 1, 1951, and because of higher levels of income. All major revenue sources show increases with the exception of manufacturers' excise taxes. The decline in receipts from manufacturers' excise taxes reflects both the high level of scare buying in the fiscal year 1951 and reduced output resulting from material shortages in the fiscal year 1952.

Employment taxes.—The yields of the various employment taxes under existing legislation are shown in the following table.

Source	Actual, 1951	Estimated, 1952	Increase
	In millions of dollars		
Federal Insurance Contributions Act [1]	3,119.5	3,850.0	730.5
Federal Unemployment Tax Act	233.5	257.0	23.5
Railroad Retirement Tax Act	577.5	740.0	162.5
Railroad Unemployment Insurance Act [2]	9.8	10.0	.2
Total employment taxes	3,940.4	4,857.0	916.6
Deduct: Appropriation to Federal old-age and survivors insurance trust fund	3,119.5	3,850.0	730.5
Net employment taxes	820.8	1,007.0	186.2

[1] Beginning in January 1951 receipts from individual income tax withheld and Federal Insurance Contributions Act receipts were combined. The amount transferred to the Federal old-age and survivors insurance trust fund as shown on the daily Treasury statement is assumed to be the amount received under the Federal Insurance Contributions Act in 1951 and subsequent years.

[2] Not classified as an employment tax under the Internal Revenue Code.

Receipts in the fiscal year 1952 are expected to increase over those in the fiscal year 1951 for several reasons: higher levels of salaries and wages, the full-year effect of the increase in the tax base limitation from $3,000 to $3,600, and the extended coverage under the Federal Insurance Contributions Act, effective January 1, 1951. In addition, receipts in the fiscal year 1952 will include for the first time collections from the self-employed category of the new coverage. Receipts from the Railroad Retirement Tax Act show an unusually large increase because of a changed collection procedure effective July 1, 1951, which will result in the collection of approximately an extra two months' liability in the fiscal year 1952.

Customs.—Customs receipts are estimated to amount to $575.0 million in the fiscal year 1952, a decrease of $49.0 million from actual receipts of $624.0 million in the fiscal year 1951.

Miscellaneous receipts.—Miscellaneous receipts are estimated to be $1,598.1 million in the fiscal year 1952, a slight decrease from actual receipts of $1,628.8 million in the fiscal year 1951.

Refunds of receipts.—Refunds of receipts are estimated to be $2,509.8 million in the fiscal year 1952, an increase of $403.3 million over the fiscal year 1951. Excess amounts withheld under the individual income tax withholding system are expected to rise as a consequence primarily of increased tax rates.

Fiscal year 1953

Estimated receipts in the fiscal years 1952 and 1953 are compared by major sources in the following table.

Source	Estimated, 1952	Estimated, 1953	Increase
	In millions of dollars		
Individual income tax	29,324.0	32,235.0	2,911.0
Corporation income and excess profits taxes	22,900.0	27,800.0	4,900.0
Miscellaneous internal revenue	9,786.0	10,514.0	728.0
Employment taxes [1]	4,857.0	5,000.0	143.0
Customs	575.0	575.0	----------
Miscellaneous receipts	1,598.1	1,613.1	15.1
Total receipts	69,040.1	77,737.1	8,697.1
Deduct:			
Appropriation to Federal old-age and survivors insurance trust fund	3,850.0	4,030.0	180.0
Refunds of receipts	2,509.8	2,709.3	199.4
Net budget receipts	62,680.2	70,997.9	8,317.6

[1] Includes Railroad Unemployment Insurance Act receipts.

Net budget receipts in the fiscal year 1953 are estimated to amount to $70,997.9 million, an increase of $8,317.6 million over 1952 and $22,855.3 million greater than the all-time peak in actual receipts in the fiscal year 1951. All major sources of tax receipts except customs contribute to the increase with corporation income and excess profits taxes again accounting for more than half of the total increase.

Individual income taxes.—The detail of the yield of the individual income tax is shown in the following table.

Source	Estimated, 1952	Estimated, 1953	Increase
	In millions of dollars		
Individual income tax:			
Withheld	17,906.0	20,375.0	2,469.0
Not withheld	11,418.0	11,860.0	442.0
Total individual income tax	29,324.0	32,235.0	2,911.0

Receipts from income tax withheld are estimated to increase as a result of the full-year effect of the higher withholding rates under the Revenue Act of 1951, effective for only eight months of fiscal year 1952, and estimated higher levels of salaries and wages. Income taxes not withheld are estimated to increase as a result of the full-year effect of the Revenue Act of 1951 and higher levels of income.

Corporation income and excess profits taxes.—Corporation income and excess profits taxes are estimated to amount to $27,800.0 million in the fiscal year 1953, an increase of $4,900.0 million over 1952. A portion of this increase is due to the substantial rise in 1951 corporation incomes as compared to 1950, and to a moderate further increase estimated for 1952. The effect on fiscal year collections is accentuated by the acceleration of quarterly payments under the provisions of the Revenue Act of 1950.

Other factors contributing to the increase include a decrease in the excess profits credit from 84 percent to 83 percent of base-period earnings and an increase in normal tax rates from 28.75 percent to 30 percent for the calendar year 1952 as compared to 1951, as well as an increased effect of the higher effective excess profits tax rate limitation. Permission granted to corporations with fiscal years ending from April to November 1951 to delay filing tax returns until March 1952 is expected to result in the shifting to the fiscal year 1953 of many quarterly payments otherwise due in 1952.

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Miscellaneous internal revenue.—Receipts from this source by major groups are listed in the table following.

Source	Estimated, 1952	Estimated, 1953	Increase
	In millions of dollars		
Estate and gift taxes	740.0	770.0	30.0
Excise taxes:			
Liquor taxes	2,612.0	2,747.0	135.0
Tobacco taxes	1,590.0	1,707.0	117.0
Stamp taxes	92.0	92.0	
Manufacturers' excise taxes	2,272.0	2,445.0	173.0
Retailers' excise taxes	486.0	507.0	21.0
Miscellaneous excise taxes	1,994.0	2,246.0	252.0
Total excise taxes	9,046.0	9,744.0	698.0
Total miscellaneous internal revenue	9,786.0	10,514.0	728.0

Estate and gift taxes are estimated to increase slightly in the fiscal year 1953. Excise taxes are expected to increase as a result of the full year effect of the Revenue Act of 1951 and higher levels of income. All major revenue sources contribute to the increase.

Employment taxes.—The yields of the various employment taxes under existing legislation are shown in the following table.

Source	Estimated, 1952	Estimated, 1953	Increase, or decrease (−)
	In millions of dollars		
Federal Insurance Contributions Act	3,850.0	4,030.0	180.0
Federal Unemployment Tax Act	257.0	269.0	12.0
Railroad Retirement Tax Act	740.0	690.0	−50.0
Railroad Unemployment Insurance Act [1]	10.0	11.0	1.0
Total employment taxes	4,857.0	5,000.0	143.0
Deduct: Appropriation to Federal old-age and survivors insurance trust fund	3,850.0	4,030.0	180.0
Net employment taxes	1,007.0	970.0	−37.0

[1] Not classified as an employment tax under the Internal Revenue Code.

Receipts in the fiscal year 1953 are expected to increase over receipts in the fiscal year 1952 as a result of increased levels of salaries and wages. The Railroad Retirement Tax Act receipts show a decrease despite increasing wages because receipts in 1952 reflect liabilities of approximately fourteen months.

Customs.—Customs receipts are estimated to be $575.0 million in the fiscal year 1953, the same as in the fiscal year 1952.

Miscellaneous receipts.—Miscellaneous receipts are estimated to amount to $1,613.1 million in the fiscal year 1953, a slight increase over those in the fiscal year 1952.

Refunds of receipts.—Refunds of receipts are estimated to increase to $2,709.3 million in the fiscal year 1953.

BUDGET EXPENDITURES IN 1951

Total budget expenditures of $44.6 billion in the fiscal year 1951 exceeded those of the preceding year by $4.5 billion and were higher than in any other year since 1946. A rise in national defense outlays of $7.6 billion in 1951 over those of 1950 accounted wholly for the increase. It was offset to the extent of $3.1 billion, however, by decreases for foreign aid, aid for veterans, and certain other programs. The defense expenditures reflected the beginning of the country's new defense program during the first year of the Communist attacks on Korea. War and war-related expenditures (those for national defense, international finance and aid, interest on the public debt, and aid to veterans) accounted for 79 percent of the 1951 total compared with 73 percent in 1950.

A classification of expenditures in the past 2 years is shown, on the daily Treasury statement basis, in the table which follows. Components for these and earlier years are contained in chart 4, and in tables 2, 3, and 5 of the tables section of this report.

Year	National defense and related activities	International finance and aid	Interest on the public debt [1]	Veterans' Administration	Other	Total
	In billions of dollars					
1950	12.4	4.7	5.7	6.5	10.9	40.2
1951	20.0	4.4	5.6	5.3	9.4	44.6

[1] Beginning Nov. 1, 1949, interest on the public debt is reported as an expenditure when such interest becomes due and payable rather than on the basis of interest payments.

National defense expenditures in 1951 totaled $20 billion and were more than 60 percent above the level prevailing in 1949 and 1950. They amounted to 44 percent of the 1951 total compared with 31 percent in 1950. In addition to the large bulk of expenditures by the Departments of the Army, Air Force, and Navy, the national defense expenditure category also includes outlays for stockpiling strategic and critical materials which are in inadequate supply in this country.

The 1951 expenditures for international finance and aid of $4.4 billion represented a decline of $226 million from the total in 1950. This net decline resulted primarily from a decrease of $714 million spent under the Economic Cooperation Act as the balance of the assistance programs shifted from economic to military aid. The Economic Cooperation Act expenditure total of $2.8 billion in 1951 marked the second annual decline since the peak of $4 billion in 1949.

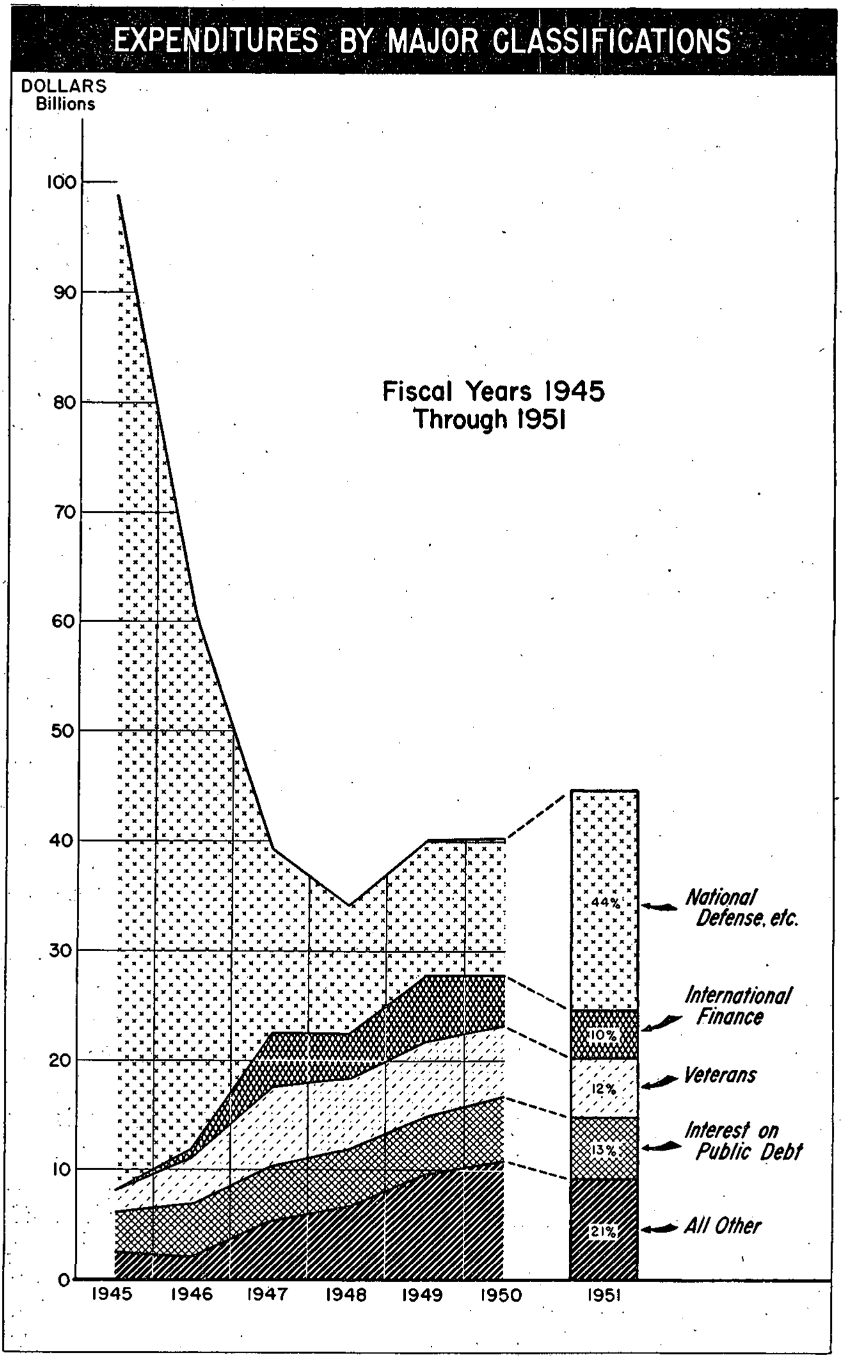
EXPENDITURES BY MAJOR CLASSIFICATIONS
DOLLARS Billions
100
90
80
70
60
50
40
30
20
10
0
Fiscal Years 1945 Through 1951
1945
1946
1947
1948
1949
1950
1951
44%
10%
12%
13%
21%
National Defense, etc.
International Finance
Veterans
Interest on Public Debt
All Other

CHART 4.

In all 3 years this was the largest single expenditure item for international finance and aid. Assistance to nations who have joined in mutual defense assistance increased to $884 million in 1951 from $44 million in 1950, when the program was just getting under way.

Interest on the public debt amounted to $5.6 billion, a decline of $137 million from 1950. The interest for 1950, however, included a nonrecurring charge of $225 million as a result of a change in the reporting method.

Veterans' Administration expenditures of $5.3 billion in 1951 were below $6 billion for the first time since 1946. They were $1.2 billion less than in 1950, principally as the result of a further decline in the need for readjustment benefits arising from the war. These figures refer only to budget expenditures for veterans, and exclude therefore the payment of dividends and other benefits to veterans out of the national service life insurance fund.

All other expenditures include chiefly amounts paid for other special programs within the country and for the running expenses of the Government. The total of $9.4 billion in 1951 compared with $10.9 billion in 1950. The net decrease resulted from a sharp decline in Department of Agriculture expenditures, which totaled $0.6 billion in 1951 as against $3 billion in 1950. Decreased expenditures for agricultural price support, supply, and purchase programs under the Commodity Credit Corporation accounted principally for the decline.

ESTIMATES OF EXPENDITURES

Actual expenditures for the fiscal year 1951 and estimates for the fiscal years 1952 and 1953 are summarized in the following table. Further details will be found in table 118. The estimates are based upon figures submitted to the Congress in the Budget for 1953.

Actual budget expenditures for the fiscal year 1951 and estimated expenditures for 1952 and 1953 [1]

[In millions of dollars. On basis of 1953 Budget document]

	Actual, fiscal year 1951	Estimated, fiscal year 1952	Estimated, fiscal year 1953
Agriculture Department:			
Commodity Credit Corporation	−581.2	205.9	252.5
Other	1,415.4	1,404.5	1,427.6
Atomic Energy Commission	896.8	1,725.3	1,775.0
Civil Service Commission	323.9	333.0	482.6
Commerce Department:			
Maritime activities	101.3	287.4	164.1
Other	701.3	777.2	767.1
Defense Department:			
Military functions	19,771.5	39,000.0	50,000.0
Civil functions	994.3	774.7	731.4
Economic Stabilization Agency		99.8	149.2
Export-Import Bank of Washington	75.7	62.6	85.0
Federal Civil Defense Administration	.1	44.2	339.3
Federal Security Agency	1,570.6	1,802.6	2,209.3
General Services Administration:			
Strategic and critical materials	654.5	800.0	1,100.0
Other	185.1	271.0	225.6
Housing and Home Finance Agency [2]	461.3	674.4	281.1
Interior Department	587.0	645.3	686.0
Labor Department	232.7	250.6	253.5
Mutual security and other funds appropriated to the President	4,158.4	7,177.6	11,007.4
Post Office Department (general fund)	625.9	813.9	444.3
Railroad Retirement Board	613.8	783.3	734.3
Reconstruction Finance Corporation [2]	−92.1	−50.2	−50.7
State Department	281.3	343.5	335.2
Tennessee Valley Authority	72.2	190.1	200.0
Treasury Department:			
Interest on the public debt	5,615.2	5,850.0	6,150.0
Other	748.2	817.3	851.3
Veterans' Administration	5,389.1	5,247.4	4,187.2
Reserve for contingencies		25.0	100.0
All other	535.2	524.6	555.7
Adjustment to daily Treasury statement basis	−704.7		
Total budget expenditures	44,632.8	70,881.0	85,444.0

[1] These figures are derived from the 1953 Budget document. The actual figures for the fiscal year 1951 are based upon the Treasury's *Combined Statement of Receipts, Expenditures and Balances*, and therefore differ from figures published in the daily Treasury statement.
[2] The Federal National Mortgage Association was transferred from the Reconstruction Finance Corporation to the Housing and Home Finance Agency, effective September 7, 1950.

TRUST ACCOUNT AND OTHER TRANSACTIONS

Trust account and other transactions are the net result of three constituent groups. Beginning in November 1950 certain changes were made in their classification. An account of these changes is given in the explanation of bases at the beginning of the tables section, in the footnotes to table 6 which shows major classifications of trust account and other transactions from 1943 through 1951, and also in the footnotes to table 4 which gives monthly details for 1951 and totals for 1951 and 1950. The position of trust account and other transactions in the structure of Federal fiscal operations is shown in table 1. Net trust account and other transactions in 1951 amounted to $679 million.

Trust accounts, etc., the first of the three components, consist chiefly of accounts maintained with the Treasurer of the United States for the benefit of individuals or classes of individuals. Since moneys held in trust as such are payable to, or for the use of, beneficiaries only, these accounts are not included in the budget expenditures of the Government but are classified separately in the daily Treasury statement as "Trust accounts, etc." The Government's payments from general fund appropriations to the various trust accounts, such as employees' retirement funds and the national service life insurance fund, are shown under budget expenditures as transfers to trust accounts, and under the various trust accounts as receipts. In 1951, trust accounts, etc., net receipts amounted to $3,852 million.

Net investments of Government agencies in public debt securities, the second group of transactions, amounted to $3,557 million in 1951. Net sales of obligations of Government agencies in the market, the third group, totaled $384 million.

GENERAL FUND

The general fund of the Treasury represents all moneys of the Government deposited with and held by the Treasurer of the United States.

The assets in the general fund are certain gold, silver, currency, coin, and unclassified collection items, and deposits to the credit of the Treasurer of the United States in Federal Reserve Banks, special depositaries, and national, foreign, and other bank depositaries.

The liabilities of the general fund include outstanding Treasurer's checks, certain Government officers' deposits consisting of balances to the credit of the Post Office Department, the Board of Trustees of the Postal Savings System, and postmasters' disbursing accounts, etc., uncollected items, and exchanges.

The difference between total assets and total liabilities is the general fund balance. On the basis of the daily Treasury statement, the general fund cash balance at the close of the fiscal year 1951 amounted to $7,357 million, an increase of $1,839 million during the year.

The net change in the balance of the general fund during the fiscal year was accounted for as follows:

Balance June 30, 1950		$5,517,087,691.65
Add:		
Budget receipts, net		48,142,604,532.62
Trust accounts, etc., receipts		7,796,270,893.06
Total		61,455,963,117.33
Deduct:		
Budget expenditures, including those of wholly owned Government corporations	$44,632,821,908.37	
Trust accounts, etc., expenditures	3,944,619,506.63	
Investments of Government agencies in public debt securities, net	3,556,542,292.99	
Net decrease in gross public debt	2,135,375,536.11	
Clearing account for outstanding checks and interest coupons, and telegraphic reports from Federal Reserve Banks: Excess of expenditures	214,140,134.96	
Total	54,483,499,379.06	
Sales and redemptions of obligations of Government agencies in market, net	384,114,384.92	
		54,099,384,994.14
Balance June 30, 1951		7,356,578,123.19

A comparative analysis of the assets and liabilities of the general fund is shown as of June 30, 1950 and 1951, in table 42.

During the fiscal year, the lowest balance in the general fund as of the end of each month was $4,139 million on November 30 and the highest was $8,569 million on March 31. The largest item in general fund assets was the amount on deposit in Treasury tax and loan accounts in the commercial banks designated as special depositaries. Tax and loan account balances at month-end during the year ranged from a low of $2,117 million on January 31 to a high of $5,900 million on March 31, and at the end of June were $5,680 million. Deposits in tax and loan accounts consisted during the fiscal year 1951 of the proceeds of sales of savings bonds and savings notes, of payroll taxes withheld for old-age insurance, income taxes withheld from salaries and wages, with the exception of receipts deposited directly in Federal Reserve Banks, and, since March 1, 1951, quarterly payments of $10,000 and over of income taxes of individuals and corporations.

PUBLIC DEBT OPERATIONS AND OWNERSHIP OF FEDERAL SECURITIES

The public debt and guaranteed obligations of $255.3 billion on June 30, 1951, totaled $2.1 billion less than on June 30, 1950.

Changes within the structure of the interest-bearing public debt during the year were much greater, however, than in the total. Marketable issues declined $17.4 billion, from $155.3 billion to $137.9 billion, a level last approximated in June 1944. Nonmarketable securities increased $12.7 billion during the year, from $67.5 billion to $80.3 billion. The amount of the public debt and guaranteed obligations outstanding since 1944 is shown in chart 5. Other detail is given in the tables section of the report.

Class of debt	June 30, 1950	June 30, 1951	Increase, or decrease (–)
	In billions of dollars		
Public debt:			
Interest-bearing:			
Public issues:			
Marketable	155.3	137.9	–17.4
Nonmarketable	67.5	80.3	12.7
Total public issues	222.9	218.2	–4.7
Special issues to Government investment accounts	32.4	34.7	2.3
Total interest-bearing public debt	255.2	252.9	–2.4
Matured debt on which interest has ceased	.3	.5	.2
Debt bearing no interest	1.9	1.9	(*)
Total public debt	257.4	255.2	–2.1
Guaranteed obligations not held by Treasury	(*)	(*)	(*)
Total public debt and guaranteed obligations	257.4	255.3	–2.1

*Less than $50 million.

An account of public debt operations and changes in ownership of the debt for the fiscal year 1951 is contained in the two sections which follow.

PUBLIC DEBT OPERATIONS

Marketable issues

The net decline of $17.4 billion in the total of marketable issues was due primarily to the decrease of $24.0 billion in outstanding Treasury bonds. This decrease resulted from the retirement by exchange of $10.4 billion of four maturing and called bank eligible bonds and from the exchange of $13.6 billion of the two issues of bank restricted bonds of June 15, and December 15, 1967–72, for new nonmarketable

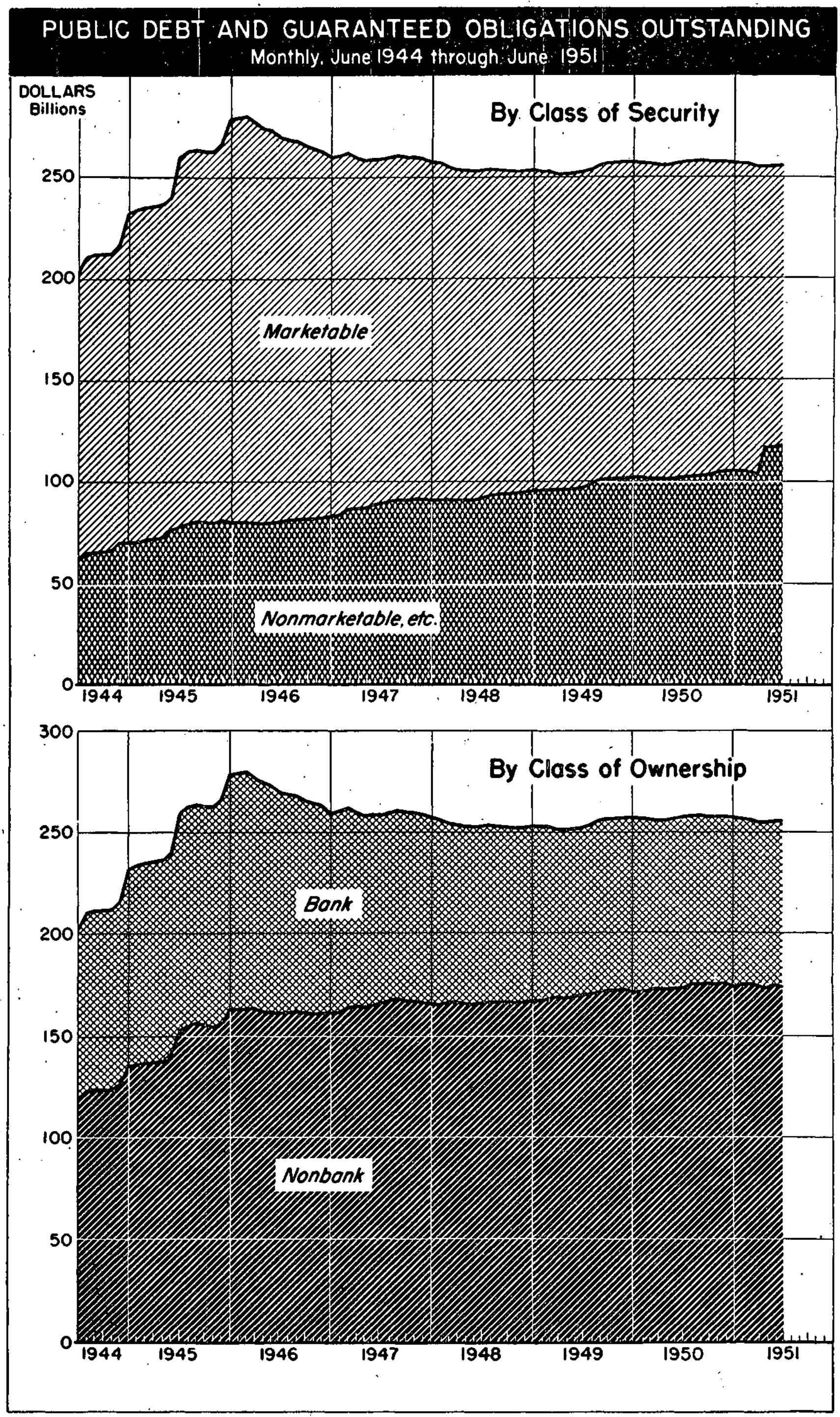
PUBLIC DEBT AND GUARANTEED OBLIGATIONS OUTSTANDING
Monthly, June 1944 through June 1951
DOLLARS
Billions
By Class of Security
Marketable
Nonmarketable, etc.
0
50
100
150
200
250
1944
1945
1946
1947
1948
1949
1950
1951
By Class of Ownership
Bank
Nonbank
0
50
100
150
200
250
300
1944
1945
1946
1947
1948
1949
1950
1951

CHART 5.

investment bonds of 1975–80. The changes during the year by security classes are shown in the following table.

Class of security	June 30, 1950	June 30, 1951	Increase, or decrease (–)
	In billions of dollars		
Treasury bills	13.5	13.6	0.1
Certificates of indebtedness	18.4	9.5	–8.9
Treasury notes	20.4	35.8	15.4
Treasury bonds:			
Bank eligible	53.2	42.8	–10.4
Bank restricted	49.6	36.1	–13.6
Other bonds (postal savings, etc.)	.2	.2	(*)
Total interest-bearing marketable issues	155.3	137.9	–17.4

*Less than $50 million.

Bonds, notes, and certificates of indebtedness refunded.—Marketable Treasury securities, other than Treasury bills, matured or called for redemption amounted to $50.8 billion in the fiscal year 1951. Of this amount, the securities exchanged for new issues totaled $46.5 billion, and the remainders of the matured or called issues presented for cash redemption rather than exchange amounted to $4.3 billion. In the refunding process, thirteen marketable issues were exchanged for five new marketable issues and one new nonmarketable security.

The refunded securities consisted of six issues of Treasury bonds, three issues of Treasury notes of 16-, 15-, and 13-month maturities, and four issues of one-year certificates of indebtedness. The six new security issues consisted of three issues of 13-month 1¼ percent Treasury notes, one issue of 5-year 1¾ percent Treasury notes, one issue of 9½-month 1⅞ percent certificates of indebtedness, and one issue of 29-year 2¾ percent nonmarketable Treasury bonds, investment series. The details of the refundings are shown in the accompanying tables which summarize the financing operations during the year. Additional details are contained in exhibits 1 through 7 and in tables 23 and 24.

Public offerings of bonds, notes, and certificates of indebtedness, fiscal year 1951 [1]

[In millions of dollars]

Date of issue	Description of security	Issued for cash	Issued in exchange for other securities	Total issued
	Marketable issues			
1950	Treasury notes:			
July 1	1¼% Series E-1951, due Aug. 1, 1951		5,351	5,351
Sept. 15	1¼% Series F-1951, due Oct. 15, 1951		5,941	5,941
Oct. 1	1¼% Series G-1951, due Nov. 1, 1951		5,253	5,253
Dec. 15	1¾% Series B-1955, due Dec. 15, 1955		6,854	6,854
1951				
Apr. 1	1½% Series EA-1956, due Apr. 1, 1956		(*)	(*)
June 15	1⅞% certificates of indebtedness, Series A-1952, due Apr. 1, 1952.		9,524	9,524
	Total Treasury notes and certificates of indebtedness.		32,923	32,923
	Nonmarketable issues			
Apr. 1	Treasury Bonds, Investment Series B-1975-80, due Apr. 1, 1980.		13,574	13,574
Various	Treasury savings notes:			
	Series D	2,385		2,385
	Series A	2,757		2,757
	Subtotal savings notes	5,142		5,142
Do	United States savings bonds:			
	Series E	[2] 4,307		[2] 4,307
	Series F and G	[2] 1,961		[2] 1,961
	Subtotal savings bonds	6,268		6,268
	Total Treasury bonds-investment series, savings bonds, and savings notes.	11,410	13,574	24,984
	Total issues	11,410	46,497	57,907

* Less than $500,000.
[1] Exclusive of special series of certificates of indebtedness; adjusted service bonds; armed forces leave bonds; depositary bonds; special notes of the United States: International Monetary Fund; United States savings stamps; and guaranteed obligations.
[2] Includes accruals.

Disposition of maturing or redeemable public issues of bonds, notes, and certificates of indebtedness, fiscal year 1951 [1]

[Dollars in millions]

Date of refunding	Description of security	Date of issue	Redeemed for cash or carried to matured debt	Exchanged for new security	Total	Percent exchanged
1950	Marketable issues					
July 1	1¼% certificates of indebtedness, Series F-1950, due July 1, 1950.	July 1, 1949	$250	$5,351	$5,601	95.5
Sept. 15	1⅛% certificates of indebtedness, Series G-1950, due Sept. 15, 1950.	Sept. 15, 1949	158	1,039	1,197	86.8
	2½% Treasury bonds of 1950-52, called Sept. 15, 1950.	Sept. 15, 1938	281	905	1,186	76.3
	2% Treasury bonds of 1950-52, called Sept. 15, 1950.	Apr. 15, 1943	942	3,997	4,939	80.9
	Subtotal, Sept. 15		1,381	5,941	7,322	81.1

Footnotes at end of table.

Disposition of maturing or redeemable public issues of bonds, notes, and certificates of indebtedness, fiscal year 1951 [1]—Continued

Date of refunding	Description of security	Date of issue	Redeemed for cash or carried to matured debt	Exchanged for new security	Total	Percent exchanged
1950	Marketable issues—Continued					
Oct. 1	1⅛% certificates of indebtedness, Series H-1950, due Oct. 1, 1950.	Oct. 1, 1949	$995	$5,253	$6,248	84.1
Dec. 15	1½% Treasury bonds of 1950, due Dec. 15, 1950.	June 1, 1945	320	2,315	2,635	87.9
	1⅛% certificates of indebtedness, Series A-1951, due Jan. 1, 1951.	Jan. 1, 1950	834	4,538	5,373	84.5
	Subtotal, Dec. 15		1,154	6,854	8,008	85.6
1951						
Apr. 1	2½% Treasury bonds of 1967–72, due June 15, 1972.	June 1, 1945		5,964	5,964	
	2½% Treasury bonds of 1967–72, due Dec. 15, 1972.	Nov. 15, 1945		7,610	7,610	
	Subtotal, Apr. 1			13,574	13,574	
June 15	2¾% Treasury bonds of 1951–54, called June 15, 1951.	June 15, 1936	110	1,516	1,627	93.2
	1¼% Treasury notes, Series B-1951, due July 1, 1951.	Mar. 1, 1950	134	2,607	2,741	95.1
	1¼% Treasury notes, Series C-1951, due July 1, 1951.	Apr. 1, 1950	55	831	886	93.8
	1¼% Treasury notes, Series D-1951, due July 1, 1951.	June 1, 1950	248	4,570	4,818	94.9
	Subtotal, June 15		548	9,524	10,072	94.6
	Total Treasury bonds, notes, and certificates of indebtedness.		4,328	46,497	50,825	91.5
	Nonmarketable issues					
Various	United States savings bonds: Series A–D	March 1935–April 1941.	800		800	
	Series E	Since May 1941 on continuous sale.	4,295		4,295	
	Series F and G	Since May 1941 on continuous sale.	1,042		1,042	
	Subtotal savings bonds		6,137		6,137	
Do	Treasury savings notes	Since Aug. 1, 1941, on continuous sale.	[2] 5,799		[2] 5,799	
Do	Treasury bonds, investment series:					
	2½% Series A-1965	Oct. 1, 1947	1		1	
	2¾% Series B-1975-80	Apr. 1, 1951		(*)	(*)	
	Subtotal Treasury bonds, investment series.		1	(*)	2	
	Total savings bonds, savings notes, and Treasury bonds, investment series.		11,937	(*)	11,938	
	Total, all issues		16,265	46,497	62,762	

* Less than $500,000.

[1] Marketable issues in this table are exclusive of special series of certificates of indebtedness, postal savings bonds, and other debt items. Nonmarketable issues are exclusive of adjusted service bonds; armed forces leave bonds; depositary bonds; excess profits tax refund bonds; special notes of the United States: International Monetary Fund series; United States savings stamps; and guaranteed obligations.

[2] Includes tax and savings notes in the amount of $1,166 million surrendered in payment of taxes.

The financing operations of the fiscal year 1951 were opened with the offering on June 21, 1950, following an initial announcement by the Secretary of the Treasury on May 4, 1950, of a new issue of 13-month 1¼ percent Treasury notes. The notes dated July 1, 1950, were offered to holders of the one-year 1¼ percent certificates of indebtedness, F–1950, maturing July 1, 1950, and outstanding in the amount of $5.6 billion. Exchanges accepted for the new issue, Series E–1951, totaled $5.4 billion.

The other two issues of 13-month 1¼ percent Treasury notes were offered in exchange for the two issues of Treasury bonds which had been called for redemption on September 15, 1950, and also in exchange for the certificates of indebtedness which matured in September and October. The maturing issues totaled $13.6 billion. In announcing the offerings on August 18, 1950, the Secretary of the Treasury stated that the first note issue, dated September 15, 1950, would be offered in exchange for the 2 percent Treasury bonds of 1950–52 (dated April 15, 1943), and the 2½ percent Treasury bonds of 1950–52 (dated September 15, 1938), and also in exchange for the one-year 1⅛ percent certificates of indebtedness, Series G–1950, maturing on September 15; and that the second note issue, dated October 1, 1950, would be offered in exchange for the one-year 1⅛ percent certificates of indebtedness, Series H–1950, maturing on October 1. Exchanges for these two new note issues totaled $11.2 billion. The securities maturing or called on September 15, 1950, totaled $7.3 billion, while exchanges for the new notes, Series F–1951, totaled $5.9 billion. The certificates of indebtedness maturing October 1, 1950, which were outstanding in the amount of $6.2 billion, were exchanged in the amount of $5.3 billion for the second note issue, Series G–1951.

In his statement of August 18, the Secretary of the Treasury also announced a special offering of Series F and G savings bonds to institutional investors holding savings, insurance, and pension funds. The Secretary stated that this offering was designed to attract new money accruing to institutional investors during the three months which ended December 1950; and that the offering was in accord with his announcement on September 5, 1947, of the offering of the 2½ percent Treasury Bonds, Investment Series A–1965, in which he had said that "further offerings of securities suitable primarily for institutional investment needs will be made available whenever the situation warrants such action." Details of the savings bonds offering are contained in the account of developments in nonmarketable issues.

An offering of 5-year $1\frac{3}{4}$ percent Treasury notes to take up the December 15 and January 1 maturities of \$8.0 billion was announced by the Secretary of the Treasury on November 22. The offering, which was opened on December 4, was available to holders of the $1\frac{1}{2}$ percent Treasury bonds which matured December 15, 1950, in the amount of \$2.6 billion and to holders of the one-year $1\frac{1}{8}$ percent certificates of indebtedness which matured January 1, 1951, in the amount of \$5.4 billion. The new notes, designated Series B–1955, dated December 15, 1950, were exchanged for the bonds in the amount of \$2.3 billion, and for the certificates in the amount of \$4.5 billion.

On March 4, 1951, the Secretary of the Treasury announced that in exchange for outstanding $2\frac{1}{2}$ percent Treasury bonds of June 15, and December 15, 1967–72, both bank restricted issues, there would be offered a new $2\frac{3}{4}$ percent investment series of long-term, nonmarketable Treasury bonds. The new bonds are not transferable or redeemable before maturity. Their owners were given an option, however, of exchanging them at any time before maturity for new marketable Treasury notes. There were \$19.7 billion of Treasury bonds of June 15, and December 15, 1967–72, outstanding.

A supplemental announcement, issued March 8, 1951, stated that the new bonds would be dated April 1, 1951, would be callable April 1, 1975, and would mature April 1, 1980. The marketable Treasury notes for which the bonds are exchangeable during the life of the bond, bear interest at $1\frac{1}{2}$ percent per annum and mature in five years. They are dated April 1 and October 1 of each year with appropriate interest adjustments to dates of exchange. In the announcement of March 4, the Secretary indicated also that a special offering of Series F and G bonds, or an offering similar to the $2\frac{1}{2}$ percent Treasury Bonds, Investment Series A–1965, probably would be made available for cash subscription later, when it appeared that the need therefor might exist.

The official circular governing the offering of the $2\frac{3}{4}$ percent bonds, which was released on March 19, 1951, designated the issue as Treasury Bonds, Investment Series B–1975–80. The amount of the offering was limited to the amount of Treasury bonds of 1967–72, of either or both of the specified series tendered and accepted. Subscriptions to the offering which was opened March 26, totaled \$13.6 billion. Exchanges of the bonds due June 15, 1972, outstanding in the amount of \$8.0 billion, totaled \$6.0 billion. Exchanges of the bonds due December 15, 1972, outstanding in the amount of \$11.7 billion, totaled \$7.6 billion.

Total exchanges by classes of investors were as follows:

Classes of investors	Exchanges (in millions)
Insurance companies	$3,338
Mutual savings banks	1,252
Savings and loan associations, building and loan associations, and cooperative banks	124
Pension and retirement funds	1,847
Commercial and industrial banks	172
State and local governments, other than their pension and retirement funds	550
Individuals	183
Federal Reserve and Treasury accounts	5,584
All others	525
Total	13,574

The last refunding of marketable securities during the year was the offering on June 4, 1951, in accordance with the announcement by the Secretary of the Treasury on May 28, of a new issue of 9½-month 1⅞ percent certificates of indebtedness in exchange for $10.1 billion of called and maturing securities. The new issue was available to owners of the 2¾ percent Treasury bonds of 1951–54, previously called for redemption on June 15, 1951, and to owners of three issues of Treasury notes, Series B–1951, dated March 1, 1950, Series C–1951, dated April 1, 1950, and Series D–1951, dated June 1, 1950, all of which matured July 1, 1951. The called bonds were outstanding in the amount of $1.6 billion and the three issues of notes in the total of $8.4 billion. Subscriptions to the certificates, which are dated June 15,1951, total $9.5 billion of which $1.5 billion consisted of exchanges for the bonds and $8.0 billion for the notes.

On May 8, 1951, the Secretary of the Treasury announced that on May 14, 1951, the 3 percent Treasury bonds of September 15, 1951–55, which were outstanding in the amount of $755 million, would be called for redemption on September 15, 1951. At the same time he announced that the 2 percent Treasury bonds of 1951–53, which also were first callable on September 15, 1951, and which were outstanding in the amount of $8.0 billion, would not be called for redemption on that date. This was the first instance since 1933 that a bond issue had not been refunded on the first callable date.

In addition, the Secretary of the Treasury announced the continuous offering of a new series of Treasury savings notes to begin on May 15, 1951. The announcement stated that these notes would be similar to the series (D) then on sale, except that the interest return would range from 1.44 percent for notes held six months or less to 1.88 percent for notes held for the full three-year term. Details of this offering are given in the section of this article relating to nonmarketable securities.

Treasury bills.—Offerings of Treasury bills were made in each week of the fiscal year 1951. The first issue of the year, dated July 6, 1950, included an increase of $100 million over the bills maturing on that date. The remaining 51 new issues refunded the maturing issues, with no increase or decrease except for minor differences resulting from allocational arrangements. The year's issues consisted of 48 of 91-day terms; two, on October 13 and February 23, of 90-day terms; and two, on July 13 and August 24, of 92-day terms. The 13 issues outstanding at the close of the fiscal year 1950, totaled $13,533 million; the 13 issues outstanding at the close of the fiscal year 1951, totaled $13,614 million.

Average rates of discount on new issues of Treasury bills increased gradually throughout the year from 1.174 percent on July 6, 1950, to 1.527 percent on June 28, 1951. The rise flattened out from the end of November to the end of February after which it resumed to the highest rate of the year. The lowest average rate on a new issue during the year was 1.167 percent on July 13, 1950, and the highest was 1.626 percent on May 17, 1951. Weekly rates on new bills throughout the year are shown in exhibit 10. Bids on a noncompetitive basis averaged about $110 million a week and amounted in the aggregate to 10.5 percent of all bids accepted. These bids were accepted in full up to $200,000 from any one bidder at the average price of the bids accepted on a competitive basis.

Additional information on Treasury bills is contained in exhibits 8 and 9, and in table 24.

Nonmarketable issues

The net increase of $12.7 billion in interest-bearing nonmarketable securities during the year, as has been noted, was the result of the exchange of the $13.6 billion of 2½ percent Treasury bonds of June and December 1967–72, for nonmarketable 2¾ percent investment series bonds. The $80.3 billion nonmarketable securities outstanding as of June 30, 1951, represented 36.8 percent of the interest-bearing public issues as compared with 30.3 percent a year earlier. The following table shows the changes in the amounts of nonmarketable interest-bearing security classes outstanding at the end of 1950 and 1951.

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Class of security	June 30, 1950	June 30, 1951	Increase, or decrease (−)
	In billions of dollars		
United States savings bonds (unmatured):			
Series D	0.9		−0.9
Series E	34.5	34.5	(*)
Series F and G	22.1	23.1	.9
Total	57.5	57.6	(*)
Treasury savings notes (unmatured)	8.5	7.8	−0.7
Treasury bonds, investment series	1.0	14.5	13.6
Other	.6	.4	−.2
Total interest-bearing nonmarketable issues	67.5	80.3	12.7

*Less than $50 million.

United States savings bonds.—Sales of Series E, F, and G savings bonds during the year totaled $5.1 billion, issue price. Sales of the three issues, including accrued discount, exceeded redemptions by $931 million. Since 1935, the first year in which savings bonds were issued, sales of all series (A–G), including accrued discount, have totaled approximately $100.0 billion. Redemptions, including matured bonds, in the same period have totaled $42.2 billion. As of June 30, 1951, the redemption value of the savings bonds outstanding was 58 percent of the amount issued (including accruals). As of the same date, the unmatured savings bonds outstanding (Series E, F, and G), at current redemption value, were 22.8 percent of the total interest-bearing public debt and guaranteed obligations.

Redemptions of savings bonds (Series A–G) during the year totaled $6.1 billion, which was $715 million more than in 1950. The redemption total included $817 million matured bonds of which $779 million were Series A–D. At the end of April 1951 all Series D bonds had matured. Any of this series not redeemed after that date were transferred to matured debt.

Sales of Series E bonds in 1951 were $3.3 billion, issue price, compared with $4.0 billion in 1950. E bond sales were 63.6 percent of all savings bonds sales in 1951. Redemptions of Series E bonds amounted to $4.3 billion in 1951 compared with $3.5 billion in 1950. The amount outstanding as of June 30, 1951, was $34.5 billion, about the same as a year earlier.

Sales of Series F and Series G bonds together amounted to $1,871 million, issue price, in 1951. This compared with sales of $1,680 million in 1950. The sales in 1951 were more than 36 percent of the total savings bonds sold and compared with 30 percent in 1950. The increase in sales in 1951 was due in part to the special offering of Series F and Series G bonds in the autumn of 1950.

Sales in the special offering which was open to institutional investors holding savings, insurance, and pension funds, totaled $930 million. Sales of Series F bonds amounted to $208 million and of Series G bonds to $722 million. The offering was open from October 2 through October 10, November 1 through November 10, and December 1 through December 11. This offering, which has been mentioned in the account of the refunding of marketable securities during the year, was announced by the Secretary of the Treasury on August 18, 1950.

Redemptions of Series F bonds during the year were $248 million compared with $199 million in 1950. Redemptions of Series G bonds were $794 million compared with $621 million in 1950.

The redemption experience of savings bonds by yearly series is summarized in the following table. These data are shown by denominations in table 34.

Percent of savings bonds sold in each year redeemed through each yearly period thereafter [1]

[On basis of Public Debt accounts, see p. 675]

Series and calendar year in which issued	Redeemed by end of—								
	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years
	Series A through E								
A-1935	5	11	16	20	23	26	28	29	31
B-1936	6	12	17	21	24	26	28	29	30
C-1937	7	12	17	20	23	25	26	27	29
C-1938	5	10	15	18	19	21	22	24	26
D-1939	4	9	13	15	17	18	20	23	25
D-1940	4	8	11	13	15	18	20	22	25
D-1941 and E-1941	3	7	10	13	17	21	25	28	31
E-1942	8	15	21	29	35	40	44	48	52
E-1943	15	24	34	41	47	51	55	58	------
E-1944	19	33	41	47	52	56	60	------	------
E-1945	28	38	45	50	54	58	------	------	------
E-1946	23	34	40	45	51	------	------	------	------
E-1947	21	30	37	43	------	------	------	------	------
E-1948	20	30	39	------	------	------	------	------	------
E-1949	22	34	------	------	------	------	------	------	------
E-1950	26	------	------	------	------	------	------	------	------
	Series F and G								
F-1941 and G-1941	1	3	5	7	10	13	15	18	20
F-1942 and G-1942	1	4	7	11	14	18	21	24	28
F-1943 and G-1943	2	6	10	14	19	22	26	29	------
F-1944 and G-1944	2	6	10	14	18	21	25	------	------
F-1945 and G-1945	2	7	11	14	18	21	------	------	------
F-1946 and G-1946	3	7	12	15	20	------	------	------	------
F-1947 and G-1947	3	8	12	17	------	------	------	------	------
F-1948 and G-1948	2	5	9	------	------	------	------	------	------
F-1949 and G-1949	3	9	------	------	------	------	------	------	------
F-1950 and G-1950	3	------	------	------	------	------	------	------	------

NOTE.—The percentages shown in this table are the proportions of the value of the bonds sold in any calendar year which are redeemed before July 1 of the next calendar year, and before July 1 of succeeding calendar years. Both sales and redemptions are taken at maturity value.

[1] Percentages by denominations may be found in table 34.

Detailed information on savings bonds from March 1935, when they were first issued, through June 1951, is published in tables 29 through 34.

Shortly before Series E savings bonds (which were first issued on May 1, 1941) began to mature, two reinvestment plans were offered owners who wished to continue their investment beyond maturity. The investment extension is open to owners of Series E bonds which mature on and after May 1, 1951. In accordance with the terms of the original contract, however, the owner of any Series E bonds may receive full cash payment for the bonds at their maturity. The reinvestment offering in no way restricts the right of the investor to cash his bonds at any time.

The two plans were authorized by Public Law 12, 82d Congress, approved March 26, 1951. A copy of the act and a copy of the regulations appear as exhibits 14 and 15.

Under the first reinvestment plan, the owner may keep the matured bonds for a period not to exceed 10 additional years, and earn interest on their maturity values payable at the rate of 2½ percent simple interest per annum if redeemed during the first 7½ years, and payable at a higher rate thereafter so that the aggregate return for the10-year extension period will be about 2.9 percent compounded semiannually. This choice requires no action on the part of the owner. Bonds not presented for cash will be extended automatically until presented for payment. The extended bonds will be redeemable also at the owner's option, and when presented for payment the owner will receive the original maturity (face) value of the bonds plus interest which has accrued at the new rates. A table showing the redemption values for each denomination of E bonds under this optional extension appears in exhibit 15.

The new legislation continued the existing alternatives of paying Federal income taxes on interest on Series E bonds currently, or in the year in which the extended bonds mature or are redeemed, whichever is earlier.

Under the second reinvestment plan, the owner of Series E bonds who wishes to receive current interest income may exchange his maturing Series E bonds for Series G bonds. Series G are registered bonds issued at face amount and bear interest at the rate of 2½ percent per annum payable semiannually from issue date until their maturity in 12 years. They may be redeemed at the option of the owner at any time after 6 months from the issue date, upon one calendar month's notice. Series G bonds issued in exchange for matured Series E bonds, however, will be redeemable at full face value during the life of the bond. This is in contrast to the terms of Series G bonds issued for cash, which are redeemable prior to maturity at values less than par, representing an adjustment of interest appropriate to the length of time the bonds have been held. The privilege of deferring taxes on the interest on Series E bonds does not apply if Series E bonds are exchanged for Series G bonds.

Treasury savings notes.—Sales of Treasury savings notes amounted to $5.1 billion (face amount) in the fiscal year 1951 compared with $6.1 billion in the year before. Approximately one-half of the sales in 1951 occurred in the final month of the fiscal year. Redemptions in 1951 totaled $5.8 billion, of which $1.2 billion was applied to payment of taxes and $4.6 billion was redeemed for cash. Savings notes unmatured on June 30, 1951, totaled $7.8 billion compared with $8.5 billion a year earlier. (See table 35.)

Following the announcement by the Secretary of the Treasury on May 8, 1951, terms of the new series of Treasury savings notes were announced in full on May 14. Sale of Series D savings notes was discontinued at the close of business on May 14.

The new Series A savings notes are issued at par, are dated as of the fifteenth of each calendar month, and mature three years from the issue date. The issue date is determined by the day of the month on which payment at par and accrued interest, if any, is received and credited. For example, payment received and credited on any day during the period from and including May 15, 1951, to and including June 14, 1951, resulted in the issue of notes dated May 15, 1951.

Interest on the notes accrues monthly on the fifteenth calendar day of each month after the issue date on the following graduated scale.

Half-year periods after month of issue:	*Interest accrued each month per $1,000*
First 6 months	$1. 20
7th month through 12th month	1. 50
13th month through 18th month	1. 60
19th month through 24th month	1. 70
25th month through 36th month	1. 80

A table showing corresponding data for each of the eight denominations in which these notes are issued is contained in the official circular which gives the terms of the offering in full. (See exhibit 17.)

Special short-term certificates of indebtedness.—One issue of special short-term certificates of indebtedness was sold during the year to cover overdrafts on Treasury balances at the Federal Reserve Banks in anticipation of the receipt of the quarterly volume of payments of income taxes. The sale occurred on June 1, 1951, and consisted of an issue of $100 million. The certificates were retired in full on June 4, 1951. Interest on the issue was paid to the Federal Reserve Banks at the rate of ¼ of 1 percent per annum.

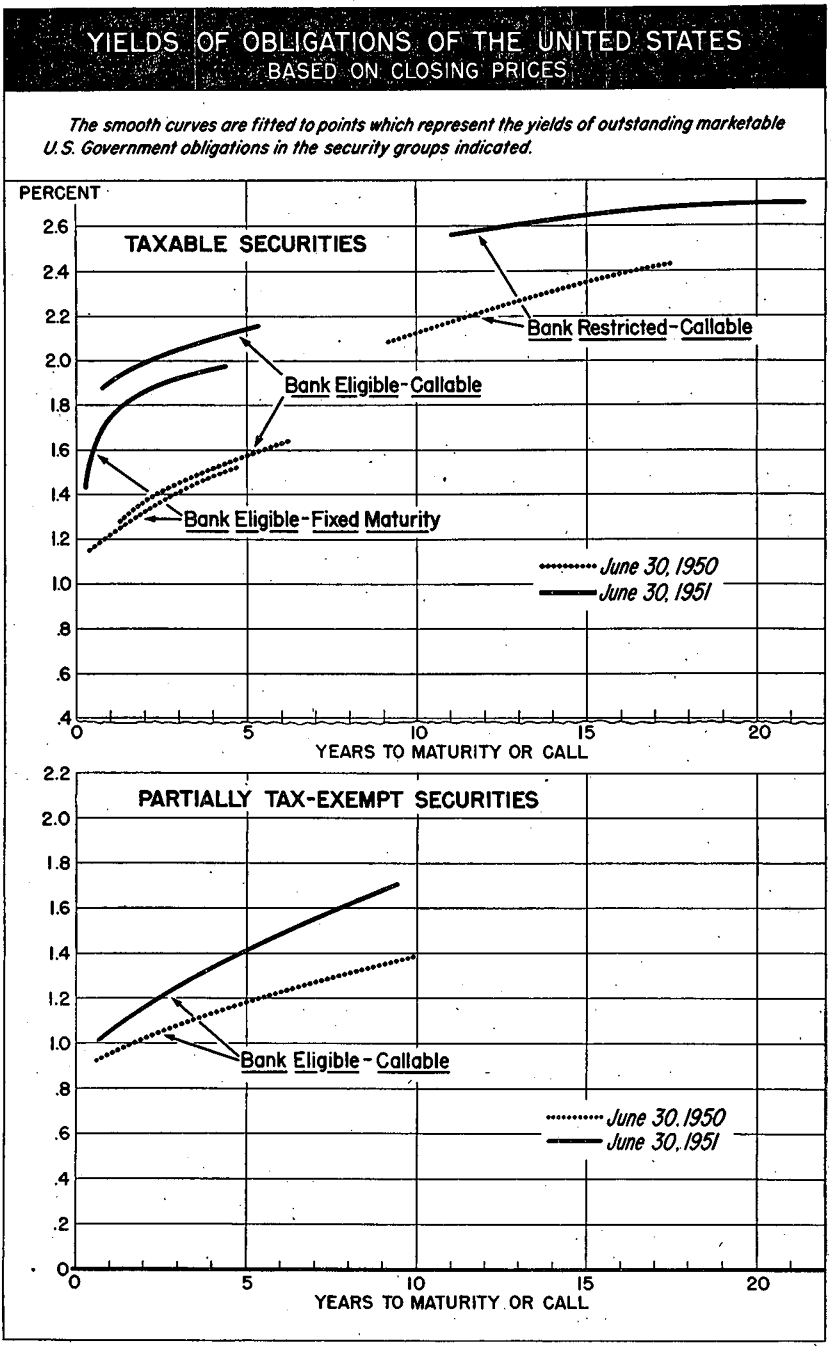

CHART 6.

NOTE.—Yields are computed to first call date when prices are above par, and to maturity date when prices are at par or below. Issues for which an exchange offer has been made or which are due or callable in less than 3 months are excluded from the chart. Also excluded are the Panama Canal bonds of 1961—the only wholly tax-exempt issue still outstanding; and the bank eligible 2½'s of 1967-72—the only long-term bank eligible bond outstanding.

Special issues to Government investment accounts.—Outstanding interest-bearing securities issued by the Treasury for the investment of trust and other funds deposited in the Treasury increased $2.3 billion during the year. The largest of the component increases occurred in the amounts to the credit of the Federal old-age and survivors insurance trust fund, the unemployment trust fund, and the civil service retirement fund. Special issues outstanding on June 30, 1951, totaled $34.7 billion compared with $32.4 billion a year earlier.

Interest on the public debt

Interest paid on the public debt during the year amounted to $5,613 million compared with $5,750 million in 1950, and with $5,339 million in 1949, daily Treasury statement basis. The decrease in 1951 from payments in 1950 was due to the nonrecurring increase of $225 million in 1950, which resulted from a change in reporting methods made in the fiscal year 1950.

Yields on marketable Government securities as of June 30 in 1950 and 1951 are shown in chart 6.

Sinking fund

Credits accruing to the cumulative sinking fund in 1951 amounted to $620 million which, added to the unexpended balance of $7,199 million brought forward from the previous year, made available $7,819 million. The unexpended balance of $7,818 million was carried forward to the fiscal year 1952.

Tables 27 and 28 show the transactions on account of this fund since it was established on July 1, 1920.

Statutory limitation

Section 21 of the Second Liberty Bond Act, as amended (31 U. S. C. 757b), limits the amount of obligations issued under authority of the act to $275 billion outstanding at any one time. The limitation applies to the public debt and to those obligations of Government corporations and other business-type activities which are fully guaranteed by the United States (except such obligations held by the Treasury).

As of June 30, 1951, the unused borrowing authorization was $20 billion. An analysis of the public debt and guaranteed obligations outstanding as affected by the debt limitation is shown in table 21.

OWNERSHIP OF FEDERAL SECURITIES [1]

The $2.1 billion decrease in gross Federal debt during the fiscal year 1951 was accounted for by a decrease of $2.5 billion in bank-held securities, a decrease of $2.7 billion in the holdings of private nonbank investors, and an increase of $3.1 billion in the holdings of the Government investment accounts. There was no net demand for Federal securities on the part of long-term investors as a group during the year. Short-term securities, however, were in active demand by private nonbank investors and this was reflected in the increased holdings of the Federal debt by nonfinancial corporations, State and local governments, and miscellaneous investors (principally foreign accounts).

Debt ownership by private nonbank investors amounted to $132.9 billion on June 30, 1951, or only $2.2 billion below the level at the end of the Victory Loan. In contrast, there was a decline of over $35 billion in the holdings of Federal securities by the banking system—that is, commercial banks and the Federal Reserve Banks—between the peak of the debt on February 28, 1946, and the end of the fiscal year 1951. On June 30, 1951, the banking system held only 32 percent of the total debt outstanding as compared with 42 percent at the peak of the debt and 39 percent before our entry into World War II. Government investment account holdings continued to increase in 1951, as they have done in every year since 1931 with the exception of 1950.

The figures on bank and nonbank ownership together with pertinent detail on the holdings of Federal securities by the various investor classes are shown in the following table.

[1] Gross public debt, and guaranteed obligations of the Federal Government held outside of Treasury

Ownership of Federal securities, by investor classes, for selected dates, 1941–51 [1]

	June 30, 1941	Feb. 28, 1946 [2]	June 30, 1950	June 30, 1951	Change during fiscal year 1951
	Amounts in billions of dollars				
Estimated ownership by:					
Private nonbank investors:					
Individuals [3]	11.2	63.9	67.2	65.2	−2.0
Insurance companies	7.1	24.4	19.8	17.0	−2.8
Mutual savings banks	3.4	11.1	11.6	10.2	−1.3
Corporations [4]	2.0	19.9	18.3	20.2	+1.9
State and local governments	.6	6.7	8.7	9.4	+.7
Miscellaneous investors [5]	.7	9.1	10.0	10.9	+.9
Total private nonbank investors	25.0	135.1	135.6	132.9	−2.7
Federal Government investment accounts	8.5	28.0	37.8	41.0	+3.1
Banks:					
Commercial banks	19.7	93.8	65.6	58.4	−7.2
Federal Reserve Banks	2.2	22.9	18.3	23.0	+4.7
Total banks	21.8	116.7	83.9	81.4	−2.5
Total gross debt outstanding	55.3	279.8	257.4	255.3	−2.1
	Percent of total				
Percent owned by:					
Private nonbank investors:					
Individuals [3]	20	23	26	26	
Other	26	25	26	26	
Total	46	48	52	52	
Federal Government investment accounts	15	10	15	16	
Banks	39	42	33	32	
Total gross debt outstanding	100	100	100	100	

[1] Gross public debt, and guaranteed obligations of Federal Government held outside of Treasury.
[2] Peak of debt.
[3] Includes partnerships and personal trust accounts. Nonprofit institutions and corporate pension trust funds are included under "Miscellaneous investors."
[4] Exclusive of banks and insurance companies.
[5] Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, and investments of foreign balances and international accounts in this country.

Individuals during 1951 decreased their ownership of Federal securities by \$2.0 billion. Their holdings of Series E savings bonds did not change appreciably during the year, but holdings of other series of savings bonds fell by about a billion dollars during the same period. On June 30, 1951, individuals owned approximately \$49 billion of savings bonds, with \$34½ billion in Series E bonds alone. Individuals' holdings of other securities declined by about a billion dollars during the year. However, the continued widespread distribution of the ownership of the debt is indicated by the fact that individuals still constitute the largest single investor group in the Federal debt ownership structure.

Holdings of Federal securities by insurance companies on June 30, 1951, amounted to about \$17 billion. Two-thirds of this total was held by life insurance companies, whose investments are predominantly in long-term securities. Life insurance companies reduced their holdings of Federal securities by about $3 billion during the year, following the trend which began 5 years ago as new private investment opportunities appeared in the form of an increased supply of mortgage and corporate securities. This trend in part was maintained during 1951 by the capital demands of business growing out of the defense program. The decline in holdings of long-term Government securities by life insurance companies exceeded the decline in their total portfolio however, as they switched a billion dollars of their long-term holdings into issues due or callable within 1 year. The Federal security portfolios of fire, marine, and casualty insurance companies increased in 1951 but the increase was much less than in other recent years.

Mutual savings banks' holdings of Federal securities decreased $1.3 billion during the year and totaled $10.2 billion on June 30, 1951, almost three-fourths of which was invested in bank restricted bonds. Mutual savings banks also have been actively engaged in increasing their mortgage and corporate security portfolios since the end of World War II, but their holdings of Federal securities on June 30, 1951, were only $2.0 billion below their all time peak.

Corporations other than banks and insurance companies showed an increase of about $2 billion in their holdings of Federal securities during the fiscal year 1951, partly as the result of the accumulation of funds to meet their increased tax liabilities. Their holdings of $20.2 billion on June 30, 1951, were not far below their peak holdings of $22.9 billion reached 6 years before and were considerably above the low point in the postwar period of $13.5 billion on June 30, 1948. Manufacturing corporations alone held over $12 billion of Federal securities as of June 30, 1951, with holdings concentrated in the hands of producers of automobiles and other heavy industry products.

Miscellaneous investors held approximately $11 billion of Federal securities as of June 30, 1951. About one-third of this amount was accounted for by the securities held by various international organizations and the investment of foreign balances in the United States. Private pension trusts accounted for approximately $2 billion of the total with the remainder reflecting the holdings of nonprofit institutions, dealers and brokers, savings and loan associations, and certain smaller institutional groups. There was an increase of about a billion dollars in the holdings of miscellaneous investors in the aggregate during the year, nearly all of which was accounted for by the expanded investment of foreign balances.

Holdings of Federal securities by State and local governments as of June 30, 1951, amounted to $9.4 billion—a $0.7 billion increase during the year. State and local pension funds held approximately one-third of the $9.4 billion. The balance was accounted for by sinking funds, operating funds, and various special funds. State governments alone accounted for $6.7 billion of the total with local government funds currently holding about $2.7 billion.

United States Government investment accounts held $41.0 billion of Federal securities on June 30, 1951, of which $34.7 billion was in special issues. Total holdings of the Government investment accounts increased by over $3 billion during the year.

Commercial banks held $58.4 billion of Federal securities at the end of the fiscal year 1951. About $33 billion of this total was invested in bank eligible bonds, over 70 percent of which were due or callable within 5 years. Commercial banks also held $22 billion of bills, certificates, and notes. The average length to first calls or maturities of their total holdings of marketable debt amounted to slightly over 3 years as of June 30, 1951, reflecting the continued commercial bank policy of maintaining their Government portfolios in a relatively liquid position. Commercial bank holdings declined by $7.2 billion during the year, while there was a $4.7 billion increase in Federal securities held by the Federal Reserve Banks during the same period.

An analysis of the estimated changes in bank versus nonbank ownership of Federal securities during the fiscal year 1951 is shown in the following table by type of issue.

Estimated changes in ownership of Federal securities by type of issue, fiscal year 1951 [1]

[In billions of dollars]

	Total changes	Change accounted for by—				
		Private nonbank investors	Government investment accounts	Banks		
				Total	Commercial	Federal Reserve
Marketable securities:						
Treasury bills	.1	3.3	(*)	−3.3	(*)	−3.3
Certificates of indebtedness	−8.9	−3.6	(*)	−5.3	−3.1	−2.2
Treasury notes	15.4	3.4	(*)	12.0	3.1	8.9
Treasury bonds	−24.0	−12.5	−2.1	−9.4	−7.9	−1.5
Total marketable	−17.4	−9.4	−2.1	−5.9	−7.9	1.9
Nonmarketable securities, etc.:						
United States savings bonds	(*)	−.4	(*)	.4	.4	
Treasury savings notes	−.7	−.7	(*)	(*)	(*)	
Armed forces leave bonds	−.2	−.2				
Special issues to Government investment accounts	2.3		2.3			
Treasury bonds, investment series	13.6	7.8	2.9	2.9	.2	2.7
Other	.3	.2		(*)	(*)	
Total nonmarketable, etc	15.3	6.7	5.2	3.4	.7	2.7
Total change	−2.1	−2.7	3.1	−2.5	−7.2	4.7

*Less than $50 million.

[1] Gross public debt, and guaranteed obligations of Federal Government held outside of Treasury.

As shown in the preceding section on public debt operations, marketable securities as a whole declined during the year by $17.4 billion, consisting of an increase of $0.1 billion in bills outstanding, a decline of $3.9 billion resulting from the unexchanged portions of maturing issues, and the exchange of $13.6 billion of restricted bonds for nonmarketable 2¾ percent investment series bonds (Series B) issued in March 1951. Despite the fact that private nonbank investors acquired $3.3 billion of bills (mostly acquired by corporations and other short-term investors), their holdings of other marketables declined by about $5 billion as a result of unexchanged maturities of marketable securities and net sales by long-term investors in the market. In addition, private nonbank investors exchanged $8 billion of the restricted 2½'s of 1967–72 for the new investment bond.

The principal change in the nonmarketables was the increase of $13.6 billion in the 2¾ percent investment bond already discussed. Special issues increased over $2 billion. Savings bonds showed a small increase in the amount outstanding since sales in the special offering to institutional investors of Series F and G bonds (October–December 1950) more than offset the decline in individuals' holdings of these same series and the maturing of the remainder of the outstanding Series D bonds during the year. There was a decline of about $0.7 billion in savings notes outstanding during 1951 as corporations tended to concentrate their increases in holdings of Treasury bills.

CORPORATIONS AND CERTAIN OTHER BUSINESS-TYPE ACTIVITIES OF THE GOVERNMENT

The Treasury continued to adjust the rates of interest on advances to Government corporations and certain agencies to keep such rates closely in line with the cost of such borrowings to the Treasury. In nearly all cases the interest rates now charged when making advances are based upon the average rate of outstanding marketable obligations of the United States. Where the average rate is not a multiple of one-eighth of 1 percent the actual rates are stated in terms of the nearest one-eighth of 1 percent under the average rate. When advances by the Treasury involve special considerations or are of a short-term character, rates lower than the average have been charged to coordinate these rates with the interest cost to the Treasury of its short-term borrowings.

Several legislative changes affecting the borrowing authority of Government corporations and agencies were made during the fiscal year 1951.

The Federal National Mortgage Association was transferred from the Reconstruction Finance Corporation to the Housing and Home Finance Agency in accordance with Reorganization Plan No. 22, Eighty-first Congress, effective September 7, 1950. The Association's capital stock and paid-in surplus of $21 million were transferred to the

Administrator of the Housing and Home Finance Agency, together with the function of issuing notes or other obligations to the Secretary of the Treasury in amounts necessary to finance the purchase of $2,750 million in mortgages.

Under Reorganization Plan No. 23, Eighty-first Congress, effective September 7, 1950, certain lending functions with respect to the production and distribution of prefabricated houses or housing components were transferred from the Reconstruction Finance Corporation to the Housing and Home Finance Agency. This Reorganization Plan gave the Administrator of the Housing and Home Finance Agency authority, subject also to other statutory provisions, to issue obligations for purchase by the Secretary of the Treasury in amounts sufficient to carry out the transferred functions.

Pursuant to the Defense Production Act, Public Law 774, Eighty-first Congress, approved September 8, 1950, certain Government agencies were authorized to issue obligations for purchase by the Secretary of the Treasury in an amount not to exceed $600 million outstanding at any one time, as provided in section 304 (b) of the act. The agencies were designated by the President in Executive Order No. 10161, dated September 9, 1950. Public Law 45, Eighty-second Congress, approved June 2, 1951, increased the amount of obligations that could be purchased by the Secretary of the Treasury to $1,600 million.

Public Law 797, Eighty-first Congress, approved September 21, 1950, in addition to reenacting existing provisions of law relating to the authority to borrow from the Treasury, provided that the Federal Deposit Insurance Corporation pay to the Treasury 2 percent simple interest per annum on the amounts advanced to the Corporation on stock subscriptions by the Secretary of the Treasury and the Federal Reserve Banks. Under this provision, $80,562,311.78 was paid to the Treasury during the fiscal year.

The authority to insure mortgages under Title II of the National Housing Act of June 27, 1934, as amended (12 U. S. C. 1701–1748g), was increased during the fiscal year 1951 by $1,250 million pursuant to approval of the President. The unused insurance authorizations for all titles amounted to $2,248 million as of June 30, 1951.

Table 64 shows the authorized borrowing power of Government corporations and business-type activities, the amount of obligations actually outstanding, and the holders of these securities as of June 30, 1951.

Balance sheets of Government corporations and certain business-type activities are compiled in statement form and published quarterly in the daily Treasury statement. The balance sheets show the amount and classification of assets, liabilities, and capital of the various corporations and activities, the capital privately owned, and an analysis of the investment of the United States. Table 69 of this report shows these balance sheets as of June 30, 1951.

A statement of the combined net investment of the United States with respect to Government corporations and other business-type activities as of June 30, 1942–51, appears in table 68. The income, expense, and changes in unreserved earned surplus or deficit of the corporations or activities for the fiscal year 1951 are shown in table 70. Table 71 shows the source and application of funds during the fiscal year 1951.

SECURITIES OWNED BY THE UNITED STATES GOVERNMENT

On June 30, 1951, the United States owned securities consisting of capital stock, bonds, and notes of Government corporations and business-type activities; securities representing loans made to farmers, foreign governments, home owners, railroads, and others; and receipts showing payment of United States subscriptions to the International Bank for Reconstruction and Development and to the International Monetary Fund. The net face value of these securities amounted to $18,810 million. A statement of the securities owned, at the end of the fiscal year 1951, other than foreign government obligations of World War I, is shown in table 74, together with an explanation of each increase or decrease during the year. The principal amount of World War I foreign government obligations owned by the United States amounted to $12,660 million, as is shown in tables 112 and 113.

TAXATION DEVELOPMENTS

During the fiscal year 1951, Congress continued the policy of strengthening the revenue system to meet increased expenditures for defense. Two major revenue acts became law during the year. These were the Revenue Act of 1950 and the Excess Profits Tax Act of 1950. In addition, action was initiated during the fiscal year 1951 on the Revenue Act of 1951, which was enacted October 20, 1951.

Altogether, these three revenue measures increased tax liabilities by an estimated $14.7 billion in a full year of operation at calendar year 1951 income levels. Of this total, the Revenue Act of 1950 accounted for $5.8 billion, the Excess Profits Tax Act of 1950 for $3.5 billion, and the Revenue Act of 1951 for $5.4 billion. All but $1.1 billion of the increased revenues under the three measures come from increased taxes on individual and corporation incomes.

Prior to the beginning of hostilities in Korea, the individual income tax consisted of rates ranging from 16.6 percent in the first bracket to 82.1 percent in the top bracket, with a maximum effective rate limitation of 77 percent. The general income tax rate applicable to corporations with net profits above $50,000 was 38 percent. The rates on individuals under the Revenue Act of 1951 range from 22.2 percent in the first bracket to 92 percent in the top bracket, with a maximum effective rate limitation of 88 percent. For corporations, the general rate was raised to 52 percent. An excess profits tax rate of 30 percent was continued and limited to a maximum of 18 percent of total net income, which raised the maximum effective rate to about 70 percent. In addition, the maximum rate on long-term capital gains was increased from 25 to 26 percent for corporations and individuals. The following table traces the changes in rates beginning with the Revenue Act of 1950.

Income and profits tax rates effective in 1950 and 1951 compared with rates in effect prior to the beginning of hostilities in Korea

	Pre-Korean rates [1]	1950				1951	
		Under Revenue Act of 1950		Under Excess Profits Tax Act of 1950		Under Revenue Act of 1951	
		Calendar year 1950 [1]	Taxable year in which full increase applies [2]	Calendar year 1950	Taxable year in which full increase applies [3]	Calendar year 1951	Taxable year in which full increase applies [4]
	Corporations (in percent)						
Income tax: [5]							
Normal tax	24	23	25	23	25	28¾	30
Surtax [6]	14	19	20	19	22	22	22
Total income tax	38	42	45	42	47	50¾	52
Excess profits tax	....	....	....	15	30	30	30
Total income and excess profits tax	38	42	45	57	77	80¾	82
Maximum effective rate	....	....	....	52	62	68	70
Maximum rate on long-term capital gains	25	25	25	25	25	25	26
	Individuals (in percent)						
Starting rate (first $2,000 of taxable income):							
Normal tax	2.49	2.61	3	....	....	3	3
Surtax	14.11	14.79	17	....	....	17.4	19.2
Total	16.60	17.40	20	....	....	20.4	22.2
Top rate (taxable income above $200,000):							
Normal tax	2.7075	2.781	3	....	....	3	3
Surtax	79.4200	81.576	88	....	....	88	89
Total	82.1275	84.357	91	....	....	91	92
Maximum effective rate	77	80	87	....	....	87.2	88
Maximum rate on long-term capital gains	25	25	25	....	....	25	26

[1] Rates shown for individuals are after reductions from tentative tax.
[2] Taxable years beginning after June 30, 1950, for corporations, and after Sept. 30, 1950, for individuals.
[3] Taxable years beginning after June 30, 1950.
[4] Taxable years beginning after Mar. 31, 1951, for corporations, and after Oct. 31, 1951, for individuals.
[5] Pre-Korean rates are those applicable to corporations with net incomes in excess of $50,000.
[6] Beginning with the Revenue Act of 1950, applicable to net taxable income in excess of $25,000.

I. Congressional action on tax legislation

Although the Revenue Act of 1950 did not become law until the fiscal year 1951, the legislation was initiated during the fiscal year 1950. A brief account of the background and provisions of this act will be found in the Annual Report of the Secretary of the Treasury for 1950, pages 34–42.

The Excess Profits Tax Act of 1950 was enacted as a result of the directive, contained in the Revenue Act of 1950, to the House Ways and Means Committee and the Senate Finance Committee to make a complete study of the problems involved in the taxation of excess profits and to report out an excess profits tax bill (retroactive to either July 1 or October 1, 1950) as soon as practicable after November 15, 1950. On November 14, 1950, the President, in a letter to the Chairman of the Committee on Ways and Means, urged enactment of an excess profits tax yielding $4 billion in a full year and recommended that it be made effective as of July 1, 1950. (See exhibit 23.) The Committee on Ways and Means opened hearings on November 15, when Secretary Snyder outlined his proposals for a profits tax which would achieve the revenue goal set by the President. (See exhibit 24.) The Committee on Ways and Means reported out an excess profits tax bill (H. R. 9827) on December 2. The bill was approved by the House of Representatives on December 5, 1950.

The Senate Committee on Finance began its hearings on December 4. In his appearance before the Committee on the opening day, the Secretary urged enactment of excess profits tax legislation and discussed the provisions of the House bill. (See exhibit 25.) The Senate passed an amended bill on December 20. The conference bill was passed by the Congress and was signed by the President, January 3, 1951. A summary of the major provisions of the act as it was finally passed appears on page 47.

Consideration of the Revenue Act of 1951 began with the President's message to the Congress on February 2, 1951, in which he recommended a flexible tax program designed to finance the defense effort on a current basis. He urged the Congress to enact, as rapidly as possible, revenue legislation to yield additional taxes of at least $10 billion annually. His recommendations included: (1) an increase in individual income taxes to bring in $4 billion in additional revenue; (2) an increase in corporation income taxes to yield an additional $3 billion; and (3) increases in selective excise taxes to yield $3 billion. In addition, he recommended that the Congress carry further the program it started last year to close loopholes in the present tax laws. (See exhibit 27.)

Secretary Snyder appeared before the House Committee on Ways and Means on February 5, 1951, to discuss the details of the President's program. (See exhibit 28.) He stressed the vital importance of financing the defense effort on a sound basis and urged the adoption of measures embodying the President's tax program at the earliest possible date. He indicated that the President's revenue goal could be realized by an increase in the corporation normal tax of 8 percentage points; an increase in individual income tax rates of 4 percentage points in all brackets; increases in selective excise taxes, mainly on alcoholic beverages, cigarettes, gasoline, passenger automobiles, and consumer durables; and an increase in the capital gains rate for individuals and corporations from 25 to 37½ percent.

The Committee on Ways and Means held extensive hearings on the recommendations of the President and reported a $6.8 billion bill (H. R. 4473) to the House of Representatives on June 18, 1951. The bill was passed by the House on June 22.

Hearings before the Finance Committee on the bill began with the Secretary's appearance on June 28, 1951. (See exhibit 30.) In his statement to the Committee, the Secretary again underscored the urgent need for revenue and recommended the adoption of the $10 billion program proposed by the President. The Finance Committee substantially revised the House bill and reported out an amended bill yielding an estimated $5.2 billion in a full year. The Senate passed the bill with relatively minor changes on September 28.

A conference agreement on H. R. 4473, estimated to yield $5.5 billion, was reached on October 15, but it failed to pass the House of Representatives. A second conference was then held and a number of modifications in the provisions of the bill were made. These modifications reduced the revenue yield of the bill to a little more than $5.4 billion. The second conference agreement was passed by both houses and the bill was approved by the President on October 20, 1951. The major provisions of the act are summarized on page 492.

Miscellaneous revenue legislation enacted during the fiscal year 1951 is listed in exhibit 34.

II. Excess profits tax act of 1950

A. *Tax rates and years of application.*—The Excess Profits Tax Act of 1950 imposed a surtax of 30 percent on excess profits of corporations. This was made effective as of July 1, 1950, with provision for its termination on June 30, 1953. The act also increased the corporation surtax rate by 2 percentage points, applicable to taxable years beginning after June 30, 1950. It thus raised corporation income tax rates to 47 percent and the combined income and excess profits tax rates to 77 percent with respect to taxable years beginning after June 30, 1950. However, the act limited the effective rate of Federal taxes

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payable by any corporation with a taxable year beginning after this date to 62 percent of excess profits net income.

Corporation profits for the calendar year 1950 were made subject to only one-half of the excess profits tax because of its July 1 effective date. Since the corporation normal tax and surtax rate applicable to this calendar year was 42 percent, the combined income and excess profits tax rate was 57 percent. However, the over-all ceiling limited the effective rate of Federal tax liability in this year to 52 percent of excess profits net income.

The rates provided by the Excess Profits Tax Act of 1950 were modified by the Revenue Act of 1951, before they became effective for a full year. (See table on p. 45 for a summary of rate changes.)

B. *Measurement of excess profits.*—In general, excess profits are measured primarily by reference to the excess of current-year earnings over average earnings in the base period, 1946–49. For this purpose the law provided an excess profits credit based on average earnings which is equal to 85 percent of the average of the three highest years during the base period, with a deficit in any year treated as zero. (The Revenue Act of 1951 reduced the credit to 83 percent, with respect to taxable years beginning after June 30, 1951.) In addition, a 12 percent credit was allowed for one-half base-period capital additions in 1948 and all capital additions in 1949. Corporations evidencing rapid growth during the base period were granted an earnings credit based on their highest 1949, average 1948–49, or weighted average 1949–50 earnings. This growth credit was limited to corporations which, at the beginning of the base period, had assets of $20,000,000 or less and which, during the second half of the base period, had a payroll at least 30 percent or gross receipts at least 50 percent higher than in the first half.

The law provided an alternative invested capital credit equal to 12 percent of the first $5,000,000 of invested capital, 10 percent of the next $5,000,000, and 8 percent on capital over $10,000,000. Invested capital was defined to include equity capital and 75 percent of borrowed capital. The amount of such equity capital could be determined by either the assets method (tax basis of assets) or by the historical method (capital paid in plus accumulated earnings) employed during World War II. Reductions were made in all cases for inadmissible assets such as tax-exempt securities and corporation stock.

Regulated public utilities also were provided an alternative credit equal to a return on invested capital of 6 or 7 percent, depending on the type of business, plus the Federal income tax liability. Such invested capital included total equity and borrowed capital, based either on the tax basis of assets or system of accounts prescribed by an appropriate regulatory body.

A minimum excess profits credit of $25,000 was provided all corporations.

Provision was made for increasing the excess profits credit for capital additions made since the end of the base period. In general, this new capital credit was equal to 12 percent of net increases in invested capital, including 100 percent of equity capital and 75 percent of borrowed capital. For companies using an earnings credit, equity capital included increases in retained earnings as of the beginning of the taxable year plus average capital paid in to the business during the taxable year. Similar reductions were made for decreases in invested capital.

C. *Excess profits net income.*—Various adjustments were made in normal tax net income in arriving at the excess profits net income base. Among the most important of these adjustments were the exclusion of dividends received, capital gains and losses, income arising from the recovery of a bad debt, and the net operating loss adjustment. Adjustments were made also for interest on borrowed capital, income computed on an installment or long-term basis, and abnormalities in income in the taxable year. Similar adjustments were provided in the computation of base-period earnings.

The corporation's "adjusted excess profits net income" was the final base to which the excess profits tax rate was applied. This was defined as the corporation's excess profits net income less the sum of (1) its excess profits credit and (2) any unused excess profits credit adjustment. A carryover and carryback of unused excess profits credits during the taxable year was provided for a period comparable to that allowed in the case of losses for income tax purposes.

D. *General relief provisions.*—The act provided a substitute base-period income for taxpayers whose earnings are considered inadequate or abnormal. Corporations qualifying for such relief were entitled to substitute an alternative earnings figure for the years involved, based on the average industry rate of return for their particular class of business. These industry rates of return were computed by the Bureau of Internal Revenue for 64 major industry groups as defined in the *Standard Industrial Classification Manual*, issued by the Bureau of the Budget, on the basis of income tax statistics reported in these years.

Relief was provided in cases of abnormalities due to interruption of production or change in economic conditions, a substantial change in products or services produced during the base period, and increase in capacity. Corporations in so-called depressed industries were entitled also to substitute industry rates of return for base-period earnings. Such depressed industries were defined to include those whose average rate of return during the years 1946–48 was equal to or less than 63 percent of the average rate of return experienced by the industry over the period 1938–48. The Revenue Act of 1951 enacted additional relief provisions, retroactive to 1950.

A new corporation commencing business after the beginning of the base period was granted an alternative excess profits credit based on the base-period rate of return of the class of industry to which it belongs. This credit was computed by applying the rate of return to the value of its assets for the taxable year or the third year of its existence, whichever is later. The Revenue Act of 1951 further extended the availability of the growth credit to corporations formed since the beginning of the base period and adjusted the maximum effective excess profits tax rate to the number of years of the new corporations' existence.

Since excess profits credits based on industry rates of return were treated as substitute average-earnings credits, they were made subject to the reduced 83 percent credit generally applicable in computing the tax under the average earnings method.

E. *Other major provisions.*—Exemption from excess profits taxes was provided for tax-exempt corporations, foreign personal holding companies, regulated investment companies, personal holding companies, certain foreign corporations, and foreign income of certain domestic corporations. Stockholders of personal service corporations were given the alternative of treating undistributed income as a dividend in their individual returns.

Special treatment was accorded certain extractive industries. Income attributable to the mining of strategic materials was exempted from excess profits tax. A similar exemption was given to bonus payments made by the Government for production in excess of a specified quota or for exploration, development, or mining of strategic or critical materials. Partial tax exemption also was given to income from the output of mines, natural gas properties, and timber blocks in excess of that over the base period, and to income from new, reactivated, or formerly submarginal properties.

III. Revenue Act of 1951

A. *Individual income tax rates.*—The act increased individual income tax rates by 11 percent in the first surtax net income bracket (i. e., taxable incomes up to $2,000), and by about 11¾ percent in the brackets up to $26,000; for all brackets above $26,000, the increase was 9 percent of the surtax net income remaining after the prior-law tax. These increases raised the combined normal tax and surtax rates from 20 to 22.2 percent in the first taxable income bracket and from 91 to 92 percent in the highest bracket. The maximum rate limitation was increased from 87 to 88 percent. In addition, a new surtax rate schedule was adopted which provides approximately one-half the benefits of income-splitting for single persons qualifying as "heads of households."

The full increase in individual income tax rates was applied to incomes in the calendar years 1952 and 1953. Approximately one-sixth of the increase was made applicable to calendar year 1951 incomes. The act also provided that the rates under the Revenue Act of 1950 for 1951 incomes be restored in 1954.

The withholding rate for wages and salaries was increased from 18 to 20 percent, beginning with November 1, 1951, in order to keep collections on a current basis for those subject to withholding.

B. *Corporation tax rates.*—The act retained the corporation surtax at 22 percent and increased the normal tax rate from 25 to 30 percent. The new rate applies to all corporations with taxable years beginning after March 31, 1951. For calendar year corporations in 1951, the rates were increased by three-quarters of the full-year increase. The increase in the normal tax rate will be effective through March 31, 1954.

The excess profits credit of corporations using the base period earnings method was reduced from 85 to 83 percent of average base period net income for the period July 1, 1951, through March 31, 1954.

The act increased the maximum effective rate limitation for corporation taxes and also revised the method used to compute the limitation. Under the old law, the combined total income, excess profits, and consolidated returns tax was limited to 62 percent. The new law provides an 18 percent maximum effective rate for the combined excess profits and consolidated returns tax. For corporations subject to the general combined normal tax and surtax rate of almost 52 percent, the new ceiling amounts to approximately 70 percent.

C. *Maximum rate on long-term capital gains.*—The act increased the maximum rate of tax applicable to long-term capital gains of both individuals and corporations from 25 to 26 percent.

D. *Excise taxes.*—The most important sources of additional revenue from excise taxes were the increases in the taxes on alcoholic beverages, cigarettes, gasoline, and automobiles and related products, and the new taxes on diesel fuel oil, wagering, fountain pens, mechanical pencils, and cigarette and cigar lighters.

The tax on distilled spirits was increased from $9 to $10.50 per gallon, beer from $8 to $9 a barrel, and still wine from a range of 15 cents to $2 per gallon to 17 cents to $2.25 per gallon, depending on the alcoholic content.

The cigarette tax was raised from 7 to 8 cents a pack.

The gasoline tax was increased from 1½ cents a gallon to 2 cents a gallon. A comparable retail tax of 2 cents per gallon was imposed on diesel oil used in highway vehicles.

The tax on passenger automobiles was increased from 7 to 10 percent of manufacturers' price. The taxes on trucks and busses and automotive parts and accessories were increased from 5 to 8 percent of manufacturers' price.

A new tax of 10 percent was imposed on wagers placed with bookmakers and lottery operators, and a $50 per year occupational tax was levied on persons engaged in accepting such wagers.

A new tax of 15 percent of the manufacturers' price was imposed on fountain pens, mechanical pencils, and cigarette and cigar lighters.

A uniform tax of 20 percent of the manufacturers' price was imposed on cameras and film to replace the prior-law tax of 25 percent on photographic apparatus and 15 percent on film. Industrial and commercial types of film and apparatus were exempted from tax.

The admissions tax was removed from free admissions and the tax on reduced-rate admissions will be based on the actual price paid instead of, as previously, on the regular admission charge. In addition, exemption was granted to admissions to symphonies and operas and other specified educational, religious, and charitable institutions operated on a nonprofit basis.

The 3⅓ percent tax on sales of electrical energy for commercial and household purposes was repealed. The tax on domestic telegrams was cut from 25 to 15 percent of the charge.

With certain exceptions, the increases in excise tax rates were made effective November 1, 1951, with an automatic expiration date of April 1, 1954. However, the expiration date does not apply to the new taxes and items added to the base of prior-law excises.

For a detailed summary of the provisions of the 1951 act and the estimated revenue effects, see exhibit 33.

INTERNATIONAL FINANCIAL AND MONETARY DEVELOPMENTS

The invasion of the Republic of Korea in June 1950 had far-reaching international financial and economic consequences in the fiscal year under review. In addition to the direct military expenditures necessary, it gave added impetus to the rearmament efforts of the Western World. To carry out a program of collective security, the free countries of the world have had to increase their expenditures for the maintenance of armament and armed forces. The rearmament program in turn has affected the trade and financial relations among countries and also programs of international cooperation in the economic and financial fields.

One of the most striking consequences was the rapid rise in world prices of raw materials needed for defense and for current consumption and stockpiling purposes. Fiscal and monetary factors in many countries of the world exercised an independent and in many instances a preponderant influence on the upward movement of prices in terms of local currencies. The shift in the demand for commodities and the differential movements of prices had considerable effect on the respective balance-of-payments positions of various countries. In general, the situation was favorable to those areas which produced foodstuffs and raw materials in strong demand as contrasted with countries importing these materials and exporting finished products.

United States balance of payments

In the course of the fiscal year ending June 30, 1951, the United States balance of payments underwent considerable change. For the fiscal year the total merchandise imports of the United States amounted to $11.7 billion compared with $7.4 billion in fiscal 1950. In the same period United States merchandise exports increased from $10.5 billion in 1950 to $13.1 billion so that the excess of commodity exports over imports was reduced from $3.1 billion in fiscal 1950 to $1.4 billion in fiscal 1951. In fact, for 3 months of the fiscal year, United States imports exceeded exports. It may be noted that a considerable part of the exports from the United States was financed by extraordinary assistance to foreign countries, so that on commercial account United States trade showed a deficit for the fiscal period. If invisible transactions are included, the total surplus on goods and services account in the United States balance of payments in fiscal 1951 was $2.6 billion compared with $4.1 billion in fiscal 1950.

Gold movements and gold policy

The change in the United States balance of payments and the shift in the relative geographic distribution of imports and exports were the principal factors in the outward flow of gold from the United States. In the fiscal year the United States made net gold sales of $2.4 billion. The outward trend of gold movements continued through a considerable portion of the year, but after July 1951 the flow was reversed and the United States in subsequent months has made sizable net purchases of gold from foreign countries. During the year some countries which previously had a deficit with the United States on current account developed surpluses. These countries were principally in Latin America and the sterling area. Thus, while the gold holdings of the United States were reduced from $24.3 billion on June 30, 1950, to $21.9 billion on June 30, 1951, the gold and dollar holdings of the United Kingdom, which constitute the central reserve of the sterling area, rose from about $2.4 billion to about $3.9 billion, while the gold and dollar holdings of the Latin-American countries as a whole increased in this period from about $3.1 billion to $3.7 billion. On June 30, 1950, the total gold holdings of foreign countries (exclusive of the USSR and international organizations) were estimated at $9.9 billion, while on June 30, 1951, they were estimated at $12.4 billion. The corresponding figures for official dollar holdings of foreign governments and central banks were $3.4 billion and $3.9 billion.

During the year the Treasury maintained without change its policy of standing ready to buy gold at the official price of $35 per fine troy ounce from all legal holders and also to sell gold freely, at the official price, to foreign governments and central banks for all legitimate monetary purposes. A handling charge of one-fourth of 1 percent is applied to both types of transactions. The Treasury also continued to sell gold for industrial, professional, and artistic purposes on the same terms.

Exchange rate problems

In the course of the fiscal year the official par values of most of the world's currencies remained unchanged. A number of countries, however, made adjustments in the course of the year and several countries with multiple currencies made changes in their exchange systems.[1] Countries which are members of the International Monetary Fund made these changes in consultation with the Fund.

In the course of the year various suggestions were made that an appreciation of currencies would be beneficial to certain countries either by contributing to improvement of their balance-of-payments situations or as a check to internal inflation consequent upon the rise in the prices of imported goods. The views of the United States Government on this question were expressed in a statement by the Secretary of the Treasury. (See exhibit 39.) The governments of the world did not take action leading toward upward revaluations.

United States foreign assistance programs

The European Recovery Program initiated in 1948 financed a substantial part of the basic foods and materials essential to the growth of production and trade in Western Europe. By the date of the Korean invasion, industrial production in most of the participating countries exceeded prewar levels, while agricultural production had also made large forward strides. This increase in production combined with devaluation of foreign currencies contributed to a reduction of the dollar deficits of Europe. Considerable progress thus had been made toward the restoration of more balanced international trade with lessened amounts of extraordinary assistance from the

[1] For details see Reports of the National Advisory Council on International Monetary and Financial Problems in exhibits 35 and 36.

United States. During the fiscal year 1951, it was possible for the United States, in agreement with the countries concerned, to suspend extraordinary economic assistance to several countries. The United Kingdom was the most notable. Belgium and Sweden also received no allocation of direct aid from the United States, but benefited to a limited extent from United States assistance in connection with the European Payments Union. Accordingly, the total amount of utilized grants and loans under the European Recovery Program amounted to \$2.5 billion in fiscal 1951 compared with \$3.5 billion in the preceding fiscal period. Although the favorable factors in the payments position of Europe continued through most of the fiscal year 1951, some worsening in the position of several countries began to be apparent by the final quarter.

With the increased importance of the mutual defense of the free world, United States assistance to the European countries was directed increasingly toward assisting them in rearmament rather than in the restoration of their civilian economies. The Congress in 1949 enacted the Mutual Defense Assistance Act and made available for this purpose \$1.3 billion in fiscal 1950. The amount made available for this purpose was substantially increased, to \$5.7 billion, during fiscal 1951, to be used by foreign countries for the procurement of military goods and supplies of raw materials necessary to enable the cooperating countries to carry forward their programs of rearmament. In the course of the fiscal year \$1.2 billion was utilized in the form of military assistance.

In addition to the European program there were special programs for economic assistance to the Philippines, Japan, Korea, and other countries of South and Southeast Asia. These programs varied with the circumstances of the countries. In the case of Korea, assistance was directed primarily to the relief of the population suffering as a result of the hostilities. Just before the end of the year, Congress provided for a special loan to India for the purchase of food in the United States. In Asia and Southeast Asia limited programs of economic and technical assistance were initiated.

The Export-Import Bank continued its lending programs for the economic development of foreign countries. It authorized new loans aggregating \$395 million. The countries principally benefited were in Latin America, with additional loans to Israel, Saudi Arabia, Yugoslavia, and other countries. The bank also continued to administer the loans under the Foreign Assistance Act of 1948, as amended, on behalf of the Economic Cooperation Administration.

In the course of the fiscal year the total amount utilized for all foreign assistance programs aggregated \$4.8 billion, of which \$4.4 billion was in the form of grants and \$0.4 billion in loans and credits.

Of this total, European countries received $3,661 million; Asiatic countries, $831 million; Latin America, $153 million; and others, $162 million.

The United States-Mexican Stabilization Agreement

Near the close of the fiscal year, negotiations with Mexico were initiated for renewal of the agreement for the stabilization of the dollar-peso rate of exchange. The new agreement, announced July 26, 1951, substantially continued in effect arrangements between the two countries which had been renewed from time to time since 1941. Under the agreement the United States Stabilization Fund undertakes until June 30, 1953, to purchase, on request, Mexican pesos up to an amount equivalent to $50 million for the purpose of stabilizing the dollar-peso rate of exchange, if the occasion for such use should arise.

Foreign assets control program

The Treasury Department, pursuant to a National Security Council decision, issued the foreign assets control regulations on December 17, 1950.[2] The principal effect of the regulations is to block all assets in the United States belonging to China (except Formosa), or North Korea, or nationals of those countries, and to prevent financial transactions between persons subject to the jurisdiction of the United States with China, North Korea, or their nationals. The prohibitory sections of the regulations do not affect Formosa, or nationals thereof, or the recognized Government of China.

In addition to the prohibitory sections, the regulations also required that all persons in the United States having custody, or control, of the property of China, or Korea, or their nationals, file reports with respect thereto on forms published by the Treasury Department. The reporting requirements extended to assets of nationals of South Korea and Formosa, and to the governments of those areas, as well as to Chinese Communist and North Korean assets. The inclusion of Formosa and South Korea within the scope of the reports avoided numerous problems with respect to reporting property of corporations and other entities whose exact situs was not entirely clear.

One effect of the regulations is to prohibit, except under license, the importation into this country of any merchandise in which a blocked Chinese national has had an interest on or since the effective date of the regulations. A general license was issued authorizing such importations on condition that payment for the merchandise be made into blocked accounts in the United States, either in the name of the Chinese exporter, or in the name of a banking institution in

[2] 31 Code of Federal Regulations 500.101–500.807 (15 Federal Register 9040). See exhibit 37 (press release of Dec. 16, 1950). The regulations were twice amended during the fiscal year 1950. 31 Code of Federal Regulations 500.534 (16 Federal Register 767) and 31 Code of Federal Regulations 500.808 (16 Federal Register 2179). See exhibit 38 (press release of Mar. 7, 1951).

China. In view of the unwillingness of the Chinese to accept blocked funds in payment for goods, this general license does not, in fact, appear to have been employed.

On March 7, 1951, as a means of tightening the import control, the Treasury established a presumption, to be applied by collectors of customs, that all goods of mainland Chinese origin arriving after that date be deemed to be goods in which there has been a blocked Chinese interest since December 17, 1950.[3] The effect of this amendment has been to prevent merchandise of mainland Chinese origin from entering the United States unless documentary proof can be offered to show that no blocked Chinese interest has existed in the goods since December 17, 1950.

Through June 1951, the Control had taken final action on over 4,000 specific applications. These covered a wide variety of matters, including for example, missionary remittances, problems relating to American businessmen stranded in China, transactions begun before the issuance of the regulations and uncompleted at the time of blocking, shipment of Chinese goods to third countries aboard American vessels, and creditors' claims against blocked accounts.

An enforcement section has investigated transactions suspected of involving violations of the regulations and has initiated both preventive and punitive measures where the facts indicated that such action was appropriate.

United States participation in the International Monetary Fund and the International Bank for Reconstruction and Development

The National Advisory Council, established by the Bretton Woods Agreements Act, continued to exercise its statutory function of coordinating the activities of the United States representatives on these international bodies with the activities of the financial agencies of the United States Government. In accordance with law the Council submitted two semiannual reports to the President and the Congress (see exhibits 35 and 36).

One of the purposes of the Fund is "to assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade." As one of the steps necessary to carry out its responsibilities, the Fund presented its Second Annual Report on Exchange Restrictions in April 1951. This comprehensive study of the practices in effect was preliminary to the consultations with the members scheduled to take place (in accordance with the Articles) in the spring of 1952.

[3] 31 Code of Federal Regulations 500.808 (16 F. R. 2179). See exhibit 38 (press release of March 7, 1951).

The Fund has continued to advise its members on international exchange and monetary problems by sending missions and consulting in Washington with representatives of the member governments in the adjustment of exchange rates, currency controls, and exchange practices. The Fund has exerted its influence in the direction of simplifying systems of multiple exchange rates and reducing discriminatory exchange practices. While the amount of exchange transactions was relatively small in the period under review, the Fund's contribution properly should be measured in terms of its influence on the development of a code of fair practices in the field of international currency and exchange arrangements. As noted, modifications in exchange structures were undertaken by a number of countries in the course of the year in consultation with the Fund.

As shown in detail in the reports of the National Advisory Council (see exhibits 35 and 36), the International Bank for Reconstruction and Development expanded its loans during the year, especially for economic development purposes. New loans aggregating $297 million were made by the Bank to Australia, Brazil, Colombia, Ethiopia, Iceland, Mexico, Nicaragua, South Africa, Thailand, Turkey, and Uruguay. These loans were financed largely from Bank securities floated on the United States market, though the Bank has, to an increasing extent, secured permission from other member countries to utilize the funds subscribed by them in their currencies to their capital of the Bank. In the course of the year the Bank further extended its technical assistance activities to member countries by sending missions to assist them in formulating development programs and organizing specific projects.

ADMINISTRATIVE MANAGEMENT

The Treasury Department program for improvement of management was intensified during the fiscal year 1951 and was given substantial impetus through adoption on July 31, 1950, of Reorganization Plan No. 26 of 1950. The plan transferred to the Secretary of the Treasury all functions of the Department, except those vested by the Administrative Procedure Act (60 Stat. 237) in hearing examiners employed by the Department and functions vested by law in the Comptroller of the Currency, for which the Secretary of the Treasury always had been finally accountable even though statutory or other authority had placed certain responsibilities elsewhere. The plan clarified lines of authority and empowered the Secretary of the Treasury to authorize performance of functions by any other office, bureau officer, or employee of the Department and to transfer records, personnel, property, and funds within the Department as he may determine necessary to carry out the plan's provisions and intent. Under these provisions in the course of the year, the Secretary issued 16 delegations of authority to bureau heads with permission for re-delegation to lower organization levels in appropriate cases.

Through this clarification and transfer of powers, the reorganization plan provided areas for management improvement which hitherto had not been available. Moreover, it created a position of "Administrative Assistant Secretary" to supersede the position of Administrative Assistant to the Secretary and to strengthen the over-all management.

This year, as in the past, the Department can point to many worthwhile administrative improvements, the majority of which were identified with the programs of the operating bureaus and services. The attainments reflect the concept that officials and supervisors share responsibility for conducting operations as effectively as possible at minimum costs.

A comprehensive program for supervisors was developed during the year to provide for continuous appraisal of operations. This program includes measures to insure full compliance with the President's program (as implemented by Bureau of the Budget Circular A-44) to conserve and properly use manpower. Each bureau has begun to carry out the program and to institute follow-up measures. Periodic inspections and progress reports are required to keep the Secretary of the Treasury informed of principal action taken and results achieved.

Although considerable emphasis is placed on monthly operating reports to the Secretary of the Treasury, the Department's primary methods of review include systematic inspections and special surveys in operating bureaus by staff of the Administrative Assistant Secretary. During 1951, comprehensive surveys of organization and operations were made in three major bureaus or services, while limited review was started in two others. Inspections of other bureaus and services were scheduled for 1952. In conducting surveys the Administrative Assistant Secretary employs all facilities of his office, including the staff of the Budget, Personnel, and Administrative Services organizations, who also are made available from time to time on cooperative assignments with bureau personnel.

Another principal top management facility of the Department is the Office of the Fiscal Assistant Secretary, the supervising and coordinating activity of the Fiscal Service, which consists of the Bureau of Accounts, Bureau of the Public Debt, and Office of the Treasurer of the United States. In exercising his responsibility, the Fiscal Assistant Secretary provides over-all leadership and technical assistance and at the same time encourages the bureaus to exercise wide latitude in handling their operating problems and developing improvements. Members of his staff participated with bureau personnel and representatives of several Federal Reserve Banks on six major procedural and management improvement projects completed during the fiscal year. As a device to strengthen further the management in the three bureaus, an administrative intern program has been organized in which nine promising young men and women from within the bureaus complete one year of intensive training in all phases of Fiscal Service activities. At the end of fiscal 1951 the second year's group of nine employees was engaged in this training. Results of this program have been constructive.

Administrative reports of the individual organizations of the Department integrate summaries of principal management improvements during the year with their statements on operations. (See pages 67 through 150.) Some of the more noteworthy attainments in the principal bureaus are recapitulated in the following paragraphs, not only because of the benefits accruing to the Federal Government, but also because they demonstrate the extent to which the Department has gone to insure that responsibilities are discharged as economically and efficiently as possible.

An analysis was made of the functions of the Division of Paper Custody of the Bureau of the Public Debt and the Government paper mill at Pittsfield, Massachusetts. As a result of this study and under authority of Reorganization Plan 26, the Secretary of the Treasury, on July 31, 1950, approved the transfer of these functions, effective August 1, 1950, to the Bureau of Engraving and Printing. As a result of this action and procedural modifications, the positions held by 25 employees in the Bureau of the Public Debt were abolished at an annual saving of $72,000.

Representatives of the Bureau of the Public Debt, the Office of the Treasurer of the United States, and the Office of the Fiscal Assistant Secretary, developed mechanized procedure to replace manual operations in the verification and audit of redeemed savings bonds, series A–E. Installation of the procedure in the Federal Reserve Banks and in regional offices of the Register of the Treasury was completed about April 15, 1951. An analysis of operations for the first two or three months under the revised procedure indicated annual savings of approximately $250,000.

A project started several years ago by officials of the Bureau of Engraving and Printing culminated during the fiscal year 1951 in the development of a nonoffset green ink for use in printing currency. This permits use of modified procedures for printing currency backs and is expected to result in savings of approximately $963,000 annually. The Bureau of Engraving and Printing also developed an automatic take-off and delivery device for the removal from printing presses and stacking of freshly printed sheets of currency backs. This device will materially increase operational efficiency in the nonoffset printing process and is expected to result in annual savings of approximately $695,000.

Following the enactment of the Budget and Accounting Procedures Act of 1950, Public Law 784, approved September 12, 1950, the Bureau of Accounts pursued a vigorous program to amend and revise regulations governing accounting and reporting in Federal agencies. Budget-Treasury Regulations No. 1 relating to apportionments and reports on the status of appropriation and other authorizations were revised to conform to the act. Revision of Joint Regulations No. 1 resulted in eliminating covering warrants and other paper work incident to repayments to appropriations available for disbursements. In collaboration with representatives of the General Accounting Office, the Bureau of the Budget, and the Bureau of Engraving and Printing, the Bureau of Accounts also developed an accounting system and operating manuals for the Bureau of Engraving and Printing as required by legislation prescribing a business-type budget, a revolving fund method of financing, and an industrial system of accounting. This project resulted in placing all operations of this Bureau on a completely reimbursable basis, beginning July 1, 1951. The change in the method of financing operations necessitated revision of many accounting procedures and forms, and at the end of fiscal 1951, work was progressing satisfactorily to make the required changes.

Many important improvements were made in the Customs Service during the year. Of major significance was the issuance of a Treasury Department order establishing a procedure whereby a domestic importer or foreign exporter may secure information as to tariff classification of a new product before its commercial importation. The absence of such a system had been a major complaint of foreign government representatives. The Bureau of Customs also extended the use of scientific control weighing and testing procedures, which had been adopted for several commodities in 1949 and 1950, to other products in 1951.

The Bureau of Internal Revenue made improvements during 1951 in six major areas in which net annual savings of approximately $1,244,000 will be realized. Improvements of a lesser nature also were made in other areas. The improvements in the six areas include devising a simplified procedure which enables collectors to make a single assessment combining taxes under the Federal Insurance Contribution Act and income taxes withheld. This in turn enables the Bureau to maintain single accounts where multiple ones were previously required; to make single instead of separate deposits covering both classes of tax; and to prepare single warrants for distraint, uncollectible claims, etc., instead of separate documents as previously. The Bureau has combined reports on multiple-year examinations of tax returns, revised the procedure for examining taxpayers' books, has centralized the assembling, inserting, and mailing of tax forms and instructions, and has accelerated its microfilming program. A substantial saving in administering the alcohol tax laws was made by installing bulk gauging tanks in Internal Revenue warehouses. Under the incentive awards program the Bureau adopted 312 employee suggestions during the year.

During the year the Bureau of Internal Revenue also developed and tested a simplified type of mathematical verification of income tax returns. Analyses of results compared with those obtained by the old method indicated that it was highly probable that the new system would be adopted during the fiscal year 1952 and save many man-hours.

During recent years the Bureau of the Mint has made far-reaching improvements in mechanical and operational procedures in the production of coins. During the year new strip and coin annealing machinery was installed at the Denver Mint and experimental processing of alloys was practically completed. It is expected that the new machinery will enable the Bureau to effect a substantial decrease in the cost of annealing operations.

The passage of legislation on July 16, 1951 (Public Law 79, 82d Congress, 1st Sess.), gave to the United States Secret Service certain basic authority which eliminated the need for annual grants of authority for its statutory existence previously contained in the appropriation acts. At the beginning of the fiscal year the field structure was completely reorganized. Fourteen district offices were eliminated through assignment of four regional inspectors to cover the areas. The reorganization released district headquarters personnel for investigative work and resulted in elimination of duplicate records, files, and controls which had been necessary under the old organizational structure.

In the latter part of the fiscal year 1950 the United States Coast Guard was allocated $29,000 from the "Fund for Management Improvement, Executive Office of the President, 1950", for the purpose of contracting with an outside management consultant company for an industrial survey of the Coast Guard Yard at Curtis Bay, Maryland. The survey was concluded in February 1951, and the Service is currently making use of the findings. To date, approximately one-third of the recommendations have been put into effect many of which have led to further improvements by Coast Guard personnel. As a result, there is more effective use of material and personnel and procedure has been simplified. Action on the remaining practical recommendations will be emphasized during fiscal 1952. Also, the Coast Guard was allocated $40,000 from the 1951 fund in the early part of the fiscal year 1951, for the purpose of contracting with another outside management firm for a job classification survey on a sample basis throughout the Service. The final report, received in March 1951, has been widely distributed. The report constitutes a step in more effective use of personnel and is being used in a long-range program throughout the Coast Guard.

During the year the United States Savings Bonds Division initiated a program designed to evaluate the effectiveness of the organization and processes of its Washington and field offices. Some of the improvements resulting from the appraisal are simplification of allotment accounting; improved control over travel and long distance telephoning; and a reorganization of eight State staffs which has saved travel and other expenses by eliminating program specialists and providing for area deputies.

In the Office of the Treasurer of the United States a reorganization of the Claims Section of the Accounting Division during the year resulted in better service to the public and effective handling of increased work. Substantial economies were made through extension of the card form of check to eight more accounts which involve an annual total of about two million checks.

In the past year the Department continued to encourage and receive suggestions from its employees. The suggestion program, which was begun in 1947, has been a valuable and continuing source of operating improvements. During 1951 more than 500 employee suggestions were adopted, for which the Department paid over $13,000 in cash awards. Annual savings attributable to suggestions adopted in 1951 are in excess of $340,000. The Department also granted one "Title X" efficiency award of $100 for outstanding individual performance leading to almost $1,000 of savings. Awards in the form of step increases in salary were granted to twelve employees for superior attainment.

Annual dollar savings in operating expenses of approximately $8.3 million have been identified throughout the Department as resulting from numerous management improvements during fiscal 1951. Some of these savings are reflected in unobligated balances of funds available to the Department for the year. The remainder was expended in performance of essential duties, such as unforeseen increases in responsibilities and work in revenue collection, law enforcement, currency printing, and coin production; and in the absorption of price increases during the past year on such items as supplies, equipment, materials, printing, and binding.

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ADMINISTRATIVE REPORTS

BUREAU OF THE COMPTROLLER OF THE CURRENCY[1]

The Bureau of the Comptroller of the Currency is responsible for the execution of laws relating to the supervision of national banking associations. Duties of the office include those incident to the formation and chartering of new national banking associations, the examination twice yearly of all national banks, the establishment of branch banks, the consolidation of banks, the conversion of State banks into national banks, recapitalization programs, and the issuance of Federal Reserve notes.

Changes in the Condition of Active National Banks

The total assets of the 4,953 active national banks in the United States and possessions on June 30, 1951, amounted to $94,659 million, as compared with the total assets of 4,977 banks amounting to $89,937 million on June 30, 1950, an increase of $4,722 million during the year. The deposits of the banks in 1951 totaled $86,837 million, which was $4,177 million more than in 1950. The net loans in 1951 were $30,584 million, an all time high, exceeding the 1950 figure by $5,912 million. Securities held totaled $40,635 million, a decrease of $3,609 million during the year. Capital funds of $6,520 million were $325 million more than in the preceding year.

The assets and liabilities of the active national banks are shown in the following statement.

[1] More detailed information concerning the Bureau of the Comptroller of the Currency is contained in the annual report of the Comptroller.

Abstract of reports of condition of active national banks on the dates of each report from June 30, 1950, to June 30, 1951

[In thousands of dollars]

	June 30, 1950 (4,977 banks)	Oct. 4, 1950 (4,975 banks)	Dec. 30, 1950 (4,965 banks)	Apr. 9, 1951 (4,959 banks)	June 30, 1951 (4,953 banks)
ASSETS					
Loans and discounts, including overdrafts	24,671,880	27,168,061	29,277,480	30,341,130	30,584,236
U. S. Government securities, direct obligations	37,649,227	35,806,312	35,687,933	33,182,052	33,051,114
Obligations guaranteed by U. S. Government	2,019	3,588	3,627	2,360	2,660
Obligations of States and political subdivisions	4,294,138	4,567,337	4,687,048	4,930,776	4,968,271
Other bonds, notes, and debentures	2,127,187	2,370,173	2,468,442	2,436,304	2,434,656
Corporate stocks, including stocks of Federal Reserve Banks	172,098	178,578	175,573	177,664	178,597
Total loans and securities	*68,916,549*	*70,094,049*	*72,300,103*	*71,070,286*	*71,219,534*
Cash, balances with other banks, including reserve balances, and cash items in process of collection	19,962,172	20,414,102	23,813,435	22,016,341	22,253,141
Bank premises owned, furniture and fixtures	613,526	629,235	636,825	653,565	661,211
Real estate owned other than bank premises	14,593	15,160	14,352	15,131	15,348
Investments and other assets indirectly representing bank premises or other real estate	54,442	55,363	57,365	60,288	61,958
Customers' liability on acceptances	90,312	136,685	116,300	158,681	122,207
Income accrued but not yet collected	172,521	145,443	172,862	153,384	163,111
Other assets	112,497	134,664	128,851	143,754	162,251
Total assets	89,936,612	91,624,701	97,240,093	94,271,430	94,658,761
LIABILITIES					
Demand deposits of individuals, partnerships, and corporations	46,787,942	48,729,481	52,051,784	48,671,446	48,785,259
Time deposits of individuals, partnerships, and corporations	19,218,390	18,938,109	19,010,542	18,998,878	19,212,936
Deposits of U. S. Government and postal savings	2,402,109	1,826,503	1,910,944	4,219,771	3,916,515
Deposits of States and political subdivisions	5,683,478	5,356,478	5,707,194	5,609,334	6,040,298
Deposits of banks	7,363,254	7,976,705	9,135,365	7,759,253	7,626,529
Other deposits (certified and cashiers' checks, etc.)	1,204,618	1,129,051	1,713,803	1,143,094	1,255,277
Total deposits	82,659,791	83,956,327	89,529,632	86,401,776	86,836,814
Demand deposits	*62,299,629*	*63,848,108*	*69,332,926*	*66,096,570*	*66,254,189*
Time deposits	*20,360,162*	*20,108,219*	*20,196,706*	*20,305,206*	*20,582,625*
Bills payable, rediscounts, and other liabilities for borrowed money	24,783	100,922	76,644	160,202	32,890
Mortgages or other liens on bank premises and other real estate	244	244	359	359	335
Acceptances outstanding	98,880	155,517	134,631	181,013	137,765
Income collected but not yet earned	165,506	191,488	177,839	177,202	168,112
Expenses accrued and unpaid	248,282	293,538	303,002	327,687	308,512
Other liabilities	544,059	599,407	688,997	590,083	654,307
Total liabilities	83,741,545	85,297,443	90,911,104	87,838,322	88,138,735
CAPITAL ACCOUNTS					
Capital stock	1,979,941	1,989,941	2,001,650	2,031,452	2,067,155
Surplus	2,770,630	2,791,349	2,925,104	2,948,622	2,994,486
Undivided profits	1,133,190	1,229,932	1,124,223	1,183,453	1,193,499
Reserves and retirement account for preferred stock	311,306	316,036	278,012	269,581	264,886
Total capital accounts	6,195,067	6,327,258	6,328,989	6,433,108	6,520,026
Total liabilities and capital accounts	89,936,612	91,624,701	97,240,093	94,271,430	94,658,761

Summary of Changes in Number and Capital Stock of National Banks

The authorized capital stock of the 4,954 national banks in existence on June 30, 1951 (including 1 bank in the process of merging or consolidating with a State bank under the provisions of Public Law 706, 81st Congress, approved August 17, 1950), consisted of common stock aggregating $2,055 million, an increase during the year of $91 million, and preferred stock aggregating $12 million, a decrease during the year of $4 million. The total net increase of capital stock was $87 million. During the year charters were issued to 13 national banks having an aggregate of $2 million of common stock only. There was a net decrease of 25 in the number of national banks in the system by reason of voluntary liquidations, statutory consolidations and conversions to and mergers or consolidations with State banks under the provisions of Public Law 706.

More detailed information regarding the changes in the number and capital stock of national banks in the fiscal year 1951 is given in the following table.

Organizations, capital stock changes, and liquidations of national banks, fiscal year 1951

	Number of banks	Capital stock	
		Common	Preferred
Charters in force June 30, 1950, and authorized capital stock [1]	4,979	$1,963,631,287	$16,567,193
Increases:			
Charters issued	13	2,250,000	
Capital stock:			
160 cases by statutory sale		61,390,525	
309 cases by statutory stock dividend		45,559,030	
24 cases by stock dividend under articles of association		2,589,660	
10 cases by statutory consolidation		5,345,000	
Total increases	13	117,134,215	
Decreases:			
Voluntary liquidations	26	9,426,500	296,950
Statutory consolidations	3		
Conversion into State bank	1	100,000	
Merged or consolidated with State banks	8	16,172,500	
Capital stock:			
1 case by statutory consolidation		200,000	
46 cases by retirement			3,817,928
Total decreases	38	25,899,000	4,114,878
Net change	−25	91,235,215	−4,114,878
Charters in force June 30, 1951, and authorized capital stock [1]	4,954	2,054,866,502	12,452,315

[1] These figures differ from those shown in the preceding table. June 30, 1950, figures include 2 banks that had discontinued business but were not in formal liquidation on that date. June 30, 1951, figures include 1 bank in process of merging or consolidating with a State bank under provisions of Public Law 706.

BUREAU OF CUSTOMS

The principal functions of the Bureau of Customs are to assess and collect duties and taxes on imported merchandise and baggage; prevent smuggling, undervaluations, and frauds on the customs revenue; apprehend violators of the customs and navigation laws; enter and clear vessels and aircraft; issue documents and signal letters to vessels of the United States; admeasure vessels; collect tonnage taxes on vessels engaged in foreign commerce; supervise the discharge of imported cargoes; inspect international traffic; control the customs warehousing of imports; determine and certify for payment the amount of drawback due upon the exportation of articles produced from duty-paid or tax-paid imports; enforce the antidumping and export control acts; regulate the movement of merchandise into and out of foreign trade zones; and enforce the laws and regulations of other Government agencies affecting imports and exports.

Collections by Customs Service

The total revenue collected by Customs in the fiscal year 1951 was $809 million, as compared with $561 million in 1950, an increase of 44 percent. The totals include items collected for other governmental agencies such as internal revenue taxes for the Bureau of Internal Revenue and head taxes for the Immigration Service.

Customs collections amounted to $630 million in 1951, an increase of 47 percent from the previous year's total of $429 million. They were the highest ever recorded in customs history, even exceeding by a substantial margin the collections during the late twenties. They consisted of collections of duties, tonnage taxes, and fines and penalties for violation of the customs and navigation laws, etc.

Of these customs revenues, the great bulk, $626 million, was derived from duties and import taxes levied on imported merchandise. The source of these collections by tariff schedules is shown in table 85.

In 1951 more than one-half of all imports into the United States were duty free and included commodities authorized by Congress for free entry, such as copper, bauxite, lead, zinc, etc. The 45 percent which were dutiable, therefore, constitute the basis of the customs duties and taxes on imports.

Customs collections of duties and import taxes, which had shown a generally rising trend throughout the fiscal year 1950, continued to rise sharply in the early months of the fiscal year 1951, and for the ten months from August 1950 to May 1951 remained continuously above the $50 million level, reaching a peak in March when the collections amounted to more than $57 million. During the last three months of the fiscal year, small successive declines were recorded, a seasonal trend which has been observed frequently in the past.

Collections by customs districts.—All but four customs districts made larger collections in 1951 than in 1950. Collections in the New York district, which amounted to almost $276 million, or 44 percent of the total customs collections, increased 59 percent over the previous year. Massachusetts, with almost $80 million, and Philadelphia, with almost $46 million of customs collections, had respective increases of 39 and 44 percent from the fiscal year 1950. In nine other customs districts collections exceeded $10 million each, with the largest percentage of increase among these in the Galveston district, which recorded an increase of 138 percent over the 1950 collections. Even higher percentage increases occurred in some of the smaller districts. Eight times as much revenue was collected in Montana and Idaho as in 1950, while the Tennessee and El Paso district collections increased 170 and 163 percent, respectively. The four customs districts having smaller customs collections in 1951 than in the previous year were Dakota, Indiana, Kentucky, and Sabine. Customs collections by customs districts are shown in table 84.

Collections by commodities.—Every one of the tariff schedules except the tobacco schedule produced larger amounts of duty collections than in 1950. As in recent years, wool and wool manufactures continued to be the chief source of customs revenue. A contributing factor was the increase in imports of raw wool for the second successive year, which reversed the sharp decline following the conclusion of World War II. Imports of metals and manufactures were almost as important as a source of customs revenue in 1951 as were imports of wool and woolen goods and recorded an increase of more than 92 percent over the previous year.

Tables 85, 88, and 89 which show duties classified according to tariff schedules and countries are based upon commercial importations and consequently show smaller duty collections than the total collected on all types of entries as shown in table 83.

Collections by countries.—The large increase in duty collections in 1951 was distributed throughout all geographical areas and throughout almost all countries from which goods are imported into this country.

Table 89 shows the value of dutiable merchandise and the duties collected thereon classified by the countries in which the imports originated.

Magnitude of Operations

Movement of persons.—More persons crossed the land borders of the United States or entered this country by sea and air during 1951 than at any time in previous customs history. The total number of persons entering the country by all methods of travel was in excess of 92 million, an increase of almost 6 million persons over the 1950 total. Almost two-thirds of those entering the country crossed the borders in automobiles and busses, and more than a million arrived by air, the largest number of airplane passengers to enter this country in aviation history. The increase in use of airplanes for transoceanic travel resulted in a decline in the number of passengers arriving at seaports by vessel and crossing the land borders by passenger trains.

The use of airplanes in international travel reached a new high, exceeding even that of the years at the end of World War II when the use of planes by returning military personnel reached large proportions. For the first time in airplane history the number of air passengers arriving from abroad exceeded the million mark, and for the second time in recent years the number of passengers arriving at the New York City international airports exceeded those arriving at the Miami airports.

Table 91 shows the various types of vehicles and the number of passengers using them for the past two fiscal years and table 92 the number of airplanes and airplane passengers arriving in each of the customs districts in which this type of travel was important.

Entries of merchandise.—The tremendous volume of entries handled by customs officers as a result of the increased volume of importations is shown in table 90. The largest increases in the number of entries were those covering entries for immediate consumption, entries for warehouse and rewarehouse, and warehouse withdrawals, all of which involved commercial transactions. The decline in the number of informal entries (those valued at not over $100) reflects the continued rise in the unit value of merchandise which has caused truckloads of goods which a few years ago would have been valued at less than $100 to exceed considerably that limit. The increase in baggage entries resulted from the change in exemptions allowed returning tourists which increased the value of dutiable merchandise that could be obtained abroad and brought in free of duty from $100 to from $200 to $500, depending on the length of time abroad.

Drawback transactions.—Drawback, amounting to 99 percent of the customs duties paid at the time the goods were entered, is allowed on the exportation of merchandise manufactured from imported materials and for certain other specified export transactions. The total drawback allowed in 1951 was $7,034 thousand as compared with $8,442 thousand in 1950, a decrease of almost 17 percent. More than 96 percent of the drawback allowed in 1951 was due to the export of products manufactured from imported raw materials. The principal raw materials used in the manufactured exports in 1951 were aluminum, tobacco, sugar, petroleum, synthetic textile fibers, and wool.

Tables 93 and 94 show the drawback transactions for the fiscal years 1950 and 1951.

Appraisement of merchandise.—The steady increase in importations of foreign merchandise reported for the fiscal years 1949 and 1950 has continued through the fiscal year 1951. This is indicated by the examination of 708 thousand packages at public stores during the fiscal year 1951 as compared with 544 thousand packages in 1950 and 485 thousand packages in 1949.

The 1,495 thousand invoices processed during the fiscal year 1951 represent a marked increase over the 1,198 thousand invoices processed in 1950 and 1,106 thousand invoices processed in 1949.

Customs Information Exchange.—Under a system which has been in effect for many years, appraising officers are required to report a cross section of importations of merchandise received at their ports to the Customs Information Exchange which is located at New York, N. Y. This serves as a spot check of the classification and value of merchandise. The information reported in this manner is compared with the information kept on the master records in the office of the United States Appraiser of Merchandise at New York. In this way uniformity of action by all appraising officers is made possible, to the advantage of importers. The following table is indicative of the work of this office.

Activity	1950	1951	Percentage increase, or decrease (−)
Appraisers' reports of value or classification	38, 615	54, 025	39. 9
Differences in classification reported	2, 940	3, 765	28. 1
Differences in value reported	3, 357	5, 166	53. 9
Requests for foreign investigations	634	503	−20. 7

The increase in reports of value and classification, when considered together with the increase in differences of classification and value, indicates a greater proportion of new commodities imported during the fiscal year 1951 than during the two preceding years and also indicates lack of stability in foreign market prices. These two factors have increased tremendously the work of the appraising officers in the field and of the personnel of the Customs Information Exchange.

Customs laboratories.—The ten customs laboratories, maintained for the purpose of testing representative samples of imported merchandise to aid in the correct assessment of duties, tested 98,321 samples, an increase of 18 percent over the total tested in the previous year. More than half of the total number of samples consisted of ores, metals, sugar, and wool. Most of the samples examined during the year were taken from imported merchandise.

Some samples, however, were tested for other purposes. These included 2,412 samples taken from various customs seizures, mostly of narcotic drugs and other prohibited articles; 437 samples from merchandise presented for export from the United States upon which claims for drawback were presented; 590 samples of preshipment merchandise which were analyzed in the laboratory to assist the importers or foreign shippers in estimating the rate of duty and the tariff classification of the goods intended for shipment to the United States; and 6,024 samples tested for other Government agencies, much of which consisted of critical and strategic materials taken from Government purchases for stockpile purposes to determine if the materials purchased met contract specifications.

During the fiscal year 1951, chief chemists provided the required statistical quality control on sample weighing operations by making complicated analyses of the cargo sample weighing data to insure that the limits of accuracy and precision established by the Bureau were not exceeded. There were 1,023 such weighing operations, including 611 cargoes of raw sugar, 97 cargoes of refined sugar, 38 shipments of wool, 155 cargoes of cigarette tobacco, and 98 cargoes of other merchandise. Pilot plant operations on the feasibility of the extension of this new and highly efficient method to other dutiable imported commodities are being studied. A new method covering the scientific weighing of cargoes of imported staple rayon was put into operation during the year. Already 24 cargoes of rayon have been weighed successfully by the new method.

Protests and appeals.—Despite the increase in the number of commercial entries and in the volume of imports and duty collections, the protests filed by importers against the rate and amount of duty assessed and other actions by collectors were much smaller than in 1950. Appeals for reappraisement filed by importers who did not agree with the appraiser as to the value of merchandise were also fewer than during the previous year. Both declines presumably were due to the simplification of customs procedure and to the efforts made by importers to ascertain correct values before entry of their merchandise. The following table shows the number of protests and appeals filed and acted upon in 1950 and 1951.

Protests and appeals	1950	1951	Percentage decrease(−)
Protests:			
Filed with collectors by importers	17,759	12,268	−30.9
Allowed by collectors	3,104	596	−80.8
Denied by collectors and forwarded to customs court	13,029	10,989	−15.7
Appeals for reappraisement filed with collectors	16,495	15,644	−5.2

Vessel movements.—Vessel entrances and clearances were no exception in the pattern of increased customs business in 1951 over 1950. The number of vessel entrances direct from foreign countries was almost 4 percent higher than last year. Some 70,000 vessels required customs supervision in the discharge of their import cargoes and almost the same number took cargoes out of the United States which required customs inspection under several laws, chiefly the export control acts. The following table shows the number of entrances and clearances of vessels in 1950 and 1951.

Vessel movements	1950	1951
Entrances:		
Direct from foreign ports	46,831	48,490
Via other domestic ports	21,095	22,404
	67,926	70,894
Clearances:		
Direct to foreign ports	45,235	45,442
Via other domestic ports	21,555	22,644
	66,790	68,086

Antidumping.—During 1951, activity under the Antidumping Act, 1921 (42 Stat. 11), was accelerated as a result of factors which led to a suspicion of dumping in a number of cases. In each of these cases a thorough investigation was instituted promptly but in no case in which the investigation was completed was it possible to support a finding of dumping within the meaning of the law. However, in a number of these instances appraisements are being withheld in view of the continued possibility of dumping pending the completion of investigations which are still in progress.

Export control activities.—The Customs Service continued its functions in connection with the enforcement of export controls administered by other agencies relating to exportations of all commodities including arms, munitions, and implements of war, atomic energy materials, gold, and narcotics. In practically every activity associated with this enforcement work, there was an increase in the number of transactions in 1951 over 1950.

Law enforcement and investigative activities.—The law enforcement activities of the Customs Service consist of the seizure of merchandise which has been fraudulently declared or illegally introduced into this country and of the investigation of violations discovered after the entry of merchandise. Fewer seizures were made in 1951 than in either of the two preceding years but the value of such seizures was almost as large as it was in either 1949 or 1950. Four more automobiles and trucks and one more airplane were seized in 1951 than in the previous year and the value of these seizures was considerably greater than in 1950. Less than half as many boats were seized, with a corresponding decrease in the value of such seizures. The number of liquor seizures also declined but the gallonage of such seizures was double that of 1950 and was valued at two and a half times the value of the 1950 seizures. There were also slightly fewer seizures of prohibited articles.

Seizures of ordinary merchandise although fewer in number showed a much larger value than in 1950. Most of this increase was due to several large seizures of cut diamonds at New York and Miami during the month of January 1951. The attempted smuggling methods in each case involved concealment of the diamonds in the heels and soles of the shoes of the carrier, although in one case secret compartments containing large quantities of diamonds were discovered in the carrier's luggage. Each of the offenders pleaded guilty and is now serving a prison term. In addition to the three large seizures made in this country, subsequent investigation made possible the arrest in Canada of the fourth carrier of a substantial quantity of diamonds which presumably were destined ultimately for the United States. One other seizure of considerable value consisted of almost 5,000 ounces of gold valued at more than $171,000 concealed in the fenders of an automobile which was intended for export. The offender is now serving 5 years in a Federal penitentiary. Most of the other seizures involved the age-old attempts by returning tourists to bring in foreign purchases of furs, wearing apparel, cameras, and similar articles without declaring them or paying duty.

Narcotic seizures were almost as numerous as in the previous year but considerably smaller quantities of most narcotic drugs were seized than in 1950. Seizures of raw opium amounted to only 260 ounces in 1951 as compared with 645 ounces the previous year, and these were made almost exclusively at the Atlantic and Gulf Coast ports from seamen arriving from Near Eastern and Mediterranean ports. Seizures of smoking opium also declined sharply from 1,038 ounces in 1950 to 513 ounces in 1951. Practically all of such seizures were made along the Mexican border in small quantities, and the decline in quantity was very largely due to the efforts of the Mexican authorities to eradicate the plantations of opium-producing poppies in Mexico. Marihuana seizures on the Mexican border continued heavy although the total quantity seized was slightly less than in 1950, i. e., 32,062 ounces in the past year and 33,291 ounces in the year before.

In addition to the seizures made for customs violations, 13,938 seizures were made for other agencies, of which 13,893 were for the Department of Agriculture. In addition 43 persons were apprehended and delivered to Immigration, Secret Service, military, and municipal authorities.

Seizures for the violation of customs laws are shown in tables 95 and 96.

The Customs Agency Service is employed generally in investigating all civil and criminal matters coming to its attention, including violations of the customs, navigation, and export control laws. Although the number of investigations was somewhat smaller than during the previous fiscal year, several important types of investigations were more numerous than in the fiscal year 1950. Investigations involving diamonds and other smuggling, marking violations, and export control violations substantially increased. The smuggling investigations resulted in several important seizures involving shipments of gold which were intended to be illegally exported and diamonds which were being smuggled into the country.

Table 97 summarizes the investigative activities during the past 2 years.

Foreign trade zones.—During the fourteenth year of its existence, Foreign Trade Zone No. 1 on Staten Island continued its successful operation. Customs handled a considerably larger number of entries and collected more duties and internal revenue taxes on merchandise entering our commerce out of this zone than during the previous year. In February 1951 this zone was visited by a group of representatives from 9 European countries for the purpose of learning how incoming and outgoing commodities were handled in the zone and to promote trade expansion. The handling of quantities of Sumatra tobacco was undertaken during World War II and its continuation is still found desirable. Fifty-four vessels used the zone facilities during 1951 as compared with only 24 the previous year. The larger amount of water transportation, however, is still performed by lighters, which carry the incoming and outgoing shipments from and to vessels berthed elsewhere.

Operations in Foreign Trade Zone No. 2 at New Orleans were at a slightly lower level than in 1950. A great deal of the work in this zone involves the manipulation of merchandise ultimately shipped abroad without reaching customs territory, and consequently the duties collected on merchandise entering customs territory are less than at most of the other foreign trade zones.

In the third full year of its operations, Foreign Trade Zone No. 3 at San Francisco had a somewhat smaller volume of operations, although a greater variety of commodities was handled, than during the preceding year. Among the unusual operations performed in the zone during 1951 were the following: a large shipment of cattle hides from Australia, after being sorted, graded, weighed, and inspected, were sold in the zone without being affected by the prevailing selling price regulations of the Office of Price Stabilization; and the termination of the Chinese and Mexican trade agreements, with the resultant increases in rates of duty, caused several importers of the merchandise involved to make use of the immediate liquidation feature of zone operations to freeze the rates of duty on their merchandise. This action materially benefited the importers.

Operations at Foreign Trade Zone No. 4 at Los Angeles and Foreign Trade Zone No. 5 at Seattle showed a substantial increase both in volume and in variety of goods over the previous year.

Foreign Trade Zone No. 6 at San Antonio, the only inland zone and the only zone located at an airfield, which began operating on September 1, 1950, carried on a satisfactory volume of business during the first 10 months of its operations.

Of the six foreign trade zones, only the New York zone showed an operating profit on the zone operations. The success of this zone, however, indicates a likelihood that the five zones newly opened will soon attain that goal. The following is a brief summary of foreign trade zone operations.

Trade zone	Number of entries	Received in zone		Delivered from zone		Duties and internal revenue taxes collected
		Long tons	Value	Long tons	Value	
New York	8,765	(1)	(1)	(1)	(1)	$4,282,531
New Orleans	858	25,275	$10,731,991	20,301	$8,892,989	175,536
San Francisco	4,910	8,864	5,765,429	11,283	6,642,297	685,517
Los Angeles	900	13,198	5,867,193	11,917	5,278,119	443,611
Seattle	565	7,089	3,436,597	7,050	2,913,145	632,429
San Antonio	171	2,127	530,981	1,813	359,927	69,518

[1] Not reported.

Changes in customs ports and stations.—The customs ports at Lewes, Del., and Provincetown, Mass., were abolished during the year. A new customs port was established at Pelican, Alaska, and new stations at Lewes, Del.; Provincetown, Mass.; Los Ebanos, Tex.; and Lancaster, Minn.

Trade agreement activities.—The Bureau participated in the Torquay Trade Agreement Conference in which 27 countries negotiated for an extension of the General Agreement on Tariffs and Trade and 6 new countries negotiated for the purpose of accession to the General Agreement. The Bureau, in cooperation with the Department of State, reviewed the proclamations issued in connection with the General and other trade agreements.

Legal problems and proceedings.—In addition to the usual problems and questions arising in the enforcement of the customs, navigation, and other laws administered by the Bureau of Customs, the large increase in the volume of import trade resulted in an increase in the number and complexity of the matters requiring legal decision. Assistance was also rendered to the Congress by means of reports on pending bills and the drafting of proposed legislation.

The amendment of the Foreign Trade Zones Act by Public Law 566 passed by the 81st Congress on June 17, 1950, necessitated a complete revision of the regulations governing zones. Considerable time and study were devoted to this revision of the regulations and to various legal problems in connection with the administration of the new law.

Cost of Administration

Despite the increased volume of customs transactions in 1951, the level of personnel employment was only slightly higher than in 1950. Employment for the enforcement of the export control acts dropped 34 percent without, however, any decrease in the inspection or enforcement work to be carried. The following table shows the average employment in the Customs Service in the two fiscal years.

Average number of employees	1950	1951	Percentage increase, or decrease(−)
Regular customs operations:			
Nonreimbursable	7,839	7,977	1.7
Reimbursable [1]	338	371	1.0
Total regular customs employment	8,177	8,348	
Export control	323	213	−34.0
Total employment	8,500	8,561	.7

[1] Salaries reimbursed to Government by those who receive the exclusive services of these employees.

In 1951 the Customs Service incurred operating expenses of $36,763,191, excluding the expenses of enforcing the export control regulations. This was $1,103,270 more than during the preceding year. Costs in 1951 exceeded those of 1950 because of: (1) pay increases authorized by the Classification Act of 1949 which were in effect for a full twelve months during 1951 as against eight months in 1950; (2) regular within-grade raises under the Mead-Ramspeck law; and (3) the small employment increase shown by the table. These expenses, moreover, do not include salaries paid to customs personnel for overtime and other services authorized by law for which reimbursement was made to the appropriation by those for whom the services were rendered. The increased collections more than offset the increase in expenditures so that the cost of collecting $100 of revenue declined from $6.37 in 1950 to $4.54 in 1951. A summary of the collections and expenditures will be found in table 83.

Management Program

Management improvement efforts in the Bureau during the fiscal year 1951 were concerned primarily with the simplification of procedures, the better utilization of manpower, certain security and law enforcement measures, and additional delegations of authority to field officers made possible by Reorganization Plan No. 26 of 1950. The savings in 1951, both monetary and manpower, were used to meet demands for additional personnel arising from the continuing increase in customs business.

Customs simplification through legislation.—The Customs Simplification Act of 1951, H. R. 5505, was passed by the House of Representatives on October 15, 1951. This bill, if enacted, will simplify customs procedures and permit better service to the public. Many of the provisions contained in this bill, as passed by the House, had their origin in recommendations submitted by McKinsey and Company in their management survey of the Bureau of Customs, and in suggestions proposed by the Department for the improvement of customs operations.

The recodification of the navigation laws, prepared by Customs, was introduced into the House as H. R. 9321. The provisions of this bill are designed to simplify laws which have often been described as archaic, thereby overcoming obstacles encountered by the shipping industry under present laws.

Customs simplification through administrative action.—Procedures were devised to make administrative decisions on tariff classification binding to the fullest extent possible under existing law, and to enable prospective importers and foreign exporters to obtain the correct rates of duty on merchandise which they contemplate importing into, or exporting to, the United States, even in advance of the arrival of the merchandise in this country.

The examination and release of samples accompanying a commercial traveler were facilitated by permitting these samples to be cleared through customs on a baggage declaration, without a formal entry or surety on the bond given to guarantee exportation of the samples. A special procedure was adopted also to make it convenient for the commercial traveler to leave and return to this country with his samples in connection with side trips to contiguous countries.

Several improvements were made in customs activities relating to aircraft transactions, among which were the following:

1. Arrangements were made with Canada whereby pilots of other than scheduled aircraft may file a flight plan with the Department of Transportation in Canada as a means of giving advance notice of arrival in the United States to all interested agencies of our Government.

2. With respect to flights between Hawaii and Alaska and the United States, the entrance and clearance requirements for aircraft were eliminated.

3. The procedure for withdrawing aircraft spare parts from a customs bonded warehouse or customs custody was greatly simplified.

Weighing operations, in general, were reduced by the substitution of bulk weighing for individual package weighing wherever possible and by the acceptance, under certain conditions, of certified public weighers' weights in lieu of customs weights. The use of scientific control weighing and testing procedures, which were adopted for several commodities in 1949 and 1950, was extended to other products in 1951. In addition, arrangements were made whereby sampling and weighing procedures will be surveyed and studied in a continuing program.

The customs sampling of sugar and customs laboratory testing of molasses were reduced by the issuance of instructions permitting, under certain conditions, the acceptance of commercial samples of sugar and commercial analyses of molasses.

A procedure designed to improve the customs clearance of unaccompanied articles acquired abroad by returning residents of the United States, installed on a test basis, has proved successful in reducing substantially the time required for clearance of these articles after they arrive in this country. Studies and tests of further improvements in this procedure will be made in 1952.

Other management improvements.—Other management efforts to simplify operations, conserve manpower, and improve service to the public, include the following:

The program to establish central fiscal and personnel offices, in order to consolidate administrative services wherever possible and reduce the cost of performing these services, was practically completed in 1951.

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Mechanization of the operations in the office of the collector of customs in New York, relating to the preparation of payrolls, billing and payment of reimbursable overtime compensation, and development of budgetary information, resulted in the saving of time and money and the placing of this work on a current basis.

Additional delegations of authority under Reorganization Plan No. 26 of 1950 were made to field officers in order to increase the effectiveness of operations at the field level. Several types of transactions concerning the entry of merchandise and administrative services, which formerly required approval of the headquarters office in Washington, may now be handled to completion by field officers.

A pamphlet containing a brief and concise statement of customs requirements for private planes making international flights has been prepared for the information of private fliers. Copies have been given to various pilot and private flier associations for reproduction and distribution.

The pamphlet *Customs Hints* for travelers arriving in the United States was reissued with a new statement designed to facilitate customs clearance of unaccompanied articles obtained abroad by returning residents.

Special training in the searching of vessels and other importing carriers was given during 1951 to the heads of searching squads at all seaports in the continental United States. The emphasis in this program was placed on defense security measures and the detection of contraband, particularly narcotics.

BUREAU OF ENGRAVING AND PRINTING

The Bureau of Engraving and Printing designs, engraves, and prints currency, bonds, certificates, stamps, and various other official documents and forms.

Workload

Deliveries of finished work during the fiscal year 1951 totaled 803,919,798 sheets, an increase of 74,622,204 sheets or approximately 9 percent, as compared with the quantity delivered during the previous year. A comparative statement of deliveries of finished work in the fiscal years 1950 and 1951 follows:

Class	Sheets		Face value, 1951
	1950	1951	
Currency:			
United States notes	4,065,000	4,080,000	$201,240,000
Silver certificates	100,935,000	125,920,000	2,073,840,000
Federal Reserve notes	31,977,000	52,427,000	7,166,300,000
Specimens:			
United States currency		17	
Federal Reserve notes		116	
Total	136,977,000	182,427,133	9,441,380,000
Bonds, notes, bills, certificates, and debentures:			
Bonds:			
Panama Canal	2,900		
Postal savings	3,238	815	407,500
U. S. Treasury	123,486	629,078	31,964,100,000
U. S. savings	64,451,000	72,877,000	9,025,200,000
Depositary		525	
Consolidated Federal farm loan for the 12 Federal land banks	66,000		

Class	Sheets 1950	Sheets 1951	Face value, 1951
Bonds, notes, bills, certificates, and debentures—Continued			
Bonds—Continued			
Home Owners' Loan Corporation	125		
Home Owners' Loan Corporation: Obsolete engraved stock delivered to Destruction Committee and destroyed	1,076,188	1,107,162	
Joint stock farm loan: Obsolete engraved stock delivered to Destruction Committee and destroyed	12,120		
Puerto Rican		242	$221,000
Government of the Republic of the Philippines	200		
Notes:			
U. S. Treasury	1.019,325	1,516,690	76,131.500,000
Consolidated, Federal home loan banks	22,200	64,550	1,675,000,000
Special U. S. International Monetary Fund series	200		
Treasury bills	539,600	595,400	80,975,000,000
Certificates:			
Indebtedness, U. S. Treasury	478,650	379,000	22,876,500,000
Cuban silver	578,333		
Military	46,046	94,667	3,956,000
Philippine Treasury: Surplus stock delivered for destruction and destroyed	868,400		
Postal savings	2,504,200	2,121,300	1,591,543,750
Interim transfer, postal savings bonds	1,000	1,000	
Debentures:			
Collateral trust of the Central Bank for Cooperatives	3,940		
Consolidated collateral trust for the Federal intermediate credit banks	78,550	61,650	925,000,000
War housing insurance fund	2,105		
Specimens:			
Bonds	55	53	
Notes	8	10	
Certificates	3	1	
Debentures	61	6	
Total	71,877,933	79,449,149	225,168,428,250
			Number of stamps, etc., 1951
Stamps:			
Customs	452,500	373,700	3,737,000
Internal revenue:			
To offices of issue	298,565,758	312,428,048	22,505,732,235
Specimens	376	176	2,962
Obsolete delivered to Commissioner of Internal Revenue for destruction		293,398	27,100,884
Puerto Rican revenue	1,751,763	2,461,008	127,287,200
Obsolete stock delivered for destruction by authority of the Treasurer of Puerto Rico, Sept. 6, 1950		270,952	4,064,280
Virgin Islands revenue	550	550	55,000
U. S. war savings	486,315	641,960	65,959,300
Postage:			
United States	200,920,496	200,032,947	21,793,086,060
Specimens, United States	261	36	1,800
Canal Zone	31,170	89,697	6,971,100
Adhesive postal note	740,363	587,821	58,782,100
District of Columbia beverage tax-paid	592,300	919,300	45,965,000
Federal migratory bird hunting	83,465	24,075	2,696,400
Foreign service fee	1,800	15,995	1,599,500
Total	503,627,117	518,139,663	44,643,040,821
Miscellaneous:			
Checks	9,538,519	11,182,980	55,943,830
Warrants	9,548	24,430	12,215
Commissions	50,396	230,954	158,665
Certificates	1,020,686	1,585,143	1,545,243
Drafts	38,250	6,000	1,500
Government requests for transportation	259,514	1,063,668	5,318,340
Other miscellaneous	5,462,280	9,810,511	12,152,125
Specimens	90	167	1,609
Blank paper	1,000		
Military payment orders: Obsolete stock delivered to Destruction Committee and destroyed	435,261		
Total	16,815,544	23,903,853	75,133,527
Grand total	729,297,594	803,919,798	

Orders were received and dies were engraved for new issues of postage stamps as follows:

Issue	Denomination (cents)
California Statehood Commemorative, Series 1950	3
Legislative, National Capital Sesquicentennial Commemorative, Series 1950	3
Final Reunion of the United Confederate Veterans Commemorative, Series 1951	3
100th Anniversary of the Settlement of Nevada Commemorative, Series 1951	3
250th Anniversary of the Landing of Antoine de la Mothe Cadillac at Detroit Commemorative, Series 1951	3
75th Anniversary of Colorado Statehood Commemorative, Series 1951	3
Canal Zone, Air Mail, Series 1951	4, 6, 10, 21, 31, 80
Canal Zone Commemorative, Honoring West Indian Laborers, 1904–14, Series 1951	10

Management Improvement

The joint accounting study, which was started in the previous fiscal year by representatives of the General Accounting Office, Bureau of the Budget, and Treasury Department, was continued with the objective of carrying out in the Bureau the program set forth in the Budget and Accounting Procedures Act of 1950. The request for legislation to effectuate recommendations arising from this study as reported last year was granted by the 81st Congress, 2d Session, upon passage of Public Law 656 on August 4, 1950. This act provided for a completely business-type working capital fund method of financing with provision for the performance of work on a reimbursable basis. The installation of the required procedures was completed during the year so that by July 1, 1951, the effective date of Public Law 656, the new system was in complete operation.

Major organizational adjustments were made in the Bureau during the fiscal year 1951 in that urgently needed managerial assistance was provided through the reorganization of certain administrative functions and the establishment of the following staff offices under the immediate jurisdiction of the Associate Director: the Office of Budget and Accounts, Office of Industrial Relations, Office of Planning, and Office of Research and Development Engineering. Another significant change which took place during the year was the organization of the activities relating to the purchase, storage, and control of materials and supplies under the Materials Management Division. This unit replaced the Purchase, Storage and Issue Division.

On August 1, 1950, all functions incident to the purchasing, receiving, and handling of distinctive paper were transferred to this Bureau from the Bureau of the Public Debt, under the President's Reorganization Plan No. 26 of 1950. In assuming these duties the Bureau initiated a procedure that reduced the cost of transporting the paper from the mill to Washington by utilizing motor carrier instead of rail service, as had been done previously. This innovation has also simplified and expedited the processes of packing, hauling, delivering, storing, accounting, and inventorying the paper.

The program of management improvement in the Bureau was further intensified during the fiscal year 1951 through the development and introduction of a green intaglio printing ink, with quick setting properties, for the printing of currency backs. The use of this ink permits the stacking of the freshly printed work without inserting tissues between each two sheets of notes and eliminates the counting and drying of the printed backs, the removal of tissues, and the wetting of the sheets preparatory to printing the faces.

Another outstanding achievement during the year was the development of an automatic "take-off" device for plate printing presses. An experimental model of this device has been tested and demonstrated to be practicable. Accordingly, a contract has been awarded for the purchase of 140 "take-off" devices which will provide substantial operating economies.

The Bureau was able to realize a significant saving through the recovery of 1,117,090 pounds of waste ink. The greater part of this ink, returned as waste from the Plate Printing Division, is of a very high quality and, when reprocessed with newly manufactured ink can be reused.

A new face design was adopted for Federal Reserve notes, designated as Series 1950, which has brought about far reaching results in simplifying their production. The distinctive information for each Federal Reserve District formerly was engraved in the printing plates. This necessitated the carrying of stocks of currency on hand of each denomination for the respective Federal Reserve Banks. Also, the printing plates became obsolete whenever there was a change in the signature of one of the signing officers. Under the new arrangement the bank title and other identifying features are omitted from the printing plates and are overprinted simultaneously with the Treasury seal and serial numbers.

The major management improvements can be summarized in terms of manpower and monetary savings. During the fiscal year 1951, 66 positions were eliminated and it is estimated that more than 500 positions will be made surplus in the succeeding year when the new procedures become fully effective. Approximately 120 employees will be separated from the rolls in the early part of fiscal year 1952, but it is anticipated that the other employees affected will be needed to fill vacancies caused by normal turnover, thereby obviating the necessity for recruitment from outside the Bureau. A total saving of $2,600,300 was realized during the fiscal year 1951 and it is estimated that the amount will increase to over $4,600,000 on an annual basis in succeeding years.

Several investigations of Bureau activities were performed by personnel outside the Bureau during 1951. The preliminary report of the Williams Subcommittee on Overstaffing commented favorably on the number of employees engaged in personnel work in relation to the total employees on the Bureau's rolls. However, the Subcommittee commented unfavorably on manpower utilization in the production divisions, plant lay-out, and methods of security accounting. A detailed statement supporting the Bureau's reasons for present operating methods was submitted to the Treasury Department on December 7, 1950. A response to the Subcommittee's comment relative to cost of purchasing operations was furnished to the Budget Officer of the Treasury Department in a memorandum dated March 30, 1951, in which reasons were summarized for the relatively high cost of processing purchase orders, particularly for specialized equipment.

During the last week of the fiscal year, an investigator from the House Appropriations Committee made a survey to determine the reasons and justification for overtime work performed in the fiscal year 1951. In a report submitted to the investigator the reasons outlined were increased work and a shortage of skilled personnel, specifically, plate printers.

A group representing the Office of the Administrative Assistant Secretary made a survey of the processing of orders, systems for time and leave recording, and personnel operations. A specific result of this survey was a complete revision of methods of recording time and leave. Certain recommendations regarding payroll methods were also adopted. Problems relating to reorienting and broadening of the functions of the Orders Division were explored, although no material changes in procedure were effected. Eight recommendations regarding personnel have been acted upon; two are in process of being adopted, one is still under study, and two are being held in abeyance until a new record system can be installed in the Office of Industrial Relations.

Under an accelerated program for obtaining employee participation in making improvements, 122 suggestions were received during the year. Twenty of these were adopted and $550 in cash awards were paid to the employees concerned. Annual savings resulting from these suggestions is estimated to be $12,354.

Personnel

The total personnel at the beginning of the fiscal year numbered 6,247 employees. There were 937 appointments and 582 separations, leaving a total of 6,602 employees on the rolls at the end of the fiscal year.

Wage adjustments affecting some 6,000 ungraded employees and amounting to approximately $775,000 were made to meet the increases in wage rates granted by the American Bank Note Company and/or the Government Printing Office for job classifications which have been determined to be comparable to jobs in this Bureau.

Operating Cost

Expenditures amounted to $32,115,388.96, which is an increase of $7,034,369.23 or approximately 28 percent more than the total expended during the previous fiscal year. The following tabulation shows the appropriations, reimbursements, and expenditures for the fiscal years 1950 and 1951.

	1950	1951	Increase, or decrease (−)
Appropriation:			
Salaries and expenses	$15,825,000.00	$18,835,000.00	$3,010,000.00
Distinctive paper for United States currency and securities		2,420,000.00	2,420,000.00
Reimbursements to appropriation from other bureaus for work completed:[1]			
Salaries and expenses	9,299,243.81	12,170,360.53	2,871,116.72
Total	25,124,243.81	33,425,360.53	8,301,116.72
Expenditures:			
Salaries and expenses	25,081,019.73	[2] 29,707,605.13	4,626,585.40
Distinctive paper		2,407,783.83	2,407,783.83
Total	25,081,019.73	32,115,388.96	7,034,369.23
Unexpended balance:			
Salaries and expenses	43,224.08	1,297,755.40	1,254,531.32
Distinctive paper		12,216.17	12,216.17
Total	43,224.08	1,309,971.57	1,266,747.49

[1] Additional amounts of $7,316.25 for 1950 and $72,205.72 for 1951 were received from employees for recoveries of Government property lost or damaged, refunds of terminal leave compensation, recoveries for jury service, and collections to correct discrepancies in the paper accounts; and from firms for recoveries for Government property lost, damaged, or not otherwise classified; settlement of claim against the Uline Ice Co. for damage to property; reimbursements credited to sale of scrap and salvaged surplus materials; proceeds from sale of distinctive paper trimmings, and proceeds from sale of offset printing presses; recoveries, excess cost over contract price; and refunds credited to lapsed appropriations.

[2] Includes a refund of $214,523.04 made to the Board of Governors of the Federal Reserve System in May 1951 for the liquidation of the reserve stock of Federal Reserve notes on hand in the Bureau.

FISCAL SERVICE—Bureau of Accounts

The Bureau of Accounts has administrative supervision over numerous fiscal activities or operations. These include the participation in the joint program of the Treasury, General Accounting Office, and Bureau of the Budget for the improvement of governmental accounting and reporting; the maintenance of the central accounts of the Government relating to revenues, appropriations, and expenditures for the departments and establishments as provided under the act of July 31, 1894; and the preparation of a report to Congress entitled "The Combined Statement of Receipts, Expenditures and Balances of the United States Government" in which receipts are classified whenever practicable by districts, States, and ports of collections, and expenditures under each separate head of appropriation. The Bureau also performs the disbursing functions, with a few exceptions, for the civil establishments of the executive branch of the Government. It makes investments of trust funds and other accounts for the Secretary, makes loans to Government corporations and agencies as authorized by law, approves surety bonds and determines underwriting qualifications of surety companies authorized to do business with the United States, supervises the Federal depository system, and handles a variety of claims and collections and miscellaneous transactions under various executive orders and acts of Congress.

Accounting and Reporting Changes

New fiscal legislation and regulations.—A new and improved basis for Government fiscal procedures was provided for in the Budgeting and Accounting Procedures Act of 1950 (Public Law 784, 81st Cong., approved September 12, 1950). In addition to the budget provisions of the act, part II of title I is the basis for strengthening, improving, and simplifying the accounting, financial reporting, and auditing systems of the Federal Government. The act repeals more than a hundred provisions of existing law, thus clearing from the statute books many obsolete and outmoded requirements. The Annual Report of the Secretary of the Treasury for the fiscal year 1950 contains a copy of the act as exhibit 36, and an explanation of the principal features of the legislation.

Section 115 (a) of the act requires that when the Secretary of the Treasury and the Comptroller General determine that existing procedures can be modified in the interest of simplification, improvement, or economy, with sufficient safeguards over the control and accounting for public funds, they may issue joint regulations providing for the waiving in all or in part of certain requirements of existing law. Under this authority three joint regulations were issued during the fiscal year 1951. (See exhibit 52.) Joint Regulation No. 1, issued on September 22, 1950, provided for direct deposit in the accounts of disbursing officers of all collections representing repayments to appropriations. Joint Regulation No. 2, issued on April 16, 1951, consolidated appropriation warrant requisition and accountable warrant action. Joint Regulation No. 3, issued on June 12, 1951, eliminated the issuance of covering warrants and advancing of funds to disbursing officers with respect to special and trust fund receipts. The first regulation simplified procedures involving the issuance and countersignature of warrants with respect to the deposit and accounting for repayments to appropriations, thus eliminating paper work and delay in making the repayments available for disbursement. The second regulation eliminated accounts on the books of the Treasury and administrative agencies with respect to the unrequisitioned amounts of appropriations. The third regulation simplified the procedures for handling special and trust fund receipts, having much the same effect as Joint Regulation No. 1 with respect to repayments to appropriations.

Section 114 (a) of the Budget and Accounting Procedures Act of 1950, requires the Secretary of the Treasury to prepare such reports for the information of the President, the Congress, and the public as will present the results of the financial operations of the Government. It also provides that each executive agency shall furnish the Secretary with such reports and information relating to its financial condition and operations as the Secretary by rules and regulations may require for the purpose of carrying out his central reporting responsibilities. Central Reporting Regulation No. 1, dated June 27, 1951, was the first regulation issued under the above authority and provided for the preparation and submission of reports and other related information regarding foreign currencies which are and can be acquired without payment of United States dollars. (See exhibit 53.) It was the purpose of the regulation to bring together, periodically, information on foreign currencies with respect to acquisition, disposition, balances on hand, and potential acquisition, based on rights which can be exercised under agreements with foreign governments. The regulation was designed to fill the need for complete and coordinated information for use by those concerned with the consideration of dollar appropriations for agencies which are authorized to expend foreign currencies in addition to their dollar appropriations or funds.

Section 1211 of the General Appropriation Act, 1951 (Public Law 759, 81st Cong., approved September 6, 1950), requires the head of each agency to establish by regulation a system of administrative control over the expending of appropriations to avoid the necessity for deficiency or supplemental appropriation and to fix responsibility for violations of law in that respect. The Treasury Department's regulation was issued in Department Circular No. 880, dated January 2, 1951, and was approved by the Director of the Bureau of the Budget on February 12, 1951. (See exhibit 54.) This regulation is designed (*a*) to restrict obligations or expenditures against each appropriation to the amount of apportionments and reapportionments made for each such appropriation, and (*b*) to enable each officer or agency head to fix responsibility for the creation of any obligation or the making of any expenditure in excess of an apportionment or reapportionment.

Daily Statement of the United States Treasury.—The format of page 3 of the daily Treasury statement was revised, effective November 1, 1950, to report the following transactions in separate sections: (1) trust accounts, etc. (except investments); (2) investments of Government agencies in public debt securities (net); and (3) net sales and redemptions of obligations of Government agencies in the market. This arrangement shows (1) the amount of trust account receipts and expenditures; (2) the net investment transactions of Government agencies, which previously were reported under several classifications; and (3) the net market transactions of obligations of Government agencies cleared through the special agent accounts of the Treasurer of the United States.

Another change in the statement covered the reporting of collections of employment taxes. Public Law 734, Eighty-first Congress, approved August 28, 1950, changed the basis of appropriating social security employment taxes on employees and employers. Effective January 1, 1951, such taxes, together with withheld income taxes, are paid into the Treasury in combined amounts without separation as to type of tax and are reported in the daily statement under the single caption "Income tax withheld and social security taxes." The amounts of such taxes credited to the Federal old-age and survivors insurance trust fund are based initially on estimates of the Secretary of the Treasury and are later adjusted on the basis of wage records maintained by the Social Security Administration.

A further change effective July 1, 1951, which was developed during the fiscal year, is the reporting of expenditure transactions in accounts representing allocations from various funds appropriated to the President and transfers between departments. Before July 1, 1951, such transactions were reported by and classified under the name of the spending agency. Effective as of that date these transactions are now reported according to the spending agencies but are classified in the statement under particular programs or under the name of the agency to which the funds were appropriated by Congress. Thus the expenditure figures published in the statement will relate more directly to the congressional appropriations for the respective departments and programs.

General Operations and Management Improvements

The operations of the Bureau, during the fiscal year, were continued by the same organizational units as in 1950, as described in the following paragraphs.

Disbursement operations.—The Division of Disbursement maintains 27 regional disbursing offices in the continental United States and Territories together with other disbursing facilities in foreign countries which serve all executive departments and agencies except the Post Office Department, United States marshals, the Panama Canal, the Department of Defense, and certain Government corporations. The number of payments, collections, and savings bonds issued by the Division of Disbursement during the last 2 years were as follows:

Classification	Number	
	Fiscal year 1950	Fiscal year 1951
Payments (checks and cash):		
Social security	33,878,237	42,988,376
Veterans' benefits	80,264,384	74,055,585
Special dividend program	14,731,388	2,227,541
Tax refunds	29,412,534	31,189,245
Other	31,450,035	29,411,723
Collection items	5,875,718	5,728,583
Savings bonds issued to Federal employees in payroll savings plan	2,485,644	2,426,348
Total	198,097,940	188,027,401

Federal depositary system.—The administrative work relating to the designation and supervision of depositaries throughout the United States and in foreign countries is handled by the Division of Deposits.

During the fiscal year 1951, it was determined that advances of funds to cost-type contractors by the Atomic Energy Commission were public moneys as defined in the United States Code, title 12, section 265. At the request of the Atomic Energy Commission, approximately 50 banks had been authorized to maintain Atomic Energy Commission accounts and had pledged collateral as security for such accounts as of June 30, 1951.

Increased operations of the Department of Defense resulted in a sharp increase in the number of banking facilities operating at military posts and installations. In 1951 the number of banking facilities was increased from 110 to 185.

During the heavy tax collection periods in March, special arrangements were made whereby special depositaries of public moneys (designated under the provisions of Treasury Circular No. 92) were permitted to accept for deposit in their Treasury tax and loan accounts funds representing payments of $10,000 or more received by collectors of internal revenue on account of corporate income taxes, excess profits taxes, and interest or penalties, including deficiencies and payments of estimated taxes. A similar procedure was followed in June and was expanded to include individual income taxes also. This procedure was adopted as an aid in alleviating strain on bank reserves. The situation was particularly acute during March and June because corporation tax payments were at a record level. As a result of this new procedure, there is no immediate impact on bank reserves resulting from the heavy payment of taxes, since the commercial bank involved simply transfers funds from the taxpayer's account to the Treasury's account, and the Treasury makes calls upon the tax and loan accounts as it spends the money over a period of time.

During the year, arrangements were completed for a procedure, to be effective July 1, 1951, whereby employers who withhold railroad retirement taxes from the wages of their employees will be required to deposit such taxes each month with a Federal Reserve Bank or a qualified depositary for Federal taxes, when the aggregate amount of the employer and employee tax exceeds $100 a month. This represents an extension of the procedure heretofore in effect for withheld income tax and social security taxes. These tax payments are eligible for deposit in the Treasury tax and loan accounts of qualified depositaries.

Government losses in shipment.—The value of shipments under coverage of the Government Losses in Shipment Act, as amended (5 U. S. C. 134–134h), the provisions of which also are administered by the Division of Deposits, amounted to $467,215,212,742 in 1951, as compared with $408,044,811,084 (revised) in 1950, according to reports by Government departments and agencies. Claims totaling $53,301.90, which includes $46,833.12 on account of redemption cases of United States savings bonds and armed forces leave bonds, were paid out of the revolving fund during the year. Recoveries amounting to $40,167.76 were deposited to the credit of the fund, leaving a net expenditure of $13,134.14 for losses. The cumulative amount of estimated insurance premium savings to the Government from the inception of the act in 1937, based on rates in effect at that time, totaled $35,109,978.12. Further information concerning the operation of this self-insurance plan by the Government will be found in tables 100 to 104.

Investments of trust funds.—The Division of Investments, under various provisions of law and at the direction of the Secretary, is responsible for investing certain trust and other funds. The holdings in trust and special funds for which investments are made by the Treasury Department were $40,956,687 at the close of the fiscal year 1951. A summary of the holdings of Federal securities for the fiscal years 1941 through 1951 is shown in table 43.

Withheld foreign checks.—Regulations of the Treasury Department relating to the delivery of Government checks to payees residing in foreign areas were amended to include other locations where delivery is prohibited. As of June 30, 1951, these included Albania, Bulgaria, Communist-controlled China, Czechoslovakia, Estonia, Hungary, Latvia, Lithuania, Poland, Rumania, the Union of Soviet Socialist Republics, the Russian Sector of Occupation of Berlin, Germany, and the Russian Zone of Occupation of Germany. Copies of the amendments of February 19, 1951, and April 17, 1951, appear as exhibit 55. Up to the end of the fiscal year, this regulation required the establishment and maintenance of approximately 600 additional accounts in the Division of Investments.

Surety companies.—The Treasury publishes annually a list of surety companies holding certificates of authority from the Secretary of the Treasury to execute bonds in favor of the United States. In 1951 certificates of authority were issued to 24 additional companies qualifying them to act as acceptable sureties on Federal bonds. This unusual increase resulted from changes in State laws and an agreement with the National Association of Insurance Commissioners which authorized companies to write multiple lines of insurance. A total of 63,460 bonds and consent agreements was approved as to corporate surety by the Treasury during the year.

Collections under section 16 of the Federal Reserve Act, as amended (12 U. S. C. 414).—During the year there was deposited by the Federal Reserve Banks and covered into the Treasury by the Division of Bookkeeping and Warrants as miscellaneous receipts the sum of $188,836,308.04, representing interest levied by the Board of Governors of the Federal Reserve System on the basis of the amount of Federal Reserve notes in circulation. Such deposits are made quarterly and the amounts deposited are for the last three-quarters of the calendar year 1,950, and the first quarter of the calendar year 1951. Amounts deposited by each Federal Reserve Bank for the fiscal years 1949, 1950, and 1951 and totals from 1947 through 1951 appear in table 9.

Management improvement.—In keeping with the Department's policy, the Bureau of Accounts has actively pursued its management improvement program during 1951. This program includes assignment of definite responsibility at the various levels of organization for systematic review of the activities of the Bureau. In addition, staff facilities are used to conduct continuing and special reviews of organizational structure, methods, and procedures. It is estimated that savings of approximately $535,000 accrued during 1951 through the Bureau's management improvement program. This estimate takes into consideration certain revisions in procedure initiated in prior fiscal years but from which full benefit was not realized until 1951. Of these savings, approximately $500,000 was applied to cover increased costs of supplies and printing and binding, additional work, automatic within-grade promotions required by law, lump-sum salary payments, and similar items which were not anticipated in the original estimates or were not included in the appropriations for the fiscal year 1951. The balance of the savings was returned to the Treasury.

The greater part of the savings resulted from improvements relating to the large volume operations of the Division of Disbursement in connection with issuance of checks. In addition, a number of important improvements were made in which dollar savings were incidental to the primary result of better product and service.

The major improvements in the Division of Disbursement involved the greater mechanization of operations and the general streamlining of procedures. Two principal instances of savings are described below.

The transfer posting method of preparing checks, which had proved successful in tax refunds and in the national service life insurance special dividend program, was extended during the year to include tax refund payments for 28 additional internal revenue districts, the Farmers' Home Administration payments, certain initial and adjusted payments for social security benefits, and salary payments for several bureaus and offices. By this method the inscriptions of the payee's name, address, and in certain cases the amount appearing on payment schedules prepared by the administrative agencies, are mechanically transferred directly to Treasury checks by the Division of Disbursement, thereby saving time in key-punching, typing, and proofreading.

An improved form of addressograph equipment for preparing checks, which had been used successfully in one regional disbursing office in 1950, was extended to three offices in 1951. While this equipment prints from the plates it also automatically punches the amounts payable in the card checks by using punched holes in the sensing frames. At the same time, the machine gang punches the common information. Other general changes in addressograph operations included the expansion of payments by addressograph rather than by typewriter, and the extension of the use of continuous-feed forms.

Fundamental changes were made in maintaining the central appropriation accounts of the Government. On July 1, 1951, the central appropriation accounts were revised to include undisbursed balances of appropriations and the balances of disbursing officers' cash, thus providing expenditure data on a checks-issued basis. At the same time, the conventional bookkeeping method of maintaining the accounts was converted to punch-card operation, thereby enabling tabulations of data for the annual *Combined Statement of Receipts, Expenditures and Balances of the United States*, to be made from the same cards as a byproduct.

Basic improvements in the procedures for setting up appropriated funds on Treasury books and for making such funds available to the departments and agencies resulted from the three joint regulations developed as a part of the Joint Accounting Program of the Secretary of the Treasury, the Comptroller General of the United States, and the Director of the Bureau of the Budget. The regulations are described on page 86.

A number of other important improvements derived from coordination of the Bureau's operations with the work under the Joint Accounting Program, among which were the review and resymbolization of the individual receipt, appropriation, and related fund accounts of the Government in accordance with the principles outlined in General Accounting Office General Regulations No. 84, Second Revision, dated November 20, 1950; and the further application of the use of voucher-schedule forms in the Division of Disbursement in connection with additional site-audit installations by the General Accounting Office.

Changes were made in the method of daily teletype-reporting by the field offices, effective July 1, 1951, from an appropriation-level basis to a daily Treasury statement symbol basis, thereby reducing considerably the number of items reported.

Treasury Loans, Capital Subscriptions, Interest, and Dividends

In supplying funds required by Government corporations and agencies which are authorized to borrow money for operations, the Treasury made cash advances amounting to $6,318,624,573.59 in 1951. Repayments to the Treasury of $5,578,009,350.91 (including refundings) and cancellations of $66,706,418.82 of indebtedness of such agencies as authorized by law resulted in net advances by the Treasury of $673,908,803.86. As of June 30, 1951, the Treasury held $9,096,664,310.49 of bonds and notes issued by Government corporations and agencies. Tables 65, 66, 67, and 68 relate to the obligations held by the Treasury and the transactions during the year.

The Treasury holdings of capital stock in Government corporations decreased by $139,221,900 during the year as a result of cash repayments. The cash payments excluded $3,000,000 repaid on capital stock owned by the Government but held outside the Treasury. Table 67 shows the obligations held by the Treasury as of June 30, 1951, and explains the changes made during the year.

Dividends, interest, and like payments received by the Treasury from Government corporations and other enterprises in which the Government has a financial interest aggregated $260,255,275.97 during 1951. Table 77 gives the details concerning these payments. Certain transactions of general interest relating to loans, capital subscriptions, etc., are described in the following paragraphs.

Defense Production Act of 1950.—In accordance with section 304 (b) of the Defense Production Act of 1950, Public Law 774 (Eighty-first Congress, approved September 8, 1950), as amended by the Third Supplemental Appropriation Act of 1951 (Public Law 45, approved June 2, 1951) and pursuant to Executive Orders 10161 and 10200, the President allocated during the year to the Reconstruction Finance Corporation, the Secretary of Agriculture, the Secretary of the Interior (for Defense Minerals Administration), and the General Services Administrator portions of the authorization contained in the act to borrow from the Treasury in an aggregate amount not to exceed $1,600,000,000 outstanding at any one time. During the fiscal year the Treasury accepted notes of the agencies and made advances against the notes as follows:

	Notes	Advances
Reconstruction Finance Corporation	$7,400,000	$7,400,000
Secretary of Agriculture		
Secretary of the Interior	5,000,000	500,000
General Services Administrator	325,000,000	150,000,000

Administrator for Economic Cooperation.—Pursuant to the amendment to the Economic Cooperation Act of 1948 contained in Public Law 535, Eighty-first Congress, approved June 5, 1950, and the General Appropriation Act of 1951 (Public Law 759, Eighty-first Congress, approved September 6, 1950), the Treasury accepted $112,500,000 additional notes of the Administrator for Economic Cooperation. The proceeds of $50,000,000 of the notes were used for guaranteeing investments in private enterprises undertaken in foreign countries, and the proceeds of $62,500,000 of the notes were used for assistance to Spain on credit terms. As of June 30, 1951, the Treasury had accepted $200,000,000, face amount, of guaranty notes and $1,184,800,000, face amount, of loan notes.

The agreement between the Administrator and the Secretary of the Treasury provides that the notes constitute allocations against which the Export-Import Bank of Washington may draw as funds are required. By June 30, 1951, the Bank had drawn $1,208,544.99 against the guaranty notes and $1,095,600,000 against the loan notes, and had repaid $12,389.33 of the amount drawn against the guaranty notes, leaving $1,196,155.66 of guaranty notes and $1,095,600,000 of loan notes held by the Treasury as of that date. Balances of $198,791,455.01 of guaranty notes and $89,200,000 of loan notes on June 30, 1951, were available to the Export-Import Bank when required.

Housing and Home Finance Administrator.—Pursuant to Reorganization Plans 22 and 23 of 1950, the Federal National Mortgage Association and the function of making loans to the prefabricated housing industry were transferred, effective September 7, 1950, from the Reconstruction Finance Corporation to the Housing and Home Finance Agency. Since the effective date, the operations have been financed by notes of the Housing and Home Finance Administrator purchased by the Secretary of the Treasury. As of June 30, 1951, the Treasury held the Administrator's notes relating to the Federal National Mortgage Association in the amount of $1,581,779,115.34 and notes relating to the prefabricated housing program in the amount $30,170,296.71, against which there were loans outstanding in the respective amounts of $1,549,003,115.34 and $26,670,296.71.

Federal home loan banks.—Dividends amounting to $956,009.50 on capital stock holdings of the Treasury in Federal home loan banks were deposited in the Treasury during the fiscal year 1951 as miscellaneous receipts. Repayments in 1951 in the amount of $65,221,900, and repayments received in July 1951, in the amount $10,000,000, completed the retirement of all capital stock of the banks held by the Treasury. A statement showing dividends and stock repayments by banks appears as table 75.

Federal Savings and Loan Insurance Corporation.—The Treasury received from the Federal Savings and Loan Insurance Corporation in July 1951 (fiscal year 1952) $1,875,000, representing interest on its capital stock at 1⅞ percent for the fiscal year 1951, and $6,716,000 in retirement of its capital stock, pursuant to Public Law 576, Eighty-first Congress, approved June 27, 1950.

Home Owners' Loan Corporation.—The Treasury received during the year a total of $74,000,000 representing final repayment of the Treasury's capital stock holdings of the Home Owners' Loan Corporation. The Treasury also, during the fiscal year, received $13,800,000 representing the cumulative earnings of the Corporation in excess of their expenditures of operation. The Corporation will be liquidated during the fiscal year 1952 when the balance of the proceeds of liquidation will be paid to the Treasury.

Commodity Credit Corporation.—The act approved March 8, 1938, as amended (15 U. S. C. 713a–4), requires the Secretary of the Treasury to make an annual appraisal as of June 30 of the assets and liabilities of the Commodity Credit Corporation to determine its net worth. The liabilities and capital of the Corporation on June 30, 1950, exceeded by $421,462,507 the value of assets as determined by the Secretary of the Treasury.

In its report on the Department of Agriculture Appropriation Act, 1952, the Senate Appropriations Committee, on the basis of the losses allowed in the appraisal as shown in the 1952 Budget document, recommended that the Secretary of the Treasury be authorized to discharge indebtedness of the Commodity Credit Corporation by canceling notes in an amount not in excess of $427,000,000. Cancellation of notes in the amount of $421,462,507 will make a net charge of $2,385,528,507.78 against the Treasury for the impairment of capital from inception of the Corporation. A statement showing results of annual appraisals appears in table 72.

Pursuant to the Commodity Credit Corporation Charter Act of June 29, 1948 (62 Stat. 1072), the Corporation paid to the Treasury $1,875,000 as interest on its capital stock. The interest rate of 1⅞ percent was determined by the Secretary of the Treasury on the basis of the average rate on interest-bearing marketable public debt securities of the United States on June 30, 1951.

Production credit corporations.—Production credit corporations, through the Department of Agriculture, returned $3,000,000 to the Treasury during 1951, which, together with repayments made in previous years, reduced the capital stock owned by the Government as of June 30, 1951, to $39,235,000.

Federal intermediate credit banks.—The Agricultural Credits Act of 1923, as amended (12 U. S. C. 1072), requires each credit bank at the end of each fiscal year, after costs of operation and all necessary expenses have been provided for, to apply its remaining net earnings to (1) making up any losses in excess of reserves, (2) eliminating capital impairment, (3) creating reserves against unforeseen losses, and (4) paying 25 percent of the amount then remaining to the United States as a franchise tax. During the fiscal year 1951, $393,660.11 was deposited into the Treasury.

Federal Farm Mortgage Corporation.—The Federal Farm Mortgage Corporation paid to the Treasury during 1951 $14,000,000 in accordance with Public Law 759, Eighty-first Congress, approved September 6, 1950, which requires that after the close of each fiscal year all cash funds of the Corporation in excess of the estimated operating requirements for the current fiscal year shall be declared as dividends and paid into the general fund of the Treasury. This amount represents a portion of the cumulative earnings in excess of operating expenses.

Federal Deposit Insurance Corporation.—Pursuant to section 13 (f) of the Federal Deposit Insurance Act, Public Law 797, Eighty-first Congress, approved September 21, 1950, the Treasury received in December and June of the fiscal year, two equal payments aggregating $80,562,311.78. This amount represented the total interest at 2 percent on capital stock of the Corporation, from the time of subscriptions by the Secretary of the Treasury and the Federal Reserve Banks to the dates of repayments.

Reconstruction Finance Corporation.—In accordance with the act of June 30, 1948 (62 Stat. 1187), the Secretary of the Treasury in 1951 canceled notes of the Reconstruction Finance Corporation in the amount of $7,961.82, which equaled costs incurred during that period for handling, storing, processing, and transporting critical materials to stock piles.

As also required by the act, the Corporation deposited in the Treasury as miscellaneous receipts the recoveries, less related expenses, made during the period, of national defense, war, and reconversion costs, which in 1951 amounted to $50,140,464.14.

A statement showing all cancellations and recoveries by the Treasury in connection with Reconstruction Finance Corporation notes is shown in table 73.

Under the act of May 25, 1948 (62 Stat. 261), which requires an annual payment, between July 1 and December 31, of the amount, if any, by which the accumulated net income of the Reconstruction Finance Corporation exceeds $250,000,000, the Corporation paid into the Treasury on December 19, 1950, as miscellaneous receipts, a dividend of $18,674,005.20 on its capital stock.

Panama Canal Company.—Public Law 841, Eighty-first Congress approved September 26, 1950, provided for the merger of the business activities of the Panama Canal (except the civil government of the Canal Zone) with those of the Panama Railroad Company into one Federal corporation to be known as the Panama Canal Company. The President was authorized by the law to make the merger by transferring to the corporation the Panama Canal, together with its related facilities and appurtenances. Executive Order No. 10263, dated June 29, 1951, made the transfer effective on July 1, 1951.

This act amended Public Law 808, Eightieth Congress, approved June 29, 1948, with respect to the payment of interest by the corporation to the Treasury Department on the net direct investment of the Government from "at least annually" to "annually to the extent earned, and if not earned shall be made from subsequent earnings." In addition a subsection was added to provide for payments by the corporation to the Treasury as miscellaneous receipts, amounts sufficient to reimburse the Treasury as nearly as possible, (1) for the annuity payments under various agreements between the United States of America and the Republic of Panama, and (2) the net costs of operation of the Canal Zone Government. No payments were made by the corporation to the Treasury Department pursuant to these statutory provisions during the fiscal year 1951.

Liquidation of railroad obligations.—The Treasury received $672,431.50 during the year on account of securities acquired by the United States in connection with loans which were made to railroads under sections 207 and 210 of the Transportation Act of 1920 (41 Stat. 462 and 468). Of this amount $666,031.50 was collected as interest and dividends on securities of the Seaboard Air Line Railway Co., which are administered by the Reconstruction Finance Corporation pursuant to Executive order, and $6,400 represents earnings on railroad securities owned by the Treasury, other than those held by the Reconstruction Finance Corporation. A statement concerning the liquidation of railroad obligations appears as table 76.

International Obligations

Indebtedness of World Wars I and II.—The indebtedness to the United States from foreign governments arising from World War I amounted to $16.4 billion, principal and interest, on November 15, 1951; and the amounts receivable under active agreements with foreign governments in connection with World War II amounted to $2.4 billion.

World War I.—As of November 15, 1951, the indebtedness to the United States arising from World War I amounted to $11,434,673,-956.68 on account of principal and $4,993,585,660.85 on account of interest. These amounts do not include the World War I indebtedness of Germany, the principal of which amounts to $1,225,023,750.00 (3,037,500,000 reichmarks). Tables 112 and 113 show the status of World War I indebtedness.

During the fiscal year 1951 the Treasury received $410,671.92 in payment of Finland's indebtedness under the funding agreement of May 1, 1923, and the moratorium agreements of May 1, 1941, and October 14, 1943. The act of August 24, 1949 (63 Stat. 630), provides that the amounts paid by Finland after August 24, 1949, shall be placed in a special deposit account which shall be available to the Department of State to finance educational and technical instruction and training in the United States for citizens of Finland, American books and technical equipment for institutions of higher education in Finland, and participation of United States citizens in academic and scientific enterprises in Finland. In accordance with the act, the amount received was made available to the Department of State.

The indebtedness of foreign governments to the United States arising from World War II, represents amounts receivable on lend-lease settlement agreements (collections on which are being handled by the Treasury), other lend-lease accounts, and surplus property sales agreements. As of June 30, 1951, this indebtedness totaled $2,443,663,305.25 and includes $291,215,172.64 due the United States for the value of silver transferred to foreign governments under the lend-lease program which is to be repaid in kind. Details of this indebtedness by countries are shown in table 114. Final settlement agreements have not been reached with all foreign governments.

The billing and collecting from foreign governments for reimbursable supplies and services furnished under lend-lease and reciprocal aid agreements and surplus-property sales agreements negotiated by the Department of State were continued. Collections made by the Treasury on these accounts during the fiscal year 1951 amounted to $46,631,233.11 bringing the total collections to $591,972,122.43.

After making adjustments for credits reported by procuring agencies during 1951, articles and services furnished under agreements as authorized by the Lend-Lease Act amounted to $50,242,671,645.44 between March 11, 1941, and June 30, 1951. Reverse lend-lease, consisting of articles and services furnished by foreign governments to the United States up to September 2, 1945, amounted to $7,819,322,-790.90. Between March 11, 1941, and June 30, 1951, funds received from foreign governments amounted to $1,812,874,453.89. Of this amount $1,327,065,568.19 has been covered into the Treasury as miscellaneous receipts, $221,517,703.91 net has been allocated to the procuring agencies under the cash reimbursement program, $172,689,-995.09 has been returned to foreign governments, $88,299,000.00 was reappropriated to the President by the act of June 30, 1944 (58 Stat. 627), $1,578,332.85 was reimbursed to other agencies, and the remainder of $1,723,853.85 is being held in the Treasury pending settlement of accounts.

Foreign currencies.—During the fiscal year the Treasury continued the operation of central facilities for receipt and utilization by the United States of foreign currencies received under surplus property and lend-lease goods, Economic Cooperation Administration counterpart and guaranty funds, and other operations in foreign countries. These currencies are sold to various Government agencies as required. In accordance with provisions for educational exchange programs and for international information and educational activities conducted between the United States and certain countries as authorized in section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U. S. C. 1641 (2)), and Public Law 843, Eighty-first Congress, approved September 27, 1950, the currencies in the following statement were delivered in the fiscal year 1951 to the Department of State without receipt of the equivalent amount in United States dollars.

Country	Foreign currency	Equivalent dollar value
Australia	100,887 pounds	$325, 666. 00
Austria	3,127,280 schillings	120, 280. 00
Belgium	8,500,000 francs	170, 000. 00
Burma	952,000 rupees	200, 000. 00
Denmark	1,681,150 kroner	243, 644. 93
Egypt (bulk sales)	56,239,920 pounds	162, 000. 00
France	3,191,175,129 francs	9, 119, 850. 33
Germany	8,400,000 duetsche marks	2, 000, 000. 00
Great Britain, account No. 2	267,737 pounds	750, 000. 00
Greece	24,375,000,000 drachmas	950, 000. 00
Iceland	146,610 kroner	9, 000. 00
India	1,516,950 rupees	318, 700. 43
Iran	3,600,000 rials	90, 000. 00
Italy	1,328,998,802.92 lire	2, 116, 638. 08
Netherlands	12,450,000 guilders	2, 971, 892. 90
Norway	3,003,142.85 kroner	420, 693. 76
Pakistan	165,000 rupees	50, 000. 00
Thailand	2,498,250 bahts	120, 000. 00
Trieste	6,250,000 lire	10, 000. 00
Turkey	126,000 pounds	45, 000. 00
Total		20, 193, 366. 43

The amounts of foreign currencies held by the Treasury on June 30, 1950, transactions during the fiscal year, and balances on June 30, 1951, in foreign currencies and approximate United States dollar values are shown in table 111.

Bonds of the Republic of the Philippines.—An additional $3,000,000 was paid by the Republic of the Philippines to the Government of the United States for deposit to the special trust account which was established in the Treasury for the purpose of paying principal and interest on pre-1934 Philippine Government bonds. The money was invested in accordance with the act of August 7, 1939 (53 Stat. 1229). The amounts of cash and investments in the special trust account as of June 30, 1951, are shown in table 109.

Deposits of the Republic of the Philippines.—At the close of the fiscal year two interest-bearing time deposit accounts for public moneys of the Republic of the Philippines were closed. The accounts had been maintained pursuant to the act of June 11, 1934, as amended, which contains a provision that the authority for maintaining the accounts expires on July 1, 1951. The amounts on deposit at the closing date, which were transferred to the Central Bank of the Philippines, consisted of $45,000,000 at 2 percent interest and $10,000,000 at 1 percent interest.

American-Mexican Claims Commission.—The Treasury received from the Government of the United States of Mexico $2,500,000 in November 1950 as an installment on the $40,000,000 which Mexico, in the Convention of November 19, 1941, agreed to pay in full settlement of the claims of American nationals as adjudicated by the American-Mexican Claims Commission. The amount enabled a further distribution of 6.1 percent on the principal amount of each award, making a total distribution of 71.2 percent. A statement of the Mexican claims fund appears as table 105.

Mixed Claims Commission, United States and Germany.—No further funds were received by the Treasury from the Department of Justice for distribution on the awards of the Mixed Claims Commission in accordance with the Settlement of War Claims Act of 1928, as amended (50 App. U. S. C. 9). A statement showing the payments by classes and status of the accounts to date is shown as table 106.

International Claims Settlement Act of 1949.—Public Law 455, Eighty-first Congress, approved March 10, 1950, provides for the settlement of certain claims of the Government of the United States, on its own behalf and on behalf of American nationals against foreign governments, arising out of World War II. The International Claims Commission is operating in the Department of State to receive claims, conduct hearings, and adjudicate and render final decisions with respect to such claims. Awards of the Commission will be certified to the Secretary of the Treasury for payment to awardees or their successors or assigns in accordance with the provisions of the act.

Liquidation of War Agencies

Liquidation of certain war agencies.—The Philippine Rehabilitation Act of 1946 (60 Stat. 128) provided that the Philippine War Damage Commission would discontinue operation on April 30, 1951. Under date of March 29, 1951, the President of the United States requested the Secretary of the Treasury to liquidate the fiscal affairs of the Philippine War Damage Commission after April 30, 1951. Final liquidation of the Commission involves the payments of its legal outstanding obligations, closing of its accounts, the handling of inquiries involving rehabilitation claims paid by the Commission and final disposition of records. As of June 30, 1951, the liquidation of the residual fiscal affairs of certain war agencies was completed, except for the final disposition of the remaining fiscal documents and the processing of claims and inquiries received from time to time. The terminated agencies included the Division of Central Administrative Services of the Office for Emergency Management, Office of Civilian Defense, War Refugee Board, Office of Censorship, Office of War Information, Committee on Fair Employment Practices, and Price Decontrol Board.

FISCAL SERVICE—Bureau of the Public Debt

The Bureau of the Public Debt performs the administrative work in connection with the management of the public debt, which includes the preparation of offering circulars, instructions, and regulations pertaining to each issue, the issuance of securities and the conduct or direction of transactions in outstanding issues, the final audit and custody of retired securities, the maintenance of the control accounts covering all public debt issues, and the keeping of individual accounts with owners of registered securities and the issue of checks in payment of interest thereon. The Bureau of the Public Debt also audits the redeemed United States paper currency and supervises its destruction.

Two principal offices are maintained—one in Washington, D. C., for all functions relating to the issuing, servicing, and retiring of public debt securities except those relating to savings bonds following their issue to the public; the other in Chicago, Ill., where the functions consist of transactions relating to savings bonds after their issue to the public. In addition to the two principal offices, three field regional offices, located in New York, Chicago, and Cincinnati, are maintained for the purpose of decentralizing the auditing of redeemed savings bonds.

Bureau Administration

Management improvement.—During the year the Bureau continued its efforts to improve operating methods and to utilize labor-saving operating equipment. A notable achievement in the latter respect was the placing in use of a battery of electronic machines for counting unfit paper currency retired from circulation. At the request of the Bureau and with its cooperation, these machines were developed by the National Bureau of Standards. Use of the machines will result in an appreciable annual saving in personnel.

Also in line with the use of electronic machines, a study is now being conducted to develop a machine which will facilitate the maintenance of the accounts of savings bonds and give more speedy access to the information they contain.

Other important procedural changes have been made in the handling of redeemed United States savings bonds, both in the Federal Reserve Banks and in the Regional Offices of the Register of the Treasury. By reducing the number of operations and changing others from manual to mechanical, principally in the Federal Reserve Banks, it is expected that a saving will result from these improved operating methods. Equally as important as the savings is the expedition in handling the bonds from their redemption to destruction.

Personnel.—On June 30, 1951, there were 4,494 employees on the rolls of the Bureau of the Public Debt, as compared with 4,670 on June 30, 1950. Effective August 1, 1950, all functions incident to the procurement and handling of the distinctive paper for printing currency and securities, performed by this Bureau, were transferred to the Bureau of Engraving and Printing. Therefore, the Division of Paper Custody with a force of 25 employees, and the Government force of 26 employees at the paper contractor's mill were no longer required in this Bureau. Other principal changes were decreases of 90 employees in the Division of Loans and Currency in Washington and 77 employees in the same division of the Chicago office because of reduced work and improved operating procedures; and an increase of 104 employees in the Chicago office of the Register of the Treasury due to increased work resulting from an increase in the number of savings bonds redeemed.

Bureau Operations

Public debt.—A summary of public debt operations handled by the Bureau appears on pages 23 to 38 of this report, and a series of statistical tables dealing with the public debt will be found in tables 11 to 28 and 36 to 41.

The public debt of the United States falls into two broad categories: (1) public issues, and (2) special issues. The public issues are classified as to marketable obligations, consisting chiefly of Treasury bills, certificates of indebtedness, Treasury notes, and Treasury bonds; and nonmarketable obligations, consisting chiefly of United States savings bonds, Treasury bonds of the investment series, and Treasury savings notes.

During the fiscal year 1951 the gross public debt decreased by $2,135,375,536 and the guaranteed obligations held outside the Treasury increased by $9,724,135. The most important change in the composition of the outstanding interest-bearing debt during the year was the reduction of the marketable debt by $17,392,621,390 of which $13,572,424,000 was accomplished by increasing the outstanding nonmarketable Treasury bonds, investment series, by an additional issue in exchange for outstanding marketable Treasury bonds. Total public issues, including issues in exchange for other securities, amounted to $138,484,702,166 during 1951, and retirements amounted to $140,620,077,702. The following statement gives a comparison of the important changes during the fiscal years 1950 and 1951 in the various classes of public debt issues.

Classification	Increase, or decrease (−)	
	1950	1951
	In millions of dollars	
Interest-bearing debt:		
Treasury bonds, investment series	−1	13,572
Treasury savings notes	3,612	−655
U. S. savings bonds	1,277	36
Marketable obligations	162	−17,393
Special issues	−420	2,297
Other	−183	−216
Total interest-bearing debt	4,448	−2,358
Matured and debt bearing no interest	139	222
Total	4,587	−2,135

United States savings bonds.—These bonds are in registered form and their issue and redemption represents by far the largest volume of work for this Bureau. The task of maintaining both alphabetical and numerical records of nearly 1.4 billion of these bonds, the replacement of lost or stolen bonds, and the handling and recording of retired bonds involves a considerable administrative task.

Receipts from the sales of savings bonds during the year were \$5,142,902,220 and accrued discount charged to the interest account and credited to the savings bond principal account amounted to \$1,149,408,945, a total of \$6,292,311,164. Expenditures for redeeming savings bonds, including matured bonds, amounted to \$6,137,147,404. The amount of savings bonds of all series outstanding on June 30, 1951, including accrued discount, was \$57,783,865,477, an increase of \$155,163,761 over the amount outstanding on June 30, 1950. Detailed information regarding savings bonds will be found in tables 29 to 34, inclusive, of this report.

During the fiscal year 1951 approximately 65.5 million stubs representing issued bonds of Series E were received for registration, making a total of 1,380.3 million, including reissues, received through June 30, 1951. These stubs are sorted alphabetically by name of owner and microfilmed, and then are sorted in numerical sequence of their bond serial numbers and microfilmed, after which the original stubs are destroyed. The microfilms serve as permanent registration records. Of the 1,380.3 million Series E bond stubs received as of June 30, 1951, 1,265.5 million have been completely processed, and 1,254.5 of the latter have been destroyed. The following table shows the processing, at various stages, of the registration stubs of Series E savings bonds.

Period	Stubs of issued Series E savings bonds in Chicago office (in millions of pieces)					
	Stubs received	Alphabetically sorted		Alphabetically filmed	Numerically filmed	Destroyed after filming
		Restricted basis sort [1]	Fine sort prior to filming [2]			
Cumulative through June 30, 1946	1,042.3	958.9	535.4	317.9	1,022.1	265.6
Fiscal year:						
1947	76.8	120.4	37.9	120.1	76.1	152.3
1948	61.7	72.4	323.1	318.4	66.2	196.2
1949	66.2	58.5	290.5	382.8	58.9	447.4
1950	67.8	91.1	88.1	r 115.3	r .5	156.6
1951	65.5	60.5	66.2	63.8	41.7	36.4
Total	1,380.3	1,361.8	1,341.2	1,318.3	1,265.5	1,254.5

r Revised.
[1] Not complete alphabetical arrangement but sorted to a degree whereby individual stubs can be located. Includes those stubs fine sorted.
[2] Completely sorted.

The audit of retired savings bonds is conducted in the regional offices of the Register of the Treasury. There were 92.1 million retired savings bonds of all series received in the regional offices during the year. Retired bonds are audited and then microfilmed, after which the bonds may be destroyed. The bonds of all series received in these offices have been audited, microfilmed, and destroyed to the extent indicated in the following table.

Period	Retired savings bonds of all series in regional offices (in millions of pieces)					
	Bonds received	Audited	Microfilmed	Balance unaudited	Balance unfilmed	Destroyed
Cumulative through June 30, 1946	27.9	19.2		8.7	27.9	
Fiscal year:						
1947	113.3	118.4		3.6	141.2	
1948	95.1	94.6	51.7	4.1	184.6	
1949	85.7	86.8	171.4	3.0	98.9	r 4.5
1950	84.4	83.0	153.3	4.4	30.0	r 312.7
1951	92.1	94.2	101.7	2.3	20.4	79.2
Total	498.5	496.2	478.1	2.3	20.4	396.4

r Revised.

After the retired bonds have been audited in the regional offices, a listing of the serial numbers is transmitted to the Chicago departmental office where the serial numbers are posted to numerical registers, and the postings are verified. The following statement shows the status of the posting of all series of retired savings bonds.

Period	Retired savings bonds of all series in the Chicago office (in millions of pieces)				
	Number of retired bonds reported	Status of posting			
		Posted	Verified	Unposted	Unverified
Cumulative through June 30, 1946	454.2	384.0	313.5	70.2	70.5
Fiscal year:					
1947	137.9	195.7	256.5	12.4	9.7
1948	99.5	105.2	110.8	6.7	4.1
1949	92.5	96.8	94.9	2.4	6.0
1950	82.6	81.2	82.2	3.8	5.0
1951	89.8	90.7	93.4	2.9	2.3
Total	956.5	953.6	951.3	2.9	2.3

Of the 85.9 million Series A–E savings bonds redeemed prior to release of registration and received in the regional offices during the year, 83.6 million, or 97.4 percent, were redeemed by nearly 17,000 paying agents, who were reimbursed for this service, in each quarter year, at the rate of 15 cents each for the first 1,000 bonds paid and 10 cents each for all over the first 1,000. The total amount paid to agents on this account during the year was $10,305,000, which was at an average rate of 12.33 cents per bond.

The following table shows the number of issuing and paying agents for Series A–E savings bonds, by classes.

June 30	Post offices	Banks	Building and savings and loan	Credit unions	Companies operating payroll plans	All others	Total
	Issuing agents						
1947	25,420	15,178	1,856	719	2,910	1,320	47,403
1948	25,179	15,178	1,706	615	3,289	605	46,572
1949	24,944	15,205	1,621	565	3,192	595	46,122
1950	25,060	15,225	1,557	522	3,052	550	45,966
1951	24,720	15,276	1,551	511	3,071	640	45,769
	Paying agents						
1947		15,176	683	140		53	16,052
1948		15,527	786	145		50	16,508
1949		15,559	863	138		64	16,624
1950		15,623	874	137		57	16,691
1951		15,747	922	138		59	16,866

During the fiscal year 1951, 8,712,497 Series G bond interest checks were issued in the amount of $469,099,387. This is a decrease of about 16,000 checks under the number issued during 1950, but an increase of $22,519,389 in money amount.

There were 37,024 applications during the year for the issue of duplicates of lost, stolen, or destroyed savings bonds, in addition to 2,084 cases on hand at the beginning of the year, making a total of 39,108 cases, of which 8,611 were credit cases referred to Washington for settlement. In 9,309 cases the bonds were recovered, and in 19,282 cases the issuance of duplicate securities was authorized. On June 30, 1951, 1,906 cases remained unsettled.

Registered accounts for other than savings bonds.—During the year 32,000 individual accounts covering publicly held registered securities other than savings bonds were opened and 47,000 were closed, making a total of 343,000 such accounts open on June 30, 1951, covering registered securities in the principal amount of $23.1 billion. A total of 650,000 interest checks were issued to owners of record during the year, which was a decrease of 65,000 from 1950.

Armed forces leave bonds.—Through June 30, 1951, armed forces leave bonds aggregating $2,089,444,000 in face value had been issued and $1,944,100,000 had been retired, leaving a balance of $145,344,000 (including $98,073,850 matured) outstanding on that date. The issues and retirements of armed forces leave bonds monthly during 1951, on the daily Treasury statement basis, are shown in table 22, and the accumulated issues and retirements of the issues outstanding on June 30, 1951, on the Public Debt accounts basis, are shown in table 18. The following statement shows the issues, retirements, and outstanding for selected periods.

Period	Issued	Retired	Outstanding at end of period
	In thousands of dollars		
Oct. 1, 1946, to Apr. 30, 1947	1,721,045	38,151	1,682,893
May 1, 1947, to Aug. 31, 1947	205,557	23,457	1,864,993
Sept. 1, 1947, to Oct. 31, 1947	90,568	[1] 1,047,022	908,540
Nov. 1, 1947, to June 30, 1948	63,866	408,252	564,153
July 1, 1948, to June 30, 1949	7,490	171,054	400,589
July 1, 1949, to June 30, 1951	919	256,164	[2] 145,344
Total	2,089,444	1,944,100	

[1] Redemption on and after Sept. 1, 1947, at owner's option, was provided in amendment to Armed Forces Leave Act, approved July 26, 1947.
[2] Includes $98,074,000 matured.

The total number of armed forces leave bonds issued, including reissues, through June 30, 1951, was 10,118,508 and the number retired was 9,381,370. Of the total bonds issued, 6,927,881 were issued by the Army, 2,611,757 by the Navy, 415,354 by the Marine Corps, 157,540 by the Coast Guard, and 5,976 by the Division of Loans and Currency which now makes all further issues.

Redeemed currency.—On July 1, 1950, the Division of Loans and Currency (Washington) had on hand 23,937 unaudited bundles (4,000 half-notes each) of United States currency that had been retired from circulation as unfit. During the year 275,526 bundles were received, a decrease of 58,108 bundles from 1950; and 273,670 bundles were audited, leaving a balance of 25,793 unaudited bundles on hand on June 30, 1951.

The Destruction Committee supervised the incineration of redeemed canceled currency during the fiscal year as follows:

Class of currency	Pieces	Value
Gold certificates	72,116	$1,697,740
Silver certificates	1,051,198,444	1,575,702,961
United States notes	45,848,902	190,269,718
Treasury notes of 1890	6	5
Federal Reserve notes	391,152,080	4,942,568,345
Federal Reserve Bank notes	1,412,801	31,499,955
National bank notes	336,250	5,233,645
Fractional currency	1,695	346
Total	1,490,022,294	6,746,972,715

FISCAL SERVICE—OFFICE OF THE TREASURER OF THE UNITED STATES

The Office of the Treasurer of the United States is essentially a banking facility of the Government. The responsibilities of the Treasurer include the receipt of all public moneys; custody, issue, and redemption of United States currency and coin; payment of Government checks; custody of securities deposited in the Treasury as collateral or for safekeeping; and payment of principal and interest on the public debt. The Office of the Treasurer of the United States prepares the *Daily Statement of the United States Treasury*, which recapitulates all transactions in the accounts of the Treasurer, and issues monthly statements of the public debt and of currency outstanding.

Management improvement.—During 1951 the Office of the Treasurer continued its program to conduct its operations more efficiently and economically. Since the payment of Government checks requires the greatest number of personnel of any operation of the Office, efforts were continued to simplify procedures. Several sections of the Accounting Division were reorganized to handle increased work more effectively. In addition, adoption of new procedures and the substitution of punch card checks for paper checks in an operation involving eight additional accounts, requiring payment of two million checks annually, resulted in the handling of the increased workload with a reduction in personnel.

At present all Government checks, totaling approximately 300 million annually, paid by the Treasurer or by the Federal Reserve Banks as her agents, are forwarded to the General Accounting Office for reconciliation to the drawers' accounts. A study was begun during the year to determine whether this reconciliation can be accomplished more economically at the point of payment rather than as a separate operation.

Money received and disbursed by the Treasurer.—Moneys collected by Government officers are deposited with the Treasurer at Washington, D. C., and in Federal Reserve Banks and designated Government depositaries for credit of the account of the Treasurer of the United States, and all payments are charged against this account. Total receipts and payments for 1950 and 1951 are shown in the following table on the basis of the daily Treasury statement.

	1950	1951
Receipts:		
Budgetary (net)[1]	$37, 044, 733, 557. 37	$48, 142, 604, 532. 62
Trust accounts, etc.[2]	6, 668, 734, 224. 25	7, 796, 270, 893. 06
Public debt[3]	125, 610, 332, 406. 21	138, 484, 702, 166. 35
Subtotal	169, 323, 800, 187. 83	194, 423, 577, 592. 03
Balance in general fund beginning of year	3, 470, 403, 311. 67	5, 517, 087, 691. 65
Total	172, 794, 203, 499. 50	199, 940, 665, 283. 68
Expenditures:		
Budgetary[4]	40, 166, 835, 914. 82	44, 632, 821, 908. 37
Trust accounts and other transactions[2]	6, 569, 596, 863. 78	7, 117, 047, 414. 70
Clearing account for outstanding checks, interest coupons, and telegraphic reports from Federal Reserve Banks	[5] 482, 656, 886. 25	214, 140, 134. 96
Public debt[3]	121, 023, 339, 915. 50	140, 620, 077, 702. 46
Subtotal	167, 277, 115, 807. 85	192, 584, 087, 160. 49
Balance in general fund at close of year	5, 517, 087, 691. 65	7, 356, 578, 123. 19
Total	172, 794, 203, 499. 50	199, 940, 665, 283. 68

[1] Total budget receipts less amounts appropriated to Federal old-age and survivors insurance trust fund and refunds of receipts. See also table 1, footnote 3. For details of receipts for 1951, see table 3.
[2] For details for 1951, see table 4.
[3] For details for 1951, see table 22.
[4] See table 1, footnotes 3 and 4. For details for 1951, see table 3.
[5] Excess of credits (deduct).

Assets and liabilities of Treasurer's account.—The assets of the Treasurer consist of gold and silver bullion, coin and paper currency, and deposits in Federal Reserve Banks and commercial banks designated as Government depositaries.

A summary of the assets and liabilities in the Treasurer's account at the close of the fiscal years 1950 and 1951 is shown in table 42.

Gold.—Gold receipts during 1951 amounted to $85 million and disbursements totaled $2,559.8 million, a net decrease of $2,474.9 million. This decrease reduced the total gold assets to $21,755.7 million on June 30, 1951. Liabilities against these assets were $20,553.4 million of gold certificates and credits payable in gold certificates and $156.0 million for gold reserve against currency. The balance, $1,046.3 million, was in the general fund on June 30, 1951.

Credits during the year to the gold increment account, as a result of the revaluation of gold in relation to the dollar, amounted to $80,376.82. This makes a total dollar increment from 1934 through the fiscal year 1951 of $2,819,302,122.91.

Silver.—During the year 26.6 million ounces of silver bullion, which had been carried in the general fund at a cost value of $24.1 million, was monetized at a monetary value of $34.4 million. This $34.4 million increase in silver assets was offset by a decrease of $10.2 million in holdings of silver dollars, making a net increase of $24.1 million in assets during the year. As of June 30, 1951, the silver assets of the Treasurer (exclusive of subsidiary coin and bullion held in the general fund at cost and recoinage value) amounted to $2,367.0 million.

Liabilities against silver at the end of the year amounted to $2,340.3 million for silver certificates outstanding and $1.1 million for Treasury notes of 1890 outstanding, leaving a net balance of $25.6 million in the general fund.

The silver bullion held in the general fund at cost value (exclusive of the $25.6 million at monetary value) decreased from $97.6 million on June 30, 1950, to $93.1 million on June 30, 1951. This decrease of $4.5 million is accounted for as follows: $33.2 million net purchases of silver less $24.1 million of silver monetized and less $13.6 million of silver used for coinage.

Subsidiary silver and minor coins.—Shipments of subsidiary silver and minor coins from United States mints during the year for circulation usage amounted to $67,217,312.83 as compared with $25,048,480.52 the year before. The following table shows the shipments by denominations.

Denomination	1950	1951
Half dollars	$5,110,016.00	$14,301,022.00
Quarters	7,752,009.00	19,116,191.25
Dimes	6,578,501.20	17,630,971.80
Nickels	2,183,851.05	4,818,127.75
Cents	3,424,103.27	11,351,000.03
Total	25,048,480.52	67,217,312.83

Paper currency.—Under the laws of the United States the Treasurer is the agent for the issue and redemption of United States currency and coin.

Table 82 shows by class and denomination the value of paper currency issued and redeemed during 1951, and the amounts outstanding at the end of the fiscal year.

A comparison of the amounts of paper currency of all classes issued, redeemed, and outstanding follows:

	Fiscal year 1950		Fiscal year 1951	
	Pieces	Amount	Pieces	Amount
Outstanding at beginning of year	2,800,319,705	$29,935,772,635	2,762,363,086	$29,506,148,063
Issues during year	1,761,917,277	7,440,477,100	1,924,832,957	8,502,179,000
Redemptions during year	1,799,873,896	7,870,101,672	1,696,213,548	7,548,778,760
Outstanding at end of year	2,762,363,086	29,506,148,063	2,990,982,495	30,459,548,303

For further details on stock and circulation of money in the United States, see tables 78 to 82.

Depositaries.—The following table shows the number of each class of depositaries and balances at the end of the year.

Class	Number of facilities [1]	Deposits to the credit of the Treasurer, U. S., June 30, 1951
Federal Reserve Banks and branches	36	$588,257,254.33
Other banks in continental United States:		
General depositaries	1,279	286,343,262.86
Special depositaries, Treasury tax and loan accounts	11,013	5,679,672,056.63
Insular and territorial depositaries	35	32,483,895.09
Foreign depositaries	27	37,189,286.99
Total	12,390	6,623,945,755.90

[1] Does not include limited depositaries which have been designated for the sole purpose of receiving deposits made by Government officers for credit in their official checking accounts with such depositaries and which are not authorized to accept deposits for credit of the Treasurer of the United States.

For details on the administrative work relating to designation of depositaries, see page 88.

Checking accounts of disbursing officers and agencies.—During the year the Treasurer maintained 4,577 checking accounts of disbursing officers and Federal agencies, including those maintained at the Federal Reserve Banks as fiscal agents of the United States. The number of disbursing officers' accounts by classes and the number of checks paid during the fiscal year were as follows:

Disbursing officers	1950		1951	
	Number of disbursing officers' accounts	Number of checks paid	Number of disbursing officers' accounts	Number of checks paid
Treasury	1,295	191,475,228	1,383	178,837,722
Army	854	25,024,627	555	28,976,521
Navy	1,275	22,842,117	1,539	26,250,702
Air Force	270	4,979,383	242	8,559,103
Other	873	24,999,304	858	25,219,190
Total	4,567	269,320,659	4,577	267,843,238

Of the 267,843,238 checks paid in the fiscal year 1951, 216,468,260 were in the form of card checks. There were 198,094,767 checks paid by the Federal Reserve Banks acting as fiscal agents of the Treasurer and the remaining 69,748,471 were paid by the Treasurer in Washington.

The amount to the credit of checking accounts of disbursing officers and agencies on the books of the Treasurer of the United States on June 30, 1951, was $54,814,638,470.16 as compared with $7,627,516,-906.60 on June 30, 1950.

Check claims.—During the year the Treasurer of the United States issued 29,082 checks totaling $2,198,383.99 in settlement of claims for the proceeds of checks which had been paid bearing forged or unauthorized endorsements. The Chief Disbursing Officer issued 39,825 substitute checks totaling $8,351,050.61 to replace unpaid checks which, it was claimed, had not been received, or were lost, destroyed, etc. Many additional claims were received but not honored because they were not well founded. Cases involving forgeries are investigated by the United States Secret Service. For information on check forgeries see the report of the United States Secret Service.

Treasurer's Cash Room.—The commercial checks, drafts, postal express money orders, etc., deposited by Government officers with the Treasurer's Cash Room in Washington for collection aggregated 3,364,607 items for the fiscal year 1951, as compared with 3,501,748 items for the fiscal year 1950.

Treasurer's Securities Division.—The public debt securities and interest coupons examined by the Division of Securities of the Treasurer's Office were as follows:

	Pieces	
	1950	1951
Marketable securities:		
Principal	1,233,708	1,483,879
Interest coupons [1]	4,781,324	187,099
Nonmarketable securities:		
Armed forces leave bonds [2]	2,409	3,452
United States savings bonds [2]	54,310	55,468
United States savings stamps [3]	960,745	4,598
Other	186,989	182,808
Total	7,219,485	1,917,304

[1] Effective Nov. 1, 1949, interest coupons paid by Federal Reserve Banks are sent directly to the Register of the Treasury by the Federal Reserve Banks.

[2] Armed forces leave bonds and United States savings bonds paid by Federal Reserve Banks are sent directly to the Register of the Treasury by the Federal Reserve Banks.

[3] Effective Mar. 1, 1950, United States savings stamps paid by Federal Reserve Banks are sent directly to the Register of the Treasury by the Federal Reserve Banks.

The Treasurer issued and redeemed the following savings bonds during the fiscal years 1950 and 1951.

	1950		1951	
	Number	Amount	Number	Amount
Issues: [1]				
E	70, 961	$4, 756, 387. 50	59, 544	$3, 420, 018. 75
F	501	602, 582. 00	579	361, 989. 50
G	2, 283	3, 280, 400. 00	1, 481	2, 727, 400. 00
Total	73, 745	8, 639, 369. 50	61, 604	6, 509, 408. 25
Redemptions: [1]				
A-D	13, 316	3, 801, 283. 00	8, 719	1, 968, 491. 75
E	32, 281	2, 059, 043. 75	37, 964	2, 609, 126. 65
F	3, 030	2, 486, 585. 00	2, 501	2, 675, 654. 42
G	5, 683	5, 366, 654. 00	6, 284	6, 718, 300. 00
Total	54, 310	13, 713, 565. 75	55, 468	13, 971, 572. 82

[1] For the most part United States savings bonds are issued and redeemed by issuing and paying agents throughout the country (see p. 102).

Savings bonds placed in safekeeping with the Treasurer and then withdrawn were as follows:

	Number	
	1950	1951
In safekeeping at beginning of year	694, 750	673, 639
Placed in safekeeping	74, 614	58, 603
	769, 364	732, 242
Withdrawn from safekeeping	95, 725	109, 747
In safekeeping at end of year	673, 639	622, 495

Securities held in safekeeping.—The face value of securities held by the Treasurer in safekeeping on June 30, 1950, and June 30, 1951, is shown in the following table.

Purpose for which held	June 30, 1950	June 30, 1951
To secure deposits of public moneys in depositary banks	$311, 029, 800	$346, 895, 000
To secure deposits of postal savings funds	9, 314, 000	21, 736, 000
For District of Columbia:		
Teachers' retirement and annuity fund	16, 248, 500	18, 444, 000
Water fund	1, 773, 000	1, 773, 000
Other	740, 670	757, 270
United States savings bonds held for various depositors	53, 089, 060	48, 883, 640
For the Board of Trustees, Postal Savings System	2, 109, 539, 160	2, 168, 019, 900
For the Secretary of the Army	6, 895, 480	6, 895, 480
For the Secretary of the Treasury:		
Foreign obligations (World War I)	12, 071, 934, 757	12, 071, 724, 757
Obligations on account of sales of surplus property	46, 737, 095	46, 737, 095
Capital stock and obligations of Government corporations and agencies	10, 727, 700, 686	9, 661, 911, 937
Other	265, 452, 456	1, 872, 418, 836
For Federal Deposit Insurance Corporation	1, 065, 000, 000	1, 221, 175, 000
For Attorney General [1]	21, 151, 134	21, 151, 134
Miscellaneous	107, 485, 277	103, 765, 687
Total	26, 814, 091, 075	27, 612, 288, 736

[1] Noninterest-bearing participating certificate for funds deposited in German special deposit account.

Servicing of securities for other Federal agencies.—In accordance with agreements between the Secretary of the Treasury and the several Government corporations, agencies, and insular possessions (including pre-1934 bonds of the Philippine government), the Treasurer of the United States acts as special agent for the payment of principal of and interest on their securities. The amounts of such payments during the fiscal year 1951, on the basis of the daily Treasury statement, were as follows:

	Principal	Interest paid in cash	Registered interest	Coupon interest
Federal home loan banks	$675,015,000.00	$6,100,670.31		
Federal farm loan bonds	313,000.00	68.25	$18,972.37	$11,816,422.21
Federal Farm Mortgage Corporation	205,100.00	396.00		15,727.15
Federal Housing Administration	14,579,350.00	168,961.08	916,508.57	
Home Owners' Loan Corporation	373,775.00	182.50		24,961.94
Philippine Islands	4,008,000.00	37,812.50	50,345.00	1,009,222.50
Puerto Rico	258,500.00	1,800.00	92,605.00	345,717.50
Total	694,752,725.00	6,309,890.64	1,078,430.94	13,212,051.30

BUREAU OF INTERNAL REVENUE

The Bureau of Internal Revenue is responsible for the collection of the internal revenue and for the enforcement of the internal revenue laws and certain other statutes. These other laws include the Federal Alcohol Administration Act (49 Stat. 977), as amended (27 U. S. C. and Sup. 201–212); the Liquor Enforcement Act of 1936 (49 Stat., 1928, 27 U. S. C., 211–228); and the Federal Firearms Act (52 Stat., 1250, 15 U. S. C., 901–909).

Some of the major aspects of the Bureau's operations are discussed herein. A more detailed account will be found in the *Annual Report of the Commissioner of Internal Revenue for 1951.*

Collections

Internal revenue collections for the fiscal year 1951 totaled $50,445,686,315, an increase of 29.5 percent over the total for the preceding year. The increase was reflected in all classes of tax, the principal increase occurring in collections of income (both corporation and individual) and profits taxes.

Collections by tax source for the fiscal years 1929–51 are shown in table 7 in the tables section of this report. A comparison of collections from the principal sources of tax revenue for the fiscal years 1950 and 1951 follows:

Source	Fiscal year 1950	Fiscal year 1951	Percent increase
	In thousands of dollars		
Income and employment taxes:			
Corporation income and profits	10,854,351	14,387,569	32.6
Individual income and employment:			
Income tax not withheld	7,264,332	9,907,539	36.4
Withheld taxes	12,310,415	16,480,297	33.9
Unemployment insurance	223,135	236,952	6.2
Total income and employment	30,652,234	41,012,357	33.8
Miscellaneous internal revenue:			
Estate and gift taxes	706,227	729,730	3.3
Liquor taxes [1]	2,219,196	2,546,808	14.8
Tobacco taxes	1,328,464	1,380,396	3.9
Stamp taxes	84,648	93,107	10.0
Manufacturers' excise taxes	1,836,053	2,383,677	29.8
Retailers' excise taxes	409,128	457,013	11.7
Miscellaneous taxes [2]	1,721,175	1,842,598	7.1
Total collections [1]	38,957,126	50,445,686	29.5

[1] Excludes collections for credit to trust accounts.
[2] Includes repealed taxes.

Enforcement Activities

Significant advances were made in the fiscal year 1951 in the Bureau's continued efforts to strengthen its enforcement program. There was a net increase of more than 900 in the total number of front-line enforcement personnel, which was almost equally divided between field deputy collectors and internal revenue agents. Near the end of the year the Bureau adopted a program of concentrating more intensive effort in the investigation of the tax liabilities of gamblers, racketeers, and other members of the criminal class. This program, referred to as the "Racketeer Drive", is participated in by all units of the Bureau and is regarded as taking priority over the Bureau's other enforcement activities. Although the benefits both from the additional enforcement personnel and from the drive on racketeers cannot be expected to be reflected in any large measure in the results of the Bureau's enforcement activities during the past fiscal year, there was a general increase in this area of the Bureau's work. Additional assessments resulting from enforcement operations in 1951 totaled \$1.9 billion, as compared with approximately \$1.7 billion the preceding year. Distraint warrant collections also increased, reaching a total of \$377 million, as compared with \$368 million for 1950. A comparison of the 1951 totals with earlier years is as follows:

Fiscal year	Additional assessments	Distraint warrant collections [1]	Fiscal year	Additional assessments	Distraint warrant collections [1]
	In thousands of dollars			In thousands of dollars	
1942	438,441	62,572	1947	1,928,610	209,455
1943	566,058	73,127	1948	1,897,015	280,184
1944	730,974	83,339	1949	1,891,679	346,509
1945	922,428	166,488	1950	1,747,592	368,386
1946	1,280,218	198,731	1951	1,856,603	376,506

[1] Distraint warrant collections represent primarily collections of undisputed amounts (original assessments) which taxpayers have failed to pay when due. Occasionally, it becomes necessary to collect additional assessments by distraint warrant, but these cases represent only a small portion of the total.

Audits and investigations of income and profits tax cases accounted for 84.8 percent of the additional assessments made in 1951. These assessments resulted primarily from errors and omissions discovered in the routine audit of returns. Exclusive of special fraud investigations, 4,382,564 returns of all kinds—including 3,861,101 individual income tax returns and 213,781 corporation income and profits tax returns—were examined or investigated through direct contact, either personally or by correspondence with taxpayers. The number of returns subjected to these enforcement activities was 23.6 percent greater than in the preceding year. This increase, coupled with the 15.4 percent increase in 1950 over 1949, reflects the Bureau's efforts during the past several years to strengthen its enforcement program. In spite of these increases, however, there remains a large backlog of returns for the tax year 1948, which requires prompt examination in order that assessment of the taxes properly due may not be prevented by statutory limitations. In addition, there are the many millions of returns for the tax years 1949 and 1950 which have a high potentiality of additional revenue upon audit.

In addition to the foregoing examinations, 3,219 fraud investigations were made, resulting in criminal prosecution recommendations against 845 taxpayers and 88 other individuals involved as defendants. Cash penalties of a civil nature were assessed in many cases which did not warrant criminal prosecution. Numerous investigations were made also under various regulatory statutes, especially the Federal Alcohol Administration Act (49 Stat. 977), as amended (27 U. S. C. and Sup. 201–212).

The effectiveness of enforcement efforts is further indicated by the increasing number of persons convicted on tax evasion charges. The record of convictions, beginning with the fiscal year 1945, is as follows:

Fiscal year	Individuals convicted
1945	65
1946	149
1947	182
1948	315
1949	346
1950	385
1951	324

Workload

The composite workload of the Bureau in the fiscal year 1951 increased over that for the previous year. Expressed solely in terms of the number of tax returns to be disposed of, however, it was slightly less than in 1950. More than half of the total man-hours available to the Bureau during the year were spent in providing necessary facilities and services for the millions of taxpayers who settled their tax accounts voluntarily. Tax returns and directly related information documents aggregating 200 million were received, controlled, and filed. The taxes reported were assessed and accounting operations were performed in connection with the amounts paid in. In addition, the income tax liability was computed for more than 15 million taxpayers filing returns on Form 1040–A and income tax refunds and credits were scheduled for more than 30 million individuals whose prepayments exceeded their liabilities.

The total number of returns of all types available for enforcement action during the year was 137,057,028, consisting of 64,070,760 returns on hand at the beginning of the year and 72,986,268 returns filed or reopened during the year. The number of returns disposed of was 74,228,431; leaving a backlog of 62,828,597 returns awaiting action at the close of the year—a decrease of 1.9 percent as compared with the number at the beginning of the year. Of the number disposed of during the year, 4,382,564 returns were subjected to audit as described in the "Enforcement Activities" section of this report. There were 69,845,867 returns closed on survey, that is, disposed of without audit or investigation. The wide variance in the amount of attention tax returns require; the fact that expenditure of investigative resources would be uneconomical in many cases; and the lack of enforcement personnel necessary for wider audit coverage are the primary reasons for disposing of such a large number of returns after only superficial examination.

In addition to the processing of an enormous quantity of returns and related information documents, the Bureau's workload includes the disposition of large numbers of claims for adjustments based on section 722 and the various "carry-back" provisions of the Internal Revenue Code. Under the provisions of section 722, which allows relief from excess profits tax for corporations under certain circumstances, there had been filed as of the close of the year 54,561 applications for excess profits tax reductions totaling more than $6 billion. There were 8,973 claims totaling $3.9 billion still pending on June 30, 1951. "Carry-back" allowances of approximately $102 million were made during the year under the "quick refund" provisions of the Tax Adjustment Act of 1945.

Although much less numerous than the returns to be processed, the complexity and importance of these so-called "section 722 claims," and the carry-back adjustments, require the full-time attention of a large percentage of the best-qualified technicians in the Bureau.

Management Improvement Program

Management improvement continued to high-light the Bureau's entire range of activities in 1951. Attainments along this line were impressive, not only from the standpoint of volume, but also because of the direction it was possible for some of them to take. In prior years it was necessary, as an emergency measure, to concentrate on remedying weaknesses, but in 1951 the Bureau was able to place more emphasis upon the more basic problem of eliminating at the source any work which is unnecessary. This is being done through policy, procedural, and legislative changes designed to eliminate, simplify, or prevent the establishment of certain operations.

Illustrative of the new emphasis are the beneficial results achieved in the development and implementation of three major tax laws enacted during the year—the Social Security Act Amendments of 1950, the Revenue Act of 1950, and the Excess Profits Tax Act of 1950. Noteworthy examples of these results include the following: (1) the assessment and collection procedures for the tax on self-employed persons have been combined with the return of the individual income tax; (2) corporate income tax rates have been reorganized in such manner as to avoid separate computation of the normal tax and surtax; (3) a short-cut method was adopted for computing the increase of individual income tax without the necessity of accounting separately for income received before and after October 1 of the tax year 1950; and (4) the computations of relief provisions under the new excess profits tax are provided primarily by mathematical formulas, rather than by legal-economic definitions which tend to induce controversy and litigation. A development related to this new legislation was the establishment in Washington of a Legislative and Operative Planning Task Committee, whose primary responsibility is to make continuing studies of legislative problems affecting the administration of the revenue laws.

Another example of the Bureau's efforts to eliminate unnecessary administrative work was its participation in drafting Public Law 448, approved February 21, 1950, which authorized a number of important departures from prior administrative procedures in the alcohol tax field, all calculated to simplify administration and reduce costs.

Many other improvements in Bureau organization and operating procedures were effected during 1951. In addition to the establishment of the Legislative and Operative Planning Task Committee previously mentioned, important changes in Bureau organization included the following:

Office of Budget and Finance.—In order to provide leadership and fix responsibilities for the reorganization of the budget and internal accounting work of the Bureau pursuant to the provisions of the Budget and Accounting Procedures Act of 1950, and the memorandum directive of the Secretary of the Treasury dated September 28, 1950, there was established in the Bureau on January 2, 1951, a new Office of Budget and Finance. Budgetary and administrative accounting functions, previously performed in several organizational units of the departmental headquarters, were consolidated by transfer to the new office together with all personnel, records, and equipment utilized in connection with those functions.

Regional Finance Offices.—One of the first programs inaugurated by the Office of Budget and Finance was directed to the attainment of effective accounting control, development of accounting reports for operating and budget purposes, and improved accounting practices through the establishment of field installations, designated as Regional Finance Offices, to perform disbursement accounting functions for all internal revenue offices located within specified geographic areas. Three such offices were established during 1951 and 11 additional regional offices are planned for installation by April 1952.

Inspection Service.—Plans were completed and announced during the year for an Internal Revenue Inspection Service, effective October 1, 1951. This new Service is intended to provide a uniform and thorough inspection system throughout the headquarters and all field offices, to maintain high standards of conduct by all personnel, and to insure continuing attention to improvement in the efficiency of operations of all offices. As a companion measure, the supervision and coordination by the Washington headquarters office of all field installations is being expanded and strengthened.

Procedural improvements in the Bureau during 1951 were numerous and varied. The audit control program, which was begun in 1950 as a means of increasing the effectiveness of audit and investigative techniques and also to achieve the maximum possible enforcement coverage with available personnel, began in 1951 to produce results. Several improvements were made in audit policies and methods which were designed to raise the level of voluntary taxpayer compliance and to obtain the widest coverage of effective audit work.

The mass mailing of income tax forms which was conducted by one office last year for seven large collection districts was expanded in 1951 to handle the forms for 37 collection districts and approximately 41 million taxpayers. The operational cost reporting system for all office and field activities of collectors' offices was extended during 1951 from the 27 offices in which it was originally installed, to cover all collectors' offices. New methods were instituted for processing monthly returns filed by manufacturers of tobacco products, resulting in the elimination of the annual check of approximately 100,000 permits covering shipment of tobacco materials. In addition, through other changes, savings of nearly 80 percent were effected in the time required for preparing and verifying annual accounts of dealers in leaf tobacco. A new system of numbering tax returns, using an alphabetical prefix to designate the classification of the returns, was tested in seven collection districts in 1950 and two additional districts in 1951, and was found to have substantial advantages over the old system. The new system will be installed in all collection districts not equipped with tabulating machines.

A uniform stock control system was installed in all field offices of the Bureau in March 1951, resulting in better control of stock issues, stock inventories, and requisitions for stock replacements. Microfilming in the offices of collectors of internal revenue of over 185 million income tax index cards, 31 million tax returns, and 4.5 million pages of assessment lists released for other use about 6 thousand filing cabinets worth approximately $450,000, and some 36 thousand square feet of floor space having an annual rental value of $90,000.

The Bureau's decentralization program resulted in a reduction during the year of 273 in the number of Washington personnel, making a total reduction for the past two years of 524.

PERSONNEL

The number of employees on Bureau rolls at the close of the year was 57,795, consisting of 4,030 employees in the departmental service and 53,765 in the field service. At the close of the preceding year, the number of persons employed totaled 55,551, comprising 4,303 departmental employees and 51,248 field employees.

Changes during the year in numbers of employees in the various branches of the internal revenue service are shown in the following table.

Summary of personnel, Bureau of Internal Revenue, June 30, 1950, as compared with June 30, 1951

Branch of service	Number on payroll as of—		Increase, or decrease (−)
	June 30, 1950	June 30, 1951	
Departmental service	4,303	4,030	−273
Field service:			
Offices of collectors of internal revenue	32,776	34,793	2,017
Supervisors of accounts and collections	92	118	26
Internal revenue agents' forces:			
Income, profits, estate, and gift taxes	10,012	10,442	430
Excise taxes	85	88	3
Alcohol Tax Unit:			
Offices of district supervisors	4,083	4,019	−64
Field inspection force	17	16	−1
Intelligence Unit	1,622	1,610	−12
Technical Staff	628	635	7
Excess Profits Tax Council	147	125	−22
Office of the Chief Counsel	430	411	−19
Processing Division	1,356	1,463	107
Budget and Finance Office		45	45
Total field service	51,248	53,765	2,517
Grand total	55,551	57,795	2,244

Cost of Administration

The entire cost of the Bureau's operations during the year, including all items of expense except amounts refunded to taxpayers, was $245,869,538. The amount available for administrative expenses was $246,820,000; thus, there was an unexpended balance of $950,462. The cost of collecting $50,445,686,315 during the year was approximately 49 cents per $100 of revenue, compared with 59 cents per $100 in 1950, when collections were considerably lower.

Data on the annual cost of administration, although of interest and value for certain purposes, cannot be relied upon either as a guide to the proper scale of administrative activity or as a measure of relative efficiency of operation from year to year. An annual ratio of cost to collections is determined by many factors, most of which have no relationship to these objectives. To illustrate, the higher the level of tax rates and the more numerous the levies that are inherently economical to collect, the lower will be the average cost ratio. The prevailing level of salaries paid to Bureau personnel and the volume of essential services performed for taxpayers are other examples of these determinative factors.

Refunds

Refunds of internal revenue taxes and the interest thereon, as required by law, are paid out of an appropriation separate from that covering the Bureau's administrative expenses. The total amount of these payments for the fiscal year 1951 was $2,208,291,812 as compared with $2,216,834,210 in the preceding year. The decrease was due principally to a reduction in the amount of income and profits tax refunds resulting from carry-back allowance. Interest payments on refunds (included in the above totals) increased from $91,563,575 in 1950 to $92,669,917 in 1951.

Settlement of Disputes

In a large proportion of the tax disputes arising from the Bureau's investigative operations, settlements are reached through conferences with taxpayers, thereby avoiding expensive and time-consuming litigation. Of 56,792 income, profits, estate, and gift tax returns with respect to which the examiners' findings had been protested by the taxpayers, 48,346 were settled by the Bureau and 8,446 were appealed to the Tax Court. As a result of further hearings conducted by the Bureau in cases pending before the Tax Court, settlement by stipulation was effected with respect to an additional 6,306 returns, thereby reducing substantially the number of cases to be tried.

OFFICE OF INTERNATIONAL FINANCE

The Office of International Finance advises and assists the Secretary of the Treasury in the formulation and execution of policies and programs in international financial and monetary matters. The Director of the Office is assisted by advisers on financial policy and by a staff organized into divisions corresponding to geographic areas or to the functional activities of the Office. These divisions are: National Advisory Council Secretariat; Stabilization Fund, Gold and Silver Division; International Statistics Division; Commercial Policy and United Nations Division; European Division; British Commonwealth and Middle East Division; Latin American Division; and Far Eastern Division. The Office also maintains Treasury representatives in several foreign countries.

By direction of the Secretary, the Office of International Finance is responsible for the Treasury's activities in matters of international financial and monetary policy, including international monetary and exchange problems, and gold and silver policy; the Bretton Woods Agreements Act and the operations of the International Monetary Fund and the International Bank for Reconstruction and Development; foreign lending and assistance programs; the activities of the National Advisory Council on International Monetary and Financial Problems; the Anglo-American Financial Agreement; the United States Exchange Stabilization Fund; and Foreign Assets Control.

The Office makes continuing studies of the flow of capital funds into and out of the United States and of the international accounts of foreign countries with special attention to transactions in gold and dollars. In carrying out its functions, the Office also studies the legislation and policy of foreign countries relating to finance, gold and silver, exchange rates and exchange controls, and other relevant matters.

The Office also provides economic analyses of the customs activities of the Department and advises the Secretary on international financial aspects of matters arising in connection with his responsibilities under the Tariff Act. The Office acts for the Treasury on the financial aspects of international treaties, agreements, and organizations in which the United States participates. It also participates in negotiations with foreign governments with regard to matters included within its responsibilities.

The Office of International Finance represents the Treasury in the work of the National Advisory Council on International Monetary and Financial Problems (of which the Secretary of the Treasury is chairman) and its subordinate organs. Professional personnel of the Office perform staff and secretariat functions of the Council. (See exhibits 35 and 36.)

The Office of International Finance advises Treasury officials and other departments and agencies of the Government concerning exchange rates and other financial problems encountered in operations involving foreign currencies. In particular, it advises the State Department and the Department of Defense on financial matters related to their normal operations in foreign countries and on the special financial problems arising from defense preparation and military operations. The Treasury representatives in foreign countries act as financial advisers to the diplomatic missions, to United States occupation authorities, and to the missions of the Economic Cooperation Administration.

The Office also includes the Foreign Assets Control whose Director exercises the authority conferred upon the Secretary of the Treasury by Section 5 (b) of the Trading with the Enemy Act. Under the Foreign Assets Control regulations the assets in the United States of Communist China and North Korea and their nationals are blocked. The Division of Foreign Assets Control carries on licensing activities in connection with transactions otherwise prohibited; takes action to enforce the regulations; and has taken a census of Chinese and Korean assets located in the United States.

LEGAL DIVISION

The General Counsel is by statute the chief law officer of the Treasury Department, responsible to the Secretary for the legal advice upon which he acts and for all legal work in the Department. In carrying out this responsibility the General Counsel is assisted by the Legal Division, over which he has supervision. The Legal Division is made up of the General Counsel's immediate staff in the Office of the General Counsel, which includes the Tax Legislative Counsel, and the offices of the Chief Counsel in the major bureaus.

As legal adviser to the Secretary the activities of the General Counsel and his staff include consideration of legal problems relating to the broadest aspects of management of the public debt, the administration of the internal revenue laws, international cooperation in the monetary and financial fields, and similar matters with which the Secretary is concerned as chief financial officer of the Government. Other activities of the Legal Division embrace legal matters arising in connection with the duties and functions of every branch of the Department, the scope of which is described in the separate administrative report of each organization.

One of the major responsibilities of the General Counsel is the handling and coordination of legislative work in the Department, including appearances before congressional committees, drafting proposed legislation, and preparing reports on legislative proposals. During the fiscal year 1951 this included work in connection with the preparation and presentation of the President's tax program and the drafting of legislation to carry it out; the formulation of a plan authorizing the Secretary to pay interest on Series E savings bonds retained after maturity and the handling of legislation to carry it out; and the preparation of proposed legislation to improve enforcement of export controls.

In the field of international finance and aid, the Legal Division assisted in formulating financial and economic aspects of the programs relating to European recovery, military assistance, and technical cooperation; and dealt with problems arising in connection with international gold and stabilization operations of the Department. The Foreign Assets Control Regulations made necessary by the Korean conflict were also formulated and issued during the year.

Other problems handled by the Legal Division included legal matters arising in connection with the work of the Defense Mobilization Board, the preparation of regulations under the Revenue Act of 1950 and the Excess Profits Tax Act of 1950, the negotiation of tax conventions with several foreign governments, the inauguration of the new Code of Military Justice, the application of Reorganization Plan No. 26 of 1950, the simplification and modernization of customs procedures, and participation in meetings of the contracting parties to the General Agreement on Tariffs and Trade.

BUREAU OF THE MINT

The principal functions of the Bureau of the Mint consist of the manufacture of domestic and foreign coins; the acquisition of gold and silver, payments for which are made on the basis of mint assays; the safeguarding of the Government's holdings of the monetary metals, including coins in processing stages until finished and issued; the refining of gold and silver; the administration of regulations pertaining to gold and silver, including the issuance of licenses for the acquisition, ownership, possession, use, and exportation of gold for industrial, professional, and artistic purposes; and the production of medals and other decorations.

The office of the Director of the Mint in Washington administers all activities of the Bureau of the Mint. During the fiscal year 1951 seven field institutions were in operation: Coinage mints in Philadelphia, San Francisco, and Denver; assay offices in New York City and Seattle; the gold bullion depository in Fort Knox, Ky.; and the silver bullion depository in West Point, N. Y., which operates as an adjunct of the New York Assay Office. Electrolytic refineries are maintained at the San Francisco, Denver, and New York City institutions. The Medal Department is located at the Philadelphia Mint. At the close of the fiscal year 1951 a total of 966 persons were employed in the departmental and field institutions compared with 943 at the beginning of the year.

The operations of the field institutions during the fiscal year 1951 and the report of this Bureau on the production and consumption of gold and silver in the United States during the calendar year 1950 are summarized herein. Further detailed information is contained in the *Annual Report of the Director of the Mint, Fiscal Year Ended June 30, 1951.*

MANAGEMENT IMPROVEMENT PROGRAM

The Bureau of the Mint for some years has been carrying on an active program of appraisal and review of methods and practices in the several Mint offices to insure progress in revising methods of operation and adopting new mechanisms as their feasibility is determined. This management improvement program has been carried on by means of comprehensive cost accounting and performance appraisal, production and progress reports, specific assignments designed to develop improvements, conferences of operating officials, appointment of special committees, and inspections and surveys of operations in all offices.

General employee interest and enthusiasm for devising and effecting new and improved procedures are continually stimulated through special committees, cost reporting, motion pictures of Mint functions and of similar private industrial operations, the showing of safety films, encouragement of the cash awards program, and allied methods. A spirit of competition between Mints, fostered by comparative cost statements and use of motion pictures, has produced a thorough cost-consciousness on the part of officials, supervisors, and workers, with beneficial production economies.

Individual management improvement committees recently have been formed in each large Mint plant for the purpose of making continuing surveys and studies of any operational problems with a view to devising and adopting more efficient methods. Monthly meetings are conducted with a view to maintaining current interest in this program. Members present and discuss operational problems in their own plants, and also appraise management reports from other Mint institutions for the purpose of adopting established improvement measures from the other offices wherever practicable.

A conference of the superintendents of the three Mints and the New York Assay Office was held in the Director of the Mint's Office during March 1951. Problems common to all were discussed for the purpose of improving operations. The conference covered all phases of operations in the several Mint offices, including the management improvement program, planning for any emergency, microfilming of records, use of motion pictures for employee training programs, operational costs at each office by functions, adoption of more efficient methods, elimination of any unnecessary operations on a calculated risk basis, and numerous related subjects. At the conclusion of the conference, the superintendents of the western Mints visited the Philadelphia Mint and the New York Assay Office and reviewed operations at those plants.

The area of greatest improvement potential in the Mint Service is in coinage manufacture. Mechanical and operational procedures employed in the three Mints have been practically revolutionized during recent years. New types of equipment not only have been purchased, but also designed and constructed, and even invented, for increasing coinage output and reducing cost. These innovations are not limited to any individual plant, but because of space limitations and funding requirements, separate and unique mechanisms have been adopted at each production location.

The new type of melting and rolling equipment installed in the Denver Mint a few years ago, permitting substitution of a 400 pound bronze ingot for the former 6 pound standard size, has proved to be most successful as evidenced by substantial cost decreases for that denomination. During the past year, strip and coil annealing machinery required for processing nickel and silver with the new equipment, has been installed at Denver and experimental operations on processing of these alloys have been practically completed. Although the new type of equipment was designed primarily for bronze operations, it now appears highly probable that all future processing of silver and nickel alloys at that plant will be performed with the large melting and rolling equipment. Installation of a new type of coin blank annealing equipment was also completed at the Denver Mint during the past year. This equipment represents a definite improvement over a similar type installed recently at another Mint plant which resulted in a substantial cost decrease for that particular operation.

The new type of water-cooled mold, invented by technicians at the Philadelphia Mint, was originally planned for operations on silver denominations. This mechanism now has been successfully re-designed and converted to operations on bronze and nickel alloys. Together with the adaptation of this invention to these alloys, a wider more efficient ingot has now been adopted, permitting alleviation of physical strain on rolling room personnel and resulting in increased production from rolling and blanking operations.

At the San Francisco Mint, it was former practice to use small individual ingots for each coinage denomination. Because of differences in plant layout, building structure, and limitations of equipment location, it was not feasible to adopt Philadelphia's new water-cooled mold device. However, a new type of water-cooled mold was designed and constructed, completely different from the old style but fashioned somewhat after the Philadelphia type. The new type universal mold is used for all ingots of varying alloys and denominations. Incidental to that development, rolling operations have been modified and improved resulting in greater output and lower operating costs for both the melting and coining divisions.

Economy and improvement measures have not been limited to the coinage field but have been extended also to other Mint activities. In addition to the examples of specific improvements in coinage operations given above, a great number of other efficiency measures have been adopted. A management improvement committee, composed of representatives from five Mint offices, was appointed in March 1949 to survey the large Mint field offices and to recommend improved methods and procedures wherever practicable. Following an exhaustive survey of the several offices, the management committee made approximately 150 individual suggestions for improvements in all types of Mint operations. A majority of these recommendations, many of which pertain to physical procedures involving equipment usage, have since been adopted, resulting in important operating economies.

Because of numerous complexities, it is difficult to measure exactly the monetary savings resulting from the many production economies effected. With regard to the coinage function, however, where unit costs are employed, a comparison of yearly unit costs can be used to determine the effectiveness of established improvements. Average salaries in the Mint Service have increased approximately 73 percent since the fiscal year 1946. The cost of producing coin also could have been expected to increase 73 percent, or even more in view of steadily rising costs for supplies and materials, etc., unless the adopted management improvement measures had proven to be effective. Coinage production costs for the fiscal year 1951, however, actually show decreases as compared with 1946 costs. These factors are shown in the following table.

Denomination	Cost of coinage per 1,000 pieces [1]		
	A 1946 fiscal year actual coinage costs	B Costs at present if they had risen proportionately with the rise in salaries (73 percent)	C 1951 actual costs representing an average decrease of 6 percent from 1946 costs
1 cent	$1.59	$2.75	$1.21
5 cents	2.81	4.86	3.22
10 cents	2.12	3.67	2.10
25 cents	5.10	8.82	4.51
50 cents	8.25	14.27	7.59
Cost to produce 1,000 coins of each denomination	19.87	34.37	18.63

[1] Savings of approximately $2,078,000 are indicated by computing coinage costs at "B" rates and comparing with costs shown under "C" for actual coinage in fiscal 1951.

The Mint's improvement program has also been extended to nonoperational areas. A thorough-going survey was recently completed of the Mint's general accounting procedures in conjunction with the Government-wide Joint Accounting Improvement Program. Improved procedures tending to strengthen the accounting and reporting structure were effected wherever possible. At the conclusion of this survey, the Mint's General Accounting Manual was revised and rewritten. Studies are continuing in other Mint accounting fields, namely, bullion and monetary accounting and cost accounting, and those procedures will be thoroughly re-examined with consideration being given to revising and improving the accounting manuals for those two distinct types of accounting.

Operations of the Mints, Assay Offices, and Bullion Depositories

Domestic coinage.—Production of United States coins during the fiscal year 1951 totaled 1,157,820,778 pieces with a value of $53,494,591.00. Denominations were as follows:

Denomination	Number of pieces produced	Face value
Half dollars [1]	17,229,837	$8,614,918.50
Quarter dollars	72,013,352	18,003,338.00
Dimes	161,741,557	16,174,155.70
5-cent pieces	40,845,462	2,042,273.10
1-cent pieces	865,990,570	8,659,905.70
Total	1,157,820,778	53,494,591.00

[1] Includes 84,021 Booker T. Washington commemorative half dollars.

Foreign coinage.—Coins produced for four other governments during the fiscal year 1951 totaled 22,050,000 pieces, as follows:

Government	Number of pieces produced
Dominican Republic	5, 700, 000
El Salvador	13, 000, 000
Honduras	3, 000, 000
Syria	350, 000
Total	22, 050, 000

Issue of domestic coins.—United States coins issued by the mints during the fiscal year totaled 1,531,094,198 pieces with a value of $76,339,255.27. Denominations were as follows:

Denomination	Number of pieces issued	Face value
Silver dollars	8, 416, 000	$8, 416, 000. 00
Half dollars	29, 095, 785	14, 547, 892. 50
Quarter dollars	77, 240, 517	19, 310, 129. 25
Dimes	178, 298, 652	17, 829, 865. 20
5-cent pieces	96, 373, 397	4, 818, 669. 85
1-cent pieces	1, 141, 669, 847	11, 416, 698. 47
Total	1, 531, 094, 198	76, 339, 255. 27

Stock of coins.—The estimated stock of coins in the United States as of June 30, 1951, totaled $1,922,840,544, of which $492,248,551 were silver dollars, $1,041,945,901 were subsidiary coins, and $388,646,092 were minor coins.

Medals.—The number of service medals and other distinguishing devices delivered to the Department of Defense and other Government departments and agencies totaled 31,424 during the fiscal year 1951. In addition, there were 2,766 medals sold to the public during the year.

Bullion deposit transactions.—Bullion deposit transactions at the mints and assay offices totaled 10,148, including 23 intermint transfers during the fiscal year 1951. These transactions required a total of 15,656 assay determinations, including 1,123 determinations for intermint transfers.

Acquisitions of gold.—Deposits and purchases of gold during the fiscal year totaled $101,268,408.80, classified as follows:

	Value
Purchases at $20.67+ per fine ounce	$1, 624. 67
Increment to $35 per fine ounce	1, 124. 69
Purchases at $35 per fine ounce	85, 147, 071. 62
Domestic coin transferred (melted)	195, 001. 81
Intermint transfers	15, 923, 586. 01
Total value at $35 per ounce	101, 268, 408. 80

Acquisitions of silver.—During the fiscal year deposits and purchases of silver totaled 141,771,633 fine ounces, classified as follows:

	Number of fine ounces
Newly mined domestic silver	38, 070, 247
Silver contained in gold deposits, etc	134, 541
Silver received in exchange for Government-stamped bars	529, 677
Recoinage bullion from uncurrent subsidiary coin	1, 576, 145
Recoinage bullion from uncurrent silver dollars	249, 120
Intermint transfers of silver	209, 293
Deposits of silver in trust by foreign governments	380, 167
Redeposits [1]	100, 622, 443
Total	141, 771, 633

[1] Consists of Treasury stock previously held by certain agencies of the Federal Government.

Refinery production of gold and silver.—During the fiscal year the refineries produced 1,243,417 fine ounces of gold and 1,232,431 fine ounces of silver by the electrolytic process. In addition, 3,349,947 fine ounces of gold and silver were subject to fire process only.

Issue bars manufactured.—The mints and assay offices manufactured a total of 34,160 issue bars containing 3,845,431 fine ounces of gold and a total of 1,756 issue bars containing 559,949 fine ounces of silver during the fiscal year.

Stock of unrefined bullion.—At the close of the fiscal year the stock of unrefined bullion at the mints and assay offices, in terms of the assayed fine metal content, amounted to 968 tons of gold and 570 tons of silver.

Monetization of silver bullion.—Silver certificates in the amount of $34,391,919 were issued by the Treasury during the fiscal year against 26,600,000 fine ounces of silver bullion valued at $1.29+ per fine ounce, the statutory monetary value of silver. Seigniorage, representing the difference between the cost and the monetary value of silver, amounted to $10,317,575.57.

Sales of gold and silver for industrial use.—Sales of gold bars to licensed purchasers for industrial, professional, and artistic use totaled $86,345,449.53 during the fiscal year. Sales of silver at $0.91 per fine ounce under the act of July 31, 1946 (60 Stat. 750), amounted to 1,628,065 fine ounces during the year.

Stock of monetary bullion.—The United States stock of gold bullion held by the mint institutions totaled 621,594,567 fine ounces valued at $21,755,809,831 on June 30, 1951. On the same date the mint institutions held 1,260,490,640 fine ounces of silver bullion and, in addition, 79,151,820 fine ounces of silver bullion in special custody account for the Treasurer of the United States. The silver in this account was formerly held by the Office of Reconstruction Finance Corporation and is being melted and cast into regular mint bars.

Production and Consumption of Gold and Silver in the United States

During the calendar year 1950 the total production of gold and silver refined from ores mined in the several States and Alaska was as follows: 2,288,708 fine ounces of gold valued at $80,104,780; and 42,308,739 fine ounces of silver.

Gold issued for use in the industrial arts in the United States during the calendar year 1950 aggregated $134,587,773, and the return from industrial use of secondary materials, including old jewelry, plate, scrap, etc., amounted to $36,742,020, making the net consumption of gold $97,845,753 during the year.

Silver issued for use in industry and the arts in the United States during the calendar year 1950 aggregated 155,257,340 fine ounces, and the return from industrial use of secondary materials including old silverware, scrap, etc., amounted to 45,257,340 fine ounces, making the net consumption of silver 110,000,000 fine ounces during the year.

BUREAU OF NARCOTICS [1]

The Bureau of Narcotics is charged with the investigation, detection, and prevention of violations of the Federal narcotic and marihuana laws and of the Opium Poppy Control Act of 1942, and related statutes. The scope of its activities is gradually enlarging as additional drugs are made subject to these laws. Under the act of March 8, 1946 (26 U. S. C. 3228 (f)), eleven new synthetic drugs have been brought under control through findings by the Secretary of the Treasury, proclaimed by the President, that the drugs possessed addiction liability similar to morphine. During the fiscal year 1951 legislation was sponsored to amend and strengthen the penalty provisions of existing laws applicable to persons convicted of violating narcotic statutes. The legislation, which was approved on November 2, 1951, as Public Law 255, 82d Congress, First Session, gave substantial support to the suppression of abuse of narcotic drugs through minimum penalties, particularly for second and third offenders.

A Protocol bringing under international control drugs outside the scope of the Convention of 1931, which limits the manufacture and regulates the distribution of narcotic drugs, became effective for the United States September 11, 1950, by deposit with the United Nations on August 11, 1950, of the United States instrument of ratification. Under this Protocol, synthetic drugs found to have addicting qualities similar to morphine or cocaine can be brought under international control in a manner analogous to that by which such synthetic drugs may be brought under national control under the act of March 8, 1946.

The Bureau directs its activities toward the suppression of the illicit traffic in narcotic drugs and marihuana and the control of the legitimate manufacture and distribution of narcotics through the customary channels of trade. It issues permits for import of the crude narcotic drugs and for export and in-transit movements of narcotic drugs and preparations. It supervises the manufacture and distribution of narcotic substances within the country and has authority to issue licenses for the production of opium poppies to meet the medical needs of the country if and when such production should become in the public interest. It cooperates with the Department of State in the discharge of the international obligations of the United States concerning the abuse of narcotic drugs and marihuana.

[1] Further information concerning narcotic drugs is available in the separate report of the Commissioner of Narcotics.

During the fiscal year 1951, the total quantity of narcotic drugs seized in the internal illicit traffic amounted to 1,082 ounces, in comparison with 1,698 ounces seized in 1950. Seizures of marihuana amounted to 961 pounds bulk, 18 pounds seeds, 22,479 cigarettes, and 295 growing plants, as compared with 752 pounds bulk, 23 pounds seeds, 21,313 cigarettes, and 64 growing plants in 1950.

The table following shows for the fiscal year the number of violations of the narcotic and marihuana laws by persons registered with collectors of internal revenue to engage in legitimate narcotic and marihuana activities and by persons who have not qualified by registration to engage in such activities, as reported by Federal narcotic enforcement officers.

Number of violations of the narcotic and marihuana laws reported during the fiscal year 1951, with their dispositions and penalties

	Narcotic laws				Marihuana laws, nonregistered persons	
	Registered persons		Nonregistered persons			
	Federal Court	State Court	Federal Court	State Court	Federal Court	State Court
Pending July 1, 1950	241		1,416		564	
Reported during 1951:						
Federal [1]	261		2,625		481	
Joint [1]	13		1,060		865	
Total to be disposed of	515		5,101		1,910	
Convicted:						
Federal	52	9	928	1,096	251	96
Joint	4	3	473	477	446	244
Acquitted:						
Federal			26	20	10	8
Joint			8	30	20	26
Dropped:						
Federal	190	6	444	82	42	
Joint	8	1	139	90	143	58
Compromised: [2]						
Federal	41					
Joint						
Total disposed of	314		3,813		1,344	
Pending June 30, 1951	201		1,288		566	
Sentences imposed:	*Yrs. Mos.*	*Yrs. Mos.*	*Yrs. Mos.*	*Yrs. Mos.*	*Yrs. Mos.*	*Yrs. Mos.*
Federal	96 11	8 —	2,369 3	1,055 9	450 9	100 5
Joint	3 6	1 —	1,148 7	468 —	665 2	265 —
Total	100 5	9 —	3,517 10	1,523 9	1,115 11	365 5
Fines imposed:						
Federal	$11,475	$1,000	$46,478	$6,862	$4,479	$3,920
Joint	500	135	8,391	16,927	4,725	7,309
Total	11,975	1,135	54,869	23,789	9,204	11,229

[1] Federal cases are made by Federal officers working independently, while joint cases are made by Federal and State officers working in cooperation.
[2] Represents 41 cases which were compromised in the sum of $10,020.

The importation, manufacture, and distribution of opium and its derivatives, are subjected to a system of quotas and allocations designed to secure their proper distribution for medical needs. Additional quantities of opium were imported during the year. Coca leaf imports were sufficient both for medicinal purposes and for the manufacture of nonnarcotic flavoring extracts.

The quantity of narcotic drugs exported was considerably higher than in 1950, but the total is not significant in comparison with domestic uses. The manufacture of opium derivatives continued high principally because of the high medical consumption of codeine and papaverine.

Thefts of narcotics during 1951 decreased slightly in number but the quantity of drugs stolen was somewhat greater.

There were approximately 400,000 registrations under the Federal narcotic and marihuana laws during the fiscal year.

Substantial progress was made in this Bureau during the fiscal year 1951 in the field of management improvement. The Bureau's Management Improvement Committee, under the personal leadership of the Commissioner, the Deputy Commissioner, and the Assistant to the Commissioner, held regular meetings attended by division heads and section chiefs. Through organized review of the Bureau's major operating difficulties, ideas having management improvement significance were obtained and group solutions were found for difficult management problems.

Valuable assistance was received from staff members of Office of the Administrative Assistant Secretary who conducted a survey of procedures and operations throughout the departmental service and in two field offices. Several of their recommendations were put into effect in the latter part of the fiscal year 1951 and the remainder will be considered for adoption during 1952.

To increase operating efficiency further, a field supervisor was recently appointed to make periodic inspections of field offices. One of his principal duties will be to obtain active and continuing interest and collaboration on the part of district supervisors and narcotic agents in the program to increase operating effectiveness, efficiency, and economy.

COMMITTEE ON PRACTICE

The Committee on Practice receives and acts upon applications of attorneys and agents for admission to practice before the Treasury Department. It makes inquiries, holds hearings and in general acts as the administrative and advisory agency in all matters pertaining to practice, makes recommendations to the Secretary of the Treasury, and performs other duties prescribed by Department Circular No. 230, revised January 5, 1951.

The Committee also receives and acts upon applications of individuals, corporations, associations, and partnerships for customhouse brokers' licenses, issues customhouse brokers' licenses, makes recommendations to the Secretary of the Treasury, and performs other duties as prescribed by Department Circular No. 559, revised May 1, 1947.

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The following statement summarizes the work of the Committee for the year 1951.

		Number
Attorneys and agents:		
Applications for enrollment approved		4, 546
Applications for enrollment disapproved		22
Applications withdrawn on advice of the Committee		77
Resignations in good standing		1
Special enrollment to practice before the Bureau of Internal Revenue:		
Applications approved by reason of examination given by the Committee on Practice		1
Applications approved by reason of passing the examination given by the Tax Court		1
Applications approved pursuant to standards and procedures based upon former service with the Treasury Department. (Section 12, Department Circular No. 230, revised)		69
Applications of former employees denied		14
Applications abandoned		2
Applications withdrawn		6
Complaints disposed of pursuant to section 5 (b) of the Administrative Procedure Act, as amended (5 U. S. C. 1004 (b)):		
Resignations submitted in order to evade proceedings in disbarment and accepted by the Committee. Names ordered stricken from the roll		17
Formal complaints against enrolled persons:		
Pending July 1, 1950	3	
Filed during the year	1	
	4	
Disposed of: Disbarred	2	
Pending June 30, 1951		2
Customhouse brokers:		
Applications for licenses approved		83
Applications withdrawn		6
Applications abandoned		9
Applications disapproved		2
License canceled		26

Since the organization of the Committee on Practice in 1921, 97,111 applications for enrollment have been approved and 875 disapproved; 259 practitioners have been disbarred from further practice before the Treasury Department, 140 have been suspended from practice for various periods, 184 have been reprimanded, and 68 resignations have been accepted.

TAX ADVISORY STAFF

The Tax Advisory Staff of the Secretary has as its principal responsibility the economic analysis and preparation of material for use by the Secretary in the formulation of Treasury tax policies.

In assisting the Secretary to discharge his responsibilities in the field of Federal taxation, the Staff explores the basic economic considerations involved in the formulation of the Administration's tax programs and in tax questions presented to the Secretary by the President, committees of the Congress, individual Members of Congress, other Government agencies, and the public. This requires broad economic surveys of tax problems, the assembly and presentation of statistical materials, and analysis of the effects of alternative programs or measures for meeting revenue requirements. Upon request, information is furnished to the House Committee on Ways and Means, the Senate Finance Committee, and the Joint Committee on Internal Revenue Taxation.

These responsibilities also involve the consideration of State and local taxation in relation to Federal tax problems and the relationship between United States and foreign tax systems.

During the fiscal year 1951, the major efforts of the Tax Advisory Staff were concerned with ways and means of raising additional revenue to finance the vastly expanded defense effort. The Revenue Act of 1950 was the first step taken in financing this expanded program. Work on this act dealt primarily with converting the excise tax reduction bill, H. R. 8920, passed by the House of Representatives on June 29, 1950, into a bill to raise revenues. The Revenue Act of 1950 became law on September 23, 1950. During the first half of the fiscal year the Staff also participated in work in connection with the Excess Profits Tax Act of 1950, which became law on January 3, 1951.

During the second half of the fiscal year, the work of the Staff was concerned largely with the preparation of materials for the 1951 revenue revision program, designed to provide $10 billion of additional revenue from increases in individual and corporation income taxes and excise taxes. This program was outlined by the President in his tax message to the Congress on February 2, 1951, and was discussed in detail by the Secretary in his appearances before the House Ways and Means Committee on February 5 and April 2, 1951, and before the Senate Finance Committee on June 28, 1951.

OFFICE OF THE TECHNICAL STAFF

The Office of the Technical Staff in the Office of the Secretary serves as a technical staff for the Secretary on matters relating to Treasury financing, public debt management, and various general economic problems arising in connection with Treasury activities.

For use in policy decisions in these fields the Technical Staff works out possible courses of action, and keeps Treasury officials informed of shifts in the basic economic and fiscal situation. Primary factors in debt management policy are the outlook for net cash flow into or out of the Treasury and the outlook for Federal budget receipts, expenditures, surplus or deficit, the debt, and the cash balance.

For each financing operation the Technical Staff draws up alternative plans, including what specific securities might be offered to tap various sources of new funds or in exchange operations. Terms for such securities are reviewed, including rate of interest, maturity, call period, negotiability, eligibility as collateral, redemption privileges accorded to holders, and restrictions as to the amount of purchases or holdings by different classes of investors.

The Technical Staff analyzes the relation of these securities to the maturity schedule and interest cost of the public debt, the effect of their issuance on the market prices and ownership distribution of outstanding Government securities, and the impact of the Treasury's public debt operations on the banking system, the money supply, and the over-all credit structure. Alternative courses of action are weighed as to the probable effect on the general economy, with special reference to their inflationary or deflationary impact.

The Technical Staff also works out analyses of the assets and the investment position of the various classes of investors, with particular regard to their problems in managing their Federal security portfolios. It reviews the relative desirability of cash pay-offs to, and additional borrowing from, each investor class, and the types of securities best suited to the requirements of each class.

The Technical Staff work also includes discussions with consulting committees composed of leading bankers, insurance men, bond dealers, and others. The committees represent the American Bankers Association, the Investment Bankers Association, the Life Insurance Association of America and the American Life Convention, the National Association of Mutual Savings Banks, the Government Security Dealers group, and others. The groups confer with the Secretary from time to time and discuss their respective situations as well as the general aspects of public debt management. On these occasions the Secretary usually has the Technical Staff review developments and outline the problems ahead in the field of debt management. After these meetings the Technical Staff prepares reports for the Secretary to integrate the various reports and recommendations which have been received.

The facilities of the Technical Staff also are utilized by the Secretary for the preparation of official estimates of Government receipts for incorporation in the President's annual budget message and in intervening budget revisions. Similarly, estimates of the revenue effects of proposed and pending legislation are prepared.

Technical mathematical analyses needed in connection with financing and public debt problems are also prepared. This work is under the supervision of the Government Actuary, who is an Assistant Director of the Technical Staff. He is responsible for reports on actuarial matters involved in Treasury operations, and prepares actuarial estimates required by statute with respect to the operations of Government trust funds. The Secretary of the Treasury is charged with the duty of handling the investments and other operations for most of these funds.

UNITED STATES COAST GUARD

General

The impact of defense mobilization during the fiscal year 1951 was reflected in added operational demands for all phases of the peacetime missions of the Coast Guard. Safety measures in connection with vessels, cargoes, and waterfront facilities were greatly intensified. Port security activities were resumed on a limited scale. The general programs of maritime law enforcement, saving of life and property at sea, navigational aids to maritime and transoceanic air commerce, and promotion of American merchant marine safety and efficiency were re-aligned to meet current conditions. The military readiness program of the Service was similarly adjusted. These extensions of regular Coast Guard functions were undertaken with minimum increases in personnel, facilities, and appropriations. In the absence of mobilization, use of the Reserve was limited and on a voluntary basis.

Law Enforcement

Executive Order 10173 promulgated "Regulations Relating to the Safeguarding of Vessels, Harbors, Ports, and Waterfront Facilities of the United States," and directed the Coast Guard to institute a port security program to implement the regulations. Captains of the port, under the district commanders, were assigned responsibility for carrying out this program.

The increased enforcement activities of the year are reflected in the following statistics: number of boardings, 22,827; number of permits for loading or discharging explosives, 990; and tonnage of explosives covered by permits, 2,353,839.

In addition to the general enforcement of Federal laws on the high seas and territorial waters of the United States, the Coast Guard assisted those departments and agencies of the Government having primary responsibility for the enforcement of the Oil Pollution Act, anchorage regulations, laws relating to internal revenue, customs, immigration, quarantine, and the conservation and protection of wildlife and the fisheries. Full cooperation was extended to all Federal and to many State and municipal, law enforcement agencies.

Assistance Operations

In carrying out responsibilities with respect to the saving of life and property, the Service maintains an established organization of inshore and offshore surface rescue vessels, aircraft, lifeboat stations, and radio stations, together with rescue coordination centers in each Coast Guard district. The assistance rendered by stations, vessels, and aircraft during the year is indicated by the following statistics.

Number of assistance calls responded to	12, 974
Number of instances of major assistance	5, 275
Number of instances of minor assistance	4, 469
Value of vessels and aircraft assisted (including cargo)	$403, 382, 286
Lives saved or persons rescued from peril	4, 996
Vessels refloated	1, 035
Disabled vessels towed to port	5, 882

The term "major assistance" signifies those cases where immediate danger is involved and which, without Coast Guard assistance, probably would result in death; serious injury to persons, aircraft, or vessels; shipwreck; or a great financial loss from damage to the craft. When Coast Guard aircraft are employed, "major assistance" includes open sea landings and take-offs under abnormally hazardous conditions. The difference in the number of calls responded to and the number of instances of assistance represents those cases in which the Coast Guard responded but in which assistance was given by some other source, or was no longer needed or possible.

Important cases of assistance by the Coast Guard during the year included the rescue of a substantial number of the 407 persons saved when the S. S. *Mary Luckenbach* collided with the U. S. S. *Benevolence* in a fog off San Francisco, sinking the *Benevolence* in fifteen minutes; salvage operations on the S. S. *Andrea F. Luckenbach* grounded on the north coast of the island of Kauai in the Hawaiian

Islands; and the extinguishing of a fire aboard the U. S. S. *Valcour* and the rescue of some 40 men of the *Valcour's* crew from the water off Cape Henry after that vessel was in collision with the S. S. *Thomas Tracy*.

Effective use of aircraft by the Coast Guard included numerous cases of interception and escort of transoceanic passenger aircraft which were in difficulty because of failure of one or more of their engines, and landing offshore for removal of seriously ill or injured persons from vessels at sea, including, in many cases, further transportation by Coast Guard helicopter to a hospital.

A considerable increase in assistance operations has resulted from the great increase in the number of American shrimp fishermen in the waters of the lower Gulf of Mexico and the Gulf of Campeche.

In collaboration with other Government agencies, the Red Cross, and local authorities, the Coast Guard rendered extensive assistance in evacuating persons and salvaging property during the floods which occurred in the valleys of the Chagrin River and the upper Mississippi in the states of Iowa, Illinois, Mississippi, Minnesota, and Wisconsin.

Considerable assistance was rendered to marine commerce on the Great Lakes in the breaking of ice for the passage of vessels. Ice breaking operations were started on March 12, 1951, by the cutters *Mackinaw*, *Mesquite*, *Woodbine*, *Acacia*, and *Woodrush*. The first commercial vessels traversed the Straits of Mackinaw on March 30. Ice breaking assistance was afforded in over 700 cases.

International Ice Patrol

The postseason activities of the International Service for Study and Observation of Ice Conditions in the North Atlantic for the 1950 season continued into the fiscal year 1951. The U. S. C. G. C. *Evergreen* carried out an oceanographic survey program from July 7, 1950, to August 11, 1950, in the ocean area northerly from the Grand Banks to Baffin Bay.

The 1951 Ice Patrol season was inaugurated February 17, 1951, by aerial ice reconnaissance carried out by two long range aircraft operating from Argentia, Newfoundland. These flights continued until May 24, 1951, when it was determined that no seasonal ice menace existed to the recognized routes across the North Atlantic. The major feature of the 1951 season was the unprecedented lack of icebergs. For the second time the entire patrol was accomplished by aircraft alone. The U. S. C. G. C. *Evergreen* carried out the program for oceanographic surveys in the region of the Grand Banks, and plans were made for a postseason oceanographic cruise to the northward in furtherance of the study and observation of ice conditions in the North Atlantic.

Bering Sea Patrol

The Bering Sea Patrol was continued this year. The purpose of the patrol is the protection of life and property; protection of the seal herds and other wild life; law enforcement and transportation of a floating court in the administration of justice; and the furnishing of medical and dental assistance to natives and others in remote localities in the areas contiguous to the Bering Sea and Arctic Ocean. The major part of this patrol was made by the U. S. C. G. C. *Northwind*. During the patrol, the *Northwind* cruised 14,716 miles, carried 65 passengers on missions in the interest of the general public, transported 40 tons of freight for Government agencies, rendered assistance in five cases, rendered medical treatment to 309 persons, and dental treatment to 369 persons.

Ocean Stations

The Coast Guard maintained 5⅔ ocean stations in the North Atlantic during the year. One station is operated two-thirds of the time by the United States and one-third of the time by the Netherlands. By agreement, the United States has accepted the Canadian Government's responsibility for operating one-third of a station in the Atlantic, thus enabling the Canadian Government to discharge in the Pacific Ocean its full obligation for both the Pacific and Atlantic Oceans. The Coast Guard continued to operate three stations in the North Pacific. Ocean stations are maintained and operated for the purpose of providing search and rescue, communications, air navigation facilities, and meteorological services in the ocean areas regularly traversed by aircraft of the United States and of the contracting governments which were party to the agreement on the North Atlantic Ocean Weather Stations. While engaged in this duty, Coast Guard ships transmitted 52,280 weather reports, made 34,550 radio contacts with aircraft, rendered assistance to 60 cases, and cruised 683,708 miles.

Aids to Navigation

On June 30, 1951, there were maintained 37,791 aids to navigation in the navigable waters of the United States, its Territories and possessions, and at overseas military bases. These aids consisted of many different devices, ranging from simple unlighted wooden spar buoys to light stations, lightships, and complex loran (electronic long-range aids to navigation) networks. During the year, 2,422 new aids were established and 2,333 aids were discontinued, resulting in an increase of 89. This increase was necessary to meet changes in requirements due principally to the establishment of aids to navigation for marking completed rivers and harbors improvements.

In addition to 8 loran stations in the United States, 25 others located in widely separated and isolated localities (Greenland, Labrador, Newfoundland, Alaska, the Philippines, and the islands of the Pacific) provide navigators traversing the military and civil air and sea routes of the North Atlantic and Pacific Oceans with means for accurate and quick determination of their positions at all times, regardless of weather conditions.

Marine Inspection and Safety Measures

Among the duties which the Coast Guard performed in promoting safety in the merchant marine and on navigable waters were approval of plans for the construction, repair, and alteration of vessels; approval of materials, equipment, and appliances, issuance of certificates of inspection; administration of load line requirements; licensing and certificating of officers, pilots, and seamen; investigation of marine casualties; enforcement of manning requirements, citizenship requirements, and requirements for the mustering and drilling of crews; control of logbooks; shipping, protection, and welfare of merchant seamen; promulgation and enforcement of rules for lights, signals, speed, steering, sailing, passing, anchorage, movement, and towlines of vessels, and of regulations governing the transportation of explosives and other dangerous cargoes aboard vessels; numbering of undocumented vessels; prescription and enforcement of regulations for outfitting and operation of motorboats; licensing of motorboat operators; and the regulation of regattas and marine parades.

A total of 12,912 plans covering the construction or material alteration of merchant vessels was examined for approval by the Coast Guard. Included among the vessels to which these plans applied were the S. S. *Independence* and the S. S. *Constitution*, 650-foot sister ships having accommodations for 1,000 passengers, which were completed and placed in service during the year.

Items of required safety equipment for use on merchant vessels were examined and tested, and 181 of those items were granted type approval. Among the items considered was the specially designed lifesaving equipment for the S. S. *United States*, the largest passenger vessel ever built in this country. The lifeboats for this vessel have the most advanced design for fire resistance in that all wood has been eliminated from their construction. Factory inspections were made of 414,677 items of equipment.

The first major revision of the Tank Vessel Regulations since 1936 was completed during the year. This revision incorporates the most recent improvements for the safe operation of tank ships, including requirements for closed venting systems on vessels carrying highly inflammable cargoes, and requirements for the use of water spray nozzles in combating oil fires.

The following is a digest of certain phases of the marine inspection activities.

	Number of vessels	*Gross tonnage of vessels*
Annual inspections completed (includes 248 vessels totaling 323,176 gross tons which were conversions or new construction completed)	6, 535	20, 486, 010
Drydock examinations	5, 763	22, 615, 000
Reinspections	2, 682	9, 093, 355
Special surveys (passenger vessels)	102	----------
Special examinations by traveling inspectors on passenger vessels and ferries	172	----------
Undocumented vessels numbered under provisions of the act of June 7, 1918, as amended (46 U. S. C. 288)	461, 535	----------
Miscellaneous inspections	13, 469	----------

There were 2,427 marine casualties reported, of which 1,000 received detailed investigation. Of the casualties receiving detailed investigations, 27 were investigated by Marine Boards of Investigation. There were 333 lives lost in 117 marine casualties. The most serious casualties were the collisions between the tankers *Esso Greensboro* and *Esso Suez*, and between the freighter *Mary Luckenbach* and the hospital ship *Benevolence*. Three vessels of over 1,000 gross tons were lost as a result of marine casualties: the *Benevolence*, the steam dredge *Sandcraft*, and the S. S. *Andrea F. Luckenbach*. Only one passenger lost his life as a result of casualties on inspected and certificated vessels.

Five public hearings of the Merchant Marine Council were held regarding miscellaneous amendments to regulations dealing with marine engineering, transportation of dangerous cargo, lifesaving equipment, and the issuance of new regulations relative to the security of vessels and waterfront facilities. All written and oral comments, data, and suggestions received from private enterprise and industry were considered by the Council, and where possible these were incorporated in the amendments to the regulations.

The Merchant Marine Council Committee held 24 regular meetings and gave preliminary consideration to proposed amendments to regulations, to proposed legislation affecting the merchant marine, and to other merchant marine matters submitted to the Commandant. Panels of consultants composed of outstanding representatives from industry assisted the committee in drafting amendments or new regulations.

To promote safety at sea, 8,000 copies of the monthly periodical *Proceedings of the Merchant Marine Council* were published and distributed free each month to seamen, shipowners, operators, proctors in admiralty, and the various agencies of the Government affected by the merchant marine. This publication contained feature articles and statistics concerning matters of interest to the merchant marine, lessons from casualties occurring in the merchant marine, and advance notice regarding changes in regulations.

Merchant marine personnel.—The licensing and certificating of merchant marine personnel included the issue of a total of 91,591 documents, of which 22,453 were issued to men with no previous service in the merchant marine. In the interests of national defense, 315 individual waivers of manning requirements for merchant vessels were issued. Shipping commissioners supervised the execution of 14,532 sets of shipping articles.

Merchant Marine Investigating Units in major domestic ports and Merchant Marine Details in certain foreign ports continued to operate in the administration of discipline in the merchant marine as required by the act of February 28, 1871, as amended (46 U.S.C. 239). Merchant Marine Details operated in London, Antwerp, Bremerhaven, Naples, Trieste, and Piraeus throughout the year. A total of 7,026 investigations of cases involving negligence, incompetence, and misconduct were made, and as a result of these investigations, charges were preferred and hearings held by civilian examiners in 808 cases.

In compliance with the President's Executive Order 10173, a program of security clearance was begun for licensed and certificated personnel. A total of 207,194 merchant mariners were checked for security under this Executive order, and 92,154 merchant mariners' documents bearing evidence of security clearance were issued. A total of 967 security appeal hearings were granted to persons classed as poor security risks.

Facilities and Equipment

Floating units.—On June 30, 1951, the floating units in active commission consisted of 181 cutters of various types, 58 patrol boats, 37 lightships, 42 harbor tugs, and 10 buoy boats. During the year these vessels cruised 2,742,949 miles in carrying out Coast Guard duties.

In addition to the larger floating units there were 171 motor lifeboats, 1,370 motorboats, and 2,024 nonpowered craft in operation aboard ships and at shore installations.

Armament changes, with emphasis on antisubmarine warfare, were completed on major vessels and on about 10 percent of the smaller vessels. Increased emphasis has been placed on operational training of units, and a new training plan for this purpose was about 50 percent implemented on June 30, 1951. A mobile training detachment has proved highly successful and additional similar units are planned.

Shore establishments.—Captain of the Port offices were established in 13 major ports. Under these offices, 15 operational port security units were activated.

Authorized shore units as of June 30, 1951, included 9 air stations, 12 bases, 41 depots, 170 lifeboat stations, 416 manned light stations, 83 light attendant stations, 38 loran transmitting stations, 49 marine inspection offices, 12 primary radio stations, 1 shipyard, 2 supply centers, 10 supply depots, 1 academy, 2 training stations, and 1 receiving center.

Aircraft.—During the year the Coast Guard operated 113 fixed and rotary wing aircraft deployed from nine air stations and ten air detachments. Air detachments beyond the continental limits were located at Argentia, Newfoundland; San Juan, P. R.; Honolulu, T. H.; Guam, M. I.; Sangley Point, P. I.; Kodiak, Alaska; and Annette Island, Alaska.

During the year aircraft transported 22,224 pounds of mail and 551,271 pounds of freight in logistic support of Coast Guard shore units at isolated stations in the Western Pacific Area.

In carrying out the various Coast Guard duties, a total of 11,565 sorties were flown for a total of 31,386 hours.

Communications.—The Coast Guard maintains and operates an extensive communications system to provide for rapid, essential communications between its units. This includes the operation of rescue control centers which provide for liaison and coordinated communications with all rescue agencies using multiple circuits, both military and commercial.

The Navy NTX facilities and facilities of other Government agencies are used where available, to avoid duplication of Government facilities. Commercial landlines are also utilized, where available, augmented by Coast Guard-owned landlines and submarine cables to connect isolated units.

The facilities of Coast Guard Radio Washington (Alexandria) provide for direct communications with ocean station vessels in the North Atlantic. The Coast Guard radio station at San Francisco, Calif., handles communications with the Pacific Ocean station vessels. Strategically located primary, secondary, and base radio stations (aero) provide communications with cutters, patrol craft, and aircraft. These facilities are employed also for handling distress traffic and for broadcasting both routine and urgent marine information.

Isolated shore units having no landline facilities available are radio equipped. More important shore units are also radio equipped to provide for a casualty circuit in the event of landline failure.

Surplus property.—During the year, surplus property with an acquisition value of $352,000 was transferred to other Government agencies and $409,000 was sold or donated to educational institutions, under General Services Administration Regulations.

CONSTRUCTION AND DEVELOPMENT

New port security units required construction of office space, facilities for housing and messing personnel, and for berthing small boats. This program was 70 percent complete at the end of the fiscal year. A new Coast Guard designed 40-foot boat is being built for port security work.

Construction of a new Gulf of Alaska Loran Chain was commenced with a tentative date of November 1, 1951, for placing the stations on the air. Marshall Island Loran Chain was relocated at Eniwetok, Ebeye, and Wake Islands. Contracts were let for reconstruction of the Hawaiian Loran Chain, involving new stations at Ilio Point and Makahuena Point and rehabilitation of Upolo Point. Rehabilitation of the Philippine Loran Chain was started. In the Marianas, work was contracted for a new station at Falalop, and for reconstruction of buildings at Saipan and Cocos. In the Ryukyu Loran Chain, contracts were entered into for rehabilitation of stations at Okinawa and Iwo Jima.

At the Coast Guard Academy, contracts were entered into for construction of the Memorial Chapel and the first unit of a galley and mess hall building. Training facilities were rehabilitated at the Training Stations at Cape May, N. J., Alameda, Calif., Groton, Conn., and at the Academy.

The Coast Guard maintained 22,000 fixed structures during the fiscal year, and undertook approximately 7,500 construction and repair projects. Of this number a total of 750 were considered major construction projects, varying from providing new light and fog signal buildings to constructing new boathouses, wharves, etc. Of these major projects, 375 were completed during the year.

Plans and specifications were prepared for re-engining two buoy tenders for increased economy. These conversions incorporate new conceptions of power transmission, permitting the very low propeller speed necessary in tender work. The cost of these transmissions will be less than those now used.

A program of testing lubricating oil, which is a large item of expense for diesel engines, has been developed. The tests will show any deterioration of the lubricating oil, giving a positive indication of when the oil should be renewed, thus preventing premature renewal; in addition they will indicate whether or not overhauling or adjustments of engines is necessary.

The development of an automatic tracking Loran receiver was undertaken and carried through to completion. The equipment proved of great advantage to ocean station vessels and to planes on ice patrol duty, and is considered especially useful for aircraft navigation. Investigation is being made of the application of new cross correlation principles for Loran station operation, with a view to improving the operation of the Loran system, especially in those cases where long base lines result in poor signal to noise ratios.

Coast Guard aircraft improvements in both fixed and rotary wing types centered on higher performance, better maintenance, and greater safety. Procurement of a new model amphibian utility aircraft and a new model transport will provide higher performance for the fixed wing type aircraft, and three new helicopter models will provide greater capacity and coverage for operational performance in the rotary wing type aircraft. Aircraft safety improvements included: night flying instrumentation for certain helicopters; shoulder harness and improved landing gear on utility landplanes; standardization of the oxygen, electrical, electronic, and fuel systems, and the incorporation of fire prevention, anti-icing, and safety of flight equipment on certain transport aircraft; modernization of transport aircraft engines to provide greater life and increased horsepower for take-off and top performance; and provision of modified carburetors for the engines used on long-range multi-engine aircraft to provide longer life and increased reliability.

The program of testing and development was continued during the year wherever it was considered it would result in improvements in safety and operations or would permit greater economies in the performance of Coast Guard duties. Significant development programs included:

(a) A survey to establish the best color schemes and types of paints for use at shore establishments and on shipboard to improve working conditions, reduce safety hazards, and to reduce costs by eliminating the need for maintaining stocks of a large variety of paints; (b) Development of equipment to permit handling of small boats with greater safety under adverse weather conditions; (c) Development of fire retardant paint for use in interiors of Coast Guard and merchant vessels to reduce fire hazards; (d) Development of improved lighted aids to navigation on light vessels for greater assistance to mariners under conditions of poor visibility; and (e) Application of cathodic protection to offshore light structures to reduce annual maintenance costs and to extend the useful life of these steel structures.

The Coast Guard, in joint effort with the Department of the Navy, Department of the Army, the Maritime Administration, and the American Bureau of Shipping, actively participated in the work of the Ship Structure Committee. This committee, under the chairmanship of the Engineer-in-Chief of the Coast Guard, is charged with the responsibility of prosecuting a research program to improve the hull structures of ships through an extension of knowledge pertaining to design, materials, and methods of fabrication. Great strides have been made by this committee toward the solving of many problems involved in ship structures, and much new information was gained concerning the characteristics of steel used in ship construction. One major project of the committee is the continuing study of the problem of why ships break apart.

Safety Program

All branches of the Coast Guard vigorously pursued a safety program during the fiscal year, with the objective of the President's safety program goal of a 50 percent reduction in 1952 of the accident rate of the Service. Numerous improvements were recently effected in the organization of the safety program, by establishing safety requirements in all Coast Guard activities. Although the accident rate increased in some branches during the last half of the fiscal year 1951, it is probable that the increased rate was due in some measure to improved reporting practice, which eventually will result in more accurate information on accident causes and a more rapid reduction in accident rate. The most marked improvement for the past several years has been in a reduction of vehicular accidents. With improved organization, an even more vigorous safety program during the next fiscal year is expected to better the conservation of personnel and material through reduction of accidents.

Personnel

On June 30, 1951, the military personnel strength of the Coast Guard on active duty consisted of 2,632 commissioned officers, 448 commissioned warrant officers, 362 cadets, 467 warrant officers, and 25,375 enlisted men.

To help meet the officer replacement needs of the regular Coast Guard, 136 officers were appointed from among the commissioned warrant officers, and warrant officers and enlisted men of the Coast Guard who formerly held commissions for temporary service, and 12 from among qualified merchant marine officers. New officers for extended active duty were appointed in the Coast Guard Reserve from among former enlisted personnel of the Coast Guard and Coast Guard Reserve, and from graduates of colleges and merchant marine academies.

An increase in active personnel was required to meet the manning needs of port security units and newly commissioned vessels. The officer needs were met by calling 263 Reserve officers to active duty, appointing and calling to active duty 173 new Reserve officers, appointing for temporary service 90 commissioned warrant and warrant officers and enlisted men, and appointing 86 enlisted men to warrant grade for temporary service. An increase of 5,028 enlisted men was authorized.

The authorized force of civilian employees at Coast Guard Headquarters on June 30, 1951, was 874. In the field, the authorized force was 1,542 salaried personnel, 3,088 wage board employees, and 627 lamplighters.

Of the 26,113 men who applied for enlistment in the Coast Guard, 7,358 were enlisted, 5,269 were rejected for physical reasons, 10,024 were rejected for other reasons, and 1,728 were accepted but failed to enlist; 1,734 applications were pending on June 30, 1951. A total of 6,025 recruits reported to the three recruit training centers which were in operation during the year at Cape May, N. J., Groton, Conn., and Alameda, Calif.

On September 27, 1950, Executive Order 10164 authorized the Coast Guard, in cases where enlisted personnel did not immediately reenlist in the Coast Guard, to extend enlistments for one year, if the date of expiration of enlistment occurred prior to July 9, 1951. This Executive order gave to the Coast Guard the same authority as the other armed services, for the purpose of alleviating attrition during the existing emergency. The Coast Guard, however, adopted a policy of permitting the discharge of men upon expiration of enlistment, provided they immediately enlisted in the Coast Guard Reserve. This was to prevent a future serious depletion of personnel due to expiration of enlistments when the emergency ends, and also to provide for a more effective Reserve.

A considerable dislocation of personnel resulted from the immediate need for trained petty officers for the port security and vessel manning programs. It was necessary to deplete the operating forces in order to provide petty officers, and all training schools were expanded to maximum capacity. An average of 842 men per month were in training at all schools. In addition to using special Navy schools, two Coast Guard Training Detachments were established for training port security personnel: one for explosive loading at the U. S. Naval Magazine, Port Chicago, Calif., and one for waterfront security and patrol duties at the Army Military Police Replacement Training Center, Camp Gordon, Ga.

On June 1, 1951, after satisfactorily completing the four year course, 63 cadets were graduated from the Coast Guard Academy and were commissioned ensigns. In the 1951 nation-wide competitive examination for appointment as cadets, 962 received passing grades from among 4,181 who took the examination; it is expected that 200 of those who passed will be appointed as the Class of 1955. The 1951 cadet practice cruise for practical sea training was made aboard the cutters *Campbell* and *Eagle*, and included visits to European ports.

A comprehensive postgraduate program of specialized and advanced training was afforded selected officers for the purpose of providing for the most efficient conduct of the many highly specialized and technical phases of Coast Guard operations and administration.

At the close of the fiscal year, 87 U. S. Public Health Service officers were on duty with the Coast Guard; these included 34 medical officers, 42 dental officers, 9 nurse officers, 1 scientist officer, and 1 sanitary engineer officer. During the year the U. S. Public Health Service instituted a plan whereby second year residents from selected U. S. Public Health Service Hospitals were detailed for duty on board ocean station vessels. This plan worked very successfully, and the medical care provided personnel was greatly improved.

Uniform Code of Military Justice

The new Uniform Code of Military Justice became effective May 31, 1951, and proceedings in accordance therewith were instituted. This Code supersedes the separate systems previously used by each of the military services so that one system is now applicable to all.

Coast Guard Reserve

For the first time, funds were received for training Reserve personnel to enable the Coast Guard when operating as a part of the Navy to perform those duties which have been delegated to it. Because the act of August 9, 1950 (Public Law 679, 81st Congress, Second Session) charged the Coast Guard with the function of port security, priority was given to training for this type of duty. Organized Reserve Training Units, Port Security (ORTUPS) were established in major port cities. These units ranged in size from 7 officers and 44 men to 11 officers and 124 men. By June 30, 1951, 35 ORTUPS were in operation with a total membership of 224 officers and 1,992 enlisted men in paid drill status.

Although other training was held to a minimum for financial reasons, 418 Reserve Officers and 1,178 Reserve enlisted personnel received two weeks of active duty for training. In anticipation of a larger program, the Commandant authorized Organized Reserve Training Units, Vessel Augmentation (ORTUAG) in Boston, Mass., and Washington, D. C. The mission of these units is to prepare teams of officers and enlisted men to augment the personnel of Coast Guard vessels in time of war or emergency.

The Reserve Volunteer Training Program had 66 units in operation on June 30, 1951. A total of 1,592 officers and 501 enlisted personnel received training in volunteer status during the year.

Coordinated with the beginning of the training program, a screening and classification program was conducted to assure the general readiness of members of the Reserve to serve. This program resulted in the removal from the active rolls of those officers found unfit or unwilling to perform duty. By the end of the year, 152 officers had been transferred to the inactive Reserve for failure to meet the established standards.

Forty reserve ensigns not scheduled for immediate active duty received two weeks' intensive indoctrination at the Coast Guard Air Station, Elizabeth City, N. C.

At the end of the fiscal year 1951, the active Reserve had a total strength of 8,300, including approximately 3,800 officers and 4,500 enlisted men.

Coast Guard Auxiliary

The Coast Guard Auxiliary is a nonmilitary organization sponsored by the Coast Guard to assist in promoting safety and in effecting rescues on and over the high seas and on navigable waters; in promoting efficiency in the operation of motorboats and yachts; in fostering a wider knowledge of, and better compliance with, the laws, rules, and regulations governing the operation of motorboats and yachts; and in facilitating other operations of the Coast Guard. The Auxiliary increased its membership during the year to 13,076, with an affiliated ownership of 6,838 boats, 404 planes, and 206 radio stations. In addition to meeting the requirement that members maintain a high standard of efficiency in engineering, safety, navigation, and operating practices, members gave courtesy motorboat inspections and small-boat seamanship training to the general public, provided safety patrols for regattas and marine parades, and endeavored to carry on a program of safety education and self-help under the general auspices and guidance of the Coast Guard.

Management Improvement

The management programs of the Coast Guard are designed to meet the specific requirements of the Service, but are kept in phase with both Treasury and Navy programs. Management planning during the fiscal year was complicated by the defense emergency. A reappraisal of objectives was necessitated by the institution of the port security program and the need for improving the military readiness of the Service. The demands of the port security program required approximately a 25 percent increase in personnel with inevitable problems of personnel procurement, training and placement, and of organization, establishment, and equipment of new units. A further increase was requested to meet the demands of military readiness.

A major reorganization of Coast Guard Headquarters was accomplished on May 1, 1951, concluding a project which has been under active consideration since 1948. Some major aspects of the reorganization were: (a) the establishment of positions of Chief of Staff and Deputy Chief of Staff with responsibility for general administration, for the initiation, development, and review of basic policies and programs, and for functioning as management advisers to the Commandant; (b) the establishment of the comptroller-type organization having responsibility for supervision and coordination of the activities of accounting, audit, budget, cost analysis, statistical services, and supply; and (c) the establishment of the Statistical Services Division with responsibility for machine statistical accounting, and centralized reports and forms control. The new statistical division has absorbed, to date, various statistical services previously performed throughout Headquarters.

A program to strengthen the reporting system by centralization of reporting and establishment of a reports and forms control system has been instituted. The consolidation of two formerly separate machine accounting units has produced greater efficiency, particularly with regard to better machine utilization, improved scheduling, and more accurate reports.

During the past year a project had been undertaken to list all required reports, including material required, frequency of submittal, units originating, number of addressees, and number of copies prepared. As a result the use of approximately 10 percent of all Coast Guard forms has been discontinued.

The current guide and charter for management planning is furnished by the two survey reports recently completed by the firms of Booz, Allen, and Hamilton; and Cresap, McCormick, and Paget. These combined with the Ebasco report of 1948 furnish at least a 10-year program.

A study prepared by the first of these firms consisted of a detailed classification survey of the military and civilian positions at fourteen selected "type" stations of the Coast Guard, to determine the extent to which job classification is applicable to the Service and to develop methods and procedures for continuing the process to cover all jobs. Basically the survey report recommends that the Coast Guard pursue continuing programs encompassing (1) job analysis, classification, and evaluation, (2) work measurement, and (3) objective determination of manning requirements. The report has been integrated into the over-all management plan of the Coast Guard as a long range program.

Cresap, McCormick, and Paget conducted a survey of the Coast Guard Yard at Curtis Bay, Md., to further efficiency and economy of operation. The study reported on the organization, administrative practices, controls, production management, and industrial practices at the Yard. The report constitutes a comprehensive and independent document on which to base aggressive revitalization of the continuing programs for improvement of the Yard.

A survey and analysis of the place of Coast Guard aviation in the total Service operating plan was completed during the past year. The analysis included existing air facilities, including aircraft, their location, disposition, utilization, and effectiveness. The ultimate purpose of this study is the general improvement of efficiency and economy of the Coast Guard aviation program.

The installation of the accounting system which has been under development since November 1948 was completed during the fiscal year 1951. The program has been conducted with the active cooperation and assistance of representatives of the joint program for improvement of accounting in the Federal Government. Full-time staff representation has been provided both by the Accounting Systems Division of the General Accounting Office and the Bureau of Accounts of the Treasury Department to work on this project. Many innovations are being tested in the Coast Guard with a view to their general adoption throughout the Federal Government.

The program for a strengthened system of supply has been developed to the extent that the planned ten supply depots have been established and placed in commission, with the last established on April 1, 1951. These depots are able to make area-centralized procurement quarterly, enabling the Coast Guard to benefit by making large purchases instead of numerous small ones.

The agreement between the Secretaries of the Treasury and of the Navy whereby the Navy has become the source of supply for equipment and consumables common to the two services has enabled the Coast Guard to procure approximately 80 percent of its requirements at contract prices far below what it would be required to pay if purchasing for its own use commercially. The Coast Guard supply depots are each supported logistically by a naval supply activity in their general area. Before commercial purchases are now made, the facilities of all other governmental procuring agencies are utilized to the fullest extent for the items which cannot be obtained from the Navy.

The inventory needs of the Service have been established by an inventory control procedure which provides for maximum and minimum levels based on the premise that the unit should not have to replenish its stock more than once each quarter. From the usage factor obtained by inventory control, all requisitions for supplies are analyzed, in order to reduce the quantities of such items as are considered in excess of the 90-day requirement of the unit.

The Cataloging Subsection and the Specifications Subsection have standardized many items with those of the Navy. The Coast Guard participates actively in the Munitions Board Cataloging Agency program of item identification. Descriptions are submitted in accordance with the approved description pattern on the items which are peculiar to Coast Guard operations. Specifications on items peculiar to the Coast Guard are being developed, published, and distributed. Coordination is maintained with other agencies in reviewing and commenting on their proposed specifications.

As the inventory control program gains more information on usage it will be possible to do more purchasing for areas as a whole, which

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will result in savings from larger orders, obtaining the best possible prices, and decreasing the volume of work on purchase orders.

While the policy to delegate authority to the lowest echelon possible always has been emphasized, further delegations of authority from the Commandant to District Commanders are under consideration which will materially facilitate administrative procedures and increase the effectiveness of operations.

Funds Available, Obligations, and Balances

During the fiscal year 1951, the sum of $167,500 was expended for mustering out payments under the provisions of the act of February 3, 1944, as amended (38 U. S. C. 691). In settlement of unused leave, under the act of August 9, 1946 (37 U. S. C. 37), $48,989.73 was paid to 298 claimants.

The following table shows the amounts available for the Coast Guard during 1951, and the amounts of obligations and unobligated balances.

	Funds available	Net total obligations	Unobligated balances
Operating expenses	$154, 600, 000	$149, 091, 317	$5, 508, 683
Retired pay	15, 575, 000	15, 307, 484	267, 516
Acquisition, construction, and improvements:			
Acquisition, construction, and improvements	29, 663, 756	25, 598, 552	4, 065, 204
Acquisition of vessels and shore facilities	3, 865	−39, 190	43, 055
Establishing and improving aids to navigation	−3, 361	−9, 163	5, 802
Special projects, aids to navigation	−7	−7	
Subtotal	29, 664, 253	25, 550, 192	4, 114, 061
Total appropriated funds	199, 839, 253	189, 948, 993	9, 890, 260
Miscellaneous funds:			
Payments, Armed Forces Leave Act of 1946 (allotment to Treasury, Coast Guard)	80, 073	63, 737	16, 336
Coast Guard Academy, donations for chapel, Treasury Department	441, 161	438, 953	2, 208
United States Coast Guard gift fund	100		100
Total miscellaneous funds	521, 334	502, 690	18, 644
Working funds established by advances from other Government agencies:			
Department of Defense:			
Department of the Navy	3, 218, 040	3, 192, 502	25, 538
Department of the Army	176, 779	176, 779	
Federal Security Agency	461, 902	461, 902	
Department of Commerce	23, 629	23, 372	257
Total working funds	3, 880, 350	3, 854, 555	25, 795
Grand total	204, 240, 937	194, 306, 238	9, 934, 699

UNITED STATES SAVINGS BONDS DIVISION

The United States Savings Bonds Division promotes the sale of United States savings bonds and provides services to the large volunteer organization engaged in promoting their sale.

It is headed by a volunteer National Director, who is assisted by a paid staff including a director of sales and an executive officer. These officials direct a small headquarters staff comprising Publicity and Promotion, Advertising, Payroll Savings, Banking and Investments, Labor, Agriculture, Education, and Community Activities Divisions or field representatives and their staffs in each of the 48 States, the District of Columbia, and the Territory of Hawaii.

The efforts of this relatively small paid staff (683 employees as of June 30, 1951) are augmented by millions of volunteers, under the direction of State and local advisory chairmen, who in turn are aided by more than 25 national advisory committees, all of whom serve without compensation. The National Director and his paid staff stimulate, coordinate, and service the volunteer organization to carry on the personal solicitation and direct sale to the public.

During the past few years, the Savings Bonds Division has promoted sales of Series E bonds as a method of channeling into savings through the payroll savings plan consumer income of regularly salaried employees. After the North Korean invasion of the Republic of Korea, the Division immediately keyed its promotion material to the defense program, but at the same time continued its effort to sell through payroll savings channels. After the entry of the Chinese Communists into the Korean conflict in the fall, the Treasury began calling the bonds defense bonds rather than savings bonds, although no change was made in the wording on the bonds themselves.

By the end of the fiscal year, the Division was well reoriented to the national defense program. Plans for the first drive were under way before spring and, on April 30, a 2-month drive began. Although the purpose of this drive was primarily to publicize the new Series E bond maturity options (see exhibit 15), it served admirably to point up the significance of the Series E bond in our rearmament program.

The fiscal year 1951 saw substantial gains made in payroll savings. In payroll savings campaigns completed during the year, some 820,000 new regular bond purchasers were added, raising the total number of payroll savers to more than 5.8 million. In the aggregate, these savers purchased more than $15 million of savings bonds per month. About 5,500 new firms of all sizes installed the payroll savings plan during the year. The Division also endeavored to increase the interest of labor groups and to expand its farm market.

A campaign was instituted during the year to bring the payroll savings plan directly to approximately 2,500,000 businesses in the Nation employing fewer than 100 people. Approximately 20 percent of these small businessmen were reached by this method and the national organizations have pledged their continuing support of this effort.

The Flag City Campaign is a direct outgrowth of this Division's efforts. Approximately 35 Flag City Campaigns have been conducted and flags awarded because 80 percent or more of a city's businesses have installed the payroll savings plan, or because the plan has been installed by businesses employing 80 percent or more of a community's working population.

An important undertaking was the National 4–H Thrift Program, seeking the participation of nearly two million boys and girls. This was sponsored jointly with the Department of Agriculture and the American Bankers Association. By the end of the year, approximately forty States had launched 4–H Thrift projects. Several States reported the best acceptance of the 4–H Program of any ever developed for rural areas.

As a result of Public Law 12, Eighty-second Congress, approved March 26, 1951, which provided several new alternatives to holders of Series E bonds maturing on or after May 1, 1951, a question and answer folder, covering the extension of such Series E bonds, was prepared. This folder has had wide distribution through the banks and has been helpful in describing to the banks' customers the various features offered by the new extension law.

During the past fiscal year, the advertising industry contributed well over $50 million worth of time and space for defense bond advertising, the greatest amount in any peacetime year. This advertising has come through allocations of the Advertising Council (a voluntary nonprofit group organized to support public service programs); through national and local advertisers and through their agencies; from daily and weekly newspapers, national magazines, business publications, farm journals, national networks, and local radio, television, outdoor transportation advertising, and other graphic media. A special group of advertising agencies appointed by the Advertising Council voluntarily aided the Treasury in the preparation of defense bond campaigns.

The management program of the Division received considerable emphasis during the fiscal year 1951. Its scope and objectives were substantially broadened, and satisfactory progress was made in planning for long-range continuing benefits. Comprehensive surveys resulted in initiation of organizational changes and realignments to eliminate jurisdictional overlapping, improve employee use, and provide for accelerated review of organization and methods. Fiscal operations were simplified and strengthened through revision of allotment accounting operations.

Gross sales of savings bonds of all series during the fiscal year 1951 amounted to $5,143 million. Details of these sales, as well as of redemptions and amounts outstanding, will be found on pages 801 through 812.

UNITED STATES SECRET SERVICE

Secret Service responsibilities were defined in legislation introduced in Congress during the year (H. R. 2395) as an amendment to 18 U. S. C. 3056, to give the Secret Service basic authority as follows:

"Subject to the direction of the Secretary of the Treasury, the United States Secret Service, Treasury Department, is authorized to protect the person of the President of the United States and members of his immediate family, the President-elect, and the Vice President at his request; detect and arrest any person committing any offense against the laws of the United States relating to coins, obligations and securities of the United States and of foreign governments; detect and arrest any person violating any of the provisions of sections 508 and 509 of this title and, insofar as the Federal Deposit Insurance Corporation, Federal land banks, joint-stock land banks and national farm loan associations are concerned, of sections 218, 221, 433, 493, 657, 709, 1006, 1007, 1011, 1013, 1014, 1907, and 1909 of this title; detect and arrest any person violating any laws of the United States directly concerning official matters administered by and under the direct control of the Treasury Department; execute warrants issued under the authority of the United States; carry firearms; offer and pay rewards for services or information looking toward the apprehension of criminals; and perform such other functions and duties as are authorized by law."

Until this legislation was enacted on July 16, 1951, these Secret Service powers were derived from annual appropriation acts. The Secret Service also directs activities of the White House Police, which protects the Executive Mansion and grounds; and of the Uniformed Force, which protects the Treasury Building and other buildings housing Treasury Department activities, and the currency and other obligations and securities of the United States in production, storage, and transit.

Management Improvement

As part of the management improvement program, the Secret Service reorganized its field structure at the beginning of the year and established a formal system of field inspection. For administrative purposes the United States was divided into four regions, each headed by an inspector with headquarters in Washington. The four inspectors will be reassigned at intervals to insure flexibility of the inspection process.

Responsibility for field inspections under the former organization rested with 14 supervising agents. Since these were primarily field positions the inspection process lacked uniformity and was only indirectly supervised from headquarters. Under the present structure the four inspectors act as personal representatives of the Chief of the Secret Service and benefit from close contact with various staff personnel in Washington.

The inspectors have effectively imparted new administrative techniques to field personnel, and they have conducted investigations in the field which have proven invaluable in identifying problem areas. The inspectors have authority to take immediate remedial action, but the more serious problems are discussed with the Chief of the Secret Service in Washington. Comprehensive inspection reports are submitted to the Chief, with copies to the interested offices, and definite recommendations or instructions for improvements are sent in writing to the special agents in charge affected.

Other management improvement attainments include:

1. A comprehensive records retirement program, in which some 3,000 cubic feet of files and papers have been destroyed or sent to Archives for permanent record. This is a continuing program.

2. Establishment of a Counterfeit Files Section at headquarters. This comprises an extensive documentation of counterfeiters and counterfeit suspects with relevant descriptions and *modus operandi*. The section coordinates all field counterfeiting investigations, and analyzes and classifies pertinent data in investigative reports.

3. Expansion of the public information program. Informing the public about counterfeit bills and forged checks has been most helpful in curbing these crimes. A new 4-page "Know Your Money" leaflet and a new edition of the 32-page "Know Your Money" booklet have been prepared. Secret Service agents participated in "Counterfeit Clinics" sponsored by Federal Reserve Banks, designed to acquaint bank employees with methods of detecting

counterfeits. New easel displays of genuine and counterfeit money are nearing completion and will be distributed to banks and business groups for temporary exhibition. A new educational film, produced for the Secret Service without cost to the Government, was in production and was to be completed early in the fiscal year 1952, for showing to banks, police departments, and business organizations.

4. Plans have been drawn for a comprehensive 6-week training course in criminal investigation for Secret Service agents, which is to be placed in operation when funds permit.

5. Legislation amending certain currency laws was recommended by the Secret Service. This legislation was incorporated in the law enacted July 16, 1951.

6. Revision of daily and monthly activity report forms used by all personnel to provide better utilization of personnel through careful analysis of actual operations. This is especially important as criminal activity shifts from one location to another.

Protective and Security Activities

In connection with its protection of the President, the Secret Service successfully defeated an attempt on November 1, 1950, by two Puerto Ricans to shoot their way into Blair House, the temporary home of the President. One assailant, Griselio Torresola, was shot and killed and one White House Police officer, Leslie Coffelt, was fatally wounded. The surviving attacker, Oscar Collazo, was convicted and sentenced to death. Alleged coconspirators were arrested by Secret Service agents in New York and are awaiting trial.

The Uniformed Force of the Secret Service safeguarded more than $227 billion of currency, stamps, and other obligations in transit, and more than $549 billion of securities in production and storage.

Enforcement Activities

Increased activity in the forgery of Government checks was attributed to the fact that drug addicts were stealing and negotiating checks to buy narcotics. During the year the Secret Service received for investigation 32,738 forged checks and 5,975 forged bonds. Special agents arrested 2,288 for check and bond forgery and investigated 38,102 forged Government checks worth $2,752,494. There were 6,569 forged bonds investigated, representing $411,954. As of June 30 there were 9,009 forged checks and 2,425 forged bonds on hand awaiting investigation.

In Cincinnati, Ohio, a professional dancer was arrested when he tried to steal Government checks by holding up a letter carrier. The dancer was under the influence of narcotics at the time and admitted that he was one of a group of heroin addicts who had been stealing checks from mail boxes. They forged and cashed the checks to buy bootleg drugs which cost each of them more than $20 a day. Joint investigation by the Secret Service, the Bureau of Narcotics, and post office inspectors in Cincinnati revealed that peddlers of heroin and morphine gave the drugs to minors without cost until they became addicted, then suggested that they steal and forge Government checks to get cash to buy narcotics. The dancer was sentenced to 5 years and sent to the Public Health Service Narcotic Hospital at Lexington, Ky., for treatment.

In the suppression of counterfeiting there was a noticeable improvement in the quality of counterfeit bills, partly because they were made by criminals well-versed in photo-mechanical processes or by ex-counterfeiters who tried to profit by earlier mistakes in reproduction processes.

The Secret Service seized $1,430,931 in counterfeit bills and $8,505 in counterfeit coins, a total of $1,439,436. Of this total, $918,249 was captured before it could be passed to the public. The balance represented losses to merchants and others. Notes and coins seized in 1950 totaled $1,289,281. Special agents arrested 307 persons charged with counterfeiting offenses and captured 7 plants for the manufacture of 101 issues of counterfeit notes. There were 144 new counterfeit note issues during the year, 94 of which were of foreign origin.

Among the counterfeiting cases which resulted in convictions were the following instances. The trail of three counterfeiters led from California to a log cabin in the Missouri woods, where the Secret Service captured the trio and their plant, including scores of plates for $5 and $10 bills. The two men and one woman were sentenced to terms as high as six years.

In California, two Hollywood counterfeiters set out to make bogus $1 and $20 bills, but decided a good imitation of a rare postage stamp would be more profitable. After reading a newspaper story to the effect that a 24-cent United States airmail stamp with an inverted airplane in the design was worth nearly $4,000 the pair discontinued production of counterfeit bills and began to make the counterfeit rare stamps. Before any of the counterfeits could be marketed the Secret Service captured the makers and the plant. Both counterfeiters were convicted.

Another counterfeiting plant was captured in Aurora, Ill., just one week after its two operators put their homemade $20 bills into circulation. Special agents seized $46,000 in counterfeit bills. The two counterfeiters were convicted and sentenced to 5 years each for passing the notes, and they still face manufacturing charges.

The following table summarizes seizures of counterfeit money during the fiscal years 1950 and 1951.

	1950	1951	Increase, or decrease (−)	Percentage increase, or decrease (−)
Counterfeit and altered notes seized:				
After being circulated	$727,086.33	$512,987.53	−$214,098.80	−29.4
Before being circulated	553,315.00	917,943.95	364,628.95	65.9
Total	1,280,401.33	1,430,931.48	150,530.15	11.8
Counterfeit coins seized:				
After being circulated	8,040.73	8,200.15	159.42	2.0
Before being circulated	839.20	305.20	−534.00	−63.6
Total	8,879.93	8,505.35	−374.58	−4.2
Grand total	1,289,281.26	1,439,436.83	150,155.57	11.6

Arrests for all offenses totaled 2,772 and there were 2,507 convictions in cases of all types, representing 98.8 percent of convictions in the cases which went to trial. Prison sentences aggregated 2,878 years and additional sentences of 2,590 years were suspended or probated. Fines in criminal cases totaled $141,486.

The following tables constitute a statistical summary of Secret Service investigations, arrests, and dispositions for the fiscal years 1950 and 1951.

Number of investigations of criminal and noncriminal activities, fiscal years 1950 and 1951

	1950	1951	Increase, or decrease (−)	Percentage increase, or decrease (−)
Criminal cases:				
Making or passing:				
Counterfeit notes	1,256	948	−308	−24.5
Counterfeit coins	98	78	−20	−20.4
Altered obligations	274	231	−43	−15.7
Forgery of Government checks	30,059	38,102	8,043	26.8
Stolen or altered bonds	6,162	6,569	407	6.6
Protective research cases	2,610	3,422	812	31.1
Other criminal cases	300	368	68	22.7
Total	40,759	49,718	8,959	22.0
Noncriminal cases	1,745	2,361	616	35.3
Grand total	42,504	52,079	9,575	22.5

Number of arrests and cases disposed of, fiscal years 1950 and 1951

	1950	1951	Increase, or decrease (−)	Percentage increase, or decrease (−)
Arrests for:				
Making or passing:				
Counterfeit notes	489	276	−213	−43.6
Counterfeit coins	53	31	−22	−41.5
Altered obligations	61	44	−17	−27.9
Forgery of Government checks	2,336	2,174	−162	−6.9
Violation of Gold Reserve Act	33	9	−24	−72.7
Stolen, altered, or forged bonds	112	114	2	1.8
Protective research cases	46	85	39	84.8
Stamp and strip stamp cases	15		−15	−100.0
False claim cases	1	19	18	1,800.0
Miscellaneous	22	20	−2	−9.1
Total	3,168	2,772	−396	−12.5
Cases disposed of:				
Convictions in connection with:				
Counterfeit notes	295	183	−112	−38.0
Counterfeit coins	49	25	−24	−49.0
Altered obligations	57	43	−14	−24.6
Forgery of Government checks	2,080	2,031	−49	−2.4
Violation of Gold Reserve Act	6	8	2	33.3
Violation of Farm Loan Act		1	1	100.0
Stolen, altered, or forged bonds	110	108	−2	−1.8
Protective research cases	40	79	39	97.5
False claim cases	1	8	7	700.0
Miscellaneous	29	21	−8	−27.6
Total	2,667	2,507	−160	−6.0
Acquittals	75	30	−45	−60.0
Dismissed, not indicted, or died before trial	197	264	67	34.0
Total cases disposed of	2,939	2,801	−138	−4.7

EXHIBITS

PUBLIC DEBT OPERATIONS

TREASURY NOTES, TREASURY BONDS, AND TREASURY CERTIFICATES OF INDEBTEDNESS

Exhibit 1.—Offering of 1¼ percent Treasury notes of Series F–1951 [1]

[Department Circular No. 869. Public Debt]

TREASURY DEPARTMENT,
Washington, September 5, 1950.

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par, from the people of the United States for notes of the United States, designated 1¼ percent Treasury notes of Series F–1951, in payment of which any of the following listed Treasury securities, singly or in combinations aggregating $1,000 or multiples thereof, may be tendered:

Treasury certificates of indebtedness:
- 1⅛ percent certificates, Series G–1950, dated September 15, 1949, maturing September 15, 1950.

Treasury bonds:
- 2 percent bonds of 1950–52, dated April 15, 1943, due September 15, 1952, called for redemption September 15, 1950.
- 2½ percent bonds of 1950–52, dated September 15, 1938, due September 15, 1952, called for redemption September 15, 1950.

II. DESCRIPTION OF NOTES

1. The notes will be dated September 15, 1950, and will bear interest from that date at the rate of 1¼ percent per annum, payable with the principal at maturity on October 15, 1951. They will not be subject to call for redemption prior to maturity.
2. The income derived from the notes shall be subject to all taxes, now or hereafter imposed under the Internal Revenue Code, or laws amendatory or supplementary thereto. The notes shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.
3. The notes will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.
4. Bearer notes will be issued in denominations of $1,000, $5,000, $10,000, $100,000, and $1,000,000. The notes will not be issued in registered form.
5. The notes will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States notes.

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions will be received at the Federal Reserve Banks and branches and at the Treasury Department, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.
2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of notes applied for, and to close

[1] Details of Department Circular No. 867, dated June 21, 1950, covering the offering of Series E–1951 notes will be found on page 144 of the 1950 annual report; and the exchanges of the notes for maturing certificates of indebtedness will be found on page 146 of the same report.

the books as to any or all subscriptions at any time without notice; and any action he may take in these respects shall be final. Subject to these reservations, all subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

IV. Payment

1. Payment at par for notes allotted hereunder must be made on or before September 15, 1950, or on later allotment, and may be made only in Treasury certificates of indebtedness of Series G–1950, maturing September 15, 1950, or in 2 percent Treasury bonds of 1950–52 or 2½ percent Treasury bonds of 1950–52, both called for redemption September 15, 1950, which will be accepted at par, and should accompany the subscription. The full year's interest on the certificates surrendered will be paid to the subscriber following acceptance of the certificates. Final interest due September 15 on bonds surrendered will be paid, in the case of coupon bonds, by payment of September 15, 1950, coupons, which should be detached by holders before presentation of the bonds, and in the case of registered bonds, by checks drawn in accordance with the assignments on the bonds surrendered.

V. Assignment of Registered Bonds

1. 2 percent Treasury bonds of 1950–52 or 2½ percent Treasury bonds of 1950–52 in registered form tendered in payment for notes offered hereunder should be assigned by the registered payees or assignees thereof to "The Secretary of the Treasury for exchange for Treasury Notes of Series F–1951 to be delivered to ----------------", in accordance with the general regulations of the Treasury Department governing assignments for transfer or exchange, and thereafter should be presented and surrendered with the subscription to a Federal Reserve Bank or branch or to the Treasury Department, Division of Loans and Currency, Washington, D. C. The bonds must be delivered at the expense and risk of the holders.

VI. General Provisions

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts, to issue allotment notices, to receive payment for notes allotted, to make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

John W. Snyder,
Secretary of the Treasury.

Exhibit 2.—Details of Treasury note issues and allotments

Circulars pertaining to other issues of Treasury notes during the fiscal year 1951, except the offering shown in exhibit 7, are similar in form to the circular shown as exhibit 1 and therefore are not reproduced in this report. However, the essential details regarding each issue are summarized in the following table, and the final allotments of new notes in exchange for maturing or called securities are shown in the succeeding table.

Summary of information contained in circulars pertaining to Treasury notes issued during the fiscal year 1951

Date of circular	Number of circular	Treasury notes issued and securities exchanged for new issues	Date of issue	Date of maturity	Date subscription books closed	Allotment payment date on or before (or on later allotment)
1950 Sept. 5	869	1¼% Series F-1951 Exchanged for— 1⅛% Series G-1950 certificates maturing Sept. 15, 1950. Treasury bonds called for redemption on Sept. 15, 1950, as follows: 2½% of 1950-52 (dated Sept. 15, 1938). 2% of 1950-52 (dated Apr. 15, 1943).	*1950* Sept. 15	*1951* Oct. 15	*1950* Sept. 8	*1950* Sept. 15
18	870	1¼% Series G-1951 Exchanged for— 1⅛% Series H-1950 certificates maturing Oct. 1, 1950.	Oct. 1	Nov. 1	Sept. 21	Oct. 2
Dec. 4	879	1¾% Series B-1955 Exchanged for— 1½% Treasury bonds of 1950 maturing Dec. 15, 1950. 1⅛% Series A-1951 certificates maturing Jan. 1, 1951.	Dec. 15	*1955* Dec. 15	Dec. 7	Dec. 15 *1951* Jan. 2
1951 Mar. 26	884	1½% EA-1956 Available to owners of— 2¾% Treasury Bonds, Investment Series B-1975-80.	*1951* Apr. 1	*1956* Apr. 1	----------	

Treasury notes issued in exchange for matured or called securities by Federal Reserve districts, fiscal year 1951

[In thousands of dollars]

Federal Reserve district	1¼% Series F-1951 notes exchanged for—				1¼% Series G-1951 notes exchanged for 1⅛% Series H-1950 certificates maturing Oct. 1, 1950	1¾% Series B-1955 notes exchanged for—		
	1⅛% Series G-1950 certificates maturing Sept. 15, 1950	2% Treasury bonds of 1950-52 (dated April 15, 1943) called for redemption on Sept. 15, 1950	2½% Treasury bonds of 1950-52 (dated Sept. 15, 1938) called for redemption on Sept. 15, 1950	Total		1½% Treasury bonds of 1950 (dated June 1, 1945) maturing Dec. 15, 1950	1⅛% Series A-1951 certificates maturing Jan. 1, 1951	Total
Boston	1, 707	6, 636	678	9, 020	10, 556	82, 318	71, 028	153, 346
New York	981, 871	3, 726, 246	846, 596	5, 554, 713	4, 966, 660	1, 034, 932	3, 107, 010	4, 141, 942
Philadelphia	2, 653	14, 694	832	18, 179	16, 033	54, 497	57, 982	112, 479
Cleveland	2, 934	12, 209	401	15, 544	10, 267	47, 422	54, 551	101, 973
Cincinnati	770	4, 560	338	5, 669	4, 338	25, 987	24, 869	50, 856
Pittsburgh	2, 011	6, 574	212	8, 797	12, 092	25, 201	35, 213	60, 414
Richmond	2, 192	14, 028	544	16, 764	7, 207	27, 127	15, 497	42, 624
Baltimore	351	4, 071	67	4, 489	2, 579	19, 252	12, 376	31, 628
Charlotte	208	4, 031	63	4, 302	690	5, 989	17, 880	23, 869
Atlanta	870	6, 559	174	7, 603	4, 623	14, 620	24, 213	38, 833
Birmingham	471	1, 570	22	2, 063	2, 174	5, 133	11, 566	16, 699
Jacksonville	246	1, 723	18	1, 987	2, 135	21, 541	12, 303	33, 844
Nashville	327	3, 175	202	3, 704	2, 088	8, 316	6, 732	15, 048
New Orleans	2, 054	6, 795	456	9, 305	7, 465	20, 653	20, 188	40, 841
Chicago	15, 913	60, 294	24, 878	101, 084	49, 926	357, 636	558, 432	916, 068
St. Louis	3, 118	14, 940	590	18, 648	13, 298	59, 430	54, 591	114, 021
Little Rock	30	398	1	429	725	3, 324	6, 569	9, 893
Louisville	690	2, 016	74	2, 780	967	23, 705	35, 556	59, 261
Memphis	74	397	5	476	1, 277	4, 658	9, 856	14, 514
Minneapolis	2, 675	14, 920	704	18, 299	13, 200	67, 813	90, 704	158, 517
Kansas City	9, 107	47, 486	948	57, 541	64, 634	119, 443	102, 323	221, 766
Dallas	2, 948	16, 827	911	20, 686	14, 347	60, 479	39, 271	99, 750
El Paso	30	1, 656	----------	1, 686	2, 250	2, 810	4, 365	7, 175
Houston	487	6, 751	141	7, 379	14, 466	15, 714	29, 216	44, 930
San Antonio	1, 316	4, 407	172	5, 895	16, 830	18, 207	15, 289	33, 496
San Francisco	2, 100	7, 644	5, 749	15, 493	5, 105	62, 275	60, 129	122, 404
Los Angeles	474	1, 267	655	2, 396	5, 754	105, 760	38, 574	144, 334
Portland	280	1, 252	17	1, 549	1, 482	4, 844	3, 284	8, 128
Salt Lake City	107	1, 470	31	1, 608	790	3, 935	3, 190	7, 125
Seattle	446	1, 601	60	2, 107	1, 293	6, 605	11, 767	18, 372
Treasury	249	849	19, 285	20, 383	824	5, 812	3, 831	9, 643
Total allotments on exchanges	1, 038, 709	3, 997, 046	904, 824	5, 940, 578	5, 253, 075	2, 315, 438	4, 538, 355	6, 853, 793
Matured or called securities redeemed for cash or carried to matured debt	158, 085	942, 211	281, 017	1, 381, 314	994, 512	319, 997	834, 313	1, 154, 309
Total matured or called securities	1, 196, 794	4, 939, 257	1, 185, 841	7, 321, 892	6, 247, 587	2, 635, 435	5, 372, 668	8, 008, 102

Exhibit 3.—Call, February 14, 1951, for redemption on June 15, 1951, of 2¾ percent Treasury bonds of 1951–54, dated June 15, 1936 (press release February 14, 1951)

The Secretary of the Treasury announced today that all outstanding 2¾ percent Treasury bonds of 1951–54, dated June 15, 1936, due June 15, 1954, are called for redemption on June 15, 1951. There are now outstanding $1,626,686,150 of these bonds.

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

TWO AND THREE-QUARTERS PERCENT TREASURY BONDS OF 1951–54 (DATED JUNE 15, 1936)

To Holders of 2¾ Percent Treasury Bonds of 1951–54 (dated June 15, 1936), and Others Concerned:

1. Public notice is hereby given that all outstanding 2¾ percent Treasury bonds of 1951–54, dated June 15, 1936, due June 15, 1954, are hereby called for redemption on June 15, 1951, on which date interest on such bonds will cease.
2. Holders of these bonds may, in advance of the redemption date, be offered the privilege of exchanging all or any part of their called bonds for other interest-bearing obligations of the United States, in which event public notice will hereafter be given and an official circular governing the exchange offering will be issued.
3. Full information regarding the presentation and surrender of the bonds for cash redemption under this call will be found in Department Circular No. 666, dated July 21, 1941.

JOHN W. SNYDER,
Secretary of the Treasury.

Exhibit 4.—Call, May 14, 1951, for redemption on September 15, 1951, of 3 percent Treasury bonds of 1951–55, dated September 15, 1931 (press release May 14, 1951)

The Secretary of the Treasury announced today that the 3 percent Treasury bonds of 1951–55, outstanding in the amount of $755,000,000, will be called for redemption on September 15, 1951.

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

THREE PERCENT TREASURY BONDS OF 1951–55 (DATED SEPTEMBER 15, 1931)

To Holders of 3 Percent Treasury Bonds of 1951–55 (dated September 15, 1931), and Others Concerned:

1. Public notice is hereby given that all outstanding 3 percent Treasury bonds of 1951–55, dated September 15, 1931, due September 15, 1955, are hereby called for redemption on September 15, 1951, on which date interest on such bonds will cease.
2. Holders of these bonds may, in advance of the redemption date, be offered the privilege of exchanging all or any part of their called bonds for other interest-bearing obligations of the United States, in which event public notice will hereafter be given and an official circular governing the exchange offering will be issued.
3. Full information regarding the presentation and surrender of the bonds for cash redemption under this call will be found in Department Circular No. 666, dated July 21, 1941.

JOHN W. SNYDER,
Secretary of the Treasury.

Exhibit 5.—Offering of 1⅞ percent certificates of Series A–1952

[Department Circular 890. Public Debt]

TREASURY DEPARTMENT,
Washington, June 4, 1951.

I. OFFERING OF CERTIFICATES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par, from the people of the United States for certificates of indebtedness of the United States, designated 1⅞ percent Treasury certificates of indebtedness of Series A–1952, in payment of which any of the following listed Treasury securities, singly or in combinations aggregating $1,000 or multiples thereof, may be tendered:

Treasury bonds:
- 2¾ percent bonds of 1951–54, dated June 15, 1936, due June 15, 1954, called for redemption June 15, 1951.

Treasury notes:
- 1¼ percent notes, Series B–1951, dated March 1, 1950, maturing July 1, 1951.
- 1¼ percent notes, Series C–1951, dated April 1, 1950, maturing July 1, 1951.
- 1¼ percent notes, Series D–1951, dated June 1, 1950, maturing July 1, 1951.

II. DESCRIPTION OF CERTIFICATES

1. The certificates will be dated June 15, 1951, and will bear interest from that date at the rate of 1⅞ percent per annum, payable with the principal at maturity on April 1, 1952. They will not be subject to call for redemption prior to maturity.

2. The income derived from the certificates shall be subject to all taxes, now or hereafter imposed under the Internal Revenue Code, or laws amendatory or supplementary thereto. The certificates shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The certificates will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer certificates will be issued in denominations of $1,000, $5,000, $10,000, $100,000, and $1,000,000. The certificates will not be issued in registered form.

5. The certificates will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States certificates.

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions will be received at the Federal Reserve Banks and branches and at the Treasury Department, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.

2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of certificates applied for, and to close the books as to any or all subscriptions at any time without notice; and any action he may take in these respects shall be final. Subject to these reservations, all subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

IV. Payment

1. Payment at par for certificates allotted hereunder must be made on or before June 15, 1951, or on later allotment, and may be made only in Treasury bonds of 1951–54, called for redemption June 15, 1951, or in Treasury notes of Series B–1951, Series C–1951, or Series D–1951, all maturing July 1, 1951, which will be accepted at par, and should accompany the subscription. Final interest due June 15 on the called bonds surrendered will be paid, in the case of coupon bonds, by payment of the June 15, 1951, coupons, which should be detached by holders before presentation of the bonds, and in the case of registered bonds, by checks drawn in accordance with the assignments on the bonds surrendered. Treasury notes of Series B–1951 and Series C–1951 should be surrendered with the July 1, 1951, coupons attached, and accrued interest from January 1, 1951, to June 15, 1951 ($5.69751 per $1,000), will be paid following acceptance of the notes, but not before June 15, 1951. In the case of Treasury notes of Series D–1951, on which interest is payable with principal, accrued interest from June 1, 1950, to June 15, 1951 ($12.97945 per $1,000), will be paid following acceptance of the notes, but not before June 15, 1951.

V. Assignment of Registered Bonds

1. Treasury bonds of 1951–54 in registered form tendered in payment for certificates offered hereunder should be assigned by the registered payees or assignees thereof to "The Secretary of the Treasury for exchange for Treasury Certificates of Indebtedness of Series A–1952 to be delivered to ____________," in accordance with the general regulations of the Treasury Department governing assignments for transfer or exchange, and thereafter should be presented and surrendered with the subscription to a Federal Reserve Bank or branch or to the Treasury Department, Division of Loans and Currency, Washington, D. C. The bonds must be delivered at the expense and risk of the holders.

VI. General Provisions

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts, to issue allotment notices, to receive payment for certificates allotted, to make delivery of certificates on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive certificates.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

John W. Snyder,
Secretary of the Treasury.

968873—52——12

1⅞ percent certificates of Series A–1952 issued in exchange for 2¾ percent Treasury bonds of 1951–54 and maturing 1¼ percent Treasury notes of Series B–1951, Series C–1951, and Series D–1951, by Federal Reserve districts

[In thousands of dollars]

Federal Reserve district	2¾% Treasury bonds (dated June 15, 1936) called for redemption on June 15, 1951	1¼% Series B–1951 Treasury notes maturing July 1, 1951	1¼% Series C–1951 Treasury notes maturing July 1, 1951	1¼% Series D–1951 Treasury notes maturing July 1, 1951	Total
Boston	51, 017	52, 760	16, 272	82, 403	202, 452
New York	979, 443	1, 719, 968	421, 004	2, 911, 104	6, 031, 519
Philadelphia	25, 706	34, 147	16, 339	80, 574	156, 766
Cleveland	87, 583	27, 463	12, 888	96, 994	224, 928
Cincinnati	5, 085	22, 262	5, 487	35, 790	68, 624
Pittsburgh	40, 221	22, 039	5, 279	22, 559	90, 098
Richmond	3, 457	20, 684	4, 067	24, 191	52, 399
Baltimore	4, 213	19, 093	7, 189	46, 088	76, 583
Charlotte	1, 075	3, 011	17, 783	6, 565	28, 434
Atlanta	3, 088	19, 280	13, 516	47, 592	83, 476
Birmingham	2, 558	7, 952	3, 245	9, 904	23, 659
Jacksonville	2, 042	3, 953	2, 760	15, 248	24, 003
Nashville	157	5, 631	4, 545	21, 951	32, 284
New Orleans	2, 616	23, 988	6, 269	20, 993	53, 866
Chicago	155, 269	280, 366	101, 883	591, 061	1, 128, 579
St. Louis	33, 165	40, 258	18, 185	63, 334	154, 942
Little Rock	62	2, 046	2, 525	10, 362	14, 995
Louisville	5, 082	18, 563	12, 547	24, 736	60, 928
Memphis	207	8, 100	5, 676	20, 356	34, 339
Minneapolis	27, 533	35, 554	18, 542	60, 030	141, 659
Kansas City	18, 502	62, 174	32, 976	120, 761	234, 413
Dallas	1, 966	13, 982	33, 973	32, 318	82, 239
El Paso	85	2, 788	513	3, 731	7, 117
Houston	1, 639	23, 707	12, 724	22, 775	60, 845
San Antonio	552	7, 180	1, 734	15, 570	25, 036
San Francisco	46, 293	37, 399	16, 634	79, 480	179, 806
Los Angeles	14, 334	48, 488	22, 368	60, 529	145, 719
Portland	90	4, 498	1, 408	6, 067	12, 063
Salt Lake City	231	2, 674	1, 884	4, 720	9, 509
Seattle	779	8, 182	1, 995	15, 413	26, 369
Treasury	2, 400	28, 648	8, 872	16, 508	56, 428
Total allotments on exchanges	1, 516, 450	2, 606, 838	831, 082	4, 569, 707	9, 524, 077
Matured or called securities redeemed for cash or carried to matured debt	110, 236	134, 292	55, 204	247, 935	547, 667
Total matured or called securities	1, 626, 686	2, 741, 130	886, 286	4, 817, 642	10, 071, 744

TREASURY BONDS, INVESTMENT SERIES, AND TREASURY NOTES SERIES EA-1956

Exhibit 6.—Offering of 2¾ percent Treasury Bonds, Investment Series B–1975–80 and allotments

[Department Circular No. 883. Public Debt]

TREASURY DEPARTMENT,
Washington, March 26, 1951.

I. EXCHANGE OFFERING OF BONDS

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par, from the people of the United States for bonds of the United States, designated 2¾ percent Treasury Bonds, Investment Series B–1975–80, in exchange for 2½ percent Treasury bonds of 1967–72, dated June 1, 1945, due June 15, 1972, or 2½ percent Treasury bonds of 1967–72, dated November 15, 1945, due December 15, 1972, in aggregate amounts of $1,000, or multiples thereof. The amount of the offering under this circular will be limited to the amount of Treasury bonds of 1967–72 of either or both of the specified series tendered and accepted.

2. Commercial banks will be permitted to exchange the 2½ percent Treasury bonds of December 15, 1967–72, acquired by them on original issue and bonds of either series held in trading accounts pursuant to Treasury Department Circular No. 787, dated May 17, 1946.

II. DESCRIPTION AND TERMS OF BONDS

1. The bonds will be dated April 1, 1951, and will bear interest from that date at the rate of 2¾ percent per annum, payable semiannually by check on October 1, 1951, and thereafter on April 1 and October 1 in each year until the principal amount becomes payable. They will mature April 1, 1980, and will not be redeemable prior thereto except as follows:

(a) They may be redeemed at the option of the United States on and after April 1, 1975, in whole or in part, at par and accrued interest, on any interest day or days, on 4 months' notice of redemption given in such manner as the Secretary of the Treasury shall prescribe. In case of partial redemption the bonds to be redeemed will be determined by such method as may be prescribed by the Secretary of the Treasury. From the date of redemption designated in any such notice, interest on the bonds called for redemption shall cease.

(b) They may be redeemed at the option of the duly constituted representatives of a deceased owner's estate, at par and accrued interest to the date of payment [1] if at the time of death they constitute part of the decedent's estate and the Secretary of the Treasury is authorized by the representatives to apply the entire proceeds of redemption to the payment of Federal estate taxes. Bonds submitted for redemption hereunder must be duly assigned to "The Secretary of the Treasury for redemption, the proceeds to be paid to the Collector of Internal Revenue at ___________ for credit on Federal estate taxes due from estate of ________________." The bonds must be accompanied by Form PD 1782 [2] properly completed, signed and sworn to, and by a certificate of the appointment of the personal representatives, under seal of the court, dated not more than six months prior to the submission of the bonds, which shall show that at the date thereof the appointment was still in force and effect. Upon payment of the bonds appropriate memorandum receipt will be forwarded to the representatives, which will be followed in due course by formal receipt from the Collector of Internal Revenue.

2. Although the bonds are payable only at maturity except as provided in the preceding paragraph, they may, at the owner's option, as provided in Department Circular No. 884, be exchanged for 1½ percent five-year marketable Treasury notes to be dated April 1 and October 1 of each year during the life of the bond If the bonds surrendered are in order for exchange, the new notes will ordinarily be

[1] An exact half-year's interest is computed for each full half-year period irrespective of the actual number of days in the half year. For a fractional part of any half year, computation is on the basis of the actual number of days in such half year.

[2] Copies of Form PD 1782 may be obtained from any Federal Reserve Bank or from the Treasury Department, Washington, D. C.

issued within ten calendar days from the date of surrender to the Treasury Department or to a Federal Reserve Bank or branch. The notes to be issued will bear the April 1 or October 1 date next preceding the date of the exchange. Interest will be adjusted to the date on which the exchange is made. Partial exchange of the bonds in multiples of $1,000, and reissue of the remainder, will be permitted.

3. The bonds will not be acceptable to secure deposits of public moneys, but they may be used as collateral for loans and may be pledged as security for the performance of an obligation or for any other purpose. In the event of a default on the loan or in the performance of the obligation, the pledgee will have the right only to exchange the bonds for 1½ percent five-year marketable Treasury notes. The bonds may not be sold or discounted, and are not transferable in ordinary course, but they may be transferred (by way of reissue) (1) to successors in title, (2) (in the event of the death of the owner) to legatees, next of kin, and other persons entitled, in accordance with the provisions of Department Circular No. 300, and (3) to State supervisory authorities in pursuance of any pledge required under State law. A bond which has been registered in the title of a State supervisory authority may be reissued in the name of the original owner upon assignment by such authority for that purpose. The term "successors" as used in this paragraph includes but is not limited to succeeding organizations, succeeding trustees, and persons entitled upon the termination of a trust or the dissolution of a fund or organization. Judgment creditors, trustees in bankruptcy, and receivers of insolvents' estates will be entitled only to exchange the bonds for 1½ percent five-year marketable Treasury notes. Persons entitled to reissue under the provisions of this paragraph will succeed to all the rights and privileges of the registered owners.

4. The income derived from the bonds shall be subject to all taxes now or hereafter imposed under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bonds shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

5. The bonds will be issued only in registered form, and in denominations of $1,000, $5,000, $10,000, $100,000, $1,000,000, and $10,000,000.

6. Except as otherwise specifically provided in this circular, Treasury Bonds of Investment Series B–1975–80 issued hereunder will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States bonds. The regulations in Department Circular No. 815 (which govern 2½ percent Treasury Bonds of Investment Series A–1965), will not govern Treasury Bonds of Investment Series B–1975–80. All questions concerning bonds issued hereunder and transactions pertaining thereto should be submitted to a Federal Reserve Bank or branch or to the Treasury Department, Division of Loans and Currency, Washington 25, D. C.

III. Subscription and Allotment

1. Subscriptions will be received at the Federal Reserve Banks and branches and at the Treasury Department, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.

2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of bonds applied for, and to close the books as to any or all subscriptions at any time without notice; and any action he may take in these respects shall be final. Subject to these reservations, all subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

IV. Payment

1. Payment for bonds allotted hereunder must be made on or before April 1, 1951, or on later allotment, and may be made only in Treasury bonds of 1967–72, due June 15, 1972, or Treasury bonds of 1967–72, due December 15, 1972, which will be accepted at par and should accompany the subscription. Coupons dated June 15, 1951, and all subsequent coupons, must be attached to bearer bonds of either series when surrendered. If any such coupons are missing, the subscription must be accompanied by cash payment equal to the face amount of the missing coupons. Accrued interest from December 15, 1950, to April 1, 1951 ($7.3489 per $1,000), will be paid to subscribers tendering coupon bonds following acceptance of the bonds. In the case of registered bonds of either series tendered in payment, checks in payment of accrued interest from December 15, 1950, to April 1, 1951, will be drawn in accordance with the assignments on the bonds surrendered.

V. Assignment of Registered Bonds

1. Treasury bonds of 1967–72, due June 15, 1972, or Treasury bonds of 1967–72, due December 15, 1972, in registered form tendered in payment for bonds offered hereunder should be assigned by the registered payees or assignees thereof in accordance with the general regulations of the Treasury Department governing assignments for transfer or exchange, in one of the forms hereafter set forth, and thereafter should be presented and surrendered with the subscription to a Federal Reserve Bank or branch or to the Treasury Department, Division of Loans and Currency, Washington, D. C. If the new bonds are desired registered in the same name as the bonds surrendered, the assignment should be to "The Secretary of the Treasury for exchange for 2¾ percent Treasury Bonds, Investment Series B–1975–80." If the new bonds are desired registered in another name, the assignment should be to "The Secretary of the Treasury for exchange for 2¾ percent Treasury Bonds, Investment Series B–1975–80, in the name of ----------------."

VI. General Provisions

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts, to issue allotment notices, to receive payment for bonds allotted, to make delivery of bonds on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive bonds.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

E. H. Foley,
Acting Secretary of the Treasury.

2¾ percent Treasury Bonds, Investment Series B–1975–80 issued in exchange for 2½ percent Treasury bonds of 1967–72 dated June 1, 1945, and November 15, 1945, respectively, by Federal Reserve districts

[In thousands of dollars]

Federal Reserve district	2½% Treasury bonds of 1967–72 (dated June 1, 1945)	2½% Treasury bonds of 1967–72 (dated Nov. 15, 1945)	Total
Boston	549, 273	562, 242	1, 111, 515
New York	3, 317, 200	3, 509, 253	6, 826, 453
Philadelphia	268, 350	328, 122	596, 472
Cleveland	60, 184	84, 122	144, 306
Cincinnati	64, 420	59, 748	124, 169
Pittsburgh	30, 038	71, 824	101, 862
Richmond	39, 177	32, 299	71, 476
Baltimore	36, 718	88, 042	124, 760
Charlotte	15, 294	8, 897	24, 191
Atlanta	5, 414	18, 402	23, 816
Birmingham	5, 181	10, 154	15, 335
Jacksonville	2, 316	23, 502	25, 817
Nashville	21, 121	12, 137	33, 258
New Orleans	8, 724	9, 038	17, 762
Chicago	161, 800	332, 368	494, 168
St. Louis	7, 674	31, 300	38, 974
Little Rock	151	1, 769	1, 920
Louisville	7, 353	19, 469	26, 822
Memphis	420	2, 415	2, 835
Minneapolis	52, 036	127, 802	179, 839
Kansas City	36, 982	43, 747	80, 729
Dallas	12, 546	28, 490	41, 036
El Paso	----------	216	216
Houston	3, 408	828	4, 236
San Antonio	39, 236	87, 126	126, 362
San Francisco	82, 810	86, 958	169, 769
Los Angeles	32, 043	74, 918	106, 961
Portland	8, 477	12, 340	20, 817
Salt Lake City	5, 495	21, 538	27, 033
Seattle	15, 747	65, 859	81, 606
Treasury	1, 074, 427	1, 855, 284	2, 929, 711
Total allotments on exchanges	5, 964, 015	7, 610, 211	13, 574, 226

Exhibit 7.—Offering of 1½ percent Treasury notes Series EA and EO

[Department Circular No. 884. Public Debt]

TREASURY DEPARTMENT,
Washington, March 26, 1951.

I. OFFERING OF NOTES

1. Treasury notes described herein are issued pursuant to the Second Liberty Bond Act, as amended, and are offered by the Secretary of the Treasury only to owners of 2¾ percent Treasury Bonds, Investment Series B–1975–80, and other persons entitled thereto, in accordance with the provisions of Department Circular No. 883, dated March 26, 1951.

2. The first issue of these notes will be dated April 1, 1951. The last issue will be dated October 1, 1979, or the April 1 or October 1 next preceding the date on which the 2¾ percent Treasury Bonds, Investment Series B–1975–80, cease to bear interest if called for redemption prior to maturity.

II. DESCRIPTION OF NOTES

1. The notes will be issued each six months during the life of the 2¾ percent Treasury Bonds, Investment Series B–1975–80, in two series, to be dated April 1 and October 1 in each year. The notes to be dated April 1 will bear the series designation EA followed by the year of maturity and the notes to be dated October 1 will bear the series designation EO followed by the year of maturity. The notes will bear interest from their respective issue dates at the rate of 1½ percent per annum, payable semiannually on April 1 and October 1 in each year until the principal amount becomes payable. They will mature five years from

their respective issue dates, and will not be subject to call for redemption prior to maturity.

2. The income derived from the notes shall be subject to all taxes, now or hereafter imposed under the Internal Revenue Code, or laws amendatory or supplementary thereto. The notes shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The notes will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer notes with interest coupons attached will be issued in denominations of $1,000, $5,000, $10,000, $100,000, and $1,000,000. The notes will not be issued in registered form.

5. The notes will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States notes.

III. Issue of Notes

1. The notes offered hereunder will be issued in exchange for 2¾ percent Treasury Bonds, Investment Series B–1975–80, following presentation and surrender of the bonds duly assigned for exchange. The new notes will ordinarily be issued within ten calendar days from the date of surrender of the bonds to a Federal Reserve Bank or branch or to the Treasury Department. The notes will bear the April 1 or October 1 date next preceding the date of the exchange and interest will be adjusted to the date on which the notes are issued by the Federal Reserve Bank or branch or the Treasury Department. Interest accrued at 2¾ percent on the bonds surrendered from the next preceding April 1 or October 1 to the date of exchange will be credited and interest at 1½ percent for the same period will be charged to the owner making the exchange and the difference will be paid to the owner at the time the exchange is made.

IV. Assignment of Bonds

1. Treasury Bonds, Investment Series B–1975–80, tendered in exchange for notes offered hereunder should be assigned to "The Secretary of the Treasury for exchange for the current series of EA or EO Treasury notes to be delivered to ________________", in accordance with the general regulations of the Treasury Department governing assignments for exchange, and thereafter should be presented and surrendered with appropriate instructions to a Federal Reserve Bank or branch or to the Treasury Department, Division of Loans and Currency, Washington 25, D. C. The bonds must be delivered at the expense and risk of the owners.

V. General Provisions

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to accept applications for the exchange of Treasury Bonds, Investment Series B–1975–80, for 1½ percent five-year Treasury notes, and following discharge of registration to issue the new notes.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the exchange offering, which will be communicated promptly to the Federal Reserve Banks.

E. H. Foley,
Acting Secretary of the Treasury.

Through June 30, 1951, 1½ percent Treasury notes EA–1956 were issued in exchange for 2¾ percent Treasury Bonds, Investment Series B–1975–80 in the amount of $437 thousand.

TREASURY BILLS

Exhibit 8.—Inviting tenders for Treasury bills dated August 3, 1950 (press release July 27, 1950)

The Secretary of the Treasury, by this public notice, invites tenders for $1,100,000,000, or thereabouts, of 91-day Treasury bills, for cash and in exchange for Treasury bills maturing August 3, 1950, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be dated August 3, 1950, and will mature November 2, 1950, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and branches up to the closing hour, two o'clock p. m., Eastern Daylight Saving time, Monday, July 31, 1950. 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 Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 3, 1950, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 3, 1950. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

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

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

Exhibit 9.—Acceptances of tenders for Treasury bills dated August 3, 1950 (press release August 1, 1950)

The Secretary of the Treasury announced last evening that the tenders for $1,100,000,000, or thereabouts, of 91-day Treasury bills to be dated August 3 and to mature November 2, 1950, which were offered on July 27, were opened at the Federal Reserve Banks on July 31.

The details of this issue are as follows:

Total applied for-- $1,852,691,000
Total accepted---- $1,102,653,000 (includes $98,038,000 entered on a noncompetitive basis and accepted in full at the average price shown below)
Average price----- $99.703+ Equivalent rate of discount approximately 1.174% per annum
Range of accepted competitive bids:
High--------- $99.707 Equivalent rate of discount approximately 1.159% per annum
Low---------- $99.702 Equivalent rate of discount approximately 1.179% per annum
(52 percent of the amount bid for at the low price was accepted)

Federal Reserve district	Total applied for	Total accepted
Boston	$13, 210, 000	$13, 210, 000
New York	1, 412, 632, 000	760, 192, 000
Philadelphia	35, 369, 000	22, 489, 000
Cleveland	41, 317, 000	33, 221, 000
Richmond	4, 880, 000	4, 880, 000
Atlanta	11, 618, 000	11, 138, 000
Chicago	185, 414, 000	152, 046, 000
St. Louis	12, 397, 000	10, 477, 000
Minneapolis	3, 895, 000	3, 881, 000
Kansas City	36, 661, 000	34, 701, 000
Dallas	31, 985, 000	20, 785, 000
San Francisco	63, 313, 000	35, 633, 000
Total	1, 852, 691, 000	1, 102, 653, 000

Exhibit 10.—Summary of Treasury bill information contained in press releases

Press releases pertaining to Treasury bill issues during the fiscal year 1951 were similar in form to exhibits 7 and 8 on pages 148 and 150 of the 1950 annual report and, beginning with the issue dated August 3, 1950, to exhibits 8 and 9 in this report. Therefore the releases are not reproduced in this report but the essential details regarding each issue are summarized in the following table.

Summary of information contained in press releases [1] pertaining to Treasury bills issued during the fiscal year 1951

Date of issue	Date of maturity	Days to maturity	Maturity value (in thousands)						Prices and rates					
			Total applied for [2]	Tenders accepted					Total bids accepted		Competitive bids accepted			
											High		Low	
				Total accepted [2]	On competitive basis [2]	On noncompetitive basis [2] [3]	For cash	In exchange	Average price per hundred	Equivalent average rate [4] (percent)	Price per hundred	Equivalent rate [4] (percent)	Price per hundred	Equivalent rate [4] (percent)
1950	1950													
July 6	Oct. 5	91	1,608,044	1,003,228	917,055	86,173	769,646	233,582	99.703	1.174	99.709	1.151	99.702	1.179
13	13	92	1,828,270	1,005,741	890,812	114,929	847,849	157,892	99.702	1.167	99.712	1.127	99.701	1.170
20	19	91	1,725,392	1,003,625	890,746	112,879	675,151	328,474	99.704	1.172	[5] 99.707	1.159	99.702	1.179
27	26	91	1,776,238	1,001,428	897,672	103,756	681,571	319,857	99.703	1.174	99.707	1.159	99.702	1.179
Aug. 3	Nov. 2	91	1,853,791	1,103,753	1,005,515	98,238	716,423	387,330	99.703	1.174	99.707	1.159	99.702	1.179
10	9	91	1,809,471	1,101,816	985,705	116,111	725,767	376,049	99.703	1.174	99.707	1.159	99.702	1.179
17	16	91	1,794,033	1,101,276	995,609	105,667	573,836	527,440	99.703	1.174	99.707	1.159	99.702	1.179
24	24	92	1,690,509	1,103,567	1,010,448	93,119	931,472	172,095	99.681	1.247	99.707	1.147	99.673	1.280
31	30	91	1,822,738	1,100,070	1,010,508	89,562	1,056,973	43,097	99.675	1.285	[6] 99.690	1.226	99.671	1.302
Sept. 7	Dec. 7	91	1,801,943	1,104,714	1,023,849	80,865	994,829	109,885	99.669	1.308	[7] 99.685	1.246	99.666	1.321
14	14	91	1,716,499	1,005,179	870,703	134,476	974,308	30,871	99.669	1.311	99.685	1.246	99.667	1.317
21	21	91	1,504,020	1,001,528	887,502	114,026	812,770	188,758	99.667	1.317	99.685	1.246	99.665	1.325
28	28	91	1,463,592	1,001,278	903,636	97,642	875,112	126,166	99.665	1.324	99.685	1.246	99.664	1.329
	1951													
Oct. 5	Jan. 4	91	1,662,119	1,003,157	896,414	106,743	896,796	106,361	99.665	1.324	[8] 99.680	1.266	99.664	1.329
13	11	90	1,616,323	1,001,891	886,903	114,988	789,589	212,302	99.666	1.337	99.675	1.300	99.663	1.348
19	18	91	1,685,247	1,000,127	878,941	121,186	871,104	129,023	99.662	1.337	99.670	1.305	99.660	1.345
26	25	91	1,736,523	1,000,933	882,462	118,471	871,761	129,172	99.667	1.316	99.672	1.298	99.664	1.329
Nov. 2	Feb. 1	91	1,700,182	1,100,384	994,669	105,715	1,002,316	98,068	99.661	1.341	99.680	1.266	99.659	1.349
9	8	91	1,610,894	1,101,597	979,007	122,590	994,307	107,290	99.659	1.350	99.680	1.266	99.656	1.361
16	15	91	1,716,782	1,100,787	976,007	124,780	946,794	153,993	99.655	1.366	99.680	1.266	99.652	1.377
24	23	91	1,563,935	1,105,235	983,035	122,200	959,233	146,002	99.651	1.380	99.666	1.321	99.649	1.389
30	Mar. 1	91	1,706,012	1,102,005	999,401	102,604	1,006,092	95,913	99.650	1.383	[9] 99.660	1.345	99.649	1.389
Dec. 7	8	91	1,845,103	1,103,341	991,944	111,397	1,068,963	34,378	99.655	1.366	99.658	1.353	99.654	1.369
14	15	91	1,774,175	1,001,446	861,172	140,274	947,816	53,630	99.659	1.351	[10] 99.675	1.286	99.655	1.365
21	22	91	1,677,188	1,000,809	876,883	123,926	948,092	52,717	99.654	1.368	99.680	1.266	99.652	1.377
28	29	91	1,814,489	1,004,860	902,654	102,206	938,837	66,023	99.651	1.382	99.668	1.313	99.649	1.389

1951														
Jan. 4	Apr. 5	91	1,865,575	1,002,393	892,128	110,265	917,333	84,660	99.651	1.381	99.668	1.313	99.650	1.385
11	12	91	1,653,639	999,894	859,457	140,437	865,434	134,460	99.649	1.387	99.670	1.305	99.647	1.396
18	19	91	1,937,512	1,002,707	869,047	133,660	759,748	242,959	99.648	1.391	[11] 99.659	1.349	99.647	1.396
25	26	91	1,748,918	1,003,299	881,307	121,992	910,859	92,440	99.649	1.389	99.658	1.353	99.648	1.393
Feb. 1	May 3	91	1,897,602	1,102,850	998,247	104,603	853,458	249,392	99.648	1.391	99.658	1.353	99.647	1.396
8	10	91	1,852,077	1,103,139	1,000,048	103,091	851,650	251,489	99.648	1.391	99.665	1.325	99.647	1.396
15	17	91	1,904,981	1,101,986	1,002,142	99,844	860,077	241,909	99.648	1.391	[12] 99.651	1.381	99.647	1.396
23	24	90	2,023,114	1,102,914	986,785	116,129	956,861	146,053	99.653	1.390	99.655	1.380	99.652	1.392
Mar. 1	31	91	1,905,282	1,106,613	1,013,329	93,284	972,629	133,984	99.649	1.390	99.660	1.345	99.648	1.393
8	June 7	91	1,685,966	1,100,791	1,006,289	94,502	1,036,152	64,639	99.645	1.406	99.655	1.365	99.641	1.420
15	14	91	1,722,038	1,001,049	886,291	114,758	944,734	56,315	99.646	1.402	99.656	1.361	99.643	1.412
22	21	91	1,742,454	1,001,564	893,484	108,080	936,681	64,883	99.645	1.405	99.657	1.357	99.643	1.412
29	28	91	1,682,245	1,000,875	911,935	88,940	929,551	71,324	99.619	1.507	99.650	1.385	99.613	1.531
Apr. 5	July 5	91	1,643,044	1,001,554	903,433	98,121	940,325	61,229	99.617	1.517	[13] 99.630	1.464	99.614	1.527
12	12	91	1,742,813	1,000,403	882,985	117,418	839,148	161,255	99.614	1.528	99.630	1.464	99.612	1.535
19	19	91	1,929,862	1,000,536	882,864	117,672	844,056	156,480	99.613	1.529	[14] 99.620	1.503	99.612	1.535
26	26	91	2,159,770	1,002,833	886,412	116,421	967,293	35,540	99.619	1.506	99.630	1.464	99.618	1.511
May 3	Aug. 2	91	2,176,655	1,101,993	989,715	112,278	1,073,603	28,390	99.619	1.508	[15] 99.625	1.484	99.617	1.515
10	9	91	1,866,295	1,100,004	986,751	113,253	1,047,537	52,467	99.604	1.566	99.624	1.487	99.600	1.582
17	16	91	1,865,807	1,100,696	985,591	115,105	837,113	263,583	99.589	1.626	99.625	1.484	99.586	1.638
24	23	91	1,900,095	1,100,883	987,541	113,342	1,064,826	36,057	99.598	1.591	99.604	1.567	99.596	1.598
31	30	91	1,967,257	1,100,688	1,002,224	98,464	947,308	153,380	99.596	1.600	99.620	1.503	99.594	1.606
June 7	Sept. 6	91	1,836,611	1,101,467	1,019,496	81,971	1,081,371	20,096	99.607	1.555	99.610	1.543	99.605	1.563
14	13	91	2,110,922	1,001,228	877,893	123,335	959,079	42,149	99.629	1.467	99.632	1.456	99.628	1.472
21	20	91	1,908,709	1,000,902	887,727	113,175	943,522	57,380	99.635	1.445	99.659	1.349	99.632	1.456
28	27	91	1,744,508	1,000,372	904,467	95,905	971,572	28,800	99.614	1.527	[16] 99.645	1.404	99.608	1.551

NOTE.—Amount of matured issues will be found in table 23.

[1] Beginning with the issue dated July 20, press release inviting tenders for Treasury bill issue is dated 7 days before date of issue; prior to July 20, 6 days. Press release announcing acceptances of tenders is dated 2 days before date of issue. Closing date on which tenders for issue are accepted is 3 days before date of issue.

[2] Figures are final and differ in most cases from those shown in press releases announcing details of particular issue.

[3] Noncompetitive tenders for $200,000 or less without stated price from any one bidder were accepted in full at average price for accepted competitive bids.

[4] Bank discount basis.

[5] Except $500,000 at 99.718 and $300,000 at 99.712.

[6] Except $100,000 at 99.714, $200,000 at 99.702, and $300,000 at 99.700.

[7] Except $100,000 at 99.768, $ 100,000 at 99.767, $100,000 at 99.766, $500,000 at 99.705, $200,000 at 99.701, and $500,000 at 99.700.

[8] Except $200,000 at 99.965.

[9] Except $100,000 at 99.670.

[10] Except $200,000 at 99.700.

[11] Except $900,000 at 99.670.

[12] Except $310,000 at 99.700.

[13] Except $100,000 at 99.640.

[14] Except $100,000 at 99.630.

[15] Except $1,000,000 at 99.655.

[16] Except $100,000 at 99.700.

UNITED STATES SAVINGS BONDS AND TREASURY SAVINGS NOTES

Exhibit 11.—Third revision, September 12, 1950, to Department Circular No. 654, offering of Series F and Series G United States savings bonds

TREASURY DEPARTMENT,
Washington, September 12, 1950.

SEC. 318.1. *Offering of United States savings bonds of Series F and Series G.*—(*a*) The Secretary of the Treasury pursuant to the authority of the Second Liberty Bond Act, as amended, offers for sale, to the people of the United States, through the Federal Reserve Banks, United States savings bonds of Series F and Series G, which may hereinafter be referred to as bonds of Series F and Series G. The sale of bonds of Series F and Series G will continue until terminated by the Secretary of the Treasury.

(*b*) United States savings bonds of Series F and Series G include bonds of any designation issued under this circular as originally published and amended, and those issued under this circular as previously or as now revised. As their terms are identical, no distinction is to be made between any bonds of Series F or Series G so issued.

SEC. 318.2. *Description and terms of bonds.*—(*a*) Bonds of Series F and Series G will be issued only in registered form, in denominations of $25 (for Series F only), $100, $500, $1,000, $5,000, and $10,000 (maturity values), at prices hereinafter set forth. Each bond will bear the facsimile signature of the Secretary of the Treasury, and will bear an imprint in color (brown for Series F and blue for Series G) of the Seal of the Treasury. At the time of issue, on the face of each bond, the issuing agent will inscribe the name and address of the owner and the name of the coowner or beneficiary, if any, will enter the issue date (which is the first day of the month in which payment of the issue price is received by the Treasury or an authorized issuing agent), and will imprint his dating stamp (to show the date the bond is actually inscribed). Bonds of Series F and Series G shall be valid only if duly inscribed and dated, as above provided, and delivered by an authorized agent following receipt of payment therefor.

(*b*) The bonds of each series will, in each instance, be dated as of the first day of the month in which payment of the issue price is received by an agent authorized to issue the bonds, which date is herein referred to as the issue date; the bonds will mature and be payable at face value 12 years from such issue date. The issue date is the basis for determining the redemption or maturity period of the bond, and the date appearing in the issuing agent's stamp should not be confused therewith. The bonds of either series may not be called for redemption by the Secretary of the Treasury prior to maturity, but they may be redeemed prior to maturity, after 6 months from the issue date, at the owner's option, at fixed redemption values.

(*c*) Bonds of Series F will be issued on a discount basis at 74 percent of their maturity value. No interest as such will be paid on the bonds, but they will increase in redemption value at the end of the first year from issue date, and at the end of each successive half-year period thereafter until their maturity, when the face amount becomes payable. The increment in value will be payable only upon redemption of the bonds. A table of redemption values appears on each bond. The purchase price of bonds of Series F has been fixed so as to afford an investment yield of about 2.53 percent per annum compounded semiannually if the bonds are held to maturity; if the owner exercises his option to redeem a bond prior to maturity the investment yield will be less.

(*d*) Bonds of Series G will be issued at par, and will bear interest at the rate of 2½ percent per annum, payable semiannually from issue date. Interest will be paid by check drawn to the order of the registered owner. Interest will cease at maturity, or, in case of redemption before maturity, at the end of the interest period next preceding the date of redemption. A table of redemption values appears on each bond, and the difference between the face amount of the bond and the redemption value fixed for any period represents an adjustment (or refund) of interest. Accordingly, if the owner exercises his option to redeem a bond prior to maturity, the investment yield will be less than the interest rate on the bond. Bonds of Series G may be redeemed at par, in whole or in part, (1) upon the death of the owner, or a coowner, if a natural person, or (2) as to bonds held by a trustee or other fiduciary, upon the death of any person which results in termination of the trust. If the trust is terminated only in part, redemption at par will be made only to the extent of the pro rata portion of the trust so terminated, to the next lower multiple of $100. In any case request for redemption at par must be received by the Treasury Department, Division of Loans and Currency, Merchandise Mart, Chicago 54, Illinois, or by a Federal Reserve Bank or branch in accordance with the regulations governing savings bonds.[1]

(*e*) The two tables appended to this circular show separately for bonds of Series F and those of Series G: (1) the redemption values, by denominations, during the successive half-year periods following issue, (2) the approximate investment yield on the issue price from issue date to the beginning of each half-year period, and (3) the approximate investment yield on the current redemption value from the beginning of each half-year period to maturity at the end of the 12-year period.

(*f*) Bonds of Series F and Series G will not be transferable, and will be payable only to the owner named thereon, except in case of death or disability of the owner or as otherwise specifically provided in the regulations governing savings bonds, and in any event only in accordance with said regulations. Accordingly they may not be sold, discounted, hypothecated as collateral for a loan or the performance of a service, or disposed of in any manner other than as provided in the regulations governing savings bonds, and, except as provided in said regulations, the Treasury Department will recognize only the inscribed owner, during his lifetime and competency, and thereafter his estate or heirs.

(*g*) *Taxation.*—For the purpose of determining taxes and tax exemptions, the increment in value represented by the difference between the price paid for bonds of Series F (which are issued on a discount basis), and the redemption value received therefor (whether at or before maturity) shall be considered as interest, and that interest and interest on bonds of Series G are not exempt from income or profits taxes now or hereafter imposed by the United States.[2] The bonds shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

Sec. 318.3. *Purchase of bonds.*—(*a*) *Agencies.*—Bonds of Series F and Series G may be purchased, while this offer is in effect, upon application to any Federal Reserve Bank or branch, or to the Treasurer of the United States, Washington 25, D. C. Sales agencies, duly qualified under the provisions of Treasury Department Circular No. 657 (31 CFR Part 317), as amended and supplemented, and banking institutions generally, may submit applications for account of customers, but only the Federal Reserve Banks and branches and the Treasury Department are authorized to act as official agencies, and the receipt of application and payment at an official agency will govern the dating of the bonds issued.

(*b*) *Payment for bonds.*—Every application must be accompanied by payment in full of the issue price. Any form of exchange, including personal checks, will be accepted, subject to collection. Checks, or other forms of exchange, should be drawn to the order of the Federal Reserve Bank or the Treasurer of the United States, as the case may be. Checks payable by endorsement are not acceptable. Any depositary qualified pursuant to the provisions of Treasury Department Circular No. 92 Revised (31 CFR Part 203) will be permitted to make payment by credit for bonds applied for on behalf of its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district.

(*c*) *Postal savings.*—Subject to regulations prescribed by the Board of Trustees of the Postal Savings System, the withdrawal of postal savings deposits will be permitted for the purpose of acquiring savings bonds.

(*d*) *Form of application.*—In applying for bonds under this circular, care should be exercised to specify whether those of Series F or Series G are desired, and there must be furnished: (1) instructions for registration of the bonds to be issued, which must be in one of the authorized forms (see Sec. 318.5); (2) the post office address of the owner; (3) address for delivery of the bonds; and (4) in case of bonds of Series G, address for mailing interest checks. The use of an

[1] See Department Circular No. 530, Sixth Revision, as amended (31 CFR 315), for current regulations see exhibits 12 and 13.

[2] For information concerning the taxable and exempt status under Federal tax laws of the interest (increment in value) on United States savings bonds issued on a discount basis (including bonds of Series F), and alternate methods of reporting such interest, see Internal Revenue Mimeograph, Coll. 6327, R. A. No. 1680, dated November 9, 1948.

official application form is desirable, but not necessary. The application should be forwarded to the Federal Reserve Bank, or branch, of the district, or to the Treasurer of the United States, accompanied by remittance to cover the purchase price ($74 for each $100 face amount of bonds of Series F, or $100 for each $100 face amount of bonds of Series G).

(*e*) *Issue prices.*—The issue prices of the various denominations of bonds of Series F and Series G follow:

SERIES F

Denomination (maturity value)	$25.00	$100	$500	$1,000	$5,000	$10,000
Issue (purchase) price	18.50	74	370	740	3,700	7,400

SERIES G

Denomination (maturity value)	$100	$500	$1,000	$5,000	$10,000
Issue (purchase) price	100	500	1,000	5,000	10,000

SEC. 318.4. *Limitation on holdings.*—(*a*) The amount of United States savings bonds of Series F, or of Series G, or the combined aggregate amount of both series originally issued during any one calendar year to any one person, including those registered in the name of that person alone, and those registered in the name of that person with another named as coowner, that may be held by that person at any one time shall not exceed such amount as may be prescribed from time to time by the Secretary of the Treasury by regulation.[3]

(*b*) Any bonds acquired on original issue which create an excess must immediately be surrendered for refund of the purchase price or for such other adjustment as may be possible, as provided in the regulations governing savings bonds.

SEC. 318.5. *Authorized forms of registration.*—(*a*) United States savings bonds of Series F and Series G may be registered only in one of the following forms:

(1) In the names of natural persons (that is, individuals), whether adults or minors, in their own right, as follows: (i) In the name of one person; (ii) in the names of two (but not more than two) persons as coowners; and (iii) in the name of one person payable on death to one (but not more than one) other designated person.

(2) In the name of an incorporated or unincorporated body in its own right; but may not be registered in the names of commercial banks, which are defined for this purpose as those accepting demand deposits, except as provided in and to the extent and under such conditions as may be provided by regulations promulgated from time to time by the Secretary of the Treasury.[3]

(3) In the name of a fiduciary (except where the fiduciary would hold the bonds merely or principally as security for the performance of a duty or obligation).

(4) In the name of the owner or custodian of public funds.

(*b*) *Restrictions.*—Only residents (whether individuals or others) of the United States (which for the purposes of this section shall include the Territories, insular possessions, and the Canal Zone), citizens of the United States temporarily residing abroad, and nonresident aliens employed in the United States by the Federal Government or an agency thereof may be named as owners, coowners, or designated beneficiaries of savings bonds originally issued on or after April 1, 1940, or of authorized reissues thereof, except that such persons may name as coowners or beneficiaries of their bonds American citizens permanently residing abroad or nonresident aliens who are not citizens of enemy nations. American citizens permanently residing abroad and nonresident aliens who become entitled to bonds under the regulations governing savings bonds, by right of survivorship or otherwise upon the death of another, will have the right only to receive payment either at or before maturity.

(*c*) Full information regarding authorized forms of registration will be found in the regulations currently in force governing United States savings bonds.

SEC. 318.6. *Delivery and safekeeping of bonds.*—(*a*) Federal Reserve Banks and branches and the Treasurer of the United States are authorized to deliver bonds of Series F and Series G, duly inscribed and dated, upon receipt of the issue price. Bonds not delivered in person will be delivered by mail at the risk and expense of the United States, at the address given by the purchaser, but only within the

[3] The current regulations are contained in Department Circular No. 530, Sixth Revision, as amended (see exhibits 12 and 13).

United States, its Territories and insular possessions, and the Canal Zone.[4] No mail deliveries elsewhere will be made. If purchased by citizens of the United States temporarily residing abroad, bonds will be delivered at an address in the United States, or held in safekeeping, as the purchaser may direct. Personal delivery should not be accepted by any purchaser until he has verified that the correct name, or names, and address are duly inscribed, that the issue date (the first day of the month in which payment of the issue price was received by the agent) is duly entered, and that the dating stamp of the issuing agent is duly imprinted with current date—all on the face of the bond. If received by mail, the same verification should be made, and if any error in inscription or dating appears, such fact should immediately be reported to the issuing agent, and instructions requested.

(*b*) Savings bonds of Series F and Series G will be held in safekeeping without charge by the Secretary of the Treasury if the holder so desires, and in such connection the facilities of the Federal Reserve Banks,[5] as fiscal agents of the United States, and those of the Treasurer of the United States, will be utilized. Arrangements may be made for such safekeeping at the time of purchase, or subsequently.

Sec. 318.7. *Payment at maturity or redemption prior to maturity.*—(*a*) *General.*—Any savings bond of Series F or Series G will be paid in full at maturity, or, at the option of the owner, after 6 months from the issue date, will be redeemed in whole or in part at the appropriate redemption value prior to maturity, on the first day of any calendar month, on one month's notice in writing, following presentation and surrender of the bond, with the request for payment properly executed, all in accordance with the regulations governing savings bonds.

(*b*) *Notice of redemption.*—When a savings bond of Series F or Series G is to be redeemed prior to maturity, a notice in writing of the owner's intention must be given to and be received by a Federal Reserve Bank or branch, or the Treasury Department, Division of Loans and Currency, Merchandise Mart, Chicago 54, Illinois, not less than one calendar month in advance. A duly executed request for payment will be accepted as constituting the required notice.

(*c*) *Execution of request for payment.*—The registered owner, or other person entitled to payment under the regulations governing savings bonds, must appear before one of the officers authorized by the Secretary of the Treasury to witness and certify requests for payment, establish his identity, and in the presence of such officer sign the request for payment, adding the address to which the check is to be mailed. After the request for payment has been so signed, the witnessing officer should complete and sign the certificate provided for his use. Unless otherwise authorized in a particular case, the form of request appearing on the back of the bond must be used.

(*d*) *Officers authorized to witness and certify requests for payment.*—The officers authorized to witness and certify requests for payment of savings bonds are fully set forth in the regulations governing savings bonds, and include but are not limited to: (1) United States postmasters and certain other post office officials or designated employees; and (2) officers (or designated employees) of all banks or trust companies incorporated in the United States or its organized Territories, including officers at domestic branches (within the United States or its Territories or insular possessions and the Canal Zone), or at foreign branches. All certificates should be authenticated by official seal, if there is one, or by an imprint of an issuing agent's dating stamp.

(*e*) *Presentation and surrender.*—After the request for payment has been duly executed by the person entitled and by the certifying officer, the bond must be presented and surrendered to a Federal Reserve Bank or branch, or to the Treasury Department, Division of Loans and Currency, Merchandise Mart, Chicago 54, Illinois, at the expense and risk of the owner. For the owner's protection, the bond should be forwarded by registered mail, if not presented in person.

(*f*) *Disability or death.*—In case of the disability of the registered owner, or the death of the registered owner not survived by a coowner or a designated beneficiary, instructions should be obtained from a Federal Reserve Bank or branch, or the Treasury Department, Division of Loans and Currency, Merchandise Mart, Chicago 54, Illinois, before the request for payment is executed.

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[4] During any war emergency the Treasury may suspend deliveries to be made at its risk and expense from or to the continental United States and its Territories, insular possessions, and the Canal Zone, or between any of such places.

[5] Safekeeping facilities may be offered at some branches of Federal Reserve Banks, and in such connection an inquiry may be addressed to the branch.

(*g*) *Method of payment.*—The only agencies authorized to pay or redeem savings bonds of Series F and Series G are the Federal Reserve Banks and branches, and the Treasurer of the United States. Payment in all cases will be made by check drawn to the order of the registered owner or other person entitled to payment, and mailed to the address given in the request for payment.

(*h*) *Partial redemption.*—Partial redemption at current redemption value of a bond of Series F, of a denomination higher than $25 (maturity value), or of a bond of Series G, of a denomination higher than $100, is permitted, but must correspond to an authorized denomination. In case of partial redemption the remainder will be reissued in authorized denominations bearing the same issue date as the bond surrendered.

Sec. 318.8. *Series designation.*—Bonds of Series F, issued during the calendar year 1950 are designated Series F–1950, and those of Series G are similarly designated Series G–1950, and those of either series which may be issued in subsequent calendar years will be similarly designated by the series letter, F or G, followed by the year of issue.

Sec. 318.9. *Lost, stolen, or destroyed bonds.*—(*a*) If a bond of Series F or Series G is lost, stolen, or destroyed, a duplicate may be issued on the owner furnishing a description of the bond and establishing its loss, theft, or destruction.

(*b*) In any case of the loss, theft, or destruction of a bond of Series F or Series G, the owner should give immediate notice to the Treasury Department, Division of Loans and Currency, Merchandise Mart, Chicago 54, Illinois, briefly stating the facts and giving a description of the bond. On receipt of such notice, full instructions for procedure will be given the owner.

(*c*) A descriptive record of each bond of Series F or Series G held should be kept by the owner, apart from the bonds, so that a full description of the bonds will be available if they are lost, stolen, or destroyed. The record for each bond should show: (1) the denomination; (2) the serial number (with its prefix and suffix letters); (3) the inscription (name or names, and address, on the face of the bond); and (4) the issue date (month and year of issue).

Sec. 318.10. *General provisions.*—(*a*) All bonds of Series F and Series G, issued pursuant to this circular, shall be subject to the regulations prescribed from time to time by the Secretary of the Treasury to govern United States savings bonds. The present regulations governing savings bonds are set forth in Treasury Department Circular No. 530, Sixth Revision, as amended,[6] copies of which may be obtained on application to the Treasury Department or to any Federal Reserve Bank or branch.

(*b*) The Secretary of the Treasury reserves the right to reject any application for savings bonds of either Series F or Series G, in whole or in part, and to refuse to issue or permit to be issued hereunder any such savings bonds in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final.

(*c*) Federal Reserve Banks and branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury in connection with the issue, delivery, safekeeping, redemption, and payment of savings bonds of Series F and Series G.

(*d*) The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this circular, or of any amendments or supplements thereto, information as to which will be promptly furnished the Federal Reserve Banks and branches.

JOHN W. SNYDER,
Secretary of the Treasury.

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[6] See exhibits 12 and 13.

UNITED STATES SAVINGS BONDS—SERIES F

TABLE OF REDEMPTION VALUES AND INVESTMENT YIELDS

Table showing: (1) how United States savings bonds of Series F, by denominations, increase in redemption value during successive half-year periods following issue; (2) the approximate investment yield on the purchase price from issue date to the beginning of each half-year period; and (3) the approximate investment yield on the current redemption value from the beginning of each half-year period to maturity. Yields are expressed in terms of rate percent per annum, compounded semiannually

Maturity value	$25.00	$100.00	$500.00	$1,000	$5,000	$10,000	(2) Approximate investment yield on purchase price from issue date to beginning of each half-year period	(3) Approximate investment yield on current redemption value from beginning of each half-year period to maturity
Issue price	$18.50	$74.00	$370.00	$740	$3,700	$7,400		
Period after issue date	(1) Redemption values during each half-year period							
							Percent	*Percent*
First ½ year	Not redeemable							[1] 2.53
½ to 1 year	$18.50	$74.00	$370.00	$740	$3,700	$7,400	0.00	2.64
1 to 1½ years	18.55	74.20	371.00	742	3,710	7,420	.27	2.73
1½ to 2 years	18.62	74.50	372.50	745	3,725	7,450	.45	2.82
2 to 2½ years	18.72	74.90	374.50	749	3,745	7,490	.61	2.91
2½ to 3 years	18.85	75.40	377.00	754	3,770	7,540	.75	2.99
3 to 3½ years	19.00	76.00	380.00	760	3,800	7,600	.89	3.07
3½ to 4 years	19.17	76.70	383.50	767	3,835	7,670	1.03	3.15
4 to 4½ years	19.40	77.60	388.00	776	3,880	7,760	1.19	3.20
4½ to 5 years	19.65	78.60	393.00	786	3,930	7,860	1.34	3.24
5 to 5½ years	19.92	79.70	398.50	797	3,985	7,970	1.49	3.27
5½ to 6 years	20.22	80.90	404.50	809	4,045	8,090	1.63	3.29
6 to 6½ years	20.55	82.20	411.00	822	4,110	8,220	1.76	3.29
6½ to 7 years	20.87	83.50	417.50	835	4,175	8,350	1.87	3.31
7 to 7½ years	21.20	84.80	424.00	848	4,240	8,480	1.96	3.32
7½ to 8 years	21.52	86.10	430.50	861	4,305	8,610	2.03	3.35
8 to 8½ years	21.85	87.40	437.00	874	4,370	8,740	2.09	3.40
8½ to 9 years	22.17	88.70	443.50	887	4,435	8,870	2.14	3.46
9 to 9½ years	22.50	90.00	450.00	900	4,500	9,000	2.19	3.54
9½ to 10 years	22.85	91.40	457.00	914	4,570	9,140	2.24	3.63
10 to 10½ years	23.22	92.90	464.50	929	4,645	9,290	2.29	3.72
10½ to 11 years	23.62	94.50	472.50	945	4,725	9,450	2.34	3.81
11 to 11½ years	24.05	96.20	481.00	962	4,810	9,620	2.40	3.91
11½ to 12 years	24.50	98.00	490.00	980	4,900	9,800	2.46	4.08
Maturity value (12 years from issue date)	$25.00	$100.00	$500.00	$1,000	$5,000	$10,000	2.53	

[1] Approximate investment yield for entire period from issuance to maturity

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UNITED STATES SAVINGS BONDS—SERIES G

TABLE OF REDEMPTION VALUES AND INVESTMENT YIELDS

Table showing: (1) how United States savings bonds of Series G (paying a current return at the rate of 2½ percent per annum on the purchase price, payable semiannually) change in redemption value, by denominations, during successive half-year periods following issue; (2) the approximate investment yield on the purchase price from issue date to the beginning of each half-year period; and (3) the approximate investment yield on the current redemption value from the beginning of each half-year period to maturity. Yields are expressed in terms of rate percent per annum, compounded semiannually, and take into account the current return

Maturity value Issue price	$100.00 $100.00	$500.00 $500.00	$1,000 $1,000	$5,000 $5,000	$10,000 $10,000	(2) Approximate investment yield on purchase price from issue date to beginning of each half-year period	(3) Approximate investment yield on current redemption value from beginning of each half-year period to maturity
Period after issue date	(1) Redemption values during each half-year period						
						Percent	*Percent*
First ½ year	Not redeemable						2.50[1]
½ to 1 year	$98.80	$494.00	$988	$4,940	$9,880	0.10	2.62
1 to 1½ years	97.80	489.00	978	4,890	9,780	.30	2.73
1½ to 2 years	96.90	484.50	969	4,845	9,690	.44	2.84
2 to 2½ years	96.20	481.00	962	4,810	9,620	.61	2.94
2½ to 3 years	95.60	478.00	956	4,780	9,560	.75	3.04
3 to 3½ years	95.10	475.50	951	4,755	9,510	.88	3.13
3½ to 4 years	94.80	474.00	948	4,740	9,480	1.04	3.20
4 to 4½ years	94.70	473.50	947	4,735	9,470	1.20	3.26
4½ to 5 years	94.70	473.50	947	4,735	9,470	1.35	3.30
5 to 5½ years	94.90	474.50	949	4,745	9,490	1.51	3.32
5½ to 6 years	95.20	476.00	952	4,760	9,520	1.66	3.33
6 to 6½ years	95.50	477.50	955	4,775	9,550	1.79	3.33
6½ to 7 years	95.80	479.00	958	4,790	9,580	1.89	3.34
7 to 7½ years	96.10	480.50	961	4,805	9,610	1.98	3.35
7½ to 8 years	96.40	482.00	964	4,820	9,640	2.05	3.37
8 to 8½ years	96.70	483.50	967	4,835	9,670	2.12	3.39
8½ to 9 years	97.00	485.00	970	4,850	9,700	2.18	3.42
9 to 9½ years	97.30	486.50	973	4,865	9,730	2.23	3.46
9½ to 10 years	97.60	488.00	976	4,880	9,760	2.27	3.51
10 to 10½ years	97.90	489.50	979	4,895	9,790	2.31	3.60
10½ to 11 years	98.20	491.00	982	4,910	9,820	2.35	3.75
11 to 11½ years	98.60	493.00	986	4,930	9,860	2.39	3.94
11½ to 12 years	99.20	496.00	992	4,960	9,920	2.44	4.13
Maturity value (12 years from issue date)	$100.00	$500.00	$1,000	$5,000	$10,000	2.50	

[1] Approximate investment yield for entire period from issuance to maturity.

Exhibit 12.—Seventh amendment, September 12, 1950, to Department Circular No. 530, prescribing regulations governing United States savings bonds, special offering of Series F and Series G United States savings bonds to certain classes of institutional investors and certain commercial and industrial banks during specified periods in October, November, and December 1950

TREASURY DEPARTMENT,
Washington, September 12, 1950.

To Owners of United States Savings Bonds and Others Concerned:

Pursuant to Section 22 (a) of the Second Liberty Bond Act, as amended (55 Stat. 7, 31 U. S. C. 757c), Subpart C of Department Circular No. 530, Sixth Revision, dated February 13, 1945 (31 CFR 315), as amended, is hereby further amended and revised to read as follows:

SUBPART C—LIMITATION ON HOLDINGS

Sec. 315.8. *Amount which may be held.*—As provided by Section 22 of the Second Liberty Bond Act, added February 4, 1935, as amended (31 U. S. C. 757c), and by regulations prescribed by the Secretary of the Treasury pursuant to the authority of that section, as amended, the amounts of savings bonds of the several series issued during any one calendar year that may be held by any one person at any one time are limited as follows:

(a) *Series A, B, C, and D.*—$10,000 (maturity value) of each series for each calendar year.

(b) *Series E.*—$5,000 (maturity value) for each calendar year up to and including the calendar year 1947, and $10,000 (maturity value) for each calendar year thereafter.

(c) *Series F and G.*—$50,000 (issue price) for the calendar year 1941, and $100,000 (issue price) for each calendar year thereafter, of either series or of the combined aggregate of both, except that, in the case of commercial banks authorized to acquire such bonds in accordance with Section 315.5, the limitation shall be such as may have been or may hereafter be provided specifically in official circulars governing the offering of other Treasury securities, but in no event in excess of $100,000 (issue price) for any calendar year.

(d) *Special limitation for Series F and G bonds purchased by institutional investors and commercial banks from July 1 through July 15, 1948.*—$1,000,000 (issue price) of either series or of the combined aggregate of both for institutional investors holding savings, insurance, and pension funds and $100,000 (issue price) of either series or of the combined aggregate of both for commercial and industrial banks holding savings deposits or issuing time certificates of deposit in the names of individuals and of corporations, associations, and other organizations not operated for profit, subject to the following conditions:

(1) For the purposes of this subsection the classes of institutional investors will be limited to: (i) insurance companies, (ii) savings banks, (iii) savings and loan associations and building and loan associations, and cooperative banks, (iv) pension and retirement funds, including those of the Federal, State, and local governments, (v) fraternal benefit associations, (vi) endowment funds, and (vii) credit unions.

(2) Any bonds of Series F–1948 and Series G–1948 purchased under this special limitation, including any bonds in excess of $100,000 (issue price) purchased by eligible institutional investors, must be purchased during the period from July 1 through July 15, 1948.

(e) *Special limitation for Series F and G bonds purchased by institutional investors and commercial banks during certain periods in the calendar year 1950.*—

(1) There is hereby provided for certain classes of institutional investors, and for certain commercial and industrial banks, a special limitation on holdings for bonds of Series F and of Series G purchased on original subscription from October 2 through October 10, 1950, for bonds dated October 1, 1950; those purchased from November 1 through November 10, 1950, for bonds dated November 1, 1950; and for those purchased from December 1 through December 11, 1950, for bonds dated December 1, 1950.

(2) The classes of institutional investors to which this offering is made are limited to: (i) insurance companies (including organizations insuring the payment of hospital, medical, and surgical expenses); (ii) savings banks; (iii) savings and loan associations and building and loan associations, and cooperative banks;

(iv) pension and retirement funds constituting separate legal entities, including those of the Federal, State, and local governments; (v) fraternal benefit associations; (vi) endowment funds; (vii) trusts for charitable, educational, religious or other public purposes (whether or not incorporated), and State and municipal sinking funds; and (viii) credit unions. The aggregate purchases of Series F or Series G bonds, or the two series combined, made by an investor of any such class during the three periods will be limited to $1,000,000 (issue price) for the calendar year 1950 in excess of the existing limitation.

(3) Commercial and industrial banks holding savings deposits or issuing time certificates of deposit in the names of: (i) individuals; and (ii) corporations, associations, and other organizations not operated for profit, will be permitted to purchase bonds of either Series F or Series G, or the two series combined, up to an aggregate during the three periods of $100,000 (issue price).

(f) The regulations set forth in this part are hereby modified to accord with the provisions of subsections (d) and (e) of this section.

JOHN W. SNYDER,
Secretary of the Treasury.

Exhibit 13.—Eighth amendment, December 28, 1950, to Department Circular No. 530, procedure for purchase of Series E savings bonds from the proceeds of matured bonds of Series A, Series C–1938, Series D–1939, Series D–1940, and Series D–1941

TREASURY DEPARTMENT,
Washington, December 28, 1950.

To Owners of United States Savings Bonds and Others Concerned:

Pursuant to Section 22 (a) of the Second Liberty Bond Act, as amended (55 Stat. 7, 31 U. S. C. 757c), Section 315.9 (d) (4) of Department Circular No. 530, Sixth Revision, dated February 13, 1945 (31 CFR 315), as amended, is hereby further amended, effective January 1, 1951, to read as follows:

> SEC. 315.9 (d) (4). With respect to bonds of Series E, those purchased with the proceeds of matured bonds of Series A, Series C–1938, Series D–1939, Series D–1940, and Series D–1941, where such matured bonds are presented by an individual (natural person in his own right) owner or coowner for that purpose and the Series E bonds are registered in his name in any form of registration authorized for that series.

JOHN W. SNYDER,
Secretary of the Treasury.

Exhibit 14.—An act to authorize the payment of interest on Series E United States savings bonds retained after maturity

[Public Law 12, 82d Congress, H. R. 2268]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (b) of section 22 of the Second Liberty Bond Act (31 U. S. C. 757c (b)) is amended by inserting "(1)" after "(b)" and adding the following new paragraph:

"(2) The Secretary of the Treasury, with the approval of the President, is authorized to provide by regulation that owners of series E savings bonds thereafter maturing may, at their option, retain the matured bonds and earn interest upon the maturity values thereof for not more than ten years at rates consistent with the provisions of paragraph (1)."

SEC. 2. Effective with respect to taxable years ending after the date of the enactment of this Act, section 42 of the Internal Revenue Code is amended—

> (1) by inserting after "stated intervals" in the first sentence of subsection (b) the following: "or owning an obligation described in paragraph (2) of subsection (d)";
>
> (2) by inserting after "acquisition" in the last sentence of subsection (b) the following: "(or, in the case of an obligation described in paragraph (2) of subsection (d), the date of acquisition of the series E bond involved)"; and
>
> (3) by adding at the end of such section the following new subsection:

"(d) Matured United States Savings Bonds.—In the case of a taxpayer who—

"(1) holds a series E United States savings bond at the date of maturity, and

"(2) pursuant to regulations prescribed under the Second Liberty Bond Act retains his investment in the maturity value of such series E bond in an obligation, other than a current income obligation, which matures not more than ten years from the date of maturity of such series E bond,

the increase in redemption value (to the extent not previously includible in gross income) in excess of the amount paid for such series E bond shall be includible in gross income in the taxable year in which the obligation is finally redeemed or in the taxable year of final maturity, whichever is earlier. The provisions of this subsection shall not apply to a corporation, and shall not apply in the case of any taxable year for which the taxpayer's net income is computed upon the basis of the accrual method of accounting or for which an election made by the taxpayer under subsection (b) is applicable."

Approved March 26, 1951.

Exhibit 15.—Department Circular No. 885, regulations governing options open to owners of maturing Series E United States savings bonds

[Department Circular 885. Public Debt]

Treasury Department,
Washington, March 26, 1951.

Subpart A—Offering to Owners of Series E Savings Bonds Heretofore or Hereafter Issued

Sec. 329.1. Pursuant to Section 22 (b) (2) of the Second Liberty Bond Act, as amended (31 U. S. C. 757c (b) (2)[1]), the Secretary of the Treasury offers to owners of United States savings bonds of Series E (hereinafter referred to as bonds of Series E) who wish to continue their investment beyond maturity, the options hereinafter set forth. Bonds of Series E were first issued on May 1, 1941, and will mature beginning on May 1, 1951. Such options are hereby granted for the benefit of owners of bonds of Series E heretofore or hereafter issued and are as binding on the United States as if expressly set forth in the text of the bonds. The term "owners" as used in these regulations is defined in Subpart E.

Sec. 329.2. The provisions of Subpart B hereof do not in any way restrict the right of owners of bonds of Series E to cash their bonds AT ANY TIME in accordance with the terms of such bonds.

Subpart B—Further Interest After Maturity

Sec. 329.3. Owners of bonds of Series E, which mature on and after May 1, 1951, have the option of retaining the matured bonds for a further 10-year period and earning interest upon the maturity values thereof to accrue at the rate of 2½ percent simple interest per annum for the first 7½ years and at a higher rate thereafter so that the aggregate return for the 10-year extension period will be about 2.9 percent compounded semiannually. NO ACTION IS REQUIRED OF OWNERS DESIRING TO TAKE ADVANTAGE OF THE EXTENSION. MERELY BY CONTINUING TO HOLD THEIR BONDS AFTER MATURITY OWNERS WILL EARN FURTHER INTEREST IN ACCORDANCE WITH THE SCHEDULE SET FORTH IN THE TABLE AT THE END OF THESE REGULATIONS.

Sec. 329.4. Interest hereunder accrues at the end of the first half-year period following maturity and each successive half-year period thereafter. If the bonds are redeemed before the end of the first half-year period following maturity, the owner is entitled to payment only at the face value thereof.

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[1] Act of March 26, 1951, see exhibit 14.

Subpart C—Exchange for Series G Bonds Bearing Special Par Redemption Privilege

Sec. 329.5. Owners of bonds of Series E which mature on and after May 1, 1951, who prefer to have an investment paying current income rather than to exercise their right to request cash, or to retain the bonds under Subpart B, have the option of presenting their matured bonds in amounts of $500 (maturity value) or multiples thereof in exchange for Series G bonds which will bear the special privilege of redemption AT PAR AT ANY TIME at the owner's option as set forth in section 329.6. The exchange will be governed by the rules set forth in section 329.7. Except as set forth in this subpart, the Series G bonds issued upon exchange will in all other respects be the same as the Series G bonds currently on sale which mature 12 years from issue date and bear interest at the rate of 2½ percent per annum payable semiannually by check drawn to the order of the registered owner.

Sec. 329.6. The Series G bonds issued upon exchange will be specially stamped to indicate that they are unconditionally redeemable by the owner AT PAR AT ANY TIME after 6 months from the issue date upon one calendar month's notice to a Federal Reserve Bank or branch or to the Treasury Department. The Series G bonds currently on sale for cash subscription may not be redeemed at par prior to maturity except in the event of death as set forth in the regulations governing United States savings bonds.

Sec. 329.7. The following rules govern the exchange under this subpart: (1) The Series G bonds will be registered in the names of the owners of the matured bonds of Series E in any authorized form of registration; (2) Series G bonds will be issued upon exchange ONLY in denominations of $500, $1,000, $5,000, and $10,000 (maturity value); (3) the bonds of Series E used in the exchange must be presented to a Federal Reserve Bank or branch or to the Treasury Department, Washington 25, D. C., not later than two calendar months after the month of maturity and the bonds of Series G issued upon exchange will be dated as of the first day of the month in which the bonds of Series E matured; but (4) if an owner desires to accumulate a number of bonds of Series E for exchange to bonds of Series G in any authorized denomination set forth in (2), he may accumulate such bonds during any twelve consecutive calendar months and present them for exchange not later than two calendar months after the month of maturity of the last bond in the group to be exchanged and the Series G bonds issued upon such exchange will be dated on a weighted average dating basis which will afford an adequate interest adjustment for the period during which the owner has accumulated the bonds of Series E for the exchange; and (5) cash subscriptions in whole or in part will not be accepted for the Series G bonds offered under this subpart.

Subpart D—Federal Income Tax

Sec. 329.8. A taxpayer who has been reporting the increase in redemption value of his bonds of Series E, for Federal income tax purposes, each year as it accrues, must continue to do so if he retains the bonds under Subpart B, unless in accordance with income tax regulations (Regulations 111, section 29.42–6) the taxpayer secures permission from the Commissioner of Internal Revenue to change to a different method of reporting income from such obligations. A taxpayer who has not been reporting the increase in redemption value of such bonds currently for tax purposes may in any year prior to final maturity, and subject to the provisions of section 42 (b) of the Internal Revenue Code and of the regulations prescribed thereunder, elect for such year and subsequent years to report such income annually. Holders of bonds of Series E who have not reported the increase in redemption value currently are required to include such amount in gross income for the taxable year of actual redemption or for the taxable year in which the period of extension ends, whichever is earlier.

SEC. 329.9. Taxpayers who exchange their matured bonds of Series E for Series G bonds under the provisions of Subpart C must report the difference between the purchase price of their Series E bonds and the maturity value thereof in their returns for the year in which the bonds mature to the extent to which such difference has not been reported in previous returns. The interest payable on the Series G bonds issued upon exchange must be reported as income for the taxable year in which received or accrued.

SEC. 329.10. If further information concerning the income tax is desired, inquiry should be addressed to the Collector of Internal Revenue of the taxpayer's district or to the Bureau of Internal Revenue, Washington 25, D. C.

SUBPART E—GENERAL PROVISIONS

SEC. 329.11. *Definition of terms.*—(a) The term "Bonds of Series E" as used in these regulations includes all bonds of Series E issued as United States defense savings bonds, United States war savings bonds and all those issued as Series E savings bonds without special designation; (b) The term "owners" as used in these regulations includes registered owners, coowners, surviving beneficiaries, next of kin and legatees of a deceased owner, and persons who have acquired bonds pursuant to judicial proceedings against the owner, except that judgment creditors, trustees in bankruptcy and receivers of insolvents' estates will have the right only to payment of bonds of Series E in accordance with the regulations governing United States savings bonds.

SEC. 329.12. *Right to purchase bonds of Series E and G currently.*—The amount of matured bonds of Series E retained after maturity and the amount of bonds of Series G issued upon exchange in accordance with these regulations will not be included in the limitation on holdings applicable to the amount of bonds of such series which may be purchased by an investor each calendar year; except that nothing herein contained shall be construed to permit the current purchase of savings bonds of Series E for the account of organizations and fiduciaries or the purchase of savings bonds of either series for the account of persons who are not entitled to have them on original issue, contrary to the provisions of the regulations governing United States savings bonds.

SEC. 329.13. *Modification of other circulars.*—The provisions of these regulations shall be considered as amendatory of and supplementary to the offering circular for savings bonds of Series E (Department Circular No. 653 and its revisions), the offering circular for savings bonds of Series G (Department Circular No. 654 and its revisions), and the circular containing the regulations governing United States savings bonds,[2] which circulars are hereby modified to accord with the provisions hereof.

SEC. 329.14. *Other circulars generally applicable.*—Except as provided in these regulations, the circulars referred to in the preceding section will continue to be generally applicable.

SEC. 329.15. *Supplements and amendments.*—The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of these regulations, or of any amendment or supplement thereto.

JOHN W. SNYDER,
Secretary of the Treasury.

[2] The regulations currently in force governing United States savings bonds are set forth in Department Circular No. 530, Sixth Revision, as amended; see exhibits 12 and 13.

Optional Extension of United States Savings Bonds—Series E

TABLE OF REDEMPTION VALUES AND INVESTMENT YIELDS RELATING TO EXTENDED BONDS

Table for the 10-year extension period showing: (1) how bonds of Series E, by denominations, increase in redemption value during successive half-year periods following date of original maturity; (2) the approximate investment yield on the purchase price from issue date to the beginning of each half-year period; and (3) the approximate investment yield on the current redemption value from the beginning of each half-year period to extended maturity. Yields are expressed in terms of rate percent per annum, compounded semiannually

Extended maturity value	$13.33	$33.33	$66.67	$133.33	$266.67	$666.67	$1,333.33	Approximate investment yields [1]	
Original maturity (or face) value	10.00	25.00	50.00	100.00	200.00	500.00	1,000.00		
Issue price	7.50	18.75	37.50	75.00	150.00	375.00	750.00		
Period after issue date	(1) Redemption values during each half-year period							(2) On purchase price from original issue date to beginning of each half-year period	(3) On current redemption value from beginning of each half-year period to extended maturity
								Percent	*Percent*
10 to 10½ years	10.00	25.00	50.00	100.00	200.00	500.00	1,000.00	2.90	2.90
10½ to 11 years	10.12	25.31	50.62	101.25	202.50	506.25	1,012.50	2.88	2.92
11 to 11½ years	10.25	25.62	51.25	102.50	205.00	512.50	1,025.00	2.86	2.94
11½ to 12 years	10.37	25.94	51.87	103.75	207.50	518.75	1,037.50	2.84	2.97
12 to 12½ years	10.50	26.25	52.50	105.00	210.00	525.00	1,050.00	2.82	3.01
12½ to 13 years	10.62	26.56	53.12	106.25	212.50	531.25	1,062.50	2.81	3.05
13 to 13½ years	10.75	26.87	53.75	107.50	215.00	537.50	1,075.00	2.79	3.10
13½ to 14 years	10.87	27.19	54.37	108.75	217.50	543.75	1,087.50	2.77	3.16
14 to 14½ years	11.00	27.50	55.00	110.00	220.00	550.00	1,100.00	2.75	3.23
14½ to 15 years	11.12	27.81	55.62	111.25	222.50	556.25	1,112.50	2.74	3.32
15 to 15½ years	11.25	28.12	56.25	112.50	225.00	562.50	1,125.00	2.72	3.43
15½ to 16 years	11.37	28.44	56.87	113.75	227.50	568.75	1,137.50	2.71	3.56
16 to 16½ years	11.50	28.75	57.50	115.00	230.00	575.00	1,150.00	2.69	3.73
16½ to 17 years	11.62	29.06	58.12	116.25	232.50	581.25	1,162.50	2.67	3.96
17 to 17½ years	11.75	29.37	58.75	117.50	235.00	587.50	1,175.00	2.66	4.26
17½ to 18 years	12.00	30.00	60.00	120.00	240.00	600.00	1,200.00	2.70	4.26
18 to 18½ years	12.27	30.67	61.33	122.67	245.33	613.33	1,226.67	2.75	4.21
18½ to 19 years	12.53	31.33	62.67	125.33	250.67	626.67	1,253.33	2.79	4.17
19 to 19½ years	12.80	32.00	64.00	128.00	256.00	640.00	1,280.00	2.83	4.12
19½ to 20 years	13.07	32.67	65.33	130.67	261.33	653.33	1,306.67	2.87	4.08
Extended maturity value (20 years from issue date)	13.33	33.33	66.67	133.33	266.67	666.67	1,333.33	2.90	---------

[1] Calculated on basis of $1,000 bond (face value).

Exhibit 16.—Department Circular No. 888, regulations governing the payment of United States savings bonds without the owner's signature to the request for payment

Treasury Department,
Washington, May 15, 1951.

Pursuant to section 22 (a) of the Second Liberty Bond Act, as amended (31 U. S. C. 757c), the following additional regulations applicable to United States saving bonds are prescribed by the Secretary of the Treasury, effective June 1, 1951.

Sec. 330.1. *Purpose of regulations.*—These regulations prescribe a procedure whereby eligible qualified paying agents may specially endorse certain United States savings bonds in lieu of requiring the owner or coowner to sign the request for payment and to pay such bonds if they are otherwise subject to payment under the provisions of Treasury Department Circular 750, Revised, or to forward to the Federal Reserve Bank of the district for payment those bonds which are not subject to payment under said Circular 750. Although the procedure is designed for use primarily in connection with bonds held by paying agents in safekeeping or trust accounts for known customers, it is not limited to bonds held in such accounts. However, UNDER NO CIRCUMSTANCES shall the procedure be used to effect a transfer of ownership or a hypothecation or pledge of a bond. Violation of these prohibitions will be cause for the withdrawal of an agent's privilege to process bonds under this circular.

SEC. 330.2. *Agents eligible to process bonds.*—In order to establish its eligibility to process savings bonds under this circular, an institution qualified as a paying agent of savings bonds must certify on Treasury Department Form PD 2291, that by duly executed resolution of its governing board or committee, the institution has been authorized to apply for the privilege of processing bonds in accordance with the provisions and conditions of this circular, including all supplements, amendments, and revisions thereof and any instructions issued in connection therewith. Such application and certification should be made to the Federal Reserve Bank of the district which will, when appropriate, issue, on Form PD 2292, notification of the acceptance of such application-certification. The Secretary of the Treasury reserves the right to withdraw such privilege from any institution at any time and such action may be taken either by the Treasury Department direct or through a Federal Reserve Bank, acting as fiscal agent of the United States.

SEC. 330.3. *Bonds eligible for processing.*—A United States savings bond of any series may be processed under these regulations provided that the registered owner (which term as now and hereafter used in this circular includes a coowner) named on the bond requests its payment. The term "owner" is defined to include individuals, incorporated and unincorporated bodies, executors, administrators, and other fiduciaries named on the bonds. The procedure does not apply, for example, to cases where a parent requests payment in behalf of a minor child who is named on the bond as its owner or to cases where requests for payment are made by surviving beneficiaries, or to any other cases requiring death certificates or other supporting evidence.

SEC. 330.4. *Guaranty given to the United States.*—Each paying agent by the act of paying a bond without the signature of the owner or presenting a bond to the Federal Reserve Bank of the district for payment without the owner's signature, under these regulations, shall be deemed thereby to have unconditionally guaranteed to the United States (a) the validity of the transaction, including the identification of the owner and the disposition of the proceeds in accordance with his instructions, and (b) that if a loss is incurred by the United States as a result of such transaction the agent shall upon request of the Treasury Department make prompt reimbursement for the amount of the loss.

SEC. 330.5. *Evidence of owner's authorization to agent.*—By the act of presenting a bond to the Federal Reserve Bank (either as a "paid" bond or for payment by the Federal Reserve Bank) without the owner's signature to the request for payment, the paying agent represents to the United States that it has obtained adequate instructions from the owner with respect to payment of the bond and disposition of its proceeds. To support this representation agents should maintain appropriate records evidencing the receipt of such instructions as well as records establishing compliance therewith.

SEC. 330.6. *Endorsement of bonds.*—Each bond processed under these regulations shall bear the following endorsement (see sec. 330.7 for additional instructions covering bonds inscribed in coownership form):

> "Absence of owner's signature, and validity of transaction, guaranteed in accordance with Treasury Department Circular No. 888.
>
> *(Name and location of agent)*"

This endorsement must be placed on the back of the bond in the space provided for the owner to request payment. The endorsement stamp must be legibly impressed in black or other dark-colored ink. The Federal Reserve Bank of the district will furnish rubber stamps for impressing the above endorsement or, in lieu thereof, will approve designs for suitable stamps to be obtained by paying agents. Requests for endorsement stamps to be furnished or approved by the Federal Reserve Bank shall be made in writing by an officer of the institution.

SEC. 330.7. *Bonds in coownership form.*—In addition to the endorsement prescribed in sec. 330.6 hereof, the paying agent shall in the case of bonds registered in coownership form indicate which coowner requested payment. This should be done by encircling in black or other dark-colored ink the name of such coowner (or both coowners if a joint request for payment is made) as it appears in the inscription on the face of the bond.

SEC. 330.8. *Payment of bonds.*—Bonds bearing the special endorsement prescribed in sec. 330.6 hereof, may be paid by paying agents if the bonds are otherwise eligible for payment under the provisions of Department Circular 750, Revised. (The same specific limitations of payment authority set forth in sec. 321.9 of Department Circular 750, Revised—except for absence of the owner's signature under these regulations—continue to apply.) These paid bonds should, of course, bear the agent's payment stamp and the data required thereby and the bonds should be forwarded to the Federal Reserve Bank of the district, with other paid bonds, in the usual manner. All other bonds bearing the special endorsement should be forwarded to the Federal Reserve Bank of the district for payment. These bonds should be separated from paid bonds and should be accompanied by appropriate instructions governing disposition of the check to be issued in payment of the bond proceeds. See sec. 330.3 hereof with respect to bonds eligible for special endorsement under these regulations.

SEC. 330.9. *Liability of paying agents under this circular.*—In accordance with the guarantee provisions of sec. 330.4 hereof, paying agents are absolutely and unconditionally liable for any losses incurred by the United States by reason of the processing of bonds under these regulations.

SEC. 330.10. *Functions of Federal Reserve Banks.*—The Federal Reserve Banks, as fiscal agents of the United States, are authorized and directed to perform such duties, and prepare and issue such instructions, as may be necessary to the fulfillment of the purpose and requirements of this circular. The Federal Reserve Banks may utilize any or all of their branches in the performance of these duties.

SEC. 330.11. *Modification of other circulars.*—The provisions of these regulations shall be considered as amendatory of and supplementary to Department Circulars 530, 653, 654, 750, 751, and 885, and any revisions thereof, and those circulars are hereby modified where necessary to accord with the provisions hereof.

SEC. 330.12. *Other circulars generally applicable.*—Except as provided in these regulations the circulars referred to in the preceding section will continue to be generally applicable.

SEC. 330.13. *Supplements and amendments.*—The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of these regulations, or of any amendment or supplement thereto.

JOHN W. SNYDER,
Secretary of the Treasury.

Exhibit 17.—Offering of Treasury savings notes of Series A–1954

[Department Circular 889. Public Debt]

TREASURY DEPARTMENT,
Washington, May 10, 1951.

SUBPART A: OFFERING OF NOTES

SEC. 331.1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, offers for sale to the people of the United States, at par and accrued interest as provided in Section 331.12 hereof, an issue of notes of the United States designated Treasury savings notes, Series A, which notes, if inscribed in the name of a Federal taxpayer, will be receivable as hereinafter provided at par and accrued interest in payment of income, estate, and gift taxes imposed by the Internal Revenue Code, or laws amendatory or supplementary thereto. The notes may also be redeemed for cash at par and accrued interest, with certain exceptions applicable to banking institutions, as provided in section 331.16 hereof.

SEC. 331.2. *Withdrawal of Series D Notes.*—The sale of Treasury savings notes, Series D, offered under Department Circular No. 833, dated August 17, 1948, as amended, is hereby terminated at the close of business May 14, 1951.

SEC. 331.3. *Duration of offer.*—The sale of notes of Series A offered by this circular will begin on May 15, 1951, and will continue until terminated by the Secretary of the Treasury.

SEC. 331.4. *Definitions.*—(a) The word "month" as used herein means the period from and including the 15th day of any one calendar month to but not including the 15th day of the next succeeding month.

(b) The words "issue date" mean the date as of which a note is issued and will always be the 15th day of a calendar month.

(c) The words "interest accrual date" or "accrual date" mean the date upon which a month's interest accrues on a note, the first accrual date being the 15th day of the calendar month next following the issue date.

SUBPART B: DESCRIPTION OF NOTES

SEC. 331.5. *General.*—Treasury savings notes, Series A, will in each instance be dated as of the 15th day of a calendar month. The issue date will be determined by the day of the month on which payment at par and accrued interest, if any, is received and credited by an agency authorized to issue the notes. For example, payment received and credited on any day during the period from and including May 15, 1951, to and including June 14, 1951, would result in the issue of notes dated May 15, 1951. They will mature three years from that date and may not be called by the Secretary of the Treasury for redemption before maturity. All notes bearing issue dates within any one calendar year shall constitute a separate series indicated by the letter "A" followed by the year of maturity. At the time of issue the issuing agency will inscribe on the face of each note the name and address of the owner, will enter the issue date and will imprint its dating stamp (with current date). The notes will be issued in denominations of $100, $500, $1,000, $5,000, $10,000, $100,000, $500,000, and $1,000,000. Exchange of authorized denominations from higher to lower, but not from lower to higher may be arranged at any agency that issues Treasury savings notes, Series A.

SEC. 331.6. *Acceptance for taxes or cash redemption.*—If inscribed in the name of an individual, corporation, or other entity paying income, estate, or gift taxes imposed under the Internal Revenue Code, or laws amendatory or supplementary thereto, the notes will be receivable, subject to the provisions of section 331.15 of this circular, at par and accrued interest, in payment of such income, estate, or gift taxes assessed against the owner or his estate. If not presented in payment of taxes, or if not inscribed in the name of a taxpayer liable to the above-described taxes, and subject to the provisions of section 331.16 of this circular, the notes will be payable at maturity, or at the owner's option and request they will be redeemable before maturity at par and accrued interest.

SEC. 331.7. *Interest.*—Interest on each $1,000 principal amount of Treasury savings notes, Series A, will accrue monthly on the 15th calendar day of each month after the issue date on a graduated scale, as follows:

First to sixth months, inclusive	$1.20 each month
Seventh to twelfth months, inclusive	$1.50 each month
Thirteenth to eighteenth months, inclusive	$1.60 each month
Nineteenth to twenty-fourth months, inclusive	$1.70 each month
Twenty-fifth to thirty-sixth months, inclusive	$1.80 each month

The table appended to this circular shows for notes of each denomination, for each consecutive month after issue date to maturity, (a) the amount of interest accrual, (b) the principal amount of the note with accrued interest (cumulative) added, and (c) the approximate investment yields. Subject to the provisions of sections 331.15 and 331.16 hereof, when Treasury savings notes, Series A, are to be paid on an interest accrual date, the payment will include interest accruing on that date; otherwise, interest will be paid only to the interest accrual date next preceding the date of payment. Interest will be paid only with the principal amount, and will not accrue beyond the maturity date of the note.

SEC. 331.8. *Forms of inscription.*—Treasury savings notes, Series A, may be inscribed in the name of an individual, corporation, unincorporated association or society, or a fiduciary (including trustees under a duly established trust where the notes would not be held as security for the performance of a duty or obligation), whether or not the inscribed owner is subject to taxation under the Internal Revenue Code, or laws amendatory or supplementary thereto. They may also be inscribed in the name of a town, city, county, or State, or other governmental body and in the name of a partnership, but notes in the name of a partnership are not acceptable in payment of taxes, since a partnership is not a taxpaying entity under the Internal Revenue Code. The notes will not be inscribed in the names of two or more persons as joint owners or coowners; or in the name of a public officer, whether or not named as trustee, where the notes would in effect be held as security for the performance of a duty or obligation.

SEC. 331.9. *Nontransferability.*—The notes may not be transferred in ordinary course; except that (1) if inscribed in the name of a married man they may be reissued in the name of his wife, or if inscribed in the name of a married woman they may be reissued in the name of her husband, upon request of the person in whose name the notes are inscribed and the surrender of the notes to the agency that issued them; (2) if inscribed in the name of a corporation owning more than 50 percent of the stock, with voting power, of another corporation, the notes may be reissued in the name of the subsidiary upon request of the corporation and surrender of the notes to the agency that issued them; (3) upon the death or disability of an individual inscribed owner or the dissolution, consolidation, or merger of a corporation, unincorporated association or partnership named as owner, reissue or payment may be made in accordance with sections 331.22 and 331.23 hereof; and (4) payment but not reissue, may be made as a result of legal proceedings as set forth in sections 331.24 and 331.25 hereof. The notes may not be hypothecated and no attempted hypothecation or pledge as security will be recognized by the Treasury Department: *Provided, however,* That the notes may be pledged as collateral for loans from banking institutions and if title thereto is acquired by a bank because of the failure of a loan to be paid, the notes will be redeemed at par and accrued interest to the interest accrual date next preceding the date of such acquisition, unless acquired on an interest accrual date, on surrender to the agency which issued them, accompanied by proof of the date of acquisition and by request of the pledgee under power of attorney given by the pledgor in whose name the notes are inscribed. The notes will not be transferred to a pledgee. The notes will not be acceptable to secure deposits of public moneys.

SEC. 331.10. *Taxation.*—Income derived from the notes shall be subject to all taxes now or hereafter imposed under the Internal Revenue Code or laws amendatory or supplementary thereto. The notes shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

SUBPART C: PURCHASE OF NOTES

SEC. 331.11. *Official agencies.*—In addition to the Treasury Department, the Federal Reserve Banks and their branches are hereby designated agencies for the issue and redemption of Treasury savings notes, Series A. The Secretary of the Treasury, from time to time, in his discretion, may designate other agencies for the issue of the notes, or for accepting applications therefor, or for making payments on account of the redemption thereof.

SEC. 331.12. *Applications and payment.*—Applications will be received by the Federal Reserve Banks and branches and by the Treasurer of the United States, Washington, D. C. Banking institutions generally may submit applications for the account of customers but only the Federal Reserve Banks, their branches, and the Treasury Department are authorized to act as official agencies. The use of an official application form is desirable but not necessary. Such forms may be obtained upon request from any Federal Reserve Bank or branch or the Treasurer of the United States. Every application must be accompanied by payment in full, at par and accrued interest, if any. The amount of accrued interest payable by the purchaser will be computed at the rate at which interest accrues on the notes ($1.20 per month per $1,000 par amount) for the actual number of days from but not including the issue date to and including the date funds are credited to the account of the Treasurer of the United States. For example, if funds are credited on the 20th day of January the issue date will be January 15, and five days' accrued interest must be paid by the purchaser. If collection is delayed so that credit is not given until February 15, the issue date will be February 15, and no accrued interest will be collectible. One day's accrued interest for a thirty-one day period is $0.03871 per $1,000, for a thirty day period $0.04 per $1,000, for a twenty-nine day period $0.04138 per $1,000, and for a twenty-eight day period $0.04286 per $1,000. Any form of exchange including personal checks, will be accepted, subject to collection, and should be drawn to the order of the Federal Reserve Bank or the Treasurer of the United States, as payee, as the case may be. Any depositary qualified pursuant to the provisions of Treasury Department Circular No. 92, Revised, as amended, will be permitted to make payment by credit for notes applied for on behalf of itself or its customers up to any amount for which it shall be qualified in excess of existing deposits.

SEC. 331.13. *Reservations.*—The Secretary of the Treasury reserves the right to reject any application in whole or in part, and to refuse to issue or permit to be issued hereunder any notes in any case or in any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final. If an application is rejected, in whole or in part, any payment received therefor will be refunded.

SEC. 331.14. *Delivery of notes.*—Upon acceptance of a full-paid application, notes will be duly inscribed and, unless delivered in person, will be delivered, at the risk and expense of the United States at the address given by the purchaser, by mail, but only within the United States, its Territories and island possessions, and the Canal Zone. No deliveries elsewhere will be made.

SUBPART D: PRESENTATION IN PAYMENT OF TAXES

SEC. 331.15. At any time after two months from the issue date, during such time and under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe, notes issued hereunder in the name of a Federal taxpayer, may be presented by such taxpayer, his agent or his estate for credit against any income (current and back, personal and corporation taxes, and excess profits taxes) or any estate or gift taxes (current and back) imposed by the Internal Revenue Code, or laws amendatory or supplementary thereto, assessed against the inscribed owner or his estate. For example, a note dated January 15 may be presented for credit against taxes due March 15. The notes will be receivable by the collector at par and accrued interest to the day (but no accrual beyond maturity) when the taxes are due, if such day falls on the 15th day of a calendar month, whether the notes are received on or before that day. If the taxes are due on any other day of the month than the 15th, accrued interest will be credited to the accrual date next preceding the day when the taxes are due. Notes are receivable only in payment of taxes equal to or exceeding the entire value of the notes, including accrued interest. The notes must be forwarded to the collector at the risk and expense of the owner and, for his protection, should be forwarded by registered mail, if not presented in person.

SUBPART E: CASH REDEMPTION AT OR BEFORE MATURITY

SEC. 331.16. *General.*—Any Treasury savings note, Series A, not presented in payment of taxes will be paid at maturity, or, at the option and request of the owner, and without advance notice, will be redeemed before maturity, at any time after four months from the issue date. For example, a note dated January 15 may be redeemed for cash on or after May 15. If redemption prior to maturity is requested on an interest accrual date the redemption will include interest accruing on that date, otherwise redemption will be at par and accrued interest to the interest accrual date next preceding the redemption date, except in the case of a note inscribed in the name of a bank that accepts demand deposits, in which case payment, whether at or before maturity, will be made only at par, with a refund of any accrued interest which may have been paid at the time of purchase of the note. If a note is acquired by a banking institution through forfeiture of a loan, payment will be made at par and the accrued interest payable as of the date of acquisition.

SEC. 331.17. *Execution of request for payment.*—The owner in whose name the note is inscribed must appear before one of the officers authorized by the Secretary of the Treasury to witness and certify requests for payment, establish his identity, and in the presence of such officer sign and complete the request for payment appearing on the back of the note. After the request for payment has been executed, the witnessing officer should execute the certificate provided for his use.

SEC. 331.18. *Officers authorized to certify requests for payment.*—All officers authorized to certify requests for payment of United States savings bonds, as set forth in Treasury Department Circular No. 530, Sixth Revision, as amended, are hereby authorized to certify requests for cash redemption of Treasury savings notes issued under this circular. Such officers include, among others, United States postmasters, certain other post office officials, officers of all banks and trust companies incorporated in the United States or its organized Territories, including officers at branches thereof, and commissioned and warrant officers of the armed forces of the United States.

SEC. 331.19. *Presentation and surrender.*—Notes bearing properly executed requests for payment must be presented and surrendered to any Federal Reserve Bank or branch or to the Treasurer of the United States, Washington 25, D. C., at the expense and risk of the owner. For the owner's protection, notes should be forwarded by registered mail, if not presented in person.

SEC. 331.20. *Partial redemption.*—Partial cash redemption of a note, corresponding to an authorized denomination, may be made in the same manner as full cash redemption, appropriate changes being made in the request for payment. In case of partial redemption of a note, the remainder will be reissued in the same name and with the same issue date as the note surrendered.

SEC. 331.21. *Payment.*—Payment of any note, either at maturity or on redemption before maturity, will be made by any Federal Reserve Bank or branch or the Treasurer of the United States, following clearance with the agency of issue, which will be obtained by the agency to which the note is surrendered. Unless otherwise instructed, payment will be made by check drawn to the order of the owner, and mailed to the address given in his request for payment.

SUBPART F: PAYMENT OR REISSUE TO OTHER THAN INSCRIBED OWNER

SEC. 331.22. *Death or disability.*—In case of the death or disability of an individual owner, if the notes are not to be presented in payment of taxes, payment will be made to the duly constituted representative of his estate, or they may be reissued to one or more of his heirs or legatees upon satisfactory proof of their right; but no reissue will be made in two names jointly or as coowners.

SEC. 331.23. *Dissolution or merger of corporations, etc.*—If a corporation or unincorporated body in whose name notes are inscribed is dissolved, consolidated, merged or otherwise changes its organization, the notes may be paid to, or reissued in the name of, those persons or organizations lawfully entitled to the assets of such corporation or body by reason of such changes in organization.

SEC. 331.24. *Bankruptcy.*—If an owner of notes is declared bankrupt or insolvent, payment, but not reissue, will be made to the duly qualified trustee, receiver, or similar representative if the notes are submitted with satisfactory proof of his appointment and qualification.

SEC. 331.25. *Creditors' rights.*—Payment, but not reissue, will be made as a result of judicial proceedings in a court of competent jurisdiction, if the notes are submitted with proper proof of such proceedings and their finality.

SEC. 331.26. *Instructions and information.*—Before executing the request for payment or submitting the notes under the provisions of this subpart, instructions should be obtained from a Federal Reserve Bank or branch or from the Treasury Department, Division of Loans and Currency, Washington 25, D. C.

SUBPART G: GENERAL PROVISIONS

SEC. 331.27. *Regulations.*—Except as provided in this circular, the notes issued hereunder will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing bonds and notes of the United States; the regulations currently in force are contained in Department Circular No. 300, as amended.

SEC. 331.28. *Loss, theft, or destruction.*—In case of the loss, theft, or destruction of a savings note immediate notice (which should include a full description of the note) should be given the agency which issued the note and instructions should be requested as to the procedure necessary to secure a duplicate.

SEC. 331.29. *Fiscal agents.*—Federal Reserve Banks and their branches, as fiscal agents of the United States, are authorized to perform such services or acts as may be appropriate and necessary under the provisions of this circular and under any instructions given by the Secretary of the Treasury, and they may issue interim receipts pending delivery of the definitive notes.

SEC. 331.30. *Amendments*.—The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this circular, or of any amendments or supplements thereto, and may at any time or from time to time prescribe amendatory rules and regulations governing the offering of the notes, information as to which will promptly be furnished to the Federal Reserve Banks.

E. H. FOLEY,
Acting Secretary of the Treasury.

Treasury Savings Notes—Series A

TABLE OF TAX-PAYMENT OR REDEMPTION VALUES AND INVESTMENT YIELDS

The table below shows for each month from issue date to maturity date the amount of interest accrual; the principal amount with accrued interest added, for notes of each denomination; the approximate investment yield on the par value from issue date to the 15th of each month following the issue date; and the approximate investment yield on the current redemption value from the 15th of the month indicated to the maturity date

Par value	$100.00	$500.00	$1,000.00	$5,000.00	$10,000.00	$100,000.00	$500,000.00	$1,000,000.00	Approximate investment yield on par value from issue date to beginning of each monthly period thereafter	Approximate investment yield on current tax-payment or redemption values from beginning of each monthly period to maturity
Amount of interest accrual each month after issue month	Tax-payment or redemption values during each monthly period after issue month [1]									
Interest accrues at rate of $1.20 per month per $1,000 par amount:									*Percent*	*Percent* [2] 1.88
First month	$100.12	$500.60	$1,001.20	$5,006.00	$10,012.00	$100,120.00	$500,600.00	$1,001,200.00	1.44	1.89
Second month	100.24	501.20	1,002.40	5,012.00	10,024.00	100,240.00	501,200.00	1,002,400.00	1.44	1.90
Third month	100.36	501.80	1,003.60	5,018.00	10,036.00	100,360.00	501,800.00	1,003,600.00	1.44	1.91
Fourth month	100.48	502.40	1,004.80	5,024.00	10,048.00	100,480.00	502,400.00	1,004,800.00	1.44	1.93
Fifth month	100.60	503.00	1,006.00	5,030.00	10,060.00	100,600.00	503,000.00	1,006,000.00	1.44	1.95
Sixth month	100.72	503.60	1,007.20	5,036.00	10,072.00	100,720.00	503,600.00	1,007,200.00	1.44	1.96
Interest accrues at rate of $1.50 per month per $1,000 par amount:										
Seventh month	100.87	504.35	1,008.70	5,043.50	10,087.00	100,870.00	504,350.00	1,008,700.00	1.49	1.97
Eighth month	101.02	505.10	1,010.20	5,051.00	10,102.00	101,020.00	505,100.00	1,010,200.00	1.53	1.97
Ninth month	101.17	505.85	1,011.70	5,058.50	10,117.00	101,170.00	505,850.00	1,011,700.00	1.56	1.98
Tenth month	101.32	506.60	1,013.20	5,066.00	10,132.00	101,320.00	506,600.00	1,013,200.00	1.58	1.99
Eleventh month	101.47	507.35	1,014.70	5,073.50	10,147.00	101,470.00	507,350.00	1,014,700.00	1.60	2.00
Twelfth month	101.62	508.10	1,016.20	5,081.00	10,162.00	101,620.00	508,100.00	1,016,200.00	1.61	2.01
Interest accrues at rate of $1.60 per month per $1,000 par amount:										
Thirteenth month	101.78	508.90	1,017.80	5,089.00	10,178.00	101,780.00	508,900.00	1,017,800.00	1.64	2.01
Fourteenth month	101.94	509.70	1,019.40	5,097.00	10,194.00	101,940.00	509,700.00	1,019,400.00	1.65	2.02
Fifteenth month	102.10	510.50	1,021.00	5,105.00	10,210.00	102,100.00	510,500.00	1,021,000.00	1.67	2.02
Sixteenth month	102.26	511.30	1,022.60	5,113.00	10,226.00	102,260.00	511,300.00	1,022,600.00	1.68	2.03
Seventeenth month	102.42	512.10	1,024.20	5,121.00	10,242.00	102,420.00	512,100.00	1,024,200.00	1.70	2.04
Eighteenth month	102.58	512.90	1,025.80	5,129.00	10,258.00	102,580.00	512,900.00	1,025,800.00	1.71	2.05

Interest accrues at rate of $1.70 per month per $1,000 par amount:										
Nineteenth month	102.75	513.75	1,027.50	5,137.50	10,275.00	102,750.00	513,750.00	1,027,500.00	1.72	2.05
Twentieth month	102.92	514.60	1,029.20	5,146.00	10,292.00	102,920.00	514,600.00	1,029,200.00	1.73	2.05
Twenty-first month	103.09	515.45	1,030.90	5,154.50	10,309.00	103,090.00	515,450.00	1,030,900.00	1.75	2.06
Twenty-second month	103.26	516.30	1,032.60	5,163.00	10,326.00	103,260.00	516,300.00	1,032,600.00	1.76	2.06
Twenty-third month	103.43	517.15	1,034.30	5,171.50	10,343.00	103,430.00	517,150.00	1,034,300.00	1.77	2.07
Twenty-fourth month	103.60	518.00	1,036.00	5,180.00	10,360.00	103,600.00	518,000.00	1,036,000.00	1.78	2.07
Interest accrues at rate of $1.80 per month per $1,000 par amount:										
Twenty-fifth month	103.78	518.90	1,037.80	5,189.00	10,378.00	103,780.00	518,900.00	1,037,800.00	1.79	2.07
Twenty-sixth month	103.96	519.80	1,039.60	5,198.00	10,396.00	103,960.00	519,800.00	1,039,600.00	1.80	2.07
Twenty-seventh month	104.14	520.70	1,041.40	5,207.00	10,414.00	104,140.00	520,700.00	1,041,400.00	1.81	2.07
Twenty-eighth month	104.32	521.60	1,043.20	5,216.00	10,432.00	104,320.00	521,600.00	1,043,200.00	1.82	2.07
Twenty-ninth month	104.50	522.50	1,045.00	5,225.00	10,450.00	104,500.00	522,500.00	1,045,000.00	1.83	2.07
Thirtieth month	104.68	523.40	1,046.80	5,234.00	10,468.00	104,680.00	523,400.00	1,046,800.00	1.84	2.06
Thirty-first month	104.86	524.30	1,048.60	5,243.00	10,486.00	104,860.00	524,300.00	1,048,600.00	1.85	2.06
Thirty-second month	105.04	525.20	1,050.40	5,252.00	10,504.00	105,040.00	525,200.00	1,050,400.00	1.85	2.06
Thirty-third month	105.22	526.10	1,052.20	5,261.00	10,522.00	105,220.00	526,100.00	1,052,200.00	1.86	2.06
Thirty-fourth month	105.40	527.00	1,054.00	5,270.00	10,540.00	105,400.00	527,000.00	1,054,000.00	1.86	2.06
Thirty-fifth month	105.58	527.90	1,055.80	5,279.00	10,558.00	105,580.00	527,900.00	1,055,800.00	1.87	2.05
Maturity	105.76	528.80	1,057.60	5,288.00	10,576.00	105,760.00	528,800.00	1,057,600 00	1.88	

NOTE.—The word "month" as used in this table means the period from and including the 15th day of any one calendar month to but not including the 15th day of the next succeeding month.

[1] Not acceptable in payment of taxes until after the second month from issue date, and not redeemable for cash until after the fourth month from issue date.

[2] Approximate investment yield for entire period from issue date to maturity.

OBLIGATIONS GUARANTEED BY THE UNITED STATES

Exhibit 18.—Partial redemption, before maturity, of 2¾ percent housing insurance fund debentures, Series D (eighth call)

[Department Circular 874. Public Debt]

TREASURY DEPARTMENT,
Washington, October 5, 1950.

To Holders of 2¾ Percent Housing Insurance Fund Debentures, Series D:

I. NOTICE OF CALL FOR PARTIAL REDEMPTION, BEFORE MATURITY, OF 2¾ PERCENT HOUSING INSURANCE FUND DEBENTURES, SERIES D

The Federal Housing Commissioner, with the approval of the Secretary of the Treasury, has issued the following notice of call for partial redemption and offer to purchase with respect to 2¾ percent housing insurance fund debentures, Series D:

"Pursuant to the authority conferred by the National Housing Act (48 Stat. 1246; U. S. C., title 12, sec. 1701 et seq.) as amended, public notice is hereby given that 2¾ percent Housing Insurance Fund Debentures, Series D, of the denomination and serial numbers designated below, are hereby called for redemption, at par and accrued interest, on January 1, 1951, on which date interest on such debentures shall cease:

2¾ percent housing insurance fund debentures, Series D

Denomination	*Serial numbers (all numbers inclusive)*
$10,000	1160 to 1436

"The debentures first issued as determined by the issue dates thereof were selected for redemption by the Commissioner, Federal Housing Administration, with the approval of the Secretary of the Treasury.

"No transfers or denominational exchanges in debentures covered by the foregoing call will be made on the books maintained by the Treasury Department on or after October 1, 1950. This does not affect the right of the holder of a debenture to sell and assign the debenture on or after October 1, 1950, and provision will be made for the payment of final interest due on January 1, 1951, with the principal thereof to the actual owner, as shown by the assignments thereon.

"The Commissioner of the Federal Housing Administration hereby offers to purchase any debentures included in this call at any time from October 1, 1950, to December 31, 1950, inclusive, at par and accrued interest, to date of purchase.

"Instructions for the presentation and surrender of debentures for redemption on or after January 1, 1951, or for purchase prior to that date will be given by the Secretary of the Treasury."

II. TRANSACTIONS IN EIGHTH-CALLED DEBENTURES

1. The debentures included in the foregoing notice of call for partial redemption on January 1, 1951, are hereby designated eighth-called 2¾ percent housing insurance fund debentures, Series D, and are hereinafter referred to as eighth-called debentures.

2. Transfers and denominational exchanges in eighth-called debentures will terminate at the close of business on September 30, 1950.

III. REDEMPTION OR PURCHASE

1. Holders of eighth-called debentures will be entitled to have such debentures redeemed and paid at par on January 1, 1951, with interest in full to that date, at the rate of $13.75 per $1,000. Interest on eighth-called debentures will cease on January 1, 1951.

2. Holders of eighth-called debentures have the privilege of presenting such debentures at any time from October 1 to December 31, 1950, inclusive, for purchase at par and accrued interest, at the rate of $0.074728 per $1,000 per day from July 1, 1950, to date of purchase.

IV. Rules and Regulations Governing Redemption and Purchase

1. The United States Treasury Department is the agent of the Federal Housing Commissioner for the redemption and purchase of eighth-called debentures. In accordance with regulations adopted by the Federal Housing Commissioner and approved by the Secretary of the Treasury, the assignment, redemption, and purchase of eighth-called debentures will be governed by the general regulations of the Treasury Department with respect to United States bonds and notes, so far as applicable, except as otherwise provided herein.

2. Eighth-called debentures presented for redemption on January 1, 1951, or for purchase from October 1 to December 31, 1950, inclusive, must be assigned by the registered payee or assignee thereof or by their duly constituted representatives in the form indicated in paragraph 3 of this section, and should thereafter be presented and surrendered to any Federal Reserve Bank or to the Division of Loans and Currency, Treasury Department, Washington 25, D. C., accompanied by appropriate written advice. (Use Form PD 2270 attached hereto.) The debentures must be delivered at the expense and risk of the holders. (See paragraph 8 of this section.) In all cases checks in payment of principal and final interest will be mailed to the address given in the form of advice accompanying the debentures when surrendered.

3. If the registered payee or an assignee holding under proper assignment from the registered payee desires that payment be made to him, the debentures should be assigned by such payee or assignee or by a duly constituted representative to "The Federal Housing Commissioner for redemption" or to "The Federal Housing Commissioner for purchase," according to whether the debentures are to be presented for redemption on January 1, 1951, or for purchase prior to that date. If it is desired for any reason that payment be made to some other person without intermediate assignment, the debentures should be assigned to "The Federal Housing Commissioner for redemption (or purchase) for the account of ----------------," inserting the name and address of the person to whom payment is to be made.

4. An assignment in blank or other assignment having similar effect will be recognized, but in that event payment will be made to the person surrendering the debenture for redemption or purchase since, under such an assignment, the debenture becomes in effect payable to bearer. Assignments in blank or assignments having similar effect should be avoided, if possible, in order not to lose the protection afforded by registration.

5. Final interest on any eighth-called debentures, whether purchased prior to or redeemed on or after January 1, 1951, will be paid with the principal in accordance with the assignments on the debentures surrendered.

6. All assignments must be made on the debentures themselves unless otherwise directed by the Treasury Department. Detached assignments will be recognized and accepted in any particular case in which the use of detached assignments is specifically authorized by the Treasury Department. Any assignment not made upon the debenture is considered a detached assignment.

7. An eighth-called debenture registered in the name of, or assigned to, a corporation, will be paid to such corporation on or after January 1, 1951, upon an appropriate assignment for that purpose executed on behalf of the corporation by a duly authorized officer thereof. An assignment so executed and duly attested in accordance with Treasury Department regulations will ordinarily be accepted without proof of the officer's authority. In all cases coming under this provision payment will be made only by check drawn to the order of the corporation. Proof of the authority of the officer assigning on behalf of a corporation will be required, in accordance with the general regulations of the Treasury Department, in the case of assignments for purchase prior to January 1, 1951, and in case of assignments for redemption on or after January 1, 1951, for the account of any person other than the corporation.

8. Debentures presented for redemption or purchase under this circular must be delivered to a Federal Reserve Bank or to the Division of Loans and Currency, Treasury Department, Washington 25, D. C., at the expense and risk of the holder. Debentures bearing restricted assignments may be forwarded by registered mail, but debentures bearing unrestricted assignments should be forwarded by registered mail insured or by express prepaid.

9. In order to facilitate the redemption of eighth-called debentures on January 1, 1951, any such debenture may be presented and surrendered in the manner herein prescribed in advance of that date but not before December 1, 1950. Such early presentation by holders will insure prompt payment of principal and interest when due.

V. General Provisions

1. Any further information which may be desired regarding the redemption of eighth-called debentures under this circular may be obtained from any Federal Reserve Bank or from the Division of Loans and Currency, Treasury Department, Washington 25, D. C., where copies of the Treasury Department's regulations governing assignments may be obtained.

2. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to perform any necessary acts under this circular. The Secretary of the Treasury may at any time or from time to time prescribe supplemental and amendatory rules and regulations governing the matters covered by this circular, which will be communicated promptly to the registered owners of eighth-called debentures.

John S. Graham,
Acting Secretary of the Treasury.

Exhibit 19.—Summary of information contained in circulars pertaining to calls for partial redemption, before maturity, of insurance fund debentures

During the fiscal year 1951 there were 6 calls for partial redemption, before maturity, of insurance fund debentures. The first circular, covering the eighth call for partial redemption of Series D housing insurance fund debentures is shown as exhibit 18. The other 5 circulars have been omitted but the general rules and regulations contained in the omitted circulars are the same, with the exception of the applicable dates, as those shown in exhibit 18. The essential details contained in the circulars are summarized in the following table.

Summary of information contained in circulars pertaining to insurance fund debentures called for redemption during the fiscal year 1951

	2¾% housing insurance fund debentures, Series D		2¾% mutual mortgage insurance fund debentures, Series E		2½% war housing insurance fund debentures	
	Eighth call	Ninth call	Sixth call	Seventh call	Series H, eighth call	Series J, second call
Department circular covering call.	No. 874, Oct. 5, 1950	No. 886, Mar. 29, 1951	No. 875, Oct. 5, 1950	No. 887, Mar. 29, 1951	No. 876, Oct. 5, 1950	No. 876, Oct. 5, 1950.
Redemption date	Jan. 1, 1951	July 1, 1951	Jan. 1, 1951	July 1, 1951	Jan. 1, 1951	Jan. 1, 1951.
Serial numbers called by denominations:						
$50			31–42, 2,024–2,025	43–70	3,140–3,237	2–11.
$100			108–141, 2,082–2,100	142–224	8,546–8,932	12–37.
$500			49–60	61–97	4,148–4,246	3–8.
$1,000			150–210	211–302	9,537–9,847	7–46.
$5,000			7–14, 1,215–1,225	15–49	201–261, 1,175–1,250	1–5.
$10,000	1,160–1,436	1,437–1,588	302	2, 303–325	5,531–5,951	142–152.
Final date for transfers or denominational exchanges (but not for sale or assignment).	Sept. 30, 1950	Mar. 31, 1951	Sept. 30, 1950	Mar. 31, 1951	Sept. 30, 1950	Sept. 30, 1950.
Redemption on call date, amount paid at par with interest in full, at rate of.	$13.75 per $1,000	$13.75 per $1,000	$13.75 per $1,000	$13.75 per $1,000	$12.50 per $1,000	$12.50 per $1,000.
Presentation for purchase prior to call date:						
Period	Oct. 1–Dec. 31, 1950	Apr. 1–June 30, 1951	Oct. 1–Dec. 31, 1950	Apr. 1–June 30, 1951	Oct. 1–Dec. 31, 1950	Oct. 1–Dec. 31, 1950.
Amount paid at par and accrued interest at rate of.	$0.074728 per $1,000 per day from July 1, 1950, to date of purchase.	$0.075967 per $1,000 per day from Jan. 1, 1951, to date of purchase.	$0.074728 per $1,000 per day from July 1, 1950, to date of purchase.	$0.075967 per $1,000 per day from Jan. 1, 1951, to date of purchase.	$0.067935 per $1,000 per day from July 1, 1950, to date of purchase.	$0.067935 per $1,000 per day from July 1, 1950, to date of purchase.

Exhibit 20.—First amendment, September 18, 1950, to Department Circular No. 863, fifth call for partial redemption, before maturity, of Series E mutual mortgage insurance fund debentures

TREASURY DEPARTMENT,
Washington, September 18, 1950.

The notice to holders of 2¾ percent mutual mortgage insurance fund debentures, Series E, as published in Department Circular No. 863, dated April 5, 1950, is hereby amended to read as follows:

"*To Holders of 2¾ Percent Mutual Mortgage Insurance Fund Debentures, Series E:*

"NOTICE OF FIFTH CALL FOR PARTIAL REDEMPTION, BEFORE MATURITY, OF 2¾ PERCENT MUTUAL MORTGAGE INSURANCE FUND DEBENTURES, SERIES E

"Pursuant to the authority conferred by the National Housing Act (48 Stat. 1246; U. S. C., title 12, sec. 1701 et seq.) as amended, public notice is hereby given that 2¾ percent mutual mortgage insurance fund debentures, Series E, of the denominations and serial numbers designated below, are hereby called for redemption, at par and accrued interest, on July 1, 1950, on which date interest on such debentures shall cease:

2¾ percent mutual mortgage insurance fund debentures, Series E

Denomination:	Serial numbers (all numbers inclusive)
$50	2002 to 2023
$100	2002 to 2081
$500	28 to 48
	2514 to 2525
$1,000	6001 to 6091
$5,000	1202 to 1214
$10,000	301

"The debentures first issued as determined by the issue dates thereof were selected for redemption by the Commissioner, Federal Housing Administration, with the approval of the Secretary of the Treasury.

"No transfers or denominational exchanges in debentures covered by the foregoing call will be made on the books maintained by the Treasury Department on or after April 1, 1950. This does not affect the right of the holder of a debenture to sell and assign the debenture on or after April 1, 1950, and provision will be made for the payment of final interest due on July 1, 1950, with the principal thereof to the actual owner, as shown by the assignments thereon.

"The Commissioner of the Federal Housing Administration hereby offers to purchase any debentures included in this call at any time from April 1, 1950, to June 30, 1950, inclusive, at par and accrued interest, to date of purchase.

"Instructions for the presentation and surrender of debentures for redemption on or after July 1, 1950, or for purchase prior to that date will be given by the Secretary of the Treasury."

The purpose of this amendment is to exclude certain debentures, which were unissued as of the call date and, therefore, inadvertently included in the list of those called for redemption.

JOHN W. SNYDER,
Secretary of the Treasury.

Exhibit 21.—First amendment, September 18, 1950, to Department Circular No. 837, fourth call for partial redemption, before maturity, of Series H war housing insurance fund debentures

TREASURY DEPARTMENT,
Washington, September 18, 1950.

The notice to holders of 2½ percent war housing insurance fund debentures, Series H, as published in Department Circular No. 837, dated October 4, 1948, is hereby amended to read as follows:

"*To Holders of 2½ Percent War Housing Insurance Fund Debentures, Series H:*

"NOTICE OF FOURTH CALL FOR PARTIAL REDEMPTION, BEFORE MATURITY, OF 2½ PERCENT WAR HOUSING INSURANCE FUND DEBENTURES, SERIES H

"Pursuant to the authority conferred by the National Housing Act (48 Stat. 1246; U. S. C., title 12, sec. 1701 et seq.) as amended, public notice is hereby given that 2½ percent war housing insurance fund debentures, Series H, of the denominations and serial numbers designated below, are hereby called for redemption, at par and accrued interest, on January 1, 1949, on which date interest on such debentures shall cease:

2½ percent war housing insurance fund debentures, Series H

Denomination:	Serial numbers (all numbers inclusive)
$50	689 to 721
	3,005 to 3,018
$100	2,713 to 2,802
	8,010 to 8,049
$500	782 to 808
	4,003 to 4,015
$1,000	3,662 to 3,838
	9,013 to 9,073
$5,000	179 to 200
	1,003 to 1,006
$10,000	2,930 to 3,285
	5,001 to 5,060

"The debentures first issued as determined by the issue dates thereof were selected for redemption by the Commissioner, Federal Housing Administration, with the approval of the Secretary of the Treasury.

"No transfers or denominational exchanges in debentures covered by the foregoing call will be made on the books maintained by the Treasury Department on or after October 1, 1948. This does not affect the right of the holder of a debenture to sell and assign the debenture on or after October 1, 1948, and provision will be made for the payment of final interest due on January 1, 1949, with the principal thereof to the actual owner, as shown by the assignments thereon.

"The Commissioner of the Federal Housing Administration hereby offers to purchase any debentures included in this call at any time from October 1, 1948, to December 31, 1948, inclusive, at par and accrued interest, to date of purchase.

"Instructions for the presentation and surrender of debentures for redemption on or after January 1, 1949, or for purchase prior to that date will be given by the Secretary of the Treasury."

The purpose of this amendment is to exclude certain debentures, which were unissued as of the call date and, therefore, inadvertently included in the list of those called for redemption.

JOHN W. SNYDER,
Secretary of the Treasury.

PUBLIC DEBT MANAGEMENT

Exhibit 22.—Reply by the Secretary of the Treasury to inquiries by the General Credit Control and Debt Management Subcommittee of the Joint Committee on the Economic Report, February 12, 1952

REPLY BY JOHN W. SNYDER, SECRETARY OF THE TREASURY

Letter of Transmittal

February 12, 1952.

Hon. Wright Patman,
Chairman, Subcommittee on General Credit Control and Debt Management,
Joint Committee on the Economic Report,
Congress of the United States, Washington, D. C.

My Dear Mr. Chairman: The work has now been completed on the answers to the questions which you, as Chairman of the Subcommittee on General Credit Control and Debt Management, submitted to me on October 12, 1951.

It seems to me that the inquiry which your Subcommittee is conducting will make an important contribution in the field to which it is addressed. I have given a great deal of time and thought to the answers which I have submitted to the questions and have tried to make them as responsive as possible. I trust, therefore, that you will find that they meet the requirements which you had in mind in developing them.

If there are any omissions in the answers or any points which you feel are not covered adequately, I am, of course, willing to send you such additional material as is required.

Sincerely,

John W. Snyder,
Secretary of the Treasury.

A. Congressional Policy Directives

1. State, citing the appropriate statutes, all of the policy directives bearing upon economic objectives which have been given by Congress to the Treasury Department as a guide to the use of the powers entrusted to it.

Nearly all of the legislation which has been passed by the Congress relating to Treasury responsibilities has had definite economic objectives; and the fact that the Congress directed the Secretary of the Treasury to carry out the legislation has constituted in itself, in most cases, a policy directive. Generally, also, the circumstances leading to the passage of the various statutes have made clear the economic objectives which the Congress had in mind in enacting the legislation. Some of the laws which have been passed have had detailed provisions defining the purposes of the acts and objectives which are to be achieved in carrying them out. In other cases, the objectives have been implicit in the very nature of the legislation. Accordingly, the answer to this question, it seems to me, requires more than just a current list of major statutes under which the Treasury endeavors to carry out its economic objectives. (See Exhibit A, p. 205.) Such a list does not tell the whole story. It does not indicate how Treasury responsibilities, like those of the rest of the Government, have developed over a period of years in a flexible way and not merely by statute.

Neither does it indicate how Treasury policies on economic matters have developed within the general framework established by the Congress. It is with this in mind that a discussion of the historical development of Treasury activities in the economic area is presented in addition to the citations listed in Exhibit A.

A survey of the Finance Reports of the Secretaries of the Treasury makes it clear that historically the Treasury has attempted to carry out the responsibilities with which it is charged by law with a continuous recognition of their significance in the economic life of the Nation. The Employment Act of 1946 now represents the basic policy directive bearing upon economic objectives for the Treasury, as well as for other Government departments and agencies. Long before the Employment Act of 1946 was passed, however, the Treasury was endeavoring to manage its responsibilities with a view, on the one hand, to the immediate problems of fluctuations in business and an awareness, on the other hand, of the importance of facilitating the long-term economic growth of the country. The basic directive in this respect is the directive contained in the statute establishing the Department in 1789, which set forth the duties of the Secretary of the Treasury as follows:

> That it shall be the duty of the Secretary of the Treasury to digest and prepare plans for the improvement and management of the revenue, and for the support of public credit; to prepare and report estimates of the public revenue, and the public expenditures; to superintend the collection of the revenue; to decide on the forms of keeping and stating accounts and making returns, and to grant under the limitations herein established, or to be hereafter provided, all warrants for monies to be issued from the Treasury, in pursuance of appropriations by law; to execute such services relative to the sale of the lands belonging to the United States, as may be by law required of him; to make report, and give information to either branch of the legislature, in person or in writing (as he may be required), respecting all matters referred to him by the Senate or House of Representatives, or which shall appertain to his office; and generally to perform all such services relative to the finances, as he shall be directed to perform (1 Stat. 65).

The provisions of this basic statute gave the Treasury Department, from the beginning of the Nation, responsibilities which were at the very heart of the economic problems of the country. The Treasury Department was, in fact, in the early days of our country, the sole "economic department" of the Government. And, as the country developed, the Congress gave the Treasury new and extended responsibilities bearing on economic objectives. Over the years, the duties which the Congress has instructed the Treasury to carry out have reflected a great many of the important economic problems which have engaged the attention of the country during the more than 160 years of its existence as a Republic.

The Reports of the Secretary of the Treasury, beginning with the first Report prepared by Alexander Hamilton, as well as the numerous other papers relating to Treasury matters, indicate that successive Secretaries of the Treasury have been acutely conscious of the economic responsibilities which have been placed upon them. The material which follows, largely from Treasury Reports, is illustrative of this economic awareness in a selected number of areas.

1. Support of the Public Credit and the Revenue System

The first and basic policy directives laid upon the Secretary of the Treasury, as already noted, were in the original Act of 1789. Of the list of duties which the Congress prescribed for the Treasury at that time, the most significant historically was to "prepare plans for the improvement and management of the revenue, and for the support of public credit . . . ." (1 Stat. 65).

The Congress retained as its prerogative, of course, the final judgment with respect to the nature and volume of revenues and expenditures of the Federal Government; and the support of the public credit predominantly depends upon Congressional policy in this area. Nevertheless, the Secretary of the Treasury has important responsibility for the support of the public credit as well as for the revenue system of the country in advising Congress on revenue measures and in executing by appropriate operations the policies which have been decided upon.

From the earliest days of the Treasury, the Secretaries regularly have formulated and submitted to Congress programs for meeting the revenue needs of the Government. From the earliest days, when the revenues were derived mainly from import duties, the economic significance of provisions for the revenues was carefully weighed. The revenue programs prepared today reflect both the great economic development of the country and its changed position internationally. Formulation of these programs, touching as they do on so many aspects of economic life, requires detailed consideration of their impact on the various segments of the economy and their interrelationships.

The support of the public credit in 1789, as at the present time, required the successful management of the public debt. Only 19 days after the Treasury was established, the House of Representatives, "as a matter of high importance to the national honor and prosperity," directed the Secretary of the Treasury to prepare a plan for the payment of the debt. The ensuing report, Hamilton's first to Congress, was submitted on January 9, 1790, as his Report on Public Credit. In it, Hamilton stressed the importance of the function of supporting the public credit. He said it was an objective on which "materially depends . . . the individual and aggregate prosperity of the citizens of the United States. . . ." Ever since, support of the public credit has been the major objective of successive Secretaries of the Treasury, and properly so. Foreign experience throughout history has shown how closely connected the public credit is with social and economic stability. Many examples come to mind of nations whose whole social structure collapsed when the public credit failed. Clearly, the support of the public credit was the No. 1 objective entrusted to the Treasury by the Congress. Clearly, it was understood that this had economic implications of the greatest significance.

The financial history of the Federal Government shows that the successive Secretaries of the Treasury regularly prepared plans for financing the needs of the Government and for the management of the public debt. Amounts, terms, and conditions of loans were recommended by the Secretaries to Congress. Sometimes legislation authorizing the loans was more specific than at other times, depending upon: The circumstances, the allied issues involved, and the nature of the recommendations of the Secretaries of the Treasury.

In the twentieth century, the statutes were broadened to enlarge the authority of the Treasury in managing the public debt. As the financing requirements to meet the needs of the country increased during World War I, Congress gave the Secretary of the Treasury substantial authority with respect to the several classes of obligations authorized to be issued. Since then, Congress has further expanded the powers of the Secretary of the Treasury to issue new types of public debt securities.

One of the early economic directives given the Secretary of the Treasury was the authority for Government purchases of public debt securities. At the beginning of 1790, one-seventh of the Federal and State debt was held by Europeans. At that time, Hamilton was disturbed by foreign speculation in the debt while it was below par. Since the country's great need was moneyed capital, he pointed out in his Report on Public Credit that the difference between the market price and par aggregated a sum which, if kept in the country, could have gone toward developing American agriculture, industry, and trade. Within the year, Congress recognized this and other economic implications of the debt. An Act approved August 12, 1790 (1 Stat. 186), authorized the purchase of public debt securities in order to reduce the debt, to benefit the creditors of the United States by raising the price of the securities, and to save money for the Government. Although not specified in the Act, it was understood that one purpose of this provision was the raising of the price of these securities to prevent their transfer to Europe at depreciated prices.

Later, for many years of the nineteenth century, the power of buying up Government securities was the chief means available to the Secretary of the Treasury to ease financial stringencies. When revenue surpluses or other causes threatened to tighten the money market unduly, public debt reduction returned funds to the banks.

2. Handling of Public Moneys

The early records indicate that from the very beginning of the Republic, the Secretary of the Treasury and the Congress had considerable understanding of the economic importance of the inflow and outflow of Treasury funds. In Hamilton's first Report on Public Credit, he suggested, "In order to keep up a due circulation of money" it would "be expedient that the interest of the debt should be paid quarter-yearly. . . ." Congress provided for this in the Act of August 4, 1790 (1 Stat. 138). In 1793, in a report to Congress on loans, Hamilton stated that one reason for the timing of certain Government purchases of the public debt securities was ". . . that, during the winter, in this country, there is always a scarcity of money in the towns—a circumstance calculated to damp the prices of stock [bonds]."

In the years following, successive Secretaries of the Treasury were confronted from time to time with the effect on the economy of the flow of Treasury funds. For many years, however, they were hampered by weaknesses in the money and banking system, which made it difficult to meet the requirements of the rapid and uneven expansion of the country. There is no need to review here the history of the two Banks of the United States, of the State banks, of the structure of the national banking system, and of the Independent Treasury, established by an Act of 1846, the intent of which was to divorce the Treasury from both the money market and the banks.

There is evidence from early days, however, that Treasury officials were thinking about Treasury finance in relation to the money market as a whole. Thus, in his annual Report for 1823, Secretary Crawford, in commenting on the Treasury surplus at that time, said ". . . it is not deemed conducive to the general prosperity of the nation that so large an amount should be drawn from the hands of individuals, and suffered to lie inactive in the vaults of the banks. . . ."

Later, in his annual Report for 1856, Secretary Guthrie reported that "The independent treasury, when over-trading takes place, gradually fills its vaults, withdraws the [private] deposites, and, pressing the banks, the merchants and the dealers, exercises that temperate and timely control, which serves to secure the fortunes of individuals, and preserve the general prosperity." In the following year, 1857, Secretary Cobb had occasion to use his powers in the opposite direction, supplying additional funds to the market by purchasing Government bonds from the public.

By the 1890's, there was general dissatisfaction with the banking and credit system; and Treasury Secretaries and other officials openly criticized the provisions of the Act establishing the Independent Treasury and suggested changes. Moreover, in a series of recurring financial crises, they tried certain new procedures, some of which Congress later confirmed by statute.

In 1898, Secretary Gage put into effect a policy of using Government deposits as a means of regulating continuously the condition of the money market. In his reply in January 1900 to a Congressional inquiry concerning certain aspects of this policy, Secretary Gage pointed out:

> For more than half a century it has been the established policy of the Government to endeavor, wherever it may, to contribute toward the avoidance of commercial disaster. If Secretary Windom may be quoted as an authority, attention is called to the following extract from his annual report for 1890:
>
> "The policy of affording 'relief to the money market,' now so much criticized in certain quarters is by no means a new thing. It has been the uniform policy of the Government, when possible, in all commercial crises from 1846 to the present time."

In summing up his reply to the inquiry, Secretary Gage stated in part:

> . . . The reason for utilizing national banks as depositaries for public moneys, as authorized by law, when the receipts of the Treasury were exceeding its expenditures, has been to avoid the disturbance to business which the withdrawal of large sums of money from active circulation to the Treasury vaults must inevitably cause. The policy thus pursued by me has been the established policy of the Government for many years, and a departure from it under certain conditions would certainly cause disastrous results.

During the incumbency of Secretary Shaw, from 1902 to 1907, the policy of using the Treasury powers to stabilize credit conditions was carried still further. He used Treasury funds to ease seasonal monetary strains and instituted a number of new regulations and procedures. Shaw came to the extreme conclusion in one of his Reports that in the power to deposit or withdraw Government funds "No central or Government bank in the world can so readily influence financial conditions throughout the world as can the Secretary of the Treasury under the authority with which he is now clothed."

This recognition of the Treasury's responsibility to handle its deposits most advantageously for the economy was a development which came with increasing knowledge and experience. The introduction of the Federal Reserve System in 1913 did not lessen the Treasury's responsibility to handle the public moneys in a manner consistent with the best interests of the economy.

Subsequently—beginning in World War I—the Treasury, with the cooperation of the Federal Reserve System, developed techniques for handling Treasury accounts in commercial banks, which were designed to ease money market problems. In more recent years, the growth of Government expenditures beyond $50 billion annually and of Treasury deposits to $5 billion and more, has made the handling of Treasury funds more important than ever. The flow of huge amounts of Treasury receipts and expenditures inevitably affects the size and distribution of monetary reserves in the commercial banking system and has a far-reaching effect upon the private credit structure. Such matters are discussed in much greater length in the answer to Question 14.

3. Managing Our Gold and Silver Reserves

The Treasury has always been designated as the custodian of all of the metallic reserves of the country's monetary system or, during the interval when the Federal Reserve Banks also owned and held gold, of a major portion of such reserves. The statutes over the years have generally laid down in broad directives what should be done consistent with the need for a sound currency and the maintenance of the public credit. One of the major examples of this method of procedure was the gold parity provision in the Gold Standard Act of 1900 and the Act of May 12, 1933 (31 U. S. C. 314), that the gold dollar shall be the standard unit of value and all forms of money issued or coined by the United States shall be maintained at a parity with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity.

The Gold Reserve Act of 1934 (48 Stat. 337) gave the Treasury the custody and control of the country's gold reserves and gold transactions, within the framework of certain broad standards prescribed in the Act, as discussed in detail in the answer to Question 12. A number of acts have placed responsibilities on the Treasury regarding the country's silver stocks, including provision for purchases, coinage, sales to industry, and loans of silver for use in Government manufacturing functions.

4. International Finance

The policies and problems of external finance are inextricably interwoven with domestic financial policies and problems; and since the earliest days of the Republic, the Treasury has assumed a major role in formulating Executive decisions relative to American external financial relations. Since World War I, the economic responsibilities delegated by Congress to the Treasury in international areas have been of increasing diversity and importance. The character of these responsibilities has changed greatly from the early years of the Republic when the United States played a relatively small role in international trade and finance, up to the present time when this country has emerged as the most powerful economy in the world, and by far the world's leading creditor nation.

The Act of April 24, 1917 (40 Stat. 35), authorized the Secretary of the Treasury to establish credits in favor of the allied governments to be used for the procurement of war supplies in the United States. The spending activities of the foreign governments were coordinated with our own procurement program by a commission established by the Secretary of the Treasury with the approval of the President. An Act of February 9, 1922 (42 Stat. 363), created the World War Foreign Debt Commission to negotiate refunding and conversion of these wartime obligations. The Secretary of the Treasury was Chairman of this Commission, and the President appointed as the other members the Secretary of State, the Secretary of Commerce, a member of the Senate, and a member of the House. The membership of the Commission was increased to eight by the Act of February 28, 1923 (42 Stat. 1325), which also continued the Secretary of the Treasury as Chairman.

During the first World War, the Treasury also handled the procurement of foreign currencies needed for our purposes; and a 1918 supplement to the Second Liberty Bond Act (40 Stat. 965, 966) authorized the Secretary of the Treasury to "make arrangements in or with foreign countries to stabilize the foreign exchanges and to obtain foreign currencies and credits in such currencies, and he may use any such credits and foreign currencies for the purpose of stabilizing or rectifying the foreign exchanges. . . ."

A series of administrative orders and legislative acts in 1933 and 1934, including the Gold Reserve Act, centralized the gold reserves in the Treasury and established an international gold bullion standard for the United States. The Gold Reserve Act of 1934, among other things, set up the Exchange Stabilization Fund; and under its authority, the Treasury has from time to time made agreements with foreign countries for stabilizing the exchange rate between the dollar and foreign currencies. In 1936 the Tripartite Accord between the United States, the United Kingdom, and France provided for close cooperation and consultation in exchange rate matters. Subsequently, other countries joined this Accord.

During the second World War, the Treasury again had an important role in formulating, establishing, and coordinating policies for financing the allied war effort through programs of financial assistance, transactions in gold and currencies, and supplementary agreements with the allied countries. The Treasury Department, through the Foreign Funds Control, administered the blocking measures which were established in 1940 under Section 5 (b) of the Trading with the Enemy Act (12 U. S. C. 95a) to protect the assets of countries in Europe that had been overrun by the Axis powers. Specific congressional approval was given to the basic Executive Order No. 8389 of April 10, 1940, and the regulations and rulings under it by the Joint Resolution of May 7, 1940 (54 Stat. 179). In 1941 these controls were extended to the assets of the Axis and of a number of neutral countries to prevent their use contrary to the national interests of the United States. Similar controls, administered by the Foreign Assets Control, were established in December 1950 over assets of communist China and North Korea.

Toward the close of the war, the Treasury began the preparation and negotiation of multilateral agreements designed to aid in the maintenance of exchange stability and the extension of credits needed for postwar reconstruction. These negotiations culminated in the United Nations Monetary and Financial Conference at Bretton Woods in 1944. This Conference drafted the Articles of Agreement for the International Monetary Fund and the International Bank for Reconstruction and Development. The Bretton Woods Agreements Act of 1945 (22 U. S. C. 286–286k) provided for United States membership in these international bodies in accordance with the Articles. The Secretary of the Treasury is the United States Governor on the Boards of Governors of both institutions. The Act also created the National Advisory Council on Monetary and Financial Problems with the Secretary of the Treasury as Chairman, and with the Secretaries of State and Commerce and the Chairman of the Board of Governors of the Federal Reserve System and the Chairman of the Export-Import Bank as members. The Foreign Assistance Act of 1948 included the Administrator for Economic Cooperation as a member of the Council, and the Mutual Security Act of 1951 replaced him by the Director for Mutual Security. The Council is required to coordinate policies and operations of all agencies of the Government which make or participate in making foreign loans, or which engage in foreign exchange or monetary transactions. The Council gives guidance to United States representatives on the International Monetary Fund and the International Bank, and advises the President on international financial matters. The Secretary of the Treasury, in consultation with the National Advisory Council, administers the Anglo-American Financial Agreement of December 6, 1945, as authorized by a Joint Resolution of July 15, 1946 (22 U. S. C. 286l).

With the inauguration of foreign assistance programs under the Interim Aid Act, the Foreign Assistance Act of 1948 and its amendments, and the Mutual Security Act of 1951, the Council has from time to time made recommendations to the Congress on the financial aspects of these programs and subsequently has advised the administering agencies. With the shift in emphasis from economic recovery assistance to the task of strengthening the defenses of the United States and the free world, the Secretary of the Treasury was invited by the President to participate in the National Security Council, which considers over-all problems affecting the national defense.

In addition to these major functions, the Treasury also advises other agencies of the Government, such as the Department of State, the Department of Defense, and various independent agencies on a wide variety of international financial problems arising from their operations abroad.

Exhibit A

List of current major statutes which bear upon economic objectives of the Treasury Department

Section 1 of the Employment Act of 1946 (15 U. S. C. 1021), declaring it to be the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy to create and maintain (in a manner calculated to foster and promote free competitive enterprise and the general welfare) maximum employment, production, and purchasing power.

Act of September 2, 1789, as amended (5 U. S. C. 242), prescribing the general duties of the Secretary of the Treasury.

Second Liberty Bond Act, as amended (31 U. S. C. 747, 752–754, 757–758, 760, 764–766, 769–771, 773, 774 (2), 801), containing the basic authority for the issuance of securities of the United States and vesting broad authority in the Secretary of the Treasury in connection with such issuance and the deposit of the proceeds.

Section 15 of the Federal Reserve Act (12 U. S. C. 391), providing that moneys in the general fund of the Treasury and the revenues of the Government may be deposited in the Federal Reserve Banks upon direction of the Secretary of the Treasury.

Bretton Woods Agreements Act (22 U. S. C. 286–286k), providing for United States membership in the International Monetary Fund and the International Bank for Reconstruction and Development and creating the National Advisory Council on Monetary and Financial Problems with the Secretary of the Treasury as Chairman of the Council.

Gold Reserve Act of 1934, as amended (31 U. S. C. 315b, 405b, 408a, 408b, 440–446, 752, 754a, 754b, 767, 821, 822a, 822b, 824; 12 U. S. C. 213, 411–415, 417, 467), authorizing the Secretary of the Treasury to purchase and sell gold and to prescribe the conditions under which it may be acquired and held.

The gold parity statutes contained in the Gold Standard Act of 1900 and the Act of May 12, 1933 (31 U. S. C. 314), making it the duty of the Secretary of the Treasury to maintain all money of the United States at parity with the gold dollar.

Silver Purchase Act of 1934, as amended (31 U. S. C. 311a, 316a, 316b, 405a, 448–448e, 734a, 734b), authorizing the Secretary of the Treasury to purchase and sell silver.

Section 4 of the Emergency Banking Act of 1933 (12 U. S. C. 95), prohibiting member banks of the Federal Reserve System, during such emergency periods as the President may prescribe, from transacting any banking business except to the extent permitted by the Secretary of the Treasury, with the approval of the President.

Section 5b of the Trading with the Enemy Act, as amended (12 U. S. C. 95a), granting to the President broad powers in time of war or national emergency over financial transactions, which powers have been delegated to the Secretary of the Treasury.

Thomas Amendment to the Agricultural Relief Act of 1933 (31 U. S. C. 821), authorizing the President to direct the Secretary of the Treasury to enter into agreements with the Federal Reserve System whereby the Federal Reserve Banks will (1) conduct open market operations in Government obligations and (2) purchase directly and hold in portfolio Government obligations in an aggregate sum of $3 billion in addition to those they may then hold; the original provision in the Act authorizing the President to take certain other measures in event such agreements could not be reached has since been terminated.

2. State the general economic objectives which the Treasury Department seeks to further through the use of the powers which have been given to it by Congress. Emphasize particularly the overall objectives of the Treasury Department in managing the public debt.

The general economic objectives of the Treasury Department are those expressed by the Congress in the declaration of policy contained in the Employment Act of 1946. So far as is practicable, the Treasury Department endeavors to determine and administer its policies with a view to promoting maximum employment, production, and purchasing power under a competitive free enterprise economy.

The discharge of its special responsibilities under the law is consistent with these general objectives. I might broadly summarize what I conceive to be its major objectives as follows:

1. To Maintain Confidence in the Credit of the United States Government

This has been the basic objective of the Treasury since it was first established. Every Secretary of the Treasury has recognized that, in peace or war, any substantial impairment of the credit of the Federal Government would be a major blow to the maintenance of high-level production and employment, and to the orderly operation of our private enterprise system. Every effort has been bent, therefore, to maintain confidence in the Government's credit.

In the broadest sense, safeguarding the credit of the Government depends on our ability as a Nation to keep our free enterprise economy healthy and growing, and to use our governmental instruments wisely in promoting this end. In the financial area alone, however, maintenance of confidence in the credit of the Government requires action on many fronts.

With respect to our domestic policies, this objective requires revenue and expenditure programs which operate within the framework of a Federal budget policy appropriate to economic conditions. It requires continuing attention to greater efficiency and lower costs of governmental operations. It requires a debt management policy which acts to counter any pronounced inflationary or deflationary pressures; which provides securities which meet the current needs of various groups for investment outlets; and which succeeds in maintaining a sound market for United States Government securities. It requires the use of debt policy cooperatively with monetary-credit policy to contribute toward healthy economic growth and reasonable stability in the value of the dollar. It requires the conduct of day-to-day financial operations of the Treasury so as to avoid disruptive effects in the money markets and to complement other economic programs. It requires keeping down the interest cost of the public debt, to the extent that this is consistent with other policy objectives. (See the answer to Question 29.) In matters which reach into the international area, maintenance of confidence in the credit of the United States requires appropriate international financial policies and management of gold and silver reserves with the aim of maintaining a sound currency domestically and internationally.

2. To Promote Revenue and Expenditure Programs which Operate within the Framework of a Federal Budget Policy Appropriate to Economic Conditions

It is clear that an important part of the responsibilities which have just been detailed, particularly those relating to revenues and expenditures, rests directly on the American people and on their elected representatives in Congress. In each of the policy areas which have been mentioned, however, the Secretary of the Treasury has been charged by Congress with certain specific responsibilities. As a result, the Secretary of the Treasury has a clear obligation to advise the Congress on revenue matters and to manage the revenues, within the limitations set down by law, in the best interests of the economy.

With this in mind, the Treasury repeatedly urged that sufficient taxes be levied to cover Government expenditures during the present period. The Treasury also urged the importance of having the right kinds of taxes consistent with a strong free enterprise system. To seek revenue by taxation is not enough. The burden of the taxes must be equitably distributed; and furthermore it must be adjusted in such a way as to preserve the incentives of our free enterprise system.

Both revenue and expenditure policies, of course, operate within the broad framework of the Federal budget. Through action of Congress and by Executive decisions, the budget is subject to constant change; and it is of the utmost importance that it be kept appropriate to changing economic circumstances.

In the executive branch, work on the budget programs is divided between the Bureau of the Budget (which handles the expenditure side) and the Treasury (which is responsible for the revenue side). Both agencies work closely with the President who, of course, makes the final decisions as to the programs embodied in the Federal budget.

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The ultimate decisions on receipts and expenditures are made of course by the Congress.

A major budget objective, in my opinion, is to plan our receipts and expenditures so that there is a budget surplus in inflationary periods. This offers a counter-inflationary drag and helps to keep the debt down. Both President Truman and I have repeatedly stressed the importance of reducing the level of the public debt in periods of prosperity such as we have enjoyed since the close of World War II. The progress made in debt reduction between the end of the war and the present provides us with a lower base to which any future net borrowing would be added. As I have stated on many occasions, I am committed to the position that the Treasury should press toward reduction in the present high level of the debt whenever this is consistent with our basic economic objectives.

3. To Give Continuing Attention to Greater Efficiency and Lower Costs of Governmental Operations

In addition to specific duties and advisory functions with respect to revenue and budget policies, the Secretary of the Treasury, along with the heads of other departments and agencies of the Government, has a continuing obligation to keep Government expenditures down by promoting maximum efficiency of Government operations at a minimum cost to the taxpayers.

This is a management function which has been given particular thought and attention in the Treasury Department during the postwar period. Both within the Department and in association with other bureaus and agencies of the Government, gratifying progress has been made by the Treasury during recent years in promoting efficiency of operations, uniformity of accounting and other financial practices, elimination of overlapping services, and improvement of operating techniques in general. While management improvement programs seldom make the headlines, they are of very great importance in assuring the maintenance of a well-run Government—one of the essentials, in my view, of a Federal Government credit position which will command the continuing confidence of the citizens of the Nation. (A memorandum on management improvements in the Treasury Department will be found in the Appendix appearing on p. 396.)

4. To Direct our Debt Management Programs toward (a) Countering Any Pronounced Inflationary or Deflationary Pressures, (b) Providing Securities to Meet the Current Needs of Various Investor Groups, and (c) Maintaining a Sound Market for United States Government Securities

(a) Countering any pronounced inflationary or deflationary pressures.—In order to counter any pronounced inflationary or deflationary pressures, the Treasury endeavors to arrange its borrowing and debt payoffs so that the net effect is to help contract bank deposits in boom periods and expand them in depressed periods.

For example, in the last five fiscal years (ending June 30, 1951), during which inflationary pressures were strong most of the time, the Treasury retired holdings of Federal securities of commercial and Federal Reserve Banks by almost $27 billion. Three sources of funds were used: $8 billion of budget surpluses; $12 billion of increase in nonbank ownership of Federal securities, largely by Government trust funds; and $7 billion of reduction in the Treasury's own cash balance. By working with the Federal Reserve to provide the proper impact on bank reserves and bank deposits, the Treasury was able to coordinate its efforts with the Federal Reserve program at this time. The significance of this debt reduction program becomes apparent when it is noted that the amount of the reduction in Government holdings of the commercial banking system was almost sufficient to offset the increase in bank credit to private borrowers which took place during the same period. In the absence of the Treasury's aggressive program for reducing bank-held debt, inflationary pressures might have been more serious.

Another way in which the Treasury has acted to counter inflationary pressures during the postwar period has been to encourage people to save rather than spend. We have tried to encourage savings in general, as well as investment in United States savings bonds.

The Treasury may also help to combat an inflationary or deflationary situation by means of the influence which it exercises, through suitable debt management policies, in the money and investment markets. This influence is brought to bear through actions which are taken to meet changing supply and demand relationships for Treasury securities of various maturity groups. The Treasury can "flood or starve" certain parts of the market and thereby produce fundamental changes affecting liquidity, bank reserves and deposits, and interest rates. This matter is discussed more fully in the answer to Question 32.

(*b*) *Providing securities to meet the current needs of various investor groups.*—The Treasury's program of providing securities which meet the needs of the various investor classes has made it possible to place a large amount of Government securities with nonbank investors. During the postwar period, when inflationary pressures have predominated for a large part of the time, this has been particularly important. The Treasury's action in this respect made it possible, moreover, to reduce bank-held debt substantially.

The Treasury's saving bond program is particularly well adapted to the needs of small investors. With respect to other investor groups, the Treasury has maintained a constant study of the investment markets in order to provide the securities which would succeed in attracting the funds available for investment at the time.

The Treasury recognizes that insurance companies and mutual savings banks, for example, are mainly interested in relatively long-term securities. Business corporations, on the other hand, which are accruing funds to meet their taxes or for working capital purposes, generally seek short-term investments, such as Treasury bills and certificates. Commercial banks, likewise, seek mainly short-term investments. The Treasury recognizes all of these variations in order to tap investment funds appropriately and to succeed in raising the necessary amounts in a manner which will best contribute to stability in the price level and to the smooth operation of the economy in general. The Treasury also recognizes another factor in this connection in planning its security offerings—that is, the need to help maintain the strength and integrity of our private business and financial organizations. These are a vital part of the free enterprise system, and we want them to flourish.

(*c*) *Maintaining a sound market for United States Government securities.*—With a public debt of the size and importance that it is today a sound market for United States Government obligations is essential to the successful functioning of our financial system. Let me make it clear that I do not regard rigidly fixed prices for marketable Treasury securities as either necessary or desirable. Precipitate fluctuations, however, hold the risk of doing serious injury to the public credit and to the economy. A more detailed discussion of this matter is contained in the answers to other questions in this series. (See the answer to Question 27, in particular.)

In addition to policies which have been aimed directly at maintaining a sound market for Government securities, various other features of the Treasury's debt management programs have contributed to this end. The Treasury has attempted, for example, to maintain an adequate volume of marketable obligations in each maturity class so as to permit readjustments in the types and terms of the securities composing the public debt when these are called for by changing market conditions. Likewise, nonmarketable securities have been used when these suit the needs of different classes of investors, thus keeping certain types of securities out of the market entirely.

The wide use of savings bonds, for example, helps to protect the market. If the present holders of savings bonds were offered only marketable bonds with fixed maturities eight or ten or more years distant, the market would become subject to possible offerings, at unpredictable times and in unpredictable amounts, of a particular security which might not be well suited to the needs of the market or to the needs of the economy at such times. The very fact that the Treasury stands ready to redeem savings bonds at any time at stipulated prices stimulates investor confidence, which in itself encourages small investors to retain their savings bond holdings. Furthermore, when the Treasury has to raise funds to pay for savings bonds which are turned in for redemption, it is able to choose the types of securities best suited at the time to the demands of investors and to the economic situation.

5. To Use Debt Policy Cooperatively with Monetary-Credit Policy to Contribute Toward Healthy Economic Growth and Reasonable Stability in the Value of the Dollar

Rapid expansion of bank credit in boom periods and contraction in deflationary periods are generally recognized as important factors in the booms and depressions we have experienced in the past. While it is essential to maintain the freedom of individual banks to allocate their credit among their customers, the Congress and others have long recognized the need to keep fluctuations in the total supply of credit from becoming excessive.

This is one of the main duties of the Federal Reserve System. Since the banking system now holds a large amount of Government securities, it is clear that the Federal Reserve's responsibilities for sound credit policy and the Treasury's responsibilities for sound debt policy are intermingled and must be discharged cooperatively. Our broad objectives are the same. Our problem is to balance the many difficult considerations that enter into policy formation on each particular problem involving both debt management and credit policy.

6. To Conduct the Day-to-Day Financial Operations of the Treasury so as to Avoid Disruptive Effects in the Money Markets and to Complement Other Economic Programs

Treasury financial operations have a significant impact on bank deposits and bank reserves, and are therefore conducted at all times with an eye to the money market. Various devices have been developed to facilitate these operations—particularly operations having to do with the handling of Treasury deposits. In these matters the Treasury works closely with the Federal Reserve System at all times.

The flow of cash in and out of the Treasury influences the monetary situation directly through its effect on bank reserves. The Treasury has sought therefore to use its cash balances in such a way as to smooth out the effects of short-run peaks in Treasury cash receipts and disbursements so that they can be handled through the banking system with a minimum of friction. The Treasury may tighten bank reserves by building up its balances with the Federal Reserve Banks and at the same time drawing down its accounts in commercial banks; and by reversing the procedure it may make bank reserves more plentiful. Careful management of the Treasury cash balance is particularly important at the times when quarterly income tax payments are coming into the Treasury in great volume. (For further discussion, see the answer to Question 14.)

The Treasury also uses various techniques of debt management to assist in smoothing out disturbances in the money market which would otherwise occur around March 15 and other important tax collection dates. This is done principally through the designing of specific marketable securities maturing on these tax payment dates (Tax Anticipation bills) and nonmarketable securities that may be presented directly in payment of taxes (savings notes).

7. To Hold Down the Interest Cost of the Public Debt to the Extent That This Is Consistent with the Foregoing Objectives

It would be a serious error to conclude that the Treasury Department believes that holding down the interest cost of the public debt should be the sole or major goal of debt management. I have never believed that it should be. It is only one of the several objectives of Treasury policy, and it is one that is subsidiary to the primary goals of promoting sound economic growth and stability in our financial system.

On the other hand, I do not concur in the view that the level of interest payments on the public debt is of only minor significance for the economy as a whole. Some of those who hold this view argue, first, that the bulk of our interest payments represents only transfers of income from taxpayers to bondholders within the United States, rather than a consumption of real labor and materials; and, second, that those who receive the interest payments pay back a substantial portion of the amount in taxes.

While acknowledging the element of truth that these views contain, I cannot conclude that the interest burden on the public debt is of negligible importance. In the first place, those who pay the taxes and those who hold the securities are not necessarily identical. In the second place, the transfer of income through collection of taxes and payment by the Government is never painless and costless, however wise the Government may be in devising and administering tax policy.

With taxes at their present high levels, it is increasingly difficult to find additional revenue sources that are reasonably equitable and that do not unduly impair the incentives necessary to the effective functioning of our free enterprise economic system. For these reasons, the Treasury always endeavors to hold interest costs on the public debt to the lowest level consistent with its other objectives. (See the answer to Question 29.)

8. To Assist in Shaping and Coordinating the Foreign Financial Policy of the United States

The Secretary of the Treasury in various capacities plays an important part in the shaping of our foreign financial policy with a view to maintaining a sound currency domestically and internationally, and to promoting a better trade and exchange situation between the United States and other nations. He is Chairman of the National Advisory Council on International Monetary and Financial Problems, a statutory body created under the Bretton Woods Agreements Act in 1945, and charged with coordinating the policies and operations of all Government agencies lending abroad or engaging in foreign financial, exchange, or monetary transactions. The Secretary serves as the United States Governor on the Boards of Governors of the International Monetary Fund and of the International Bank for Reconstruction and Development.

As chief fiscal officer of the Government and as Chairman of the National Advisory Council, the Secretary has certain important responsibilities for advising the President and other officials and representatives of the Government on international financial questions. With the inauguration of foreign assistance programs under the Interim Aid Act, the Foreign Assistance Act of 1948 and its amendments, and the Mutual Security Act of 1951, the Secretary of the Treasury as Chairman of the National Advisory Council has from time to time submitted recommendations of the Council to the Congress on the financial aspects of these programs and, in addition, has advised the administering agencies. With the shift in emphasis from economic recovery assistance to the task of strengthening the defenses of the United States and the free world, the Secretary of the Treasury was invited by the President to participate in the National Security Council, which considers over-all problems affecting the national defense. The Secretary of the Treasury has the further responsibility for maintaining relations with the financial officials of foreign countries in order to take due account of changing developments abroad.

9. To Manage the Gold and Silver Reserves of the Country in a Manner Consistent with Our Other Domestic and Foreign Policy Objectives

With respect to our gold reserves, we maintain equality in value between the American dollar and one thirty-fifth of a fine ounce of gold by our readiness to buy or sell unlimited amounts of gold at this price from and to other governments and their central banks.

We attempt to administer our powers with respect to the issue of silver dollars, silver certificates, silver fractional coins, and the token coins, so as to meet the legitimate needs of trade and to avoid an excessive issue of any of these types of money.

3. Do you believe that the congressional declaration of policy contained in the Employment Act of 1946, which reads as follows:

> The Congress hereby declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy, with the assistance and cooperation of industry, agriculture, labor, and State and local governments, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power.

is balanced in its emphasis upon high level employment and price stability, respectively, as objectives of Federal Government policy? Suggest any changes by which you think it might be improved.

The wording of the congressional declaration of policy contained in the Employment Act of 1946 was arrived at after long deliberation by congressional committees. It provides a workable statement of policy and I do not think it needs to be changed at this time. Nevertheless, I believe that the declaration would have been better if it had made reference to the maintenance of general price stability as a complementary goal of economic policy.

In practice, this is not, perhaps, of substantial importance because the statement has generally been interpreted to involve this consideration; and in promoting the aims of the Employment Act of 1946, price stability has been kept in mind. During the postwar period this has meant almost exclusively efforts to restrain price increases—that is, preventing inflation. The prevention of inflation can certainly be considered to be covered by the phrase "consistent with its needs and obligations and other essential considerations of national policy," and also by the phrase "in a manner calculated to foster and promote free competitive enterprise and the general welfare". The prevention of sharp changes in the general price level in either direction is surely an essential consideration of national policy and of the general welfare. Measures undertaken to promote maximum employment, production, and purchasing power tend by themselves to exert a powerful influence against declines in the general level of prices. But, if prosecuted fully, they are capable of producing undesirable increases in the general price level.

Similarly, Government programs undertaken for other purposes, such as the present defense program, while tending to create and maintain conditions of maximum employment, may also exert a strong inflationary influence unless this is counteracted by (1) judicious taxation to prevent deficit financing; (2) firm credit policy; (3) adequate saving on the part of consumers and business enterprises, and restraint in nondefense Government expenditure programs; (4) effective debt management; and (5) the appropriate use of direct controls.

4. Do you believe that a broad directive with respect to economic policy should be given to the Treasury Department by Congress? If so, state the general character of the directive which you would recommend. If you believe there should be no such directive, state your reasons for this belief.

I do not feel that there is need for any additional broad directive by Congress to the Treasury Department with respect to economic policy. The Treasury Department is subject to the declaration of economic policy contained in the Employment Act of 1946. In declaring the basic objectives of economic policy in that Act, it seems to me that Congress has given the executive agencies, such as the Treasury, about the appropriate amount of guidance. Moreover, as an executive department, the Treasury is further responsible to the President; and its policies consequently reflect those followed by the Executive under the law. Finally, the Treasury has a heritage of economic principles developed over its long history, as has already been explained in the answer to Question 1.

I believe it is part of my responsibility as Secretary of the Treasury to make as clear as possible to Congress and the public the working principles we are trying to use in the Treasury Department. These have been discussed on many occasions, and are set forth in some detail in the answer to Question 2.

B. Policy Formulation in the Executive Branch

5. What are the present powers of the Treasury Department, if any, with respect to the operations of the Federal lending agencies, such as the Reconstruction Finance Corporation, the Federal Housing Administration, and including also the Federal Deposit Insurance Corporation? Enumerate these powers, stating in each case their basis in statute, Executive order, or otherwise.

Generally, the Treasury Department has no statutory power with respect to the volume of loans made by the Federal lending agencies nor, with a few exceptions, does it exercise any voice in the management of the agencies. Under the Government Corporation Control Act the lending agencies' programs are reviewed by the Bureau of the Budget before their inclusion in the annual budget. These budget programs are then subject to such limitations as may be placed upon them by the Congress. Such authority as the Treasury has with respect to the loan, insurance and guarantee policies of the Government agencies largely relates to the terms of securities offered by the agencies in borrowing funds which they, in turn, lend to private borrowers.

In the field of foreign loans, however, there is in existence a coordinating and policy-determining agency. The Secretary of the Treasury is Chairman of the National Advisory Council on International Monetary and Financial Problems, established by the Congress in the Bretton Woods Agreements Act, approved July 31, 1945 (22 U. S. C. 286b). Among other things, the statute directs the Council to coordinate the policies and operations of the representatives of the United States on the International Monetary Fund and the International Bank for Reconstruction and Development, and the various agencies of the Government "to the extent that they make or participate in the making of foreign loans or engage in foreign financial, exchange or monetary transactions."

The question calls for an enumeration of Treasury powers with respect to these agencies and the citation of statutes. For convenience the answer has been divided into two parts, namely, a general review and a detailed enumeration.

1. General Review

There are only a few isolated cases in which the Treasury has any statutory control over lending operations of Government agencies.

Recently [1] the Secretary of the Treasury was made a member of the Loan Policy Board of the Reconstruction Finance Corporation which has the duty of developing the loan policies of that Corporation consistent with the requirements of other broad programs of the Government. Reconstruction Finance Corporation subscriptions to the nonassessable preferred stock of insurance companies (or loans secured by such stock) can be made only upon certification by the Secretary of the Treasury of the necessity for action to increase the capital funds of the companies concerned. In addition, the Secretary of the Treasury, or an officer of the Treasury designated by him, is a member of the Board of Directors of the Federal Farm Mortgage Corporation. Also, the Secretary's approval is required on interest rates in excess of the statutory minimum (a) on loans under Title III of the Servicemen's Readjustment Act of 1944, and (b) on mortgages on large-scale housing projects insured by the Federal Housing Administration.[2]

Many of the lending agencies are authorized to finance their operations through borrowing from the Treasury. The Secretary of the Treasury is authorized to purchase obligations of certain agencies and, within the framework of directives laid down by the President and the Congress, to fix the terms and conditions of such obligations. The President made the following statement in his 1948 Budget Message (January 3, 1947):

> From now on most corporation programs will be revenue-producing. Accordingly, I recommend that corporations be required to reimburse the Treasury for the full cost to it of money advanced to the corporations. Interest paid on borrowings from the Treasury should be based upon the current average rate on outstanding marketable obligations of the United States—now about 1.8%.

Since January 1947, the Congress has provided in several laws relating to Government corporations that the Secretary of the Treasury, in determining the interest rate on borrowings by corporations from the Treasury, shall take into consideration the average interest rate on outstanding marketable securities of the United States.

The Secretary of the Treasury has a certain amount of leeway in determining the interest rate on corporation borrowings from the Treasury, although generally the rate has been based upon the average rate on outstanding marketable securities. Where that average interest rate is not a multiple of one-eighth of 1 percent, the procedure is to fix the rate at the nearest multiple of one-eighth of 1 percent next lower than such average rate.

Under the Government Corporation Control Act, the securities issued for sale to the public by wholly-owned or mixed-ownership Government corporations, "shall be in such forms and denominations, shall have such maturities, shall bear such rates of interest, shall be subject to such terms and conditions, shall be issued in such manner and at such times and sold at such prices as have been or as may be approved by the Secretary of the Treasury," except that any mixed-ownership Government corporation from which Government capital has been entirely withdrawn is exempt from this provision during the period it remains without Government capital. In addition, the Federal intermediate credit banks, the production credit corporations,

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[1] Reorganization Plan No. 1 of 1951.

[2] See Sec. 500 (b) of the Servicemen's Readjustment Act of 1944, as amended (38 U. S. C. Supp. IV 694 (b)); and Sec. 611 of the National Housing Act, as amended (12 U. S. C. Supp. IV 1746 (b) (4)).

the Central Bank for Cooperatives, the regional banks for cooperatives, and the Federal land banks are specifically exempted from this provision, but are required to consult with the Secretary of the Treasury prior to issuing securities; and, in the event an agreement is not reached on the terms of the securities, the Secretary of the Treasury may make a report in writing to the corporation involved, to the President, and to the Congress stating the grounds for his disagreement.

It should be mentioned that in cases where Government capital has been entirely withdrawn from corporations, such corporations have continued to maintain their regular contacts and consultations with the Treasury regarding the terms and conditions of their security issues.

Although the wholly-owned Government corporations and credit agencies do their borrowing directly from the Treasury, there are three agencies that can issue guaranteed securities to the public. These are the Commodity Credit Corporation, the Federal Housing Administration, and the Maritime Administration. The Federal Housing Administration issues guaranteed obligations in settlement of claims in connection with defaults on insured mortgages on real property. Similarly, the Maritime Administration can issue guaranteed obligations in settlement of claims in connection with defaults on insured mortgages on ships and vessels, although in fact this authority has not been used to date. In addition to these agencies that can issue guaranteed obligations, two other wholly owned Government corporations—the Inland Waterways Corporation and the Federal National Mortgage Association—can issue securities in the market, although such securities are not guaranteed by the United States Government. All of these obligations require the approval of the Secretary of the Treasury as to terms, conditions, and interest rates.

The Commodity Credit Corporation is authorized to enter into commodity purchase programs, and makes contracts with private banks for the issuance of letters of credit and for the payment of drafts and invoices by the banks for the account of the Corporation to carry out such programs. Under the terms of these contracts, the banks accept and pay drafts for account of the Commodity Credit Corporation, accept sales proceeds, verify documents and perform other administrative work. The Commodity Credit Corporation pays interest to the banks on funds paid out for its account plus, in some cases, a small fee for services performed by the banks. Since the obligations of the Commodity Credit Corporation held by the banks under these programs are fully guaranteed by the United States; they are subject to approval of the Secretary of the Treasury as to terms, conditions, and interest rates.

There is a special provision of law relating to the Commodity Credit Corporation that does not apply to the other corporations and credit agencies. Under the Act of March 8, 1938, as amended (15 U. S. C. 713a–1), the Secretary of the Treasury is required to make an annual appraisal of the assets and liabilities of the Commodity Credit Corporation. In the event that any such appraisal discloses that the net worth of the Corporation is less than $100,000,000 (which means in effect that the Corporation has operated at a deficit during the preceding year), the Secretary of the Treasury, on behalf of the United States, restores the amount of the capital impairment by a contribution to the Corporation in the amount of such impairment. Although the Congress has authorized appropriations for this purpose, usually the capital impairment has been restored by the Congress authorizing the Secretary of the Treasury to cancel notes of the Corporation held by the Treasury.

In the event that any annual appraisal establishes that the net worth of the Commodity Credit Corporation is in excess of $100,000,000 (which means in effect that the Corporation has operated at a surplus during the preceding year), such excess is required to be deposited in the Treasury as miscellaneous receipts and is required to be used to retire an equivalent amount of the public debt.

Under the provisions of the Government Corporation Control Act, most of the Government corporations and credit agencies must secure the approval of the Secretary of the Treasury for the sale and purchase of United States securities and guaranteed securities in the market in amounts which aggregate more than $100,000 at any one time. The banks for cooperatives, the Federal intermediate credit banks, and the production credit corporations are not required to obtain prior approval of the Secretary of the Treasury, but are required to consult with the Secretary of the Treasury before taking action on the sale and purchase of United States securities and guaranteed securities in the market in amounts which at any one time aggregate more than $100,000.

Under the Government Corporation Control Act, most Government corporations are required to keep their checking accounts with the Treasurer of the United States, although, with the approval of the Secretary of the Treasury, such accounts may be kept with Federal Reserve Banks, or with private banks designated as depositaries or fiscal agents of the United States. The banks for cooperatives, the Federal intermediate credit banks, and the production credit corporations are not required to obtain the approval of the Secretary of the Treasury in order to maintain checking accounts in private banks, but they are required to report annually to the Treasury the names of the depositaries in which they keep such accounts.

In addition to the utilization of Federal Reserve Banks as depositaries and fiscal agents of the United States and the designation of private banks as Government depositaries, the Secretary of the Treasury is authorized by law to designate certain Government corporations to act as depositaries or fiscal agencies of the United States. Generally, however, it has not been necessary to utilize this authority.

The following enumerates in more detail many of the powers and functions of the Treasury Department with respect to the operations of the Federal lending agencies with citations to the applicable statutes:

2. Detailed Enumeration

(*a*) *Representation on Policy Boards.*—The Treasury has limited participation in management and lending policies through representation on policy boards governing the activities of Government agencies, as follows:

Reconstruction Finance Corporation.—The Secretary of the Treasury was recently made a member of the Policy Board of the Corporation, pursuant to Reorganization Plan No. 1 of 1951.

National Advisory Council.—The Secretary of the Treasury is Chairman of the Council, which coordinates foreign lending policies under Section 4 of the Bretton Woods Agreements Act of July 31, 1945 (22 U. S. C. 286b).

Federal Deposit Insurance Corporation.—The Comptroller of the Currency is a director of the Corporation as provided in the Act approved September 21, 1950 (12 U. S. C. Supp. IV 1812).

Federal Farm Mortgage Corporation.—The Fiscal Assistant Secretary of the Treasury represents the Secretary on the Board of Directors of the Corporation in accordance with the provisions of Section 1 of the Act approved January 1, 1934 (12 U. S. C. 1020).

(*b*) *Borrowing from the Treasury.*—Many of the lending agencies are authorized to borrow from the Secretary of the Treasury in order to finance their operations. Also, Section 304 of the Defense Production Act of 1950 (50 U. S. C. Supp. IV War App. 2094) authorizes departments and agencies designated by the President to borrow from the Treasury moneys necessary to carry out functions delegated to them by the President, including the making of loans for defense production purposes. All such borrowing is accomplished by the Secretary's purchasing obligations of the agencies and fixing the terms and conditions of such securities. There follows a list of agencies which are authorized to borrow from the Secretary of the Treasury:

Name of Agency	*U. S. Code or other Authorization*
Government corporations:	
Commodity Credit Corporation	15 U. S. C. 713a-4
Virgin Islands Corporation	48 U. S. C. Supp. IV 1407e
Export-Import Bank of Washington	12 U. S. C. 635d
Federal Deposit Insurance Corporation	12 U. S. C. Supp. IV 1824
Federal Home Loan Banks	12 U. S. C. Supp. IV 1431 (i)
Federal Savings and Loan Insurance Corporation.	12 U. S. C. Supp. IV 1725 (i)
Federal National Mortgage Association	12 U. S. C. Supp. IV 1716 Note
Public Housing Administration	42 U. S. C. Supp. IV 1420
Reconstruction Finance Corporation	15 U. S. C. Supp. IV 606 50 U. S. C. Supp. IV War App., 2094
Unincorporated Government agencies:	
Farmers' Home Administration	Public Law 135, 82nd Congress, approved August 31, 1951
Rural Electrification Administration	Public Law 135, 82nd Congress, approved August 31, 1951
Housing and Home Finance Agency:	
Loans for Slum Clearance and Community Development and Redevelopment.	42 U. S. C. Supp. IV 1452 (e)
Loans by Administrator for Production and Distribution of Prefabricated Housing.	12 U. S. C. Supp. IV 1701g, Note and Public Law 139—82nd Congress, approved September 1, 1951
Housing Loans to Educational Institutions	12 U. S. C. Supp. IV 1749 (b) (c)
Veterans' Administration	38 U. S. C. Supp. IV 694m and Public Law 139—82nd Congress approved September 1, 1951
Secretary of the Army	5 U. S. C. Supp. IV 234
Secretary of Agriculture (Defense)	50 U. S. C. Supp. IV War App. 2094
General Services Administration (Defense)	50 U. S. C. Supp. IV War App., 2094
Secretary of the Interior (Defense Minerals Administration).	50 U. S. C. Supp. IV War App. 2094.

(*c*) *Borrowing in the Market.*—The following agencies are authorized to borrow money in the market by issuing securities, the terms of which must, pursuant to the provision of law cited below, be approved by the Secretary of the Treasury. Securities of the Commodity Credit Corporation are guaranteed as to principal and interest by the United States Government.

Name of Agency	*U. S. Code or other Authorization*
Commodity Credit Corporation	31 U. S. C. 868 (a)
Federal National Mortgage Association	12 U. S. C. Supp. IV 1717
Inland Waterways Corporation	31 U. S. C. 868 (a)

Under provisions of Section 303 (d) of the Government Corporation Control Act (31 U. S. C. 868 (d)), the Federal home loan banks were required to secure the approval of the Secretary of the Treasury as to terms of their borrowings only when they had Government capital. At the present time, their Government capital has been entirely repaid to the Treasury.

The following agencies are required, pursuant to the provision of law cited below, to consult with the Secretary of the Treasury prior to taking any action involving the issuance of their obligations to the public. Securities of these agencies are not guaranteed by the United States Government.

Name of Agency	*U. S. Code or other Authorization*
Banks for Cooperatives	31 U. S. C. 868 (d)
Federal Intermediate Credit Banks	31 U. S. C. 868 (d)

Under provisions of Section 303 (d) of the Government Corporation Control Act (31 U. S. C. 868 (d)), the Federal land banks are required to consult with the Secretary of the Treasury only when they have Government capital. At the present time, their Government capital has been entirely repaid to the Treasury.

(*d*) *Lending Operations.*—The only cases where the Secretary of the Treasury has any specific authority with respect to lending operations relate to certain loans (1) made by the Reconstruction Finance Corporation, (2) guaranteed by the Veterans' Administration, and (3) insured by the Federal Housing Administration, as follows:

Under the Reconstruction Finance Corporation Act, as amended (15 U. S. C. Supp. IV 604 (a)), subscriptions to nonassessable preferred stock of insurance companies by the Reconstruction Finance Corporation (or loans secured by such stock) can be made only upon certification by the Secretary of the Treasury of the necessity for action to increase the capital funds of the companies concerned.

Under Section 500 (b) of the Servicemen's Readjustment Act of 1944, as amended (38 U. S. C. Supp. IV 694 (b)), the Administrator of Veterans Affairs has the authority, with the approval of the Secretary of the Treasury, to raise the permissible rate of interest on loans guaranteed under Title III of this Act from the rate specified in the law, namely 4 percent, to a maximum of 4½ percent.

Under Section 611 of the National Housing Act, as amended (12 U. S. C. Supp. IV 1746 (b) (4)), the Federal Housing Commissioner has the authority, with the approval of the Secretary of the Treasury, to insure mortgages on large-scale housing projects with rates in excess of the statutory minimum specified in the law, namely 4 percent, but not in excess of 4½ percent.

(*e*) *Purchase and Sale of United States Securities in the Market.*—The following agencies must secure the approval of the Secretary of the Treasury for the sale and purchase of United States securities and guaranteed securities in the market in amounts which at any one time aggregate more than $100,000:

Name of Agency	*U. S. Code or other Authorization*
Commodity Credit Corporation	31 U. S. C. 868 (b)
Inland Waterways Corporation	31 U. S. C. 868 (b)
Virgin Islands Corporation	31 U. S. C. 868 (b)
Export-Import Bank of Washington	31 U. S. C. 868 (b)
Federal Deposit Insurance Corporation	12 U. S. C. Supp. IV 1823 (a)
Federal Savings and Loan Insurance Corp	31 U. S. C. 868 (b)
Federal National Mortgage Association	31 U. S. C. 868 (b)
Public Housing Administration	31 U. S. C. 868 (b)
Reconstruction Finance Corporation	31 U. S. C. 868 (b)
Federal Housing Administration	31 U. S. C. 868 (b)

Under the provisions of Section 303 (d) of the Government Corporation Control Act (31 U. S. C. 868 (d)), the Federal home loan banks, when they had Government capital, were also subject to the above requirement. At the present time, their Government capital has been entirely repaid to the Treasury.

The following agencies are not required to obtain prior approval of the Secretary of the Treasury, but are required to consult with the Secretary of the Treasury before taking action on the sale and purchase of United States securities and guaranteed securities in the market in amounts which at any one time aggregate more than $100,000.

Name of Agency	*U. S. Code or other Authorization*
Banks for Cooperatives	31 U. S. C. 868 (d)
Federal Intermediate Credit Banks	31 U. S. C. 868 (d)
Production Credit Corporations	31 U. S. C. 868 (d)

Under the provisions of Section 303 (d) of the Government Corporation Control Act (31 U. S. C. 868 (d)), the Federal land banks, when they have Government capital, would also be subject to this Act. At the present time, their Government capital has been entirely repaid to the Treasury.

(*f*) *Depositary Accounts.*—The following agencies are required to keep their checking accounts with the Treasurer of the United States, except that, with the approval of the Secretary of the Treasury, such accounts may be kept in Federal Reserve Banks or private banks which are designated as depositaries by the Secretary.

Name of Agency	*U. S. Code or other Authorization*
Commodity Credit Corporation	31 U. S. C. 867
Inland Waterways Corporation	31 U. S. C. 867
Virgin Islands Corporation	31 U. S. C. 867
Export-Import Bank of Washington	31 U. S. C. 867
Federal Deposit Insurance Corporation	12 U. S. C. Supp. IV 1823 (b)
Federal Savings and Loan Insurance Corp	31 U. S. C. 867
Federal National Mortgage Association	31 U. S. C. 867
Reconstruction Finance Corporation	31 U. S. C. 867
Tennessee Valley Authority	31 U. S. C. 867
Federal Housing Administration	31 U. S. C. 867

Under the provisions of Section 303 (d) of the Government Corporation Control Act (31 U. S. C. 868 (d)), the Federal Home Loan Banks, when they had Government capital, were also subject to the above proviso. At the present time, their Government capital has been entirely repaid to the Treasury.

The following agencies are required to report annually to the Secretary of the Treasury the names of the depositaries in which they keep a banking or checking account; but approval of their depositaries by the Secretary is not required.

Name of Agency	*U. S. Code or other Authorization*
Banks for Cooperatives	31 U. S. C. 867
Federal Intermediate Credit Banks	31 U. S. C. 867
Production Credit Corporations	31 U. S. C. 867

Under the provisions of Section 303 (d) of the Government Corporation Control Act (31 U. S. C. 868 (d)), the Federal land banks, when they have Government capital, would also be subject to the above proviso. At the present time, their Government capital has been entirely repaid to the Treasury.

(*g*) *Capital Stock Subscriptions.*—The Secretary of the Treasury was authorized to subscribe to the capital stock of the following agencies:

Name of Agency	*U. S. Code or other Authorization*
Federal Intermediate Credit Banks	12 U. S. C. 1061 (a)
Reconstruction Finance Corporation	15 U. S. C. Supp. IV 601
Inland Waterways Corporation	49 U. S. C. 152
Export-Import Bank of Washington	12 U. S. C. 635b and 635c
Public Housing Administration	42 U S. C. 1417
Federal Home Loan Banks	12 U. S. C. 1426 (f)
Federal Land Banks	12 U. S. C. 698

Under the Act of January 31, 1934 (12 U. S. C. 1061 (c)), the Governor of the Farm Credit Administration is authorized to subscribe from time to time to the capital stock and/or paid-in surplus of any Federal intermediate credit bank on behalf of the United States, subject to the approval of the Secretary of the Treasury.

(*h*) *Payment of Interest on Capital Stock.*—The following agencies are required to pay interest to the United States Treasury on the amount of their capital stock, at such rates as may be determined by the Secretary of the Treasury in accordance with statutory requirements:

Name of Agency	*U. S. Code or other Authorization*
Commodity Credit Corporation	15 U. S. C. Supp. IV 714e
Federal Savings and Loan Insurance Corp	12 U. S. C. Supp. IV 1725 (h)

(*i*) *Payment of Guaranteed Obligations on Default.*—Since the securities issued by the following agencies are guaranteed as to principal and interest by the United States Government, the Secretary is authorized to pay the amount due if the issuing agency defaults.

Name of Agency	*U. S. Code or other Authorization*
Commodity Credit Corporation	15 U. S. C. Supp. IV 713a–4
Federal Housing Administration	12 U. S. C. 1710 (d) P. L. 139, 82nd Cong., Sec. 201
Maritime Administration	46 U. S. C. 1275 (c)

(*j*) *Depositaries and Fiscal Agents.*—In addition to the Federal Reserve Banks acting as depositaries and fiscal agents of the Treasury and the designation of private banks as depositaries, the Secretary of the Treasury is authorized by law to designate certain Government corporations to act as depositaries or fiscal agencies of the United States, as follows:

Name of Agency	*U. S. Code or other Authorization*
Federal Intermediate Credit Banks	12 U. S. C. 1024
Federal Land Banks	12 U. S. C. 701
Central Bank for Cooperatives	12 U. S. C. 1138b
Banks for Cooperatives	12 U. S. C. 1138b
Production Credit Corporation	12 U. S. C. 1138b
Federal Deposit Insurance Corporation	12 U. S. C. Supp. IV 1823 (b)
Federal Home Loan Banks	12 U. S. C. 1434
Federal Savings and Loan Insurance Corp	12 U. S. C. 1725 (d)
Public Housing Administration	42 U. S. C. 1421 (c)
Reconstruction Finance Corporation	15 U. S. C. Supp. IV 609

(*k*) *Liquidation of the Reconstruction Finance Corporation.*—The Secretary of the Treasury, under the Act of January 22, 1932, as amended (15 U. S. C. Supp. IV 609), will have the duty of completing the liquidation of the Reconstruction Finance Corporation if, at the expiration of the succession of the Corporation, the Administrator shall not have completed the liquidation of its assets and the winding up of its affairs.

6. What additional authority of the Treasury Department with respect to the Federal Deposit Insurance Corporation and the Federal lending agencies would you consider desirable? If you do not believe that additional authority of the Treasury Department with respect to these agencies is desirable, what, if any, additional means of coordinating their activities would you recommend?

It will be noted from the data supplied in the answer to Question 5 that the Treasury does not have statutory authority to coordinate or control the activities of the various Government agencies that lend and insure loans to private domestic borrowers. The policies and operations of these agencies are reviewed by the Bureau of the Budget in the formulation of the President's Budget each year and are subject to further review by the Congress in connection with its consideration of the Budget. The heads of the lending, insuring, and guaranteeing agencies are responsible to the President; and the decisions which they make must be made in accordance with his policies, except, of course, where Congress has itself issued explicit policy directions for making or insuring loans. The heads of these agencies also frequently consult with the Treasury Department, as referred to in the answer to Question 5, in connection with their financing matters.

It is my opinion that no additional authority of the Treasury Department is necessary with respect to these agencies. With respect to additional means of coordinating the activities of these agencies a suggestion—covering a somewhat wider field—is made in the answer to Question 10.

7. Can any policy conflict between the Treasury and the Federal Deposit Insurance Corporation or the lending agencies be resolved in the last resort by the President? If not, what are the exceptions? Do you believe that the President should have (or under the Constitution *does* have) authority to resolve all such conflicts?

The policies of the Government lending agencies are sometimes prescribed by congressional statute and sometimes by Executive discretion. Accordingly, it is necessary to differentiate between congressional policy and Executive policy.

For example, the Secretary of Agriculture is required by statute to support the prices of certain agricultural commodities. Under the statutes, the Secretary of Agriculture is given some discretion to select the type of operation to be used for this purpose; but regardless of whether loans or purchase operations are used, the end results are basically the same. This is the policy fixed by the Congress. Neither the Department of Agriculture nor the President has the right to disregard that directive and to set aside the parity price of an agricultural commodity even though agricultural credit might be rising too freely at a time the Government was pursuing a counter-inflationary program generally. Other programs of Government lending agencies are also laid down by statute, without much discretion in the Executive.

On the other hand, the lending policy of the Reconstruction Finance Corporation is determined largely by Executive discretion within the framework of the broad authorizations provided by Congress.

The volume of insurance extended by the Federal Housing Administration is the product both of congressional policy (which prescribes certain conditions and limits the volume) and of Executive policy (which may speed up or retard activity in various ways).

The President has practically unlimited authority over those policies of the Treasury, the lending agencies, and the Federal Deposit Insurance Corporation, which are determined by Executive discretion. Accordingly, he can resolve conflicts between them which arise from policies of this type. However, the President has no authority to contradict policies which are laid down by the Congress, and therefore cannot resolve conflicts or inconsistencies which arise from that source.

8. What are the present powers of the Treasury Department, if any, with respect to the operations of the Federal Reserve System?

The present powers of the Treasury Department with respect to the operations of the Federal Reserve System relate principally to the duties that the Federal Reserve Banks perform as fiscal agents of the Treasury. (See also the answer to Question 9.) In addition, the two agencies have interrelated functions in the handling of Federal Reserve currency.

FISCAL AGENCY FUNCTIONS

Under the Federal Reserve Act, the Federal Reserve Banks are required to act as fiscal agents of the United States. The Treasury maintains its operating checking accounts with each of the Federal Reserve Banks. As the accounts are drawn on to pay for Government expenditures and public debt payoffs, the accounts are replenished by calls on Treasury deposits in commercial banks.

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Under instructions from the Treasury, the Federal Reserve Banks have responsibilities in connection with maintaining the Treasury tax and loan accounts in commercial banks. (See also the answer to Question 14.) Certain taxes and proceeds of sales of Treasury securities are credited in these accounts, and each of these banks must pledge with a Federal Reserve Bank, as fiscal agent of the Treasury, collateral to secure balances in the accounts.

Under instructions from the Treasury, the Federal Reserve Banks perform services relating to the public debt. The Reserve Banks receive subscriptions to new issues of Treasury securities, make allotments of securities in accordance with instructions from the Treasury, deliver the securities to the purchasers, receive payment for them, and credit the amounts received to the Treasury's accounts. The Federal Reserve Banks also redeem securities as they mature, make exchanges of denominations or kinds, handle transfers and conversions, pay interest coupons, and perform a number of other functions involved in servicing the public debt.

In accordance with instructions from the Treasury, the Federal Reserve Bank of New York handles purchases and sales of Government securities in the market on behalf of Government investment accounts. It also acts as the agent of the Treasury in gold and foreign exchange transactions.

FEDERAL RESERVE CURRENCY

The Treasury has certain responsibilities with respect to operations of the Federal Reserve System in connection with the issuance and redemption of Federal Reserve currency. Federal Reserve notes are issued by the Federal Reserve Banks at the discretion of the Board of Governors of the Federal Reserve System in amounts determined by the public demand for currency. They were originally authorized by the Federal Reserve Act in 1913, and account for almost 90 percent of the paper money in circulation in the United States at the present time. The backing for these notes consists of a reserve almost entirely in the form of gold certificates (and gold certificate credits) and United States Government securities. These notes are obligations of the United States as well as of the Federal Reserve Banks and are legal tender for all debts, public and private.

Federal Reserve notes are redeemable either at the Treasury or at any Federal Reserve Bank but as a matter of practice the proportion actually turned in through the Treasury is relatively small. The Federal Reserve Banks are required to maintain a fund in the Treasury to cover redemptions made through the Treasury.

The Treasurer of the United States has the responsibility for verification of all unfit Federal Reserve notes which are presented for redemption through either the Treasury or the Federal Reserve Banks. These notes are then destroyed under the supervision of the Treasury's Bureau of Public Debt.

In order to furnish suitable Federal Reserve notes for circulation, the Comptroller of the Currency, under the direction of the Secretary of the Treasury, is required to cause plates and dies to be engraved. Such notes are required to be in such form as directed by the Secretary.

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One other matter may be mentioned. It does not represent a power of the Treasury with respect to the Federal Reserve System, but is a working arrangement whereby the Federal Reserve pays over to the Treasury a certain amount of its earnings. This is a formula arrangement which was developed in 1947. A full description is presented in various Federal Reserve reports.

9. What provision, if any, is there for resolving policy conflicts between the Treasury (or other agencies of the executive branch) and the Federal Reserve System? Do you believe that this power should lie with the President (or already does under the Constitution)?

It is presumed that this question directs itself to policy related to the exercise of the central banking functions of the Federal Reserve System which have been specifically delegated to the System by the Congress.

There are, of course, functions of the System clearly within the orbit of Executive responsibility which the Federal Reserve performs by delegation from the President or in which it participates by Congressional designation. It is assumed that the question is not directed to policy related to the exercise of these functions over which the President clearly has control and which include membership on the National Advisory Council on International Monetary and Financial Problems created by the Bretton Woods Agreements Act; the administration of the real estate construction credit control program under the Defense Production Act; the approval under the Defense Production Act of voluntary agreements in the field of financing; and membership on the Defense Mobilization Board established by the President. Other incidents of relationship between the System and the President are found in the President's authority with respect to the Federal Reserve System under the Reorganization Act of 1949; with respect to the clearance of proposed legislation and reports on proposed legislation by the Board of Governors of the System through the Bureau of the Budget; and in the number of important fiscal agency functions performed by the Federal Reserve System on behalf of several parts of the executive establishment.

It is also presumed that the question puts aside consideration of any supervening emergency powers residing in the President (e. g., section 5 (b) of the Trading with the Enemy Act (12 U. S. C. 95a) and section 4 of the Emergency Banking Act of 1933 (12 U. S. C. 95)).

With the question thus limited, it relates to policy conflicts which might arise out of the exercise by the Federal Reserve of its primary powers granted to it by the Congress, such as the power with respect to open market operations.

The only statutory provision dealing directly with conflicts is found in Section 10 of the Federal Reserve Act (12 U. S. C. 246), which provides that "wherever any power vested by this Act in the Board of Governors . . . appears to conflict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary." This statutory provision does not, however, appear to deal with conflicts as to what constitutes appropriate public policy. It has not been drawn upon, therefore, in an effort to resolve that type of conflict.

Where conflicts of the sort the question is assumed to deal with do arise, the first-blush answer might be that the President should settle them. He is the one whom the people hold responsible for the way things go in the economic field, including all monetary and fiscal matters. When there is inflation, he is the one who is generally held responsible by the people; also for deflation, high taxes, low prices, high prices, low interest rates, high interest rates.

However, the Congress has decided that within the executive branch of the Government itself, there should be several independent agencies exercising functions independently of the head of the executive branch, the President. One of these agencies is the Federal Reserve System.

The Constitution has given to the Congress the power to borrow money on the credit of the United States and the power to coin money and regulate the value thereof. Under the present law the Congress has given the exercise of most of this power to the President or the Secretary of the Treasury; but it has given some of it to the Federal Reserve System.

There is no doubt that the Federal Reserve System, with this power given to it by the Congress, could conceivably impede, if not actually obstruct, Government policies which the President of the United States has announced and, indeed, on which he may have been actually elected or re-elected to office. What happens then?

This might become more likely at certain times than at others. For example, in any change of administration, a new President would be faced with a Board of Governors of the Federal Reserve System which had been built up over previous years by appointments by another President. It is possible that the fiscal and monetary policies of the newly elected President (and presumably of his new appointee as Secretary of the Treasury) might be so thoroughly at variance with the policies of the Board that the conflicts might become quite acute.

Of course, the President has complete power over the Secretary of the Treasury and over his actions and policies. The power is exercised simply and irrevocably—by the power to remove the Secretary at will and without cause. The President has no such power over the members of the Board of Governors. While he does appoint them (with the consent of the Senate), they serve for a fixed term, and the statute provides that they cannot be removed by the President except for cause. The Supreme Court has decided in the *Humphrey's* case (295 U. S. 602 (1934)), involving a similar issue although with respect to a different agency, that the Congress could thus limit the power of the President to remove members of independent agencies exercising quasi-legislative or quasi-judicial powers. Hence, since the President does not have the power of removal, it would appear to me that he is without power effectively to direct.

Whether or not this situation should be changed is a matter for the Congress to decide. I do not recommend that it be changed.

The outstanding disadvantage of the present arrangement is that there is no specific authority to resolve quickly any irreconcilable conflict between the policies of the President (or the Secretary of the Treasury) and the Federal Reserve—if and when such a conflict arises.

When there is an impasse between two agencies headed by responsible management they realize that they must get together because the public will demand it. I assume that any prolonged stalemate between the two which began to have serious effects on the economy would lead to an expression of responsible public opinion which would cause one side or the other to give way. While this is a safety valve, it is not a ready or quick means of settling a dispute. And much damage might be done before the settlement was reached.

Then there is the Congress itself. It could pass legislation (subject to Presidential veto) which could resolve the conflict. Or it could go to the extreme of curtailing the power of one of the members to the dispute. While this, too, might be an ultimate solution of a prolonged, dangerous stalemate, it is an undesirable one to rely on as a regular mechanism. Congress would not want to interfere in these matters of administration in the executive branch; it would necessarily have to operate very slowly and only after prolonged hearings and testimony by experts. Obviously, it would be wholly undesirable to try to change legislation whenever a dispute arose—serious as it might be—especially since the differences might be based on highly technical and expert opinions on both sides. Of course, if, by any stretch of imagination, the Board were in bad faith to adopt purely obstructionist tactics in order to enforce its will—so that, in effect, it was interfering with the orderly functioning of the Government—that would be a different matter. But that has never happened, and we should not assume that it ever would happen.

The kind of conflicts in policy which have arisen are set forth in the answer to Question 17. It will be seen that they have arisen from bona fide differences of opinion. In the main, they have eventually been ironed out satisfactorily.

I think one of the most important steps toward providing a quick means of settling such disputes would be a public, and a congressional, recognition of the fact that it is natural, proper, and desirable for the President to seek to settle them by having all the interested parties sit around a table to discuss their differences with him. That would seem to be an almost axiomatic method of solution of a dispute. Yet, in some quarters, if the President should ask the Chairman or any other member of the Board of Governors to come to the White House to discuss differences of policy which were having some effect on Government objectives, there would be loud objections and charges of attempted domination or dictation. I do not think that any President, in the present state of the law, would seek to dictate to or interfere with the Federal Reserve. But since the two—the President and the Board—are assumed to be independent of each other, the very essence of that independence should be recognized—that they should each have the right—and the duty—to discuss the problem freely around a table together. This should be encouraged by the Congress and the public, rather than discouraged. Discouragement comes from charges or insinuations that such conferences amount to attempted dictation. It would encourage such discussions and conferences if this committee of the Congress would publicly recommend them.

The fact is that in the past the President and the Chairman of the Board have frequently met and discussed problems and differences. Occasionally, the Secretary of the Treasury has been present. In such meetings between the President and the Chairman about which

I have received reports, there were no attempts at dictation by one to another. There was only a bona fide, sincere attempt on each side to express his own point of view, understand the other's point of view, and come to a conclusion in the public interest. The Secretary of the Treasury and the Chairman of the Board also meet in several interdepartmental committees of Government, such as the National Advisory Council on International Monetary and Financial Problems and others. Such contacts with each other are helpful in avoiding differences.

I should say, therefore, in answer to this question that the present methods for resolving policy conflicts are through (1) the give and take resulting from discussion around the table, (2) the force of public opinion, and (3) congressional action. I do not suggest that the President should be given any powers which he does not now have to resolve such disputes.

10. If you do not believe that the President should (or does) have such power, how, in your opinion, should policy conflicts be resolved? Is it necessary that they be resolved or could the agencies directly responsible to the President, on the one hand, and the Federal Reserve System, on the other, pursue conflicting policies indefinitely?

As I have indicated in my answer to the preceding question, I think that the President can settle, and should be encouraged by public opinion and by congressional approval, to seek to settle differences in the usual manner of any two independent agencies—by discussion, negotiation and argument.

I certainly do not think, in answer to this question, that the Treasury and the Federal Reserve System should pursue conflicting policies indefinitely. I doubt whether either public opinion or the Congress would permit them to do so.

The only improvement in the present situation which I recommend would be the encouragement of discussion and negotiation between the two in order, first, to prevent disagreement from arising, and secondly, to terminate the disagreement once it arises.

Such steps would include:

1. The recognition by the Congress and the public that the President has the right, and the duty, to discuss disputes without attempting to dictate to the Board of Governors, but by full and complete consultation with the Board.

2. The creation of a small consultative and discussion group within the Government, to consist of the Secretary of the Treasury, the Chairman of the Board of Governors, the Director of the Budget, the Chairman of the Council of Economic Advisers to the President, and the Chairman of the Securities and Exchange Commission. I would have this group meet informally but regularly and frequently for the purpose of discussing domestic monetary and fiscal matters with each other. Heads of the lending agencies would be called in for these meetings from time to time when the discussions involved their programs. This group would in a way be a kind of parallel to the National Advisory Council which works in the field of foreign financial matters. It would also be akin to the Council suggested by the Commission on Organization of the Executive Branch of the Government (the Hoover Commission) in its report on the Treas-

ury Department. The Council there suggested (Recommendation No. 9) was to advise on policies and coordinate the operations of the domestic lending and Government financial guarantees.

The group I am suggesting would serve two major purposes:

A. By regular and periodic meeting and discussion among the heads of these agencies having to do with fiscal and monetary policies, differences of opinion will become less likely to develop. It is so much easier to settle any prospective differences of opinion around a table before they have become fixed in mind or before they have been publicly announced. Such a discussion group would do much to achieve accord before discord arises.

B. The group would act as a top-level advisory group to the President on broad questions of monetary and fiscal policy. It could meet with him for informal discussions, and could report to him preferably on an informal and confidential basis as often as desired.

In other words, as you see, I recommend no drastic changes in order to resolve disputes. I think that they will be resolved as most disputes are if discussion and negotiation are encouraged and facilitated.

C. Expenses for the Purpose of Influencing Public Opinion

11. List and discuss any expenses which have been incurred by the Treasury during the period since 1946 for the purpose of influencing public opinion on controversial matters in connection with monetary and credit policy and the management of the public debt. Expenses for the preparation of material in standard expository format and for the distribution or presentation of such material in written or oral form to persons who might be expected to have a regular business or professional interest in it may be omitted. Any expenses during this period for the preparation of motion pictures, illustrated brochures, or any other special material in these fields should be included, however, irrespective of your personal opinion as to whether or not the material they contain is controversial in character, in order that the subcommittee may, if it desires, consider them on a case-by-case basis.

In my opinion the Treasury has incurred no expenses since 1946 which could be considered "for the purpose of influencing public opinion on controversial matters in connection with monetary and credit policy and the management of the public debt." A literal response to your request requires, however, that "Any expenses during this period for the preparation of motion pictures, illustrated brochures, or any other special material in these fields" be included irrespective of whether or not I feel they are controversial. Therefore, I am providing you in the paragraphs that follow with material on the savings bond program and on debt management generally.

1. United States Savings Bonds Division

The United States Savings Bonds Division promotes the sale of savings bonds to the public. In discharging this responsibility, a wide range of advertising and publicity media is used. The costs incurred by the Treasury on this account from July 1946 through June 1951 are listed below. The list is divided into major categories indicative of types of material, and in some instances into subgroups reflecting the market to which directed or the media used to reach the public.

Brochures and Leaflets.—This material directed to the general public or special groups of buyers is distributed through banks; schools; farm and ranch associations; industrial and commercial firms; labor, civic, service, and women's organizations; professional groups; public agencies; and military services. The material is generally supplemented by group or individual solicitations by the distributing agencies and frequently by intensified campaigns and additional material financed by the distributor.

Market	Number of items	Number of pieces	Cost (July 1946–June 1951)
Farm and ranch families	21	63, 310, 000	$175, 850
Bank depositors	17	146, 445, 000	317, 200
Wage and salary earners	31	306, 629, 000	308, 400
Employers	17	3, 528, 000	21, 100
Students and teachers	15	2, 885, 000	50, 150
Other special groups	16	31, 178, 000	88, 750
General public	23	163, 935, 000	360, 800

Displays.—To take advantage of contributed space on billboards, easels, bulletin boards, in public vehicles, store windows, lobbies, and other public places, posters and card displays are distributed to banks, stores, plants, schools, post offices, theaters, transit companies, outdoor advertising agencies, etc. The items are prepared in a variety of sizes to suit specialized needs. The use and display of this material are coordinated by the advertising industry, trade, industrial and banking groups, and similar national organizations.

Market	Number of items	Number of pieces	Cost (July 1946–June 1951)
Farm and ranch families	7	870, 000	$22, 500
Bank depositors	12	1, 150, 000	31, 500
Payroll savers	16	4, 012, 000	38, 350
Students and teachers	5	305, 000	5, 200
General public	34	10, 321, 000	309, 000

Newspaper and Magazine Advertising.—The advertising industry makes a substantial contribution in this field in developing material (by the Advertising Council, a voluntary nonprofit group organized to support public service programs) and by contributing space in newspapers, magazines, and trade, business, and farm publications. The expense incurred by the Treasury involves the procurement of material which can be used by the publisher to reproduce the advertisement. In the daily and larger weekly newspapers, this is a paper matrix used to mold the printing plate; many weekly newspapers in small communities are without facilities for casting, and are supplied special metal plates; national magazines, and farm and industrial journals are furnished electrotype plates. Each piece in the listing would have to be multiplied by the circulation of the using publication to arrive at the full distribution of the material. The value to the media can perhaps be best illustrated by the fact that an ad in a national magazine which would cost a commercial advertiser from $750 to $22,400 costs the Treasury less than $10.

User	Number of items	Number of pieces	Cost (July 1946–June 1951)
Newspapers (mats)	340	1, 170, 000	$270, 000
Newspapers (special plates)	65	166, 715	151, 000
Magazines (electrotype plates)	180	76, 980	388, 000

Radio and Television.—All broadcasting time devoted to savings bonds promotion is donated. In radio, two types of material are distributed by the Treasury, the "Guest Star" program and the short announcement, both being transcribed. The "Guest Star" is a 15-minute program issued weekly, using the contributed services of a nationally prominent entertainment figure. Organized unions require payment of the announcer and musicians, which added to mechanical production costs will total approximately $2,500 a program or $1 per piece or record distributed to individual stations. These records are used three or four times by each station and reach a relatively high percentage of the Nation's radio audience. Normally, four announcements or commercial records are prepared a year. These records contain ten 1-minute, ten 20-second, and ten 10-second "spot" announcements promoting the sale of bonds.

Television was first used as a medium to promote savings bonds in the fall of 1949. This involves the use of slides and 20-second and 1-minute sound movie shorts. The use of the material is promoted by the advertising, radio, and television industries. Other entirely gratuitous advertisements in the nature of live-spot announcements, special promotion programs, and appeals integrated in regular programs, are frequently used by both radio and television.

Program	Number of items	Number of pieces	Cost (July 1946–June 1951)
Radio, "Guest Star"	260	608, 400	$626, 000
Radio commercials	20	24, 500	36, 000
Television shorts	89	10, 235	47, 750

Motion Pictures.—The costs of talent and production of material used in this medium are contributed by the motion picture industry. The Treasury incurs expense in editing, cutting, and having prints made for distribution. Two technicolor 20-minute sound films and four news trailers have been used. Sufficient prints of the films are made to obtain showings in the Nation's 17,000 theaters. This is accomplished through the motion picture industry. The films are then withdrawn for free use by schools, colleges, professional and business organizations, civic and service clubs, and labor and fraternal groups.

Film	Number of items	Number of pieces	Cost (July 1946–June 1951)
Technicolor	2	997	$48, 000
News trailers	4	12, 936	49, 500

In conclusion, it should be pointed out that by incurring expenses approximating $1.7 million for advertising materials over a 5-year period, the Treasury has received donated newspaper, magazine, and display space and contributed television and radio time conservatively estimated to be worth more than $225 million.

2. Office of the Secretary of the Treasury, Office of the Technical Staff

Over a period of years, I have developed a group of advisory committees who confer with me from time to time on major Treasury financing and debt management problems. These committees include representatives of commercial banking, mutual savings banking, investment banking, and the insurance segments of the financial community. In addition, there are a number of committees concerned primarily with savings bond problems, which include representatives of industry, trade, agriculture, banking, education, labor, and fraternal and service groups.

Prior to meeting with me, these committees meet with members of my technical staff, who describe and discuss with them current Treasury financing problems. The staff uses lantern slides in facilitating the explanation; and the cost of these slides since 1946 has been as follows:

Calendar Year:	*Cost*	Calendar Year—Continued	*Cost*
1946	$904	1949	$1,336
1947	1,814	1950	1,528
1948	981	1951	720

The staff's description of the financing problems is considered in the Treasury to be part of an internal briefing operation, and not for the purpose of influencing public opinion in controversial matters. However, because lantern slides have been used, the cost of the slides is included in the answer to this question. The cost of statistical material and charts underlying the slides is not so included because they are accumulated and developed for internal analytical purposes regardless of whether or not slides are prepared.

D. Credit and Debt Management Policy

12. Leaving aside the matter of debt management completely, what are the various powers of the Treasury with regard to monetary matters? Explain the legal background and describe how the Treasury has used these powers.

Congress has given the Secretary of the Treasury considerable powers with regard to monetary matters outside of the field of debt management. Among these powers, two principal functions, (1) the handling of the Nation's gold and silver, and (2) the handling of Treasury cash balances, may have a significant impact on the volume of bank reserves.

A discussion of the economic significance of the Treasury's handling of gold and silver is contained in the answer to Question 13; and a discussion of the part the handling of Treasury deposits plays in monetary matters is the subject of Question 14. (Some historical material on both subjects is also presented in the answer to Question 1.) The answer to the present question provides a summary of the powers related to the operations outlined in the two succeeding answers and, in addition, presents a detailed enumeration of the statutory authority under which the Secretary exercises these powers.

1. General Review

The Treasury is the custodian of the monetary reserves of gold and silver of the United States. It also has authority to regulate the import, export, holding, and use of those metals by private citizens in the United States. The Treasury is responsible for the manufacture and distribution of the Nation's coin and currency. The Treasury is also responsible for the Government's purchases and sales of gold and silver in accordance with Congressional authorizations and directives. The management of the Nation's monetary stocks carries with it the responsibility for actions which may have significant economic effects. Decisions by the Treasury as to how incoming gold is handled, for example, are decisions which have a direct effect upon the volume of bank reserves in the country in that they can provide the commercial banking system a base for about a five- or six-fold expansion of bank credit if appropriate offsetting action is not taken by the Treasury and the Federal Reserve System.

In recent years the effect of purchases of silver on the volume of bank reserves has been relatively unimportant; the Treasury, however, has some discretion as to the extent to which silver certificates are issued.

In the foreign exchange field, the Secretary of the Treasury is the administrator of the Exchange Stabilization Fund, which was created by the Congress for the purpose of stabilizing the exchange value of the dollar. Under the Bretton Woods Agreements Act, the Secretary of the Treasury was designated as Chairman of the National Advisory Council, which coordinates the activities of the United States representatives on the International Monetary Fund and the International Bank for Reconstruction and Development and of all agencies of the Government which make or participate in foreign financial, exchange, or monetary transactions. The Secretary of the Treasury is the United States Governor on the Board of Governors of both the International Monetary Fund and the International Bank for Reconstruction and Development.

The President has also delegated to the Secretary of the Treasury the powers contained in Section 5 (b) of the Trading with the Enemy Act which authorizes the regulation of a wide range of financial transactions under emergency conditions. Furthermore, the Secretary has powers under the Emergency Banking Act of 1933 which may be used subject to the approval of the President in regulation of member banks of the Federal Reserve System, during a period of emergency declared by the President in which the use of these powers is required.

The Treasury also has powers of economic significance in the handling of its deposits of public moneys, both from the standpoint of scheduling the timing of changes in its over-all balance and in the distribution of its balances between the Federal Reserve Banks or its own vaults on the one hand, and commercial bank depositaries on the other. Its actions in both of these areas may have an important effect on bank reserves and on relative tightness or ease in the money market.

The Treasury's decisions on the handling of the monetary stocks and on the handling of deposits are made after consultation with the Federal Reserve System whenever those decisions are likely to affect significantly the expansion or contraction of bank reserves.

A detailed enumeration of the Secretary's powers in these fields follows:

2. Detailed Enumeration

(*a*) *Gold.*—The authority of the Secretary of the Treasury to prescribe the conditions under which gold transactions are permitted to take place is provided by Section 3 of the Gold Reserve Act of 1934 (31 U. S. C. 442) and Executive Order No. 6260 of August 28, 1933. As required by this Act, the Secretary prescribes the conditions under which gold may be acquired, held, transported, melted or treated, imported, exported, or earmarked: (a) for industrial, professional, and artistic use; (b) by the Federal Reserve Banks for the purpose of settling international balances; and (c) for such other purposes as in his judgment are not inconsistent with the purposes of this Act. Pursuant to this statute, the Secretary of the Treasury issued the Gold Regulations which appear in 31 C. F. R. Part 54.

These regulations provide that persons in the United States may, under certain conditions, obtain licenses which authorize them to acquire and deal in gold for legitimate and customary industrial, professional, or artistic use. Provision is also made for limited acquisitions of gold for such purposes without a license and for the dealing in certain types of gold without a license. The export of any gold, other than fully fabricated gold or monetary gold owned by foreign governments and central banks, is permitted only under a license issued by the Director of the Mint when the Director is satisfied that the gold is to be exported for customary industrial, professional, or artistic use and not for use as or in lieu of money.

The Secretary of the Treasury has also licensed the earmarking of gold in the United States for foreign governments, central banks, and international monetary institutions.

The Secretary is authorized, with the approval of the President, to purchase and sell gold at such rates and upon such terms and conditions as he may deem most advantageous to the public interest (Sections 8 and 9 of the Gold Reserve Act; 31 U. S. C. 734, 733). This legal authority is circumscribed, however, by the provisions of the Articles of Agreement of the International Monetary Fund which the United States accepted pursuant to the authorization contained in the Bretton Woods Agreements Act (22 U. S. C. 286). Under Article IV, Section 2, of the Articles of Agreement, the United States may not purchase gold at more or sell gold at less than the par value of the United States dollar plus or minus a margin which the Fund has prescribed to be ¼ of 1 percent. The par value of the United States dollar is $15\frac{5}{21}$ grains of gold $\frac{9}{10}$ fine, which is equivalent to a price of $35 a fine ounce. This par value of the United States dollar cannot be changed except upon the request or with the approval of the United States; and Section 5 of the Bretton Woods Agreements Act (22 U. S. C. 286c) provides that neither the President nor any person or agency shall propose any change in the par value of the United States dollar or approve any general change in par values unless Congress by law authorizes such action. All sales and purchases of gold by the United States, both domestic and international, are at its official price of $35 per fine troy ounce (plus or minus ¼ of 1 percent and mint charges where applicable), which is in line with the foregoing provisions.

The Treasury sells gold at the official price for the settlement of international balances and other legitimate monetary purposes to foreign governments and central banks. Foreign governments and central banks can exchange dollars for gold virtually automatically for these normal monetary purposes. The United States Treasury also sells gold to persons authorized under the Gold Regulations to acquire gold for industrial, professional, or artistic use.

In addition, the United States stands ready to buy gold from foreign governments and central banks without limitation in amount at the official price. This readiness on the part of the United States to buy and sell gold freely for dollars at the parity price in official international monetary transactions is one of the essential elements of maintaining our present gold bullion standard. The United States also buys imported, newly mined, and scrap gold from persons authorized to hold gold in the form and amount offered.

The authority of the Secretary of the Treasury to issue gold certificates (or gold certificate credits) against gold held by the Treasurer of the United States is contained in the Gold Reserve Act (Sections 6 and 14; 31 U. S. C. 408a, 405b). The Secretary is authorized to issue gold certificates (or credits) against any such gold, except for the gold fund held as a reserve for any United States Notes and Treasury Notes of 1890; and he is also authorized to redeem such certificates (or credits) under certain conditions. The amount of gold certificates (or credits) so issued and outstanding shall not exceed, however, the value at the legal standard of the gold held against such certificates (or credits). Under this authority, gold certificates and credits have been issued only to the Federal Reserve Banks.

(*b*) *Silver*.—It has been the declared policy of the United States Government since 1934 that the proportion of silver to gold in the monetary stocks of the United States should be increased with the ultimate objective of having one-fourth of the monetary value of such stocks in silver (Section 2 of the Silver Purchase Act of 1934; 31 U. S. C. 311a). Whenever it is in the public interest, the Secretary of the Treasury is authorized to purchase silver in line with this ultimate objective (Section 3 of the Silver Purchase Act of 1934; 31 U. S. C. 734a). Significant purchases of silver from abroad were made by the Treasury under this program up until the latter part of 1941. During the last decade, foreign silver has not been obtainable on terms considered by the Secretary to be advantageous to the public interest. As discussed in succeeding paragraphs, however, the Treasury has been required under other legislation to add to its silver monetary stock by acquiring newly mined domestic silver.

The Secretary also has the authority, with the approval of the President, to sell silver whenever the stock of silver is greater than one-fourth of the monetary value of the stock of gold and silver, or whenever the market price of silver exceeds its monetary value (Sec. 4 of the Silver Purchase Act of 1934; 31 U. S. C. 734b). Since the enactment of the Silver Purchase Act, neither of these conditions has ever been met, however, so no sales of silver have been made under this authority. The Secretary of the Treasury also has authority to sell silver (not otherwise obligated) for manufacturing uses at not less than 90.5 cents a fine ounce (Act of July 31, 1946; 31 U. S. C. 316d).

The Secretary of the Treasury also has the authority to regulate the acquisition, importation, exportation, and transportation of silver (Sec. 6 of the Silver Purchase Act of 1934; 31 U. S. C. 316b).

Newly mined domestic silver is acquired by the Treasury under the Acts of July 6, 1939 (31 U. S. C. 316c), and July 31, 1946 (31 U. S. C. 316d). United States mints are required by these statutes to receive any silver mined subsequent to July 1, 1939, from natural deposits in the United States. Until July 1, 1946, the law authorized the mints to retain 45 percent of the monetary value ($1.29) of such silver as seigniorage so that the return to the person bringing the silver to the mint amounted to 71.11 cents a fine ounce. Since July 1, 1946, however, the seigniorage deduction has been only 30 percent, so that the return to the depositor is currently 90.5 cents a fine ounce. The United States mints have accepted all newly mined domestic silver meeting statutory requirements which has been offered to them. The Treasury is required by law (the Silver Purchase Act and the Acts of July 6, 1939, and July 31, 1946) to monetize silver to the extent necessary to pay the person offering it to the Government.

The President is authorized to issue silver certificates against any silver in the Treasury which is not already held for redemption of outstanding silver certificates (Sec. 12 of the Gold Reserve Act of 1934; 31 U. S. C. 821). From time to time, additional amounts of silver have been monetized by order of the President under this authority.

(c) *Stabilization.*—The stabilization powers of the Secretary of the Treasury authorize him, with the approval of the President, to deal in gold and foreign exchange for the account of the Exchange Stabilization Fund for the purpose of stabilizing the exchange value of the dollar (Sec. 10 of the Gold Reserve Act; 31 U. S. C. 822a). The Exchange Stabilization Fund originally amounted to $2 billion, of which $1.8 billion was ultimately used to pay part of the United States subscription to the International Monetary Fund as authorized by the Bretton Woods Agreements Act. At the present time, the Exchange Stabilization Fund consists of $200 million of original capital plus an increment of approximately $110 million derived from operations.

The exchange stability of the dollar has been maintained primarily through the purchase and sale of gold between the United States Treasury and other governments and central banks at the parity price of gold, as described above.

The Secretary of the Treasury has from time to time entered into stabilization agreements with foreign governments. At the present time, such stabilization agreements as are made supplement the efforts of the International Monetary Fund.

(d) *Financial Controls.*—The President has delegated to the Secretary of the Treasury the broad power to regulate financial transactions as set forth in Section 5 (b) of the Trading with the Enemy Act (12 U. S. C. 95a). Under this authority the Secretary regulated the transaction of business by banks during the banking emergency of 1933; blocked the assets of enemy countries, overrun countries and a number of neutral countries—and their nationals—during World War II; and on December 17, 1950, blocked all assets of Communist China and North Korea and their nationals.

In addition, Section 4 of the Emergency Banking Act of 1933 (12 U. S. C. 95) provides that during such emergency as the President by proclamation may prescribe, no member bank of the Federal Reserve System shall transact any banking business except to such extent and subject to such regulations as may be prescribed by the Secretary of the Treasury with the approval of the President. This authority, along with that of the Trading with the Enemy Act mentioned above, was used to regulate the transaction of business by member banks during the banking emergency of 1933.

(*e*) *Designation of Depositaries and Deposit of Public Moneys.*—The Secretary of the Treasury may designate any bank insured by the Federal Deposit Insurance Corporation as a depositary of public money of the United States (Sec. 10 of the Act of June 11, 1942; 12 U. S. C. 265). After a depositary has been so designated, the Secretary of the Treasury is further authorized to deposit public money in the depositary under such regulations as he may prescribe.

Furthermore, the Secretary of the Treasury may, if he wishes, deposit certain receipts of the Treasury in such incorporated banks and trust companies as he may designate (Sec. 8 of the Second Liberty Bond Act, as amended; 31 U. S. C. Supp. IV, 771). Receipts which may be handled in this way comprise proceeds arising from the sale of public debt obligations and amounts arising from the payment of internal revenue taxes.

Moneys in the General Fund of the Treasury may also be deposited by the Secretary of the Treasury in Federal Reserve Banks (Sec. 15 of the Federal Reserve Act, as amended; 12 U. S. C. 391). Federal Reserve Banks and incorporated banks or trust companies which are depositaries or financial agents of the United States are permitted under the Internal Revenue Code, if the Secretary so authorizes, to receive any tax under conditions which he may prescribe (Sec. 3310 (f) (2) of the Internal Revenue Code, as amended; 26 U. S. C. Supp. IV, 3310 (f) (2)).

The Secretary of the Treasury also has the authority to designate depositaries of public money in foreign countries and in the Territories and insular possessions of the United States whenever that may be necessary for the transaction of the Government's business (Act of June 19, 1922; 31 U. S. C. 473).

13. Describe the Treasury's functions with respect to the handling of incoming gold and silver, and how bank reserves are affected. Explain how the Treasury may permit gold to be "sterilized."

The Treasury has a number of functions with respect to the handling of gold and silver which have a direct impact on the volume of bank reserves. The Treasury's major statutory powers with reference to both gold and silver have been described in the answer to Question 12. The answer to the present question is principally devoted to a discussion of the mechanics of the Treasury's gold and silver transactions and their economic significance.

1. Gold Reserves

In 1933 and 1934 a number of steps were taken whereby gold coin and gold bullion, with certain exceptions, and gold certificates held in the United States were required to be turned into the Treasury. In the case of gold held by the general public, payment was made in United States dollars. In the case of gold held by the Federal Reserve Banks, the Treasury issued an equivalent amount of gold certificates (or gold certificate credits) to them.

The Treasury pays for new acquisitions of gold by check drawn on its account with a Federal Reserve Bank. The Treasury may then replenish its account at the Federal Reserve Bank by the issuance of gold certificates or gold certificate credits against the amount of gold so purchased. (As a matter of convenience, the Treasury issues gold certificate credits rather than printing and delivering gold certificates.) The Treasury must hold gold at the rate of $35 a fine ounce for all gold certificates and gold certificate credits outstanding. Consequently, while the Government has title to all monetary gold of the United States, the greater part of it is held as a reserve for the gold certificates and the gold certificate credits in the possession of the Federal Reserve Banks, and gold so held may not be used for any other purpose. Except for a small amount of gold certificates issued prior to 1934 that have not been turned in, some of which may have been lost, destroyed, or sent abroad, the only gold certificates now outstanding are held by the Federal Reserve Banks.

The process by which gold produced in the United States or imported from abroad reaches the Treasury and is reflected in additions to the reserves of member banks and Federal Reserve Banks, is as follows: The gold is taken to any mint or assay office of the United States Treasury, which pays for it by check drawn on the account of the Treasurer of the United States in the Federal Reserve Bank. In most cases the proceeds are eventually deposited in a commercial bank in the United States. Thereby the reserve balances of the commercial bank are increased. At this point, the commercial banking system has enlarged both its assets (reserve balances) and liabilities (deposits) by the amount of the gold purchased by the Treasury; the Federal Reserve System has simply shifted deposits on its books from the Treasurer to a commercial bank.

Up to this point the Treasury's purchase of gold has had no monetary effect different from that of its purchases of other goods and services. If nothing else were done, the addition to the reserves of the commercial banks would be temporary; the commercial banks would lose this addition to their reserves when the Treasury restored its balance at the Federal Reserve by tax collections or the sale of securities, for the amounts paid to the Treasury by the public in these ways would be drawn from the commercial banks. But when the Treasury purchases gold, it does not need to obtain funds from the public and the commercial banks to restore its balances at the Federal Reserve Banks. Instead, it usually replenishes its balances with the Federal Reserve Banks by issuing to them an amount of gold certificate credits equal to the value of the gold purchased. The result is that the Treasury's balances at the Federal Reserve Banks are as large as they were before the purchase of gold, while the reserves of the commercial banks and the reserves of the Federal Reserve Banks are each increased by the amount of the gold purchased.

The amount of gold used annually in the United States for industry and the arts exceeds by a considerable margin the current annual total of United States gold production. Accordingly, Treasury purchases of newly mined domestic gold do not, in effect, increase the total of commercial bank reserves; on the contrary, net industrial, professional, and artistic purchases of gold from the Treasury annually causes some reduction in commercial bank reserves.

It should be mentioned in this connection that gold movements in and out of the United States in recent years (other than gold refined in the United States from foreign ores) have been handled almost exclusively by governments and central banks, so that gold transactions proceed through official channels. Sometimes gold transactions with foreign countries take place without a physical movement of gold into or out of this country. A foreign central bank may purchase gold from the United States and have it "earmarked" or segregated for its account at the Federal Reserve Bank of New York. Later, it may resell some of its "earmarked" gold to the United States Treasury. "Earmarked" gold belongs to foreign authorities and is not a part of the monetary gold stock of the United States.

As indicated above, when financed by the issue of gold certificates, the amount paid for gold purchases normally operates to increase the reserve balances of commercial banks. Such additional reserves furnish the commercial banking system a base for about a five- or six-fold expansion of bank credit.

If the Treasury or the Federal Reserve wishes, however, to prevent this multiple expansion in lending power from taking place, there are four direct courses of action which may be feasible. The Federal Reserve has two alternatives. It can move in the direction of reducing excess reserves by (a) selling securities in the open market, or (b) raising reserve requirements if they are not yet at their legal maximum. The Treasury also has two alternatives. It can (a) increase the Treasury's balance in the Federal Reserve Banks to a higher level than previously, by transferring funds from commercial banks to the Reserve Banks, or (b) "sterilize" gold; that is, purchase gold without issuing gold certificates to recoup the purchase price but instead, in effect, use tax receipts or borrowed funds transferred from the commercial banks to maintain the level of the Treasury's balances at the Reserve Banks.

2. Gold Sterilization

On December 24, 1936, the Treasury inaugurated a program of "sterilizing" incoming gold in order to keep it from enlarging bank reserves. This procedure was very simple; it differed from the ordinary procedure for paying for gold as described above in this answer in one important way. That is, the Treasury did not issue gold certificates or gold certificate credits to reimburse its accounts at the Federal Reserve Banks. Instead, the Treasury replenished its funds with the Federal Reserve by drawing funds from the market, either by selling securities or by making calls on Treasury balances at commercial banks. These funds were used, in effect, to pay for the gold, and the Treasury continued to hold the gold as an asset in an inactive account.

In the recession of 1937, some of the sterilized gold was released (i. e., gold certificates were paid out by the Treasury to the Federal Reserve) as a counter-deflationary measure.

On April 14, 1938, the gold sterilization program was terminated and approximately $1,391 million which had accumulated was credited to the Treasurer's deposit account with the Federal Reserve Banks through the issuance of gold certificates or gold certificate credits. As the funds so credited were paid out by the Treasury, bank reserves were increased accordingly.

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The sterilization program was worked out after consultation between the Secretary of the Treasury and the Board of Governors of the Federal Reserve System and was undertaken in conjunction with certain actions by the Board to reduce the volume of excess reserves. Notwithstanding the gold sterilization program, the banking system retained a substantial amount of excess reserves throughout the period of the inactive gold account even though there was a considerable reduction in the amount of excess reserves in the period.

The Treasury still has authority to hold gold inactive in the General Fund. In fact, approximately $1 billion in the Treasury's General Fund balance is being held in the form of inactive gold at the present time.

3. Silver

The Treasury is the custodian of the Nation's monetary reserves held in the form of silver.

Under the Acts of July 6, 1939, and July 31, 1946, domestic silver mined since July 1, 1946, may be delivered, at the owner's option, to United States mints for a return of 90.5 cents an ounce. The Treasury has no discretion under this legislative provision. Since this price has generally been higher than the open-market price, the effect of this provision has been to divert to the United States Treasury at the 90.5-cent price substantially all of the current production of silver in the United States.

When the Treasury acquires an ounce of domestically mined silver at 90.5 cents an ounce, it issues silver certificates against such silver on the basis of $1.29+ an ounce, to the extent of the cost of the silver. These additions to the amount of silver certificates serve to increase the supply of money, bank deposits, and commercial bank reserves; but, unlike gold certificates, they are not eligible to satisfy the legal reserve requirements of the Federal Reserve Banks. In recent years the effect of silver purchases on bank reserves has been relatively insignificant because of the small volume of such purchases.

14. Describe fully how the handling of Treasury deposits influences the monetary situation.

The flow of cash in and out of the Treasury has an important influence on the Nation's monetary situation. The Treasury may exercise some control over this flow of cash by the manner in which it handles its deposits in banking institutions. The Treasury may tighten bank reserves and the money market by building up its balances with the Federal Reserve Banks and drawing down its accounts in commercial banks. Conversely, it may make bank reserves more plentiful if it increases its commercial bank balances and draws down balances with the Federal Reserve.

The main objective of Treasury deposit policy, is to smooth out the effects of seasonal or other fluctuations in Treasury cash receipts and disbursements so as to avoid any undesirable effects on the reserves of the banking system or on Federal Reserve operations. On occasion, Treasury deposits also are used with the longer-run objective of tightening bank reserves in periods of inflationary pressure and easing them when the situation is reversed. Treasury awareness of the economic significance of the handling of its deposits has been evident from the very beginning of the Government, as is discussed in the answer to Question 1, and this function has become more important as Federal Government financial operations have grown in size and complexity.

The full answer to this question falls into two parts: (1) a description of Treasury deposits and the effect of the flow of Treasury cash receipts and disbursements on them, and (2) a discussion of the role played by Treasury deposit policy in modifying the impact of Treasury transactions in tightening or easing bank reserves, as the occasion demands.

1. Description of Treasury Deposits

The Treasury's commercial bank balances are in the form of tax and loan accounts (formerly called war loan accounts) in commercial banks which have been designated as special depositaries. Funds flowing into these Treasury tax and loan accounts include a large part of the proceeds of withheld individual income and payroll taxes and the proceeds of most sales of savings bonds and savings notes and other public debt obligations issued for cash (except regular issues of Treasury bills); in addition, the Treasury inaugurated in March 1951 a new procedure whereby all or a substantial part of quarterly income tax payments over $10,000 flow directly to the tax and loan accounts. The Treasury does not draw on tax and loan accounts directly for disbursements. Whenever the funds are needed they are transferred to Treasury deposit accounts with the Federal Reserve Banks through "calls" of varying amounts from time to time.

The effective working cash at the Treasury, then, is held in the form of deposits with the Federal Reserve Banks. All Treasury cash receipts, except those mentioned above, flow to the Federal Reserve Banks; and these funds, together with funds called from tax and loan accounts, provide the balance against which Treasury cash disbursements are drawn.

In addition to its deposits in tax and loan accounts and its deposits with Federal Reserve Banks, the Treasury also carries balances with other domestic bank depositaries and foreign depositaries in order to provide the Treasury with banking facilities at some distance from any of the Federal Reserve Banks or their branches. The Treasury also holds approximately $1 billion of inactive gold and smaller amounts of inactive silver, currency, and minor coin. These are all reflected in the Treasury's General Fund balance. At the present time, however, the primary movements in Treasury deposits are in the tax and loan accounts and in the Treasury balances with the Federal Reserve Banks.

When taxpayers' checks drawn on the commercial banking system are deposited in the Treasury's accounts at the Federal Reserve Banks, there is an equivalent drain on member bank reserves, since the member banks pay the checks by drawing the amounts from their reserve balances held in the Federal Reserve Banks. A heavy concentration of tax payments flowing directly into the Reserve Banks would, therefore, result in severe and sudden tightness in the money market as banks attempt to obtain funds to replenish their reserves. This tight situation, unless offset by special Federal Reserve operations, would normally ease only gradually as the Treasury spent its tax receipts over a period of time. The desirability of easing the impact of the flow of seasonally high tax receipts on the banking system and the money market provides the basic need for an important phase of Treasury deposit policy.

2. The Execution of Treasury Deposit Policy

The Treasury policy of minimizing the effects of seasonal or other fluctuations in cash receipts and disbursements on bank reserves, on Federal Reserve operations, and on the money market is made effective in three principal ways: (1) handling the major share of the concentration in tax receipts through commercial banks rather than through Federal Reserve Banks, (2) permitting Treasury balances with the Federal Reserve to decline to a minimum immediately prior to the tax collection peaks, and, on occasion, selling very short-term securities directly to the Federal Reserve System in anticipation of heavy tax receipts to cover what would otherwise amount to a temporary overdraft in the Treasury's balance with the Federal Reserve Banks, and (3) the designing of public debt securities which will fall due on tax dates.

In the first instance, the Treasury contributes effectively toward the elmination of large changes in the volume of bank reserves resulting from Treasury operations by handling the large bulk of its seasonal tax receipts through the tax and loan accounts in commercial banks rather than directly through the Federal Reserve.

In March 1951, the Treasury adopted a new procedure for handling large tax checks as the seasonal pattern of tax receipts became even more concentrated. The situation was particularly acute in 1951 with regard to the handling of corporate tax receipts, since corporate tax payments were at a new high because of record profits, higher income and excess profits tax rates, and the speedup of corporate tax payments under the Revenue Act of 1950. It seemed desirable that the Treasury take special precautions to avoid unnecessary bank reserve tightening at a time when these large corporate taxes were being paid. The Treasury made arrangements, therefore, to redeposit in the same banks amounts equivalent to the checks of $10,000 or more which are drawn on those banks for payment of income and profits taxes by their individual or corporate depositors. As a result, these particular tax payments have no immediate impact on bank reserves, since the commercial bank involved simply transfers funds from the taxpayer's account to the Treasury's account.

Deposits arising from this source are classified separately from deposits in tax and loan accounts arising from other sources, and are identified as "X" balances in tax and loan accounts. The funds thus built up are withdrawn as needed by the Government and generally are depleted more rapidly than amounts of credits from other sources in tax and loan accounts.

This manner of operating is also intended to equalize the benefits of the tax and loan account device as between banks in money market centers as compared with banks in other parts of the country. On June 30, 1951, for example, 45 percent of all "X" balances were in the New York Federal Reserve District, compared to only 25 percent of balances in regular tax and loan accounts.

These "X" balances are in addition to the two regular classes of tax and loan accounts which provide for the handling of all of the rest of the money flowing into the Treasury accounts in special depositaries. These other two groups are classified between those depositaries with a balance of $100,000 or less (Group A) and those banks with larger balances (Group B). The Treasury may call for funds from individual banks without regard to classification, but has done so only on rare occasions when special circumstances were involved. All tax and loan account balances are payable to the Treasury on demand, but the Treasury does give the depositary several days' notice in calling specified amounts for payment.

The second way in which the Treasury works toward minimizing the impact of its operations on bank reserves during concentrated tax payment periods is to let its balances at the Federal Reserve Banks run down close to zero just before tax receipts begin to flow in. Temporarily the reserve position of banks is eased in this way and the action is promptly offset as tax receipts increase the Treasury balances at the Federal Reserve Banks. On some occasions, this depletion of balances at the Federal Reserve Banks is accompanied by temporary borrowing by the Treasury to make the use of this device even more effective. Temporary borrowing of this nature—usually only for a few days at a time—is done under authority granted the Federal Reserve System to purchase and hold at any one time up to $5 billion of securities from the Treasury. This authority was obtained under Title IV of the Second War Powers Act of 1942 and was extended by Congress on June 30, 1950, for an additional 2 years. Although this technique was used regularly during the 1920's (under somewhat similar authority in effect until 1935) and during World War II, it has been used less frequently during the past few years. It does represent, however, an essential fiscal mechanism for the Treasury in handling the distribution and utilization of its cash balances.

The third way in which the Treasury seeks to minimize the sharp effects of seasonal tax collection peaks on the money market is by encouraging investment by corporations of their tax reserves in Federal securities which mature on a tax payment date or which are easily redeemable in payment of taxes. In this manner, the Treasury, in effect, does a certain amount of its borrowing specifically in anticipation of tax receipts. Two special series of Treasury bills (Tax Anticipation Series) were sold in October and November of 1951 with this purpose in mind. The first issue of these bills matures March 15, 1952; and the second, June 15, 1952. The Treasury also offers savings notes in nonmarketable form, which are used extensively by corporations for the investment of their tax reserves.

Treasury exercise of its deposit functions also extends beyond the seasonal adjustment problem; and, on occasion, effective use of Treasury deposits may contribute toward a calculated easing or tightening of bank reserves when prevailing business conditions require such action.

In cooperation with the Federal Reserve System in 1948, for example, the Treasury built up its account at the Reserve Banks very considerably in order to assist in the restraint of inflationary pressures. In 1949, these deposits were allowed to run down again as inflationary pressures subsided. The Treasury's ability to adjust its deposits in this way, however, is of necessity rather limited. Typically, the Treasury balance with the Federal Reserve is maintained at a rather constant level, not far above a prudent operating minimum which is adequate to cover expected daily cash needs and to provide for a proper regional distribution of balances.

15. In making decisions with regard to these Treasury monetary matters (gold, silver, and handling of its deposits), has the Treasury attempted to coordinate its policies with those of the Federal Reserve System?

The Treasury keeps in constant touch with the Federal Reserve System on Treasury monetary matters concerning gold, silver, and the handling of its deposits. Major policy decisions are made by the Secretary of the Treasury after consultation with the Board of Governors of the Federal Reserve System. In carrying out such policies, the working staffs of the Treasury and the Federal Reserve System keep in contact with frequent exchanges of views and information. Most of the operations in this area, of course, are carried out through the Federal Reserve Banks acting as fiscal agents of the United States.

16. Review the development of legislative authority on public debt matters over the years.

The earliest of all public debt statutes (the Act of August 4, 1790, 1 Stat. 138), which provided for the payment of the foreign debt and the funding of the domestic debt existing at the inception of the new Government as well as the assumption of the debts of the several states, authorized the President to borrow money on the credit of the United States for those purposes. The authority of the President was delegated by him to the then Secretary of the Treasury, Alexander Hamilton. This pattern of responsibility continued in general until the Civil War period when the Acts of July 17 and August 5, 1861 (12 Stat. 259, 313), without reference to the President, authorized the Secretary of the Treasury to borrow money for financing the Civil War through the issuance of bonds, 1-year notes and demand notes.

From the close of the Civil War period until our entrance into World War I, there were enacted numerous acts authorizing the Secretary of the Treasury to borrow upon the credit of the United States. Beginning with the First Liberty Bond Act (40 Stat. 35) and continuing until the present time, the borrowing authority vested in the Secretary has been subject to approval by the President in respect to the issuance of bonds and notes. Existing law (31 U. S. C. 754b) provides that the decision of the Secretary of the Treasury in respect to the terms and conditions of any bonds, notes, bills or certificates of indebtedness which he may issue shall be final.

It may be stated that prior to World War I, the Acts of Congress authorizing the issuance of public debt obligations usually specified the terms and conditions which were to attach to such obligations and vested but little discretion in the Secretary of the Treasury. As a typical example, there may be cited Sections 32 and 33 of the Act of June 13, 1898 (30 Stat. 466), which authorized the Secretary of the Treasury to issue certificates of indebtedness and bonds to finance the war with Spain.

In authorizing the borrowings incidental to the participation of the United States in World War I, the Congress departed from its previous policy of specifying the terms and conditions of the obligations to be issued. The First, Second, Third, and Fourth Liberty Bond Acts (40 Stat. 35, 288, 502, 844) and the Victory Liberty Loan Act (40 Stat. 1309), with the exception of certain maximum rates of interest which were prescribed by the Congress, gave the Secretary of the Treasury broad authority to determine the terms and conditions of issue, conversion, redemption, maturities, payment, and the rate and time of payment of interest in respect to the several classes of obligations authorized to be issued.

The basic authority for the issuance of securities of the United States is now contained in the Second Liberty Bond Act, as amended. Section 1 of that Act (31 U. S. C. 752) authorizes the Secretary of the Treasury, with the approval of the President, to issue bonds "in such form or forms and denomination or denominations and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate or rates of interest, not exceeding 4¼ per centum per annum, and time or times of payment of interest, as the Secretary of the Treasury from time to time at or before the issue thereof may prescribe." Other provisions of the amended Act vest comparable authority in the Secretary of the Treasury in respect to the issuance of bills, notes, certificates of indebtedness, and savings bonds, except that the issuance of bills and certificates of indebtedness does not require Presidential approval.

From time to time, the Congress has broadened the powers of the Secretary of the Treasury in respect to the conduct of public debt operations by authorizing him to issue new types of public debt obligations. By an amendment to the Second Liberty Bond Act, approved June 17, 1929 (31 U. S. C. 754), the Secretary of the Treasury was authorized to issue Treasury bills on a discount basis with maturities not in excess of 1 year.

A further amendment to that Act, approved February 4, 1935, and broadened by the Public Debt Act of 1941 (31 U. S. C. 757c), authorized the Secretary of the Treasury to issue United States savings bonds on a discount basis, on a current interest income basis, or on a combination of the two. These securities may be issued with a maturity of not more than 20 years and an investment yield of not more than 3 percent per annum, compounded semi-annually. These are now issued continuously in three series, all of which are nontransferable and subject to a limitation on holdings: Series E, a 10-year discount bond with an investment yield of 2.9 percent per annum compounded semi-annually if held to maturity (ownership restricted to individuals in their own right); Series F, a 12-year discount bond with an investment yield of 2.53 percent per annum compounded semi-annually if held to maturity; and Series G, a 12-year current income bond, with an investment yield of 2.5 percent per annum if held to maturity. The last two series may be owned by organizations and fiduciaries as well as individuals.

The Congress, by an Act approved March 26, 1951, Public Law 12, 82d Congress, granted additional authority to the Secretary of the Treasury in the conduct of public debt operations by amending section 22 of the Second Liberty Bond Act (31 U. S. C. 757c (b)) to authorize the Secretary of the Treasury, with the approval of the President, to provide by regulation that owners of Series E savings bonds thereafter maturing may, at their option, retain the matured bonds and earn interest upon the maturity values thereof for not more than 10 years.

Under the general authority granted by the Second Liberty Bond Act, as amended, the Secretary of the Treasury has from time to time issued a number of other new classes of obligations. The Secretary has within recent years offered two series of nonmarketable Treasury bonds: Investment Series A, issued in 1947, similar in some respects to savings bonds of Series G except that they were not on continuous sale, had an 18-year maturity and were restricted in ownership to specified classes of institutional investors; and Investment Series B, offered in 1951 only in exchange for 2½ percent Treasury bonds of June and December 1967–72, and not redeemable prior to call or maturity but exchangeable at any time for marketable 1½ percent, 5-year Treasury notes. Special issues to Government agencies and trust funds are also issued under this same general authority.

There are also currently issued two classes of Treasury obligations designed primarily for use in direct payment of taxes: Treasury savings notes, a 3-year nontransferable note issued continuously, bearing interest payable on redemption and redeemable prior to maturity; and marketable Treasury bills, Tax Anticipation Series, which mature on specified tax payment dates.

Prior to the Act of July 20, 1939 (53 Stat. 1071), there was a specific limit for the total amount of bonds and various specific limits for the amounts of Treasury notes, certificates of indebtedness, and Treasury bills which could be outstanding under the Second Liberty Bond Act, as amended. The Act of July 20, 1939, removed these specific limitations and subjected the aggregate amount of all obligations which might be outstanding under the Second Liberty Bond Act, as amended, to a general public debt limitation, then placed at $45 billion. In addition, four billion dollars of National Defense Series obligations redeemable from a special fund were subsequently authorized to be outstanding under an amendment to the Second Liberty Bond Act added by the First Revenue Act of 1940 but repealed on February 19, 1941, when the general limitation was raised to $65 billion.

The public debt limitation was raised under subsequent acts; a high of $300 billion was reached in the Act of April 3, 1945, but the limit was lowered again to $275 billion on June 26, 1946.

The present public debt limitation of $275 billion applies to the current redemption value of savings bonds and the face amount of other outstanding obligations issued under the authority of the Second Liberty Bond Act, as amended, and to the face amount of all guaranteed obligations. (The amount of guaranteed obligations is now relatively small—$42 million as of December 31, 1951.)

As of December 31, 1951, there were outstanding $258,794,016,730 in obligations subject to the limitation. It is obvious, of course, that the size of the public debt is not determined by the public debt limitation but rather by the relationship of the expenditures authorized by the Congress to the receipts derived from internal revenue and other sources.

Prior to the enactment of the First Liberty Bond Act, approved April 24, 1917, acts authorizing the issuance of United States securities provided in substance that the securities issued should be exempt, both as to principal and interest, from any taxation by the United States or any of its possessions, or by any State, municipal or local taxing authority. When the First Liberty Bond Act was enacted, followed shortly by the Second Liberty Bond Act of September 24, 1917, some changes were made in the language governing tax exemptions;

and estate and inheritance taxes, whether Federal or State, were expressly made an exception. The Second Liberty Bond Act exemption language was somewhat broadened to include in the exception from exemption not only estate and inheritance taxes, but also graduated additional income taxes commonly known as surtaxes, and excess-profits and war-profits taxes imposed by the United States. This applied to bonds, certificates of indebtedness and bills. Treasury notes, however, could be issued with any one of four exemptions, none of which was broader than the exemptions found in the Second Liberty Bond Act regarding bonds and certificates.

These tax exemption provisions continued until the Public Debt Act of 1941 which made all obligations of the United States issued on or after March 1, 1941, (with very minor exceptions)[3] subject to all taxation under the Federal tax acts then or thereafter in force. This is the present law.

No discussion of legislative authority relating to the public debt would be complete without reference to the sinking fund. Congress has provided a number of different sinking fund arrangements to assist in the process of debt retirement since the first statutes including such provisions were passed in 1790 (1 Stat. 138; 1 Stat. 186). The present sinking fund provisions (31 U. S. C. 767, 767a, and 767b) grow out of the Victory Loan Act approved March 3, 1919, and provide for an annual appropriation to the cumulative sinking fund. The sinking fund is essentially a mechanical device to provide a basic framework for orderly debt retirement. Its effectiveness, of course—like the effectiveness of the statutory debt limitation—depends, in the final analysis, on whether the Federal Government is operating at a surplus of budget revenues over expenditures. This is the only way debt reduction—either with or without a sinking fund—can take place.

The Secretary of the Treasury, in addition to any authorization contained in sinking fund legislation, is also authorized at his discretion to use surplus moneys for the purchase or redemption of the public debt. Such authority is contained in the Act of March 3, 1881 (31 U. S. C. 741), which authorizes the Secretary of the Treasury to apply any surplus money in the Treasury to the purchase or redemption of United States bonds subject to the proviso that any bonds so purchased shall not constitute a part of the sinking fund but shall be canceled. In addition, broad authority is granted to the Secretary of the Treasury by Section 19 of the Second Liberty Bond Act, as amended (31 U. S. C. 754a), to issue obligations thereunder for the purchase, redemption or refunding of any outstanding obligations of the United States, and to use any money received from the sale of such obligations, or any other money in the general fund of the Treasury, for such purposes.

17. Describe fully the issues involved in policy discussions between the Treasury and the Federal Reserve System from the end of the war until the "accord" announced by these agencies on March 4, 1951. What were the areas of agreement and the areas of disagreement and how did they change over time during this period?

I should like to make it clear at the outset that, in attempting to answer this question fully, I have been very frank in discussing the

[3] Obligations which the U. S. Maritime Commission or the Federal Housing Administration had contracted prior to March 1, 1941, to issue at a future date.

points of difference which arose between the Treasury and the Federal Reserve. Yet I would not want the Committee to gain the impression that the two agencies were not sympathetic to each other's problems. The record should be considered in the light of the difficulties of the problems which had to be dealt with in this period.

Moreover, the record should be considered in the light of the large degree of agreement which has always existed between the Treasury and the Federal Reserve. Particularly, during the postwar period, the two agencies were agreed upon the over-all objective of maintaining a high level of production, employment, and income with as great price stability as possible under the varying conditions which existed in the economy. This was, of course, also the over-all objective of the country generally.

The Treasury and the Federal Reserve were agreed also as to the related objectives which were involved. We agreed that the reconversion of the Nation's economy from war to peace should be expedited. We agreed that it was desirable to maintain confidence in the credit of the Government of the United States. We agreed that it was necessary to maintain a sound market for the securities of the United States Government. We agreed that it was desirable during much of the period to restrain over-all credit expansion. We agreed that it was desirable to increase the ownership of Government securities by nonbank investors and to reduce the holdings of the banking system. We agreed that rigidly fixed interest rates were undesirable and that adjustments should be made in the wartime pattern of rates from time to time as this became appropriate.

We agreed on the desirability of a number of specific programs to achieve our objectives. We were, for example, agreed upon the usefulness of a debt reduction program concentrated on the holdings of the commercial banking system. Both agencies were in favor of encouraging saving throughout the economy. We were in agreement that, when the occasion called for them, selective credit controls and other selective restraints were useful in dealing with inflationary pressures.

We agreed on many matters. On some occasions, however, we disagreed on how our objectives were to be achieved. Our differences were primarily on matters of emphasis, in selection of instruments and methods to be employed, and in timing. These were matters of judgment—and judgments, of course, will differ. But, on the whole, the degree of cooperation between the two agencies was very high. Most of the differences were worked out in a genuine spirit of give-and-take; and we worked closely with each other to find programs acceptable to both agencies.

The Treasury was cautious throughout the postwar period. In the early part of the period, the situation was one which required extreme caution since at any time the dislocations accompanying the decline in military output might have proved serious.

It was not only in the early postwar period, however, that caution was required. There were many occasions when the country felt uncertain about the economic future. There were recurring waves of pessimism throughout the entire postwar period—particularly among businessmen. Year after year, there were forecasts that the postwar prosperity was at an end and that recession was about to set in. This pessimism occurred in 1946; it occurred in 1947; in 1948; and again—most seriously—in 1949. Every year, as segments of the economy completed reconversion, there were some who felt that the high level of employment and production must surely fall back; and on each occasion, businessmen in certain sectors of the economy took actions designed to protect themselves against the recession which they felt must be inevitable. This was not surprising. A severe post-war depression had occurred after every other major war in the history of our country. The question was: Did we, as a Nation, have the wisdom to prevent it from happening again?

It was in these circumstances that the Treasury and the Federal Reserve tried to work out programs which would achieve our over-all objective. The answer to this question discusses our activities in considerable detail. For convenience, the answer has been divided into five periods of time: July 1945 through December 1946; January through October 1947; November 1947 through December 1948; January 1949 through June 1950; and July 1950 to March 4, 1951. These are discussed in the framework of the broad economic and financial considerations of each period.

1. July 1945 through December 1946

The most important economic question that confronted the country as the war ended was how to expedite the reconversion process and maintain a high level of employment and production. This was no minor problem. At the close of the war, about 40 percent of the total product of the Nation was going for war purposes, which meant that a sizable part of the productive facilities of the Nation had to be shifted to peacetime production. Over 10 million of our men in the armed forces were to be demobilized in the first year after VJ-day, and an equivalent or even greater number of workers with war production jobs also had to be absorbed into the peacetime economy. In the change-over, unemployment could well become widespread and of serious proportions—a deflationary force of some importance.

On the other hand, shortages of particular types of goods would be prevalent throughout the country at a time when consumers and businessmen had a large volume of easily available purchasing power in the form of accumulated currency, bank deposits, savings accounts, and Government securities. For individuals—and this includes unincorporated businesses and trust funds—the total of liquid asset holdings was $180 billion at the end of 1945; for corporations, it was $45 billion. This was an inflationary potential that had to be taken into account.

Both of these elements in the situation—the possibility of a downswing resulting from the dislocations of the change-over process and the possibility that unhealthy inflationary pressures might develop—had to be given consideration. The main question was: In this situation, what measures would best expedite the reconversion process? The record shows that at the Treasury there was full awareness that all of its actions must be fitted into the framework of facilitating the reconversion effort.

I was not at the Treasury until June 1946, but the then Secretary of the Treasury and I, as Director of War Mobilization and Reconversion, were in agreement on the nature of the problems facing the country in the reconversion period. We worked for swift termination of war contracts and their prompt payment; where the amounts involved were in dispute or could not be determined precisely, the Treasury made immediate partial payment. We encouraged the maximum use of reconversion credit financing procedures. We felt that wartime taxes that might hinder reconversion, such as the excess profits tax, should be eliminated from the peacetime tax structure. We urged the elimination of such wartime taxes as the Victory tax which would hinder consumption and trade in the mass markets of the country. In the financial markets, we wanted stability. All of this, we felt, was necessary in order to give both businessmen and investors the incentives and sufficient confidence in the future to undertake programs which would expedite the main job at hand—the conversion to a high-level peacetime economy.

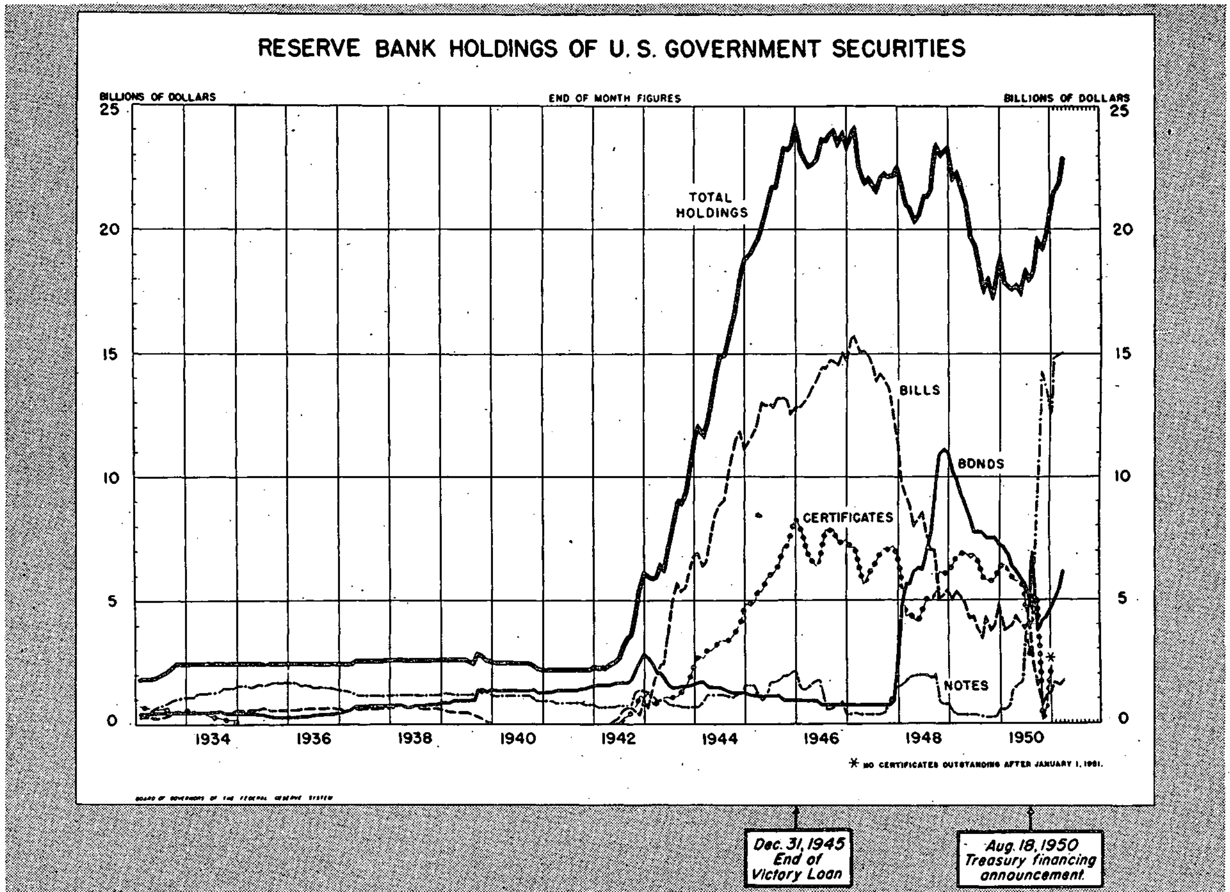
In the area involving the maintenance of financial stability in the transition period, differences between the Treasury and the Federal Reserve developed—as early as July 1945. The Federal Reserve expressed concern mainly about the inflationary aspects of the reconversion period. In particular, it was concerned about the possibilities of credit expansion and monetization of the debt, and in this connection proposed that the preferential discount rate be eliminated and that the fixed three-eighths percent Treasury bill rate be abolished.[4]

The Treasury recognized that monetization of the debt could be a potential problem, but at the time there was little evidence that a real problem of any substantial amount was developing. Primarily, the measure of the degree of monetization of the debt was the extent to which net purchases of Government securities by the System were increasing the volume of Federal Reserve credit outstanding. Government security holdings of the Federal Reserve Banks reached a peak of $24.3 billion at the end of 1945, as a result of the Victory Loan—a peak which was not exceeded at any time throughout the postwar period. (See chart 1.) Average holdings for the period as a whole were considerably below the $24.3 billion figure. In the period when the Treasury and the Federal Reserve were most actively discussing the elimination of the preferential discount rate—between December 31, 1945 and April 24, 1946—Federal Reserve holdings of Government securities were being sharply reduced (by nearly $2 billion).

The Treasury felt also that the business outlook for the reconversion period was unclear. It recognized the inflationary aspects of the situation, but at the same time recognized that there were deflationary possibilities in the change-over from war to peace. The Treasury felt that caution was essential and its approach to the problem of too much money in the economy in relation to too few goods was to shape its policies to encourage, first of all, increasing production—

[4] The preferential discount rate was the preferred rate at which commercial banks might borrow at the Federal Reserve Banks on Government securities due or callable within 1 year; it was one-half of 1 percent compared with 1 percent on other Government securities. The three-eighths percent fixed rate on Treasury bills was the result of a decision made early in the war finance period by which it was agreed that the Federal Reserve Banks would buy all Treasury bills offered to them at a three-eighths percent rate.

CHART 1


RESERVE BANK HOLDINGS OF U. S. GOVERNMENT SECURITIES
BILLIONS OF DOLLARS
END OF MONTH FIGURES
BILLIONS OF DOLLARS
25
20
15
10
5
0
TOTAL HOLDINGS
BILLS
BONDS
CERTIFICATES
NOTES
1934
1936
1938
1940
1942
1944
1946
1948
1950
* NO CERTIFICATES OUTSTANDING AFTER JANUARY 1, 1951.
Dec. 31, 1945 End of Victory Loan
Aug. 18, 1950 Treasury financing announcement.

so that the volume of goods available for purchase would more nearly match the funds available with which to purchase those goods.

Expanding production with a period of stable money markets, the Treasury felt, could expedite the reconversion process. The then Secretary of the Treasury emphasized in a press statement of April 24, 1946 (after the Board of Governors of the Federal Reserve System had approved the elimination of the preferential discount rate), that

. . . the Treasury has been and is concerned to see that the reconversion of industry, which has progressed so rapidly, should not be disturbed by uncertainty in the money markets.

The Federal Reserve, too, recognized the need for increased production. Such recognition was expressed, for example, by the Chairman of the Board of Governors before the Senate Banking and Currency Committee on May 8, 1946, when he said: "Failure to produce is the chief source of . . . danger." But the Federal Reserve, especially in its discussions with the Treasury, was concerned primarily with ways in which to dampen down the inflationary potential through monetary actions; and the Treasury felt that the proposed actions held considerable risk in the early postwar environment.

The Federal Reserve did not take action on the preferential discount rate (and the three-eighths percent Treasury bill rate) in July 1945; but in December 1945, and again in early 1946, the question of eliminating the preferential rate was reopened. The question of the removal of the three-eighths percent bill rate also came up again during this period, but the Federal Reserve concentrated its discussions on the elimination of the preferential discount rate.

The Treasury felt that the elimination of this rate would be interpreted as presaging higher rates to come; that it would not do much good as an anti-inflationary measure; and that certain risks were inherent in the action. It was felt at the Treasury that the stakes—that is, the danger of upsetting the reconversion effort—were too high to take actions when the outcome was so uncertain and risky. The Treasury's position was stated by the Secretary of the Treasury in a letter he wrote to the Chairman of the Board of Governors of the Federal Reserve System on March 28, 1946, which said:

I am writing you on the subject of the preferential discount rate on Government securities due or callable in one year or less. As you know, the Federal Reserve System and the Treasury have had several meetings and some correspondence on the question of whether the present preferential rate of ½% should be increased. You will remember that we had an extended discussion on this subject at a meeting in my office last January 30. At that time I promised to send you a letter incorporating my views although I stated verbally that I was opposed to increasing the rate. Subsequently, I had such a letter on my desk when you were here to talk about another subject. I understood from your remarks that the letter was hardly necessary and I believe I told you that accordingly I would hold it up, which I did.

Now I have your note of March 22, referring again to the question of increasing the preferential rate. I still feel that this action should not be taken at this time, primarily because it does not seem wise to rock the boat in the middle of our transition to what I hope will be a full production peacetime economy. Accordingly, I am writing at some length to give you the Treasury's position on this matter.

The elimination of the preferential discount rate at this time would be interpreted by the market as—and would, in fact, be—a first move in the direction of higher short-term interest rates. Higher short-term rates would raise the cost of carrying the public debt and would be of principal benefit to commercial banks, most of which are now enjoying very high earnings.

Whether an increase in short rates would spread to longer-term rates could be determined only by the event—by which time it might be too late to avert serious unfortunate consequences, both to the cost of Government financing and to our hopes of achieving full production and full employment in the postwar period.

I should, therefore, like to renew my request, made to you on previous occasions, that the Federal Reserve System refrain from eliminating the preferential discount rate on short-term Government securities at this time. This request is, of course, without prejudice to the possible elimination of the preferential rate at some future date when such action would be part of a whole policy orientated in the direction of continuing low interest rates, rather than, as it would be now, part of a policy directed toward higher rates.

The significance of the preferential discount rate at the present time is almost entirely psychological. Total borrowings under it are not high in relation to total Federal Reserve credit, member bank reserves, or any other relevant measure. The principal significance of the rate is, as Mr. Sproul so aptly put it in our meeting on January 30, that of a signal to the market of the continuance of the official policy of low interest rates. Mr. Sproul wants to haul this signal down, and you concur. I do not. The Administration policy on low interest rates and the reasons for it were ably restated in the President's Budget Message. If it takes the action you suggest, the Federal Reserve System would be flying one signal and the President another. We cannot afford thus to act at cross purposes during this most critical year in the reconversion of our domestic economy.

I think that it is necessary at the outset to clear up one misapprehension. You and Mr. Sproul stated on several occasions in the course of our January 30 meeting that one of the objects of the proposed action of the Reserve authorities would be to help in combating inflation. As you know, I am as much interested in combating inflation as any man in the country; and I was personally responsible for the Government's anti-inflationary program during my tenure as Director of War Mobilization and Reconversion and, earlier, as Director of Economic Stabilization. I should like to state very clearly, therefore, that I see no way in which increasing short-term interest rates would help in combating inflation. In my opinion, you and Mr. Sproul failed to make any case that it would, beyond the mere saying so.

I was greatly surprised by your statement at the meeting that the proposal to eliminate the preferential discount rate was not really part of a program to increase short-term interest rates. I was surprised, not merely because of my knowledge of the general background of Treasury-Federal Reserve discussions of interest rates; but also because previously your Director of Research and Statistics had transmitted to the Treasury three Federal Reserve memoranda, each of which definitely contemplated higher interest rates. One of the memoranda seriously considered the possibility of increasing the rate on certificates of indebtedness as high as 1¼ percent within the next year or so.

During the course of the January 30 meeting, Mr. Sproul qualified your statement that there would not be any increase in short-term interest rates by the phrase "for the time being." He stated that such an increase might be necessary later "as the lesser of two evils." In that event, he said, the Federal Reserve would come back to me with further proposals. I was glad to accept the assurance of both Mr. Sproul and yourself given to me in this connection that the Federal Reserve would not in any event permit the certificate rate to rise unless there was a mutual agreement between the Treasury and the Federal Reserve.

In view of the qualification expressed by Mr. Sproul, I think that it would be well to review briefly the history of Treasury-Federal Reserve discussions on interest rates.

In going over the records, I find that the Federal Reserve System desired originally to establish a level of short-term rates higher than did the Treasury. You and Mr. Sproul each stated that you were accepting the rates originally set only under duress and because you recognized that the Treasury Department had, as Mr. Sproul put it in a meeting on March 20, 1942, ". . . the full and final responsibility for the financing of this war. . . ."

This was the atmosphere in which the pattern of short-term interest rates was originally set. In looking over the subsequent records, I find numerous references in minutes of meetings to requests by Federal Reserve officials or staff members that the pattern of short-term interest rates be raised. In addition to these references in the minutes of oral discussions, the Treasury records contain numerous written memoranda submitted to the Treasury by Federal Reserve officials or staff members, suggesting in one form or another an increase in some type of short-term interest rates. Memoranda containing such suggestions, which have been excerpted for me, bear dates in June, July, and October 1942; February and November 1943; and March and April 1944.

During my first day in office, Acting Chairman Ransom asked, on behalf of the Board of Governors, that I agree to the elimination of the preferential discount rate. I wrote him on July 27, 1945, saying in part:

"I recognize, of course, that the fixing of discount rates is a statutory prerogative of the Board of Governors and of the Federal Reserve Banks. We have both always recognized, however, that it is necessary, for the duration, to work as a single team in financing the war in the best possible manner. I am sure, therefore, that you will be willing to continue the present preferential discount rate and the present policy with respect to short-term rates as long as it is required in the interest of sound war finance."

The Board of Governors and the Federal Reserve Banks acceded to my request at that time; but on December 13, 1945, you wrote and said:

"With the completion of the Victory Loan, and with Treasury needs for funds during the coming year or longer largely anticipated, it seems to me, and to the other members of the executive committee of the Federal Open Market Committee, that an especially favorable opportunity is provided to eliminate this preferential discount rate . . ."

I replied on December 29, saying in part:

". . . the war has ended, and the Victory Loan campaign has been successfully concluded. It seems to me, however, that the continuation of the preferential rate is as important to the successful financing of the transition period, and to the maintenance of full production and full employment in the postwar period after the close of the transition as it was to the successful conclusion of war finance. I feel sure that upon considering the matter further you will agree with me."

In this letter I stated that I should be glad to discuss the matter with you, and we discussed it quite thoroughly at the meeting on January 30.

The war on the battle fronts is over, but the public debt problems which it has left behind will be with us for a long time to come. We owe it to the country that these problems continue to be solved in the public interest. I know, therefore, that I can count, as the President stated in his Budget Message, on the continued cooperation of the Federal Reserve System in this matter.

The Chairman of the Board replied to the Secretary's letter, on April 19, as follows:

My associates and I were surprised by your letter of March 28, not because we were in doubt as to your attitude concerning the elimination of the preferential discount rate, but because of the fundamental misconception of our views which your letter contains. We do not advocate a higher level of interest rates than the Government is now paying, because higher rates would increase the cost of servicing the public debt and increase the earnings of commercial banks growing out of their holdings of Government securities. We do not favor either result.

While we are reluctant to burden the record with further discussion of this matter, we think it important to emphasize that there is nothing in the record to justify the statement in your letter that the proposal to eliminate the preferential discount rate is "really part of a program to increase short-term interest rates." That is not the purpose. The purpose is to avoid giving further impetus to the inflationary forces which now exist in our economy, among which must be included the supply of money in the hands of the public, particularly in its most active form—currency and bank deposits. We must refuse, therefore, to be ranged on the side of the advocates of a higher interest rate policy. That is not the question here and should not be permitted to confuse the real issue.

The question is simply whether we propose to perpetuate a wartime measure which no longer serves the purpose for which it was designed but, quite the contrary, tends to aggravate the inflationary pressures which the Government is properly trying to combat. We are at present flying a signal—to borrow your metaphor—which is the direct opposite of the declared policy of the Government. We are, in effect, inviting member banks to come to the Reserve Banks and borrow at a preferential rate on Government securities due or callable in not more than one year, thus encouraging these banks to purchase Government securities as well as to make loans to others for the purpose of purchasing Government securities. This process has made for speculative profits, but it could not reduce the cost of Government financing unless the intention is to countenance and then take advantage of a further lowering of the entire interest rate structure of the country. That, as we understand it, would be contrary to your policy. It would certainly be contrary, in our judgment, to the best interests of the country.

When the preferential rate was adopted in 1942, the Board felt, and so stated, that in ordinary circumstances such preferential rates should not be established. It was recognized, however, that the war financing program would require substantial purchases of Government securities by the banks and it was the belief of the Board that, if there were a preferential rate for advances secured by Government obligations, that fact would encourage member banks, particularly outside the financial centers, to invest more of their then existing excess reserves in short-term Government securities, and that the preferential rate could be eliminated when the need had passed. Today it serves a wholly undesirable purpose, namely, that of facilitating further monetization of the public debt through the commercial banking system. We think you are flying the right signal of discouraging further creation of bank credit, but we find ourselves signalizing through this special rate exactly the opposite course.

You express the opinion that the elimination of this rate would be interpreted by the market as a first move in the direction of higher short-term interest rates. You will agree, we feel sure, that the adoption of what is the right policy should not be avoided for fear it would not be correctly understood. The boat can be rocked in this critical transition period by failing to do things which ought to be done as well as by doing things which ought not to be done. The important point, however, is that we have assured you that we would maintain the market for the ⅞-percent certificates of indebtedness so that there would be no question about refunding or refinancing at this rate. Accordingly, if the elimination of the preferential discount rate were misinterpreted, official action through open market operations would promptly disabuse the market of its mistaken interpretation.

We do not agree that the significance of the preferential rate at this time is almost entirely psychological. The figures on the amount of borrowing under the preferential rate can easily be misleading because bank reserves thus created provide the basis for an expansion in credit of approximately six times the amounts borrowed. Thus, borrowings of 300 to 700 million dollars in recent weeks have provided support for about six times as much additional bank credit, which is by no means insignificant. Moreover, banks are thus encouraged to lend to their customers at excessively low rates which, in turn, makes for speculation in and holding of Government securities on bank credit. For example, current figures for reporting member banks show loans of 1.6 billion dollars to dealers and loans of 1.9 billions to others for the purpose of purchasing or carrying Government securities, or a total of some 3.5 billion dollars. Such bank loans represent exactly as much monetization of the public debt as if the banks themselves purchased the Government securities directly. While you are rightly, we believe, utilizing Treasury balances to pay off Government debt, largely that held by the banks, the Reserve System by its preferential rate is inviting the banks to nullify the effect of your action by borrowing from the Reserve Banks for the purpose of purchasing or holding Government securities. Furthermore, to the extent that the interest rate structure is thus being depressed below the levels on which the Treasury's financing has been based since the beginning of the war, the inflationary consequences are real and plainly evident, particularly in the entire field of capital assets, that is, in real estate, including homes, farms and business properties, as well as in the stock market.

We wish to emphasize with all the force we can command that our purpose and policy are based not on a desire for a higher level of interest rates and hence increased costs of carrying the public debt, but entirely on grounds of discouraging further needless monetization of the debt through a wartime mechanism. Elimination of the rate, far from indicating that the Treasury and Federal Reserve were flying opposite signals, as you put it, would signify that we were in accord instead of working at cross-purposes as we appear to be doing now.

We do not believe that, when the question is reviewed in this light, the Treasury would wish to ask us to continue following a policy which is unquestionably inflationary and wholly at variance with the President's stabilization program. The Treasury, of course, is properly concerned with any measure that might affect the cost of Government financing. However, we have given assurance that we will not permit elimination of the preferential discount rate to increase the present certificate rate or other rates now paid by the Treasury. Having thus been assured that its interest in the matter will be fully protected, the Treasury, it seems to us, would not wish to be put in the position of objecting to the System's discharge, in accordance with its best judgment, of a statutory responsibility placed upon it by Congress.

The incorrect premise upon which your letter is based is illustrated by your statement that we made no case as to how increasing short-term interest rates would help in combating inflation. We made no such case, of course, because our argument was not based on an increase in short-term rates. The case we sought to make and thought we had demonstrated clearly was based on our earnest desire to stop further creation of inflationary bank credit, both directly and indirectly.

It should be borne in mind that our increasing production will generate an increasing income that will currently provide means of purchasing what is produced. If this newly created income has to compete not only with the existing excessive supply of liquid funds, but also with further increases in the money supply resulting from bank credit expansion, we can have a destructive inflation no matter what our production may achieve.

Finally, we believe that an impartial review of the recommendations made by the Board and Open Market Committee to the Treasury from the inception of the defense and war financing programs will demonstrate beyond any possible question that we have consistently advocated policies and measures for financing the war at low and stable rates of interest. The pattern of rates on market issues agreed upon by the Treasury and the Reserve System ranged from the ⅞-percent rate on certificates to the 2½-percent rate on the longest term Treasury bonds. There was also the ⅜ rate on 3-month Treasury bills. The only official recommendations the System has made at any time for any higher rate related exclusively to the bill rate. It became evident early in the war that the banks were less and less interested in buying bills and increasingly disposed to buy the longer-term, higher-yield issues, with the result that they sold the bills to the Reserve System and concentrated more and more in the longer term securities, thus increasing the over-all cost of Treasury financing. Our recommendations were made with the expectation that a somewhat improved bill rate would result in the banks holding more of the bills and hence fewer of the longer-term, higher-yield issues, thus reducing the over-all cost of Treasury financing. Time has served to confirm the view that the banks would be increasingly uninterested in bills at the ⅜ rate, for at present the Federal Reserve System holds nearly all of the bills outstanding. To construe our suggestions on the bill rate as signifying a purpose on the part of the Federal Reserve authorities to increase the rate structure and the costs of carrying the debt is to misread completely the plain purpose of the proposals.

As for memoranda exchanged between our staff members and yours, such memoranda were not submitted as official Federal Reserve proposals and are not properly so regarded. They canvassed a variety of ideas and alternatives for dealing with the situation but recommended no particular line of action. They have no place whatever in a discussion of the Board's own views in connection with the preferential discount rate and were given to members of your staff with that understanding. Continuous study and consultation between our staffs, analyzing and exploring all relevant ideas, seems to us to be highly desirable, but such consultations and staff memoranda connected therewith should not be confused with official policy.

We are embarked on a joint enterprise. We are all seeking to solve the difficult postwar problems of fiscal policy, monetary policy and debt management in the public interest, and in no other. We know the course that has been set by the Government. We want to discharge our responsibilities effectively as part of the general program of the Government. We believe that the elimination of the preferential discount rate would be in accord with the request of the President in his recent Executive Order, when he said:

"For the duration of the existing emergency all departments and agencies of the government shall, in any matter affecting the stabilization of the economy, in which they have discretion in the use of their powers, exercise such discretion in such manner as will best promote the continued stabilization of the economy."

In this letter, the Chairman of the Board based the case for eliminating the preferential discount rate on the fact that it would tend to restrict monetization of the debt. He said, for example, that:

. . . The figures on the amount of borrowing under the preferential rate can easily be misleading because bank reserves thus created provide the basis for an expansion in credit of approximately six times the amounts borrowed.

Thus, borrowings of 300 to 700 million dollars in recent weeks have provided support for about six times as much additional bank credit, which is by no means insignificant. Moreover, banks are thus encouraged to lend to their customers at excessively low rates which, in turn, makes for speculation in and holding of Government securities on bank credit. For example, current figures for reporting member banks show loans of 1.6 billion dollars to dealers and loans of 1.9 billions to others for the purpose of purchasing or carrying Government securities, or a total of some 3.5 billion dollars. Such bank loans represent exactly as much monetization of the public debt as if the banks themselves purchased the Government securities directly. . . .

As has already been stated in this answer, the Treasury recognized monetization of the debt as a potential problem, but felt that the figures did not indicate there was any real tendency in this direction at the time.

In the first place, the bulge in member bank borrowings from the Reserve Banks at about the time the letter was written was temporary. It was accounted for—according to the *Federal Reserve Bulletin* for May 1946—by drains on member bank reserves resulting from the retirement of Government securities held by Federal Reserve Banks, and from large income tax receipts by the Treasury which temporarily added to Treasury balances at the Reserve Banks. The commercial banks were borrowing temporarily to meet this drain, rather than meeting it by sales of Government securities.

In the second place, based on the figures that were available at that time (loans of weekly reporting member banks), there was no evidence that member bank borrowing was actually being used as a basis for additional credit of approximately six times the amount borrowed. Loans of weekly reporting member banks, as a matter of fact, *declined* by $800 million during the first 4 months of 1946.

Finally, reporting member bank loans for carrying Government securities were also declining. When the April 19 letter was written, the total had already declined substantially from the peak reached in December 1945 and it continued to decline throughout 1946—as the Board of Governors noted in its Annual Report for that year, in which it said: "Such loans, after reaching a peak at the end of 1945 during the Victory Loan Drive, declined rapidly and almost without interruption."

Shortly after this exchange of letters, the Federal Reserve System eliminated the preferential discount rate—in late April and early May 1946. However, the Chairman of the Board assured the Secretary of the Treasury that the Federal Reserve would not allow this action to affect interest rates on Government securities; and the Board's official announcement of the action also contained the statement that the discontinuance of the preferential discount rate would not involve any increase in the cost to the Government of carrying the public debt.

The debt pay-off program being carried out by the Treasury was a second factor which caused the Federal Reserve to suspend temporarily its efforts to take actions which would have the effect of raising short-term interest rates—particularly with respect to the elimination of the fixed three-eighths of 1 percent rate on Treasury bills. This program, inaugurated on March 1, 1946, was putting considerable strain on bank reserves with some restrictive influence on bank credit.

The debt pay-off program was carried out by the Treasury after consultation with the Federal Reserve. Prior to the inauguration of the program on March 1, 1946, the Treasury had discussed with the

Federal Reserve the desirability of using the large Treasury cash balance remaining after the Victory Loan to retire public debt, particularly that held by the commercial banking system. These discussions led to a program of debt reduction that was especially helpful during the ensuing period. There were, of course, offsetting forces leading to private credit expansion, but the policy of retiring debt held by commercial banks and Federal Reserve Banks exerted a dampening influence on inflationary pressures.

This policy was continued throughout the postwar period, and between March 1, 1946, and June 30, 1951, resulted in a reduction of over $35 billion in the Government security holdings of the banking system. This was achieved by the use, first, of cash balance funds as described above; and, subsequently, by the use of the budget surpluses of the Federal Government that occurred in the fiscal years 1947, 1948, and 1951, and the funds made available as a result of an increase in the amount of debt held by Government investment accounts. The net effect was a substantial reduction in the proportion of the public debt held by the commercial banking system—which declined from 42 percent on March 1, 1946, to 32 percent on June 30, 1951.

2. January through October 1947

By 1947, it was becoming clear that the country had done a remarkably good job of reconversion and the widespread fear of transition unemployment was being dissipated. The inflationary problem stood out in clearer perspective. In these conditions, the Treasury felt that the risk attached to market unsettlement was not so grave and that it was possible to move toward more flexibility in short-term rates—which meant in this instance to move in the direction of higher short-term interest rates.

Discussion between the Treasury and the Federal Reserve took place during this period looking forward to some change. As the end of the first phase of the debt pay-off program approached, the Federal Reserve was again concerned about the possibility of shifts by security holders, chiefly commercial banks, from short-term debt to long-term debt. This practice, the System felt, had been suspended because the Treasury in retiring over $20 billion of maturing debt had put pressure on bank reserves. In early 1947, the Federal Reserve was worried that there might be a resumption of the tendency for banks to sell short-term securities to the System in order to buy longer-term securities, with resulting monetization of the debt.

Again, the Treasury did not feel that the shifting problem was as serious a prospect as the Federal Reserve felt it to be. The figures for commercial bank holdings of Government securities did not show that reaching out for longer-term issues was a real factor. There was, it is true, some increase at this time in bank holdings in the 1- to 5-year maturity range, but this was more than offset by a decline in holdings with more than 5 years to maturity. Holdings of securities having 1 year or less to maturity had, of course, been reduced substantially as a result of the debt pay-off program in which a substantial portion of maturing certificates and other issues had been retired.

Nevertheless, now that the economy had passed through the most critical transition stage, the Treasury felt that it could prudently consider taking steps toward higher short-term rates. No one could say how useful this would be as a counter-inflationary step, but in any event it seemed appropriate to free ourselves from the rigidity of wartime rates. The Treasury has never believed that any interest rate pattern was good for all time; obviously, peacetime fluctuations in the level of business activity call for changing general credit control actions and for some accompanying changes in interest rates.

There was some difference of opinion between the Treasury and the Federal Reserve as to the timing of the interest rate actions and the rapidity with which they should be put into effect. Despite these differences in emphasis, the Treasury and the Federal Reserve did move together in the direction of higher rates in this period. The bill rate was allowed to move up starting in July 1947. The 1-year certificate rate was raised from the $7/8$-percent wartime rate which still existed in 1947 to $1\frac{1}{4}$ percent by the fall of 1948, by means of a series of certificate and short note issues which accomplished the change in a gradual way.

In the same period, the Treasury and the Federal Reserve were also taking important steps in the long-term bond market. In the latter part of 1946 and early in 1947, upward pressure developed on the prices of Government bonds. We felt that a continuation of the upward move might imperil stability in the bond market. Long-term bonds were selling at substantial premiums—the Victory Loan $2\frac{1}{2}$'s were high enough in price to approach a $2\frac{1}{4}$-percent yield; and we recalled that at one point in the spring of 1946 they had stood at $2\frac{1}{8}$ percent. We felt there was a real danger that the prices of the longest-term restricted bonds would go high enough to force yields down near the 2-percent level—this would mean prices around 108. The Treasury and the Federal Reserve were agreed that the supply of long-term Governments should be increased in order to dampen the market.

Under these circumstances—and in the absence of any substantial holdings of Government bonds by the Federal Reserve Open Market Account—the Treasury sold long-term taxable Government securities from Government investment accounts where the proceeds could be appropriately shifted to special securities issued to these accounts. About $\$1/4$ billion had been sold in the last half of 1946. Then in 1947, we sold $\$1\frac{1}{2}$ billion of such bonds from April into October.

Also, late in September 1947, as a part of the policy of increasing the supply of long-term bonds in the market, the Treasury offered a new long-term nonmarketable bond to institutional investors—the investment Series A issue. This was adapted from Series G savings bonds. It paid $2\frac{1}{2}$-percent interest per annum if the bonds were held to maturity (18 years), but yielded a smaller return if redeemed earlier. The Federal Reserve recommended that this issue should be placed "on tap," rather than limiting the amount which could be purchased by each investor. The Treasury felt, however, that caution should be taken not to oversupply the market—which might result in switches out of existing holdings, and too much downward pressure on the market. Accordingly, applications for the Investment Series were limited by a purchase formula; and about $1 billion of the bonds was sold.

In all, the Treasury thus provided the market with over \$2½ billion of long-term bonds to meet the buying pressure which had developed.

3. November 1947 through December 1948

The actions just described accomplished the purpose of taking the upward pressure off the prices of long-term Governments. In fact, it soon appeared that the program had probably been prosecuted too vigorously, in view of the surrounding circumstances. While the program was being carried on, opportunities for investment in mortgages and corporate securities were increasing sharply, with a consequent decline in the demand for Government bonds, especially on the part of institutional investors. The result was a marked weakness in the Government bond market starting in October 1947. The selling program was abandoned; and the Treasury and the Federal Reserve started buying Government securities to keep the market stable.

The buying program began on November 12, 1947. The Treasury pursued an aggressive policy in the purchase of longer-term, higher-yield bonds—principally bank-restricted issues—which it was buying for its investment accounts. The Federal Reserve, on the other hand, which was buying largely short- and medium-term bonds, was a hesitant buyer at this stage—failing to take all of the securities offered. The general technique was for the Federal Reserve to purchase only a portion of the securities offered by any seller at any one time. This added to investor apprehension. An increasingly large amount of securities came to be held by investors who wanted to sell; and there was continued downward pressure on prices.

It was in this situation that on December 24, 1947, the Federal Open Market Committee dropped sharply the prices at which it stood ready to purchase Government securities, and began to purchase freely all Government securities offered. No issue was allowed to go below par, but the price drops in some cases amounted to more than 2 points. The bank-eligible 2½'s of September 15, 1967–72, for example, had sold at 103 7/32 (bid) at the close of business on December 23, and the new purchase price established by the Federal Reserve on December 24 was 101. The new purchase price on the longest-term bank-restricted issue—the Victory Loan 2½'s—was 100 8/32 (bid).

The Open Market Committee had decided, on December 9, to drop prices on Government securities after the Treasury's refunding operation had been completed later in the month. The Treasury had some misgivings about this step, but the Open Market Committee decided to take it, and a date of action was agreed upon.

The action came as a complete surprise to the market. Although the Federal Reserve had hoped that the action would reduce selling of bonds, such selling continued—part of it reflecting portfolio switching by investors to protect themselves against further price declines. Some life insurance companies, for example, traded holdings of 20-year, 2½-percent bonds for 3-month, 1-percent Treasury bills. Many investors were selling the very Government securities they had been purchasing a few months before. The result was further disruption of the market; and, for some time, the market continued to reflect uncertainties on the part of portfolio managers and institutional investors.

During the period of the buying program, the Federal Reserve acquired on net balance approximately \$10 billion of bonds in the market.

Simultaneously, however, the System reduced its portfolio of short-term securities sharply. A large Federal budget surplus, coupled with a substantial increase in the nonmarketable Government security holdings of nonbank investors, made it possible for the Treasury to take important steps to reduce the amount of Government securities held by the commercial banking system. The debt pay-offs were a vital part of debt management and by concentrating them on bank holdings the pay-off program was carried out in the most advantageous way. Treasury and Federal Reserve activities were coordinated continually.

While the bond buying program was in progress, the Treasury paid off approximately $9 billion of maturing marketable issues of Government securities. These pay-offs were a major factor in enabling the Federal Reserve to limit the increase in its total portfolio of Government securities to a little less than $1 billion, even though it was buying $10 billion of bonds. This relatively small increase was more than accounted for, moreover, by amounts of Government securities which flowed to the Federal Reserve as a result of increases put into effect during the year in reserve requirements on all classes of member banks. These reserve requirement increases and the reinstitution of consumer credit controls after the Congress provided the authority were a part of the Reserve System's anti-inflation program in 1948.

It may be added here that the Federal Reserve—as well as the Treasury—was wholeheartedly in favor of the market stabilization program. During this period, on many occasions officials of the System publicly stated a firm belief in the policy.

The Board of Governors of the Federal Reserve System in its Annual Report for 1947 (released in May 1948) stated:

> . . . constant Federal Reserve operations are essential for the maintenance of an orderly market and reasonable stability of prices. . . .
>
> . . . The Board believes that it would be unwise to set aside this responsibility [for the orderliness and stability of the Government securities market] in view of likely adverse effects on financial institutions, on the Government's fiscal and debt-management operations, and on the financial position of business.

The President of the Federal Reserve Bank of New York made a speech before the New York State Bankers Association on January 26, 1948, in which he emphasized the wisdom of the Federal Reserve's policy of maintaining stability in the market for Government securities. In the course of this address, he said:

> . . . Without our support, under present conditions, almost any sale of Government bonds undertaken for whatever purpose . . . would be likely to find an almost "bottomless market" on the first day support was withdrawn. . . . In the face of a Federal debt of over 250 billion dollars . . . we can't treat the Government security market as we might a $50 million issue of the XYZ corporation. I am not a believer in more and more Government controls, certainly, but this is one control which I would not want to try to let go, voluntarily, under present circumstances.

The Acting Chairman of the Board of Governors—speaking for the Board—also stressed the necessity for protecting the Government's fiscal and debt management position by maintaining an orderly and stable market for Government securities, although this objective, the Federal Reserve felt, made it impossible for the System to restrain effectively further monetary expansion by the use of traditional powers. In an appearance before the Joint Committee on the Economic Report, on April 13, 1948, he said:

> The people in the Reserve System, not only the Board, but the Reserve bank people, as well as the Board people, are unanimous, I think, in feeling that, taking the matter on balance—with the public debt the size that it is . . .—we must maintain stability of [the] Government securities market and confidence in it. . . .

He urged enactment by the Congress of legislation which would give the Federal Reserve System "new powers": (1) to increase the cash reserve requirements of *all* commercial banks; and—if banks should continue to sell Government securities to the System in order to expand private credit—(2) to require all commercial banks to maintain additional special reserves which could be held, at the option of the individual bank, in either specified cash assets or short-term Government securities.

The buying program terminated in the latter part of 1948. It was a tremendous operation, and the repercussions on the economy might have been serious if the Federal Reserve had not carried out the program vigorously.

4. January 1949 through June 1950

By 1949, the country had moved to a period of business unsettlement. The unsettlement was not of major porportions, but it called for changes in monetary and debt management policy.

Short-term interest rates were moved down—the rate on 1-year certificates was reduced from the $1\frac{1}{4}$ percent level reached in late 1948 to $1\frac{1}{8}$ percent. The Federal Reserve reduced member bank reserve requirements, eased consumer credit controls, and lowered margin requirements on stocks. At the end of June, additional reserve requirement easing and also further easing of consumer credit terms resulted from the expiration of temporary legislation authorizing these measures. At about the same time, the Federal Open Market Committee, after consultation with the Treasury, announced that

> . . . with a view to increasing the supply of funds available in the market to meet the needs of commerce, business, and agriculture it will be the policy of the Committee to direct purchases, sales, and exchanges of Government securities by the Federal Reserve Banks with primary regard to the general business and credit situation. The policy of maintaining orderly conditions in the Government security market, and the confidence of investors in Government bonds will be continued. . . .

In the latter part of 1949, the business outlook started to show improvement, which continued in the first half of 1950. The Federal Reserve thought it should act at once to meet the changing economic situation. In early January of 1950 it recommended that short-term rates be moved up once again—from the $1\frac{1}{8}$ percent 1-year rate to $1\frac{1}{4}$ percent on a 14-month note. The Treasury was not sure that this was desirable so soon and felt that caution was called for. It might be unwise to clamp down immediately upon the upturn in business which had barely started. The Treasury agreed, however, to go along with a gradual raising of the certificate rate. The first step toward this was taken with the issue dated February 1.

The Treasury also had some doubts about the wisdom of putting pressure on the long-term bond market during this period, such as was resulting from Federal Reserve selling. The Federal Reserve had reduced its Government bond holdings by $3¾ billion during 1949. Now in early 1950, the Treasury was uncertain as to how much additional selling pressure the long-term market could stand. Our analyses in the first half of the year showed that there was no substantial net demand for Government securities on the part of long-term institutional investors. The bonds sold by the Federal Reserve were acquired by nonbank investors primarily by switches from short-term issues. Nevertheless, the Federal Reserve sold $1.6 billion of bonds during the first half of 1950. It increased its holdings of short issues by over $1 billion, however, with the result that the total portfolio of the System declined by less than $600 million.

In view of what happened after the outbreak of hostilities in Korea, it is interesting to keep the fact in mind that on net balance the Federal Reserve reduced its portfolio of Government securities in the first half of 1950. This came on top of a $4½ billion decline in 1949. (Refer to Chart 1, p. 251.) This was the opposite of monetization of the debt. Yet, in the summer of 1950, the Federal Reserve justified actions which resulted in serious unsettlement of the Government security market on the grounds that it was necessary to take steps to prevent further debt monetization.

It might be mentioned at this point that, throughout the whole period up to Korea, the Federal Reserve and the Treasury worked very closely to achieve the right kind of debt-management program. From March 1, 1946—when the postwar debt repayment program was initiated—through June 30, 1950, the Government security holdings of commercial banks and Federal Reserve Banks were reduced by nearly $33 billion. The total amount of public debt outstanding was reduced by approximately $22½ billion, and nonbank holdings of the Federal debt (largely Government investment accounts) increased by over $10 billion during the same period.

5. July 1950 to March 4, 1951

The outbreak of the Korean conflict in June 1950 made it necessary for both agencies to take a new look at monetary and debt management problems and policies. Divergent views between the Treasury and the Federal Reserve developed. Up to Korea, our disagreements had generally been relatively minor. We felt that we had time to work things out and that mistakes or concessions in policy on the part of one agency or the other could be ironed out in the course of time. We felt that it was important to bring a cooperative spirit to bear on our mutual problems. Differences of opinion between the Treasury and the Federal Reserve should be resolved by discussion, mutual understanding, and, when necessary, by compromise—as I have stated in the reply to other questions in this series.

When aggression broke out in Korea, the Treasury visualized the possibility of a third world war. We recalled that no more than a single bullet in a relatively little known Balkan town had set off World War I. We went over what a war would mean with respect to the finances of the Government of the United States. It seemed clear, moreover, that even if a third world war did not materialize, it would hardly be possible to avoid in the period ahead a tremendous expansion in the country's military programs. This would require that the financial affairs of the Nation be maintained in good shape. The

Treasury felt that preparation should be made for all eventualities. This was made clear to the Federal Reserve immediately—starting on June 26, right after the first hostile action in Korea occurred.

The Treasury's position was expressed again in a letter sent to the Chairman of the Board of Governors, on July 17, 1950, in which it was restated that stability in the Government bond market was of paramount importance. The letter stated, also, that it was imperative that every financing operation of the Government be carried through to a successful conclusion. The letter read as follows:

Thank you very much for your letter of July 12, expressing your thoughts and those of the Executive Committee of the Federal Open Market Committee with respect to new financing and the current situation in the Government bond market.

As I asked Mr. Bartelt to transmit to the Open Market Committee on June 26, I feel that everything possible should be done to maintain a basically strong position in the Government bond market during the present period of international disturbance. The firmness with which the market has withstood the impact of the events of the past three weeks is certainly a testimonial to good management. It is also the best possible evidence of the confidence which has been built up in our ability and determination to maintain a stable market for Federal securities.

I know you will agree with me that it is of the utmost importance at the present time to maintain that confidence and, in addition, to do everything possible to strengthen it. This involves, first of all, avoiding any course which would give rise to a belief that significant changes in the pattern of rates were under consideration. The operations of the Open Market Committee since the beginning of the crisis have been well adapted to this end.

As I have studied the situation, I have become convinced that present circumstances call for one further precaution which is, perhaps, of even greater importance than maintaining a good balance in current market operations. In my view, we must take extreme care to avoid introducing any factor which would run the risk of producing unsettlement in the broad market for Federal securities represented by investors throughout the Nation. It is my belief, in particular, that no new financing program should be undertaken at the present time without maximum assurance that it will be well received and can be carried through to a successful conclusion.

Our future tasks, whatever they may be, would be made very much more difficult by anything less than 100 percent success in a program for raising new money. In my judgment, we can not attain the maximum assurance of success until the outlook with respect to both the international and the domestic situations has become considerably more clarified.

At present, the defense needs which may have to be financed in the near future are not known. Our expectations as to revenues are also subject to considerable change as the situation develops. For these reasons, as you know, I recommended that the Congress postpone action on the tax [reduction] bill now under consideration in the Senate Finance Committee. The same basic considerations lead to my strong belief that no new financing program whose reception is to any considerable extent unpredictable should be introduced into the market at the present time.

There are, of course, occasions which call for quick and bold action. These occasions have occurred with respect to the Federal security market and they may occur again. But every appraisal of the present situation indicates that the maintenance of stability should take priority over all other market considerations. A stable and confident situation in the market for Federal securities is our first line of defense on the financial front, no matter what may be ahead of us.

As you know, developments in the Government bond market have repercussions which fan out through the entire economy. Both the size and the wide distribution of the Federal debt are unprecedented in comparison with the situations which faced us at the start of other periods of crisis. Under these circumstances, we have an obligation of the highest order not only to maintain the finances of the Government in the soundest possible condition, but also to fulfill our responsibilities to the millions of Federal security holders throughout the Nation.

There is one further consideration which confirms my view that the present situation calls in the highest degree for caution and prudence. During the present stage of the emergency, it is vital to make use of every opportunity for assuring our citizens that those at the head of their Government have a strong and steady hand on the helm. The response of the Nation to the President's courageous action in the Korean crisis was one of the greatest demonstrations of unity that we have ever had in this country. The Nation is now waiting to learn what domestic programs may be needed in order to utilize our full strength in the interests of national defense. When these programs are brought forward, it will take time for the public to assimilate them. In view of these facts, it is of the utmost importance that no action be taken at the present time which could be construed in any sense as anticipating proposals for defense which may later be outlined by the President.

In short, every circumstance at the present time calls for steadiness and manifest strength in the Federal security market as a primary measure of economic preparedness. That is the net of the situation as I see it. And, as you will note, I am sending my thoughts on to you just as they have occurred to me, in order to let you know the course of my thinking as events unfold.

Nevertheless, the Federal Reserve wanted to raise short-term interest rates. The Treasury had been willing to raise interest rates cautiously in the far different environment of 1947–48 and early 1950. But this was a new situation. The Treasury did not know what was ahead—we did not know how great the Government's financial needs would be. It was clear, however, from the day aggression commenced in Korea that a decisive and critical period in the life of the Nation had been reached. From a financial standpoint, the most important thing was to assure the successful financing of whatever was ahead. The Treasury felt that this could not be accomplished if the Government bond market were disrupted.

I was as concerned about preventing inflationary pressures from gaining headway in the economy as anyone else. In fact, I believe I may justifiably say that I was in the forefront in recognizing the inflationary dangers after the outbreak of hostilities in Korea and in recommending measures designed to aid in controlling this situation. Within a few days—on July 5—with the approval of the President, I indicated to the Congress that it might be necessary to undertake new tax measures. Later during the hearings held by the Senate Finance Committee, the Senate, on July 12, shelved the tax reduction bill which had been under consideration in order to make way for new measures which would bring in larger revenues.

It seemed to the Treasury that an effective approach to the inflation problem required a broad program operating on many fronts. It required increased tax revenues. It required that the Government cut its expenditures in the nondefense area wherever practicable; and especially that the Government, as well as the public, exercise great restraint in the use of those goods and services which would be needed for our increased defense requirements. It required a strong program to promote greater savings—not just savings in the form of Government securities, but savings in all forms. This, indeed, has been the keynote of the Treasury's savings bond promotional efforts throughout the war and postwar decade. The Treasury has not been concerned with selling savings bonds alone—efforts have been directed toward promoting thrift in all forms. As the necessity for a greatly increased defense program became clear following the invasion of Korea, the importance of savings programs of all kinds also became greatly enhanced.

In addition to larger revenues, cuts in nondefense expenditures, and increased savings, it was clear that the maintenance of sound economic and financial conditions during a period of heavy defense build-up required a program of other measures such as those asked for by the President and provided by the Congress in the Defense Production Act of 1950. Among these measures were selective controls not already authorized by law which could act in specific areas of inflationary pressures without interfering with essential productive processes in other areas. It was for this reason that the President advocated restraints such as those which operate in the areas of consumer installment credit and real estate credit.

The Federal Reserve agreed with the Treasury that the measures which have just been described should be used to combat inflation. Officials of the Federal Reserve System were in favor of increasing taxes. They encouraged the savings bond program. The System administered the President's program of selective credit restraints, and has done a good job in administering a difficult program.

But the Federal Reserve also felt that great reliance should be placed on traditional measures of general credit restraint which involved a declining securities market and increases in interest rates. It was in this specific area that disagreements between the Treasury and the Federal Reserve arose. The Treasury felt that there were significant reasons why important reliance on these traditional measures of general credit restraint was not appropriate under the circumstances existing after the outbreak of hostilities in Korea.

In the first place, some credit expansion in certain areas of the economy was necessary to facilitate the country's primary objective—the production of essential defense and military goods. In order to be effective in the areas of special inflationary pressures which needed to be restrained during the defense period, measures of general credit restraint might have had a stringently repressive effect upon every area of the economy.

In the second place, the country as a whole had such a large volume of liquid assets that it was insulated to a considerable extent from the effects of general credit restraint actions of the type proposed by the Federal Reserve. It is true that bank credit expansion contributed to the inflationary situation after the outbreak of the Korean hostilities and it is clear that unnecessary loans should have been curtailed. However, credit expansion was only one of the many factors contributing to the rise in the general price level.

The primary cause of the inflationary situation, throughout the entire postwar period, was an unprecedented demand for goods by business and consumers generally. Before Korea, individuals bought goods to fulfill the stored-up demands which had resulted from the shortages of World War II; and industry replaced and expanded plant and equipment in order to meet civilian peacetime needs. After Korea, individuals and businesses, remembering the shortages of World War II, bought goods in anticipation of shortages in the defense period; and requirements for materials and goods were also stepped up sharply in order to meet the expanded military needs of the period. Some of these purchases were financed by an expansion of bank credit—but not all of them, by any means. Bank credit, for example, accounted for only about one-tenth of the 1950 financial needs of business corporations.

In this situation, the Treasury felt that major reliance in controlling inflationary pressures should not be placed on traditional methods of general credit control. As already stated, the Treasury felt that higher taxes, restraint in nondefense Government expenditures, greater savings, and various selective measures suitable to the defense situation were called for. These, it was felt, were the appropriate ways to combat inflationary pressures under the existing circumstances. The Treasury felt, further, that stability in the market for Government securities was essential, and that the pursuit of policies which would unsettle the market would be unwise.

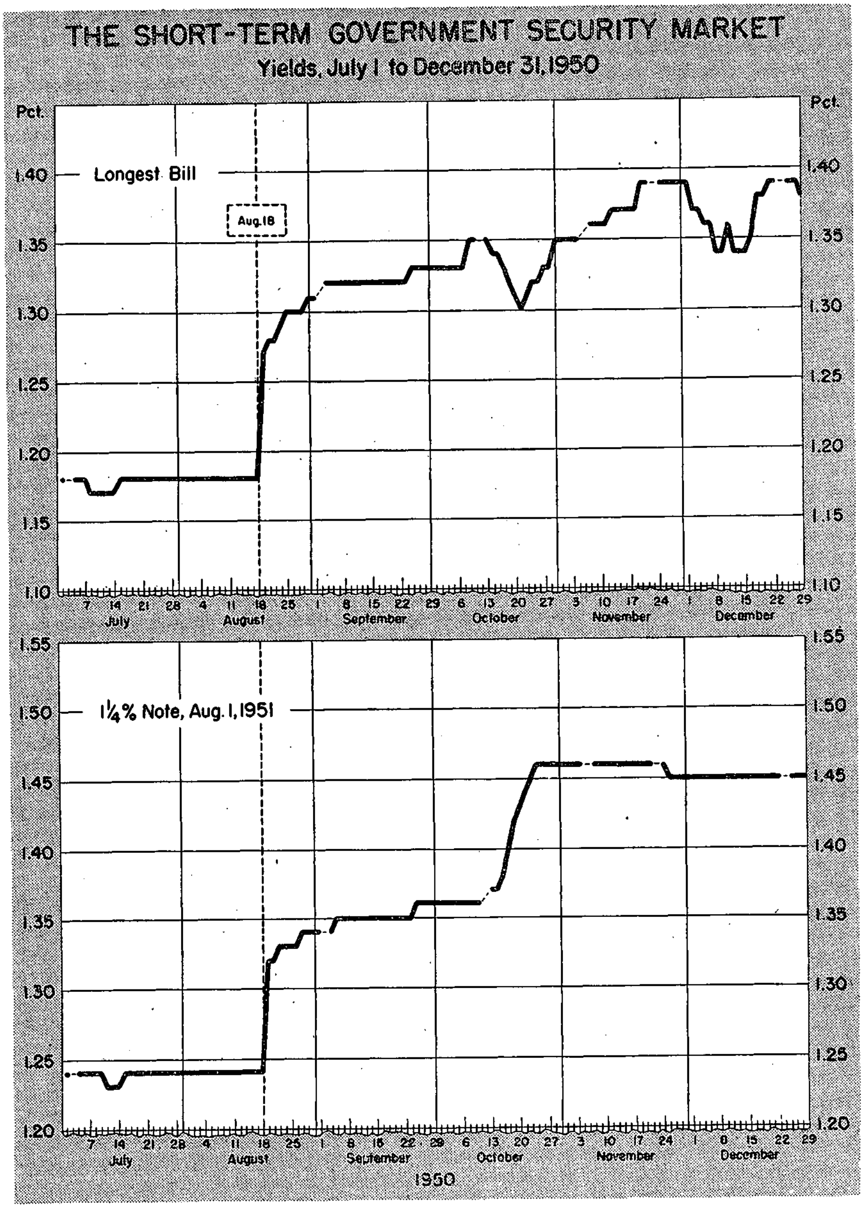
The differences between the two agencies on the necessity for stability in the Government security market became serious in connection with the Treasury's September–October refunding operation. The refunding announcement was made after the close of the market on August 18. The decision to maintain the 1¼ percent rate on the two issues of 13-month Treasury notes offered in exchange for the September–October maturities was in line with the Treasury's policy of maintaining stability in the Government security market. The Federal Reserve was advised of the intended action of the Treasury, which had the approval of the President as required by law.

The terms of the new issues announced on August 18 were identical with the terms of the issues offered in connection with the last previous refunding operation—the refunding of the issues which had matured on June 1 and July 1. Furthermore, the terms of the new issues were in line with the market on the day of the refunding announcement; and met the needs of the market which required a short-term security at that time. This was frequently overlooked in the public discussions which followed in subsequent weeks.

The Federal Reserve System, however, took action to increase the rediscount rate; and immediately after the opening of trading on Monday, August 21, short-term rates on outstanding issues of Government securities were allowed to reach levels inconsistent with the rate on the refunding offering of the Treasury. Subsequently, the Open Market Committee through its open market operations permitted short-term rates to run up further. (See Chart 2.) The Open Market Account offered Government securities at prices which gave purchasers a higher rate of return than they would receive on the new issues offered by the Government. The result was to make the new Treasury issues unattractive to the market. Obviously, most of the holders of the maturing issues did not wait to exchange them for the new refunding issues, inasmuch as they could buy higher-yielding securities of the same type from the Federal Reserve.

The result of the actions of the Federal Reserve System was a significant financing failure for the Federal Government. Some $13½ billion of Government securities was involved. Less than 6 percent of this amount was exchanged for the new issues by private holders. Between the time of the announcement and the dates of the refunding operations, private investors sold over $8 billion of their holdings to the Federal Reserve. Sales of other Government securities from the System's portfolio offset to a considerable extent these purchases of the maturing issues. They did not, however, completely offset the buying operation; and as a result of the Federal Reserve actions, there was a net increase in the System's Government security holdings. In addition to the securities sold to the Open Market Account, private investors turned in over $2¼ billion to the Treas-

CHART 2


THE SHORT-TERM GOVERNMENT SECURITY MARKET
Yields, July 1 to December 31, 1950
Pct.
Pct.
Longest Bill
Aug. 18
1.40
1.35
1.30
1.25
1.20
1.15
1.10
1¼% Note, Aug. 1, 1951
1.55
1.50
1.45
1.40
1.35
1.30
1.25
1.20
7 14 21 28 4 11 18 25 1 8 15 22 29 6 13 20 27 3 10 17 24 1 8 15 22 29
July
August
September
October
November
December
1950

ury for cash redemption. The cash turn-in was the greatest the Treasury has ever had to finance, and it constituted an important drain on the Government's cash balance.

In the weeks that followed, the Federal Reserve open market operations had the effect of depressing prices on outstanding Government securities further. Then in November, it was necessary for the Treasury to decide upon another refunding offering involving $8 billion of certificates of indebtedness and bonds maturing in December 1950 and January 1951. Because of the decreases in security prices in the intervening period, a higher interest rate was offered than in August in order to price the new issue in line with the market. Holders of the December and January maturing securities were offered 5-year Treasury notes drawing interest at the rate of 1¾ percent per year. The new issue was in accord with the Federal Reserve recommendation to the Treasury at this time. The Treasury was somewhat dubious about the length of this issue because it did not seem particularly suitable for the holders of the maturing issues—who were largely banks, corporations, and other short-term investors. The Federal Reserve, however, thought it was advisable to extend the maturity. The terms of the issue were approved by the President; and the Chairman of the Board of Governors assured the Treasury of the full cooperation of the System in the refunding operation.

On the first trading day after the announcement of the new issue was made, the Federal Reserve permitted the market to go off sharply—notwithstanding the fact that the issue had been proposed by the Federal Reserve and the Chairman of the Board of Governors had assured the Treasury of the System's full cooperation. The exchange experience in this refunding operation—while considerably improved over September-October—was still far from satisfactory. Only 51 percent of the maturing issues was turned in to the Treasury by private holders for the new issues. The Federal Reserve bought over $2½ billion of the maturing securities during the refunding period. Moreover, the cash redemption experience was only slightly better than in September-October. Cash redemptions amounted to 14½ percent of the total of the maturing issues; in the previous operation they had amounted to 17½ percent. This compared with an average on offerings of this type of about 5 percent in recent years.

The net result of Federal Reserve open market operations from August 21, 1950 through the end of the year was an increase in the System's Open Market Account of over $2½ billion. This was debt monetization. It had not existed on net balance in the year and a half prior to August 21, 1950. During that period, the Federal Reserve holdings of Government securities had declined by $4½ billion for the calendar year 1949—to a substantial extent the result of Federal Reserve sales of Government securities to absorb bank reserves released by reductions in reserve requirements—and by an additional $¾ billion from January 1 through August 18, 1950. (Refer to Chart 1, page 251.)

The events just described affected primarily the short- and medium-term issues of Government securities, although there was also some downward pressure on prices in the long end of the market. Early in January 1951, however, officials of the Federal Reserve System outlined to the Treasury a program which would involve a reorientation of debt management policy. The program included proposals for further increases in interest rates, including increases in the long-term area. In view of the importance of these matters to the whole defense financing program and the widespread rumors and confusion in the market, the Chairman of the Board of Governors and I felt that the matter should be discussed with the President. At this meeting the three of us—the President, the Chairman and I—agreed that market stability was desirable, and the Chairman again assured the President that he need not be concerned about the $2\frac{1}{2}$-percent long-term rate on Government securities.

It was against this background that I made a speech on January 18, 1951, before the New York Board of Trade, announcing this policy. The market strengthened following this speech. Then some officials of the Federal Reserve System began to differ publicly with the policy. This created further uncertainties in the Government security market. At about this time, also—on January 29—the Open Market Committee further reduced its buying price for Victory Loan $2\frac{1}{2}$'s—which was the most significant of the long-term Treasury issues, marketwise. With the market situation before him, and in view of the previous conferences with the Chairman of the Board of Governors, the President asked the entire Open Market Committee to meet with him on January 31 to clarify the situation. I was not present at that meeting. Its results as announced to the press created strength in the Government security market for a day or two. Confusion was again injected into the market, however, by statements made by a Federal Reserve official on February 3.

About this time a series of conferences was held between the Treasury, the Chairman of the Board of Governors, the Chairmen of the two banking committees in Congress, and the Chairman of the Joint Committee on the Economic Report. It was generally agreed between the parties involved that there should be no change in the existing situation in the Government security market, and no Congressional hearings held on differences between the Treasury and the Federal Reserve, for a short period while I was in the hospital recuperating from an eye operation.

Shortly after these meetings, however, a change in the Federal Reserve attitude began to be apparent; and the Chairman of the Board informed the Treasury that, as of February 19, the Federal Reserve was no longer willing to maintain the existing situation in the Government security market. It was evident that some new agreement had to be reached, since the proposed Federal Reserve action would intensify the confusion and uncertainty in the market. The Government was approaching a quarterly period when expenditures would exceed receipts; and the President's Budget Message—recently released—projected nearly doubled national security requirements for the coming year, with a sizable deficit in the Government's financial accounts unless large new taxes were enacted. It appeared that the Treasury would have to borrow new money in the market in the relatively near future. This would be in addition to refunding operations which would be in the neighborhood of $50 billion during the calendar year 1951. A confident situation in the Government security market was required.

Representatives of the Treasury and the Federal Reserve were designated, therefore, to work out a way in which differences could be compromised. The result was the accord announced jointly by the

Treasury and the Federal Reserve in a statement released for publication on March 4, 1951. The accord will be described in the answer to the following question.

During this period also, the President—on February 26, 1951—appointed a four-member committee comprised of the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System, the Director of Defense Mobilization, and the Chairman of the Council of Economic Advisers to study ways and means to provide the necessary restraint on private credit expansion and at the same time to make it possible to maintain stability in the market for Government securities. The final report of this Committee was sent to the President on May 17, 1951.

18. Describe the nature of the accord between the Treasury and the Federal Reserve System which was announced by them on March 4, 1951.

Throughout the period from August 1950 to February 1951, there were frequent consultations between Federal Reserve and Treasury officials, and on some occasions with the President, concerning the coordination of monetary and debt management policies. These discussions preceded the working out of the accord between the Treasury and the Federal Reserve concerning policies that deal with their related problems.

The following joint announcement was made on March 3, 1951, for publication March 4, by the Secretary of the Treasury and the Chairman of the Board of Governors and of the Federal Open Market Committee of the Federal Reserve System:

> The Treasury and the Federal Reserve System have reached full accord with respect to debt-management and monetary policies to be pursued in furthering their common purpose to assure the successful financing of the Government's requirements and, at the same time, to minimize monetization of the public debt.

This statement reflected agreements that had been reached, following extended discussion between representatives of the two agencies, regarding their mutual and related problems. The presumed area of difference had become greatly magnified in the newspaper and other public discussion and there was urgent need to reassure the public that the Treasury and the Federal Reserve were in agreement as to proper debt management and monetary policies in the situation then existing.

The Treasury and Federal Reserve felt that everything possible should be done to terminate the unwholesome situation that had developed and to coordinate the debt management responsibility of the Treasury with the Federal Reserve responsibility for restraining credit expansion. It was the immediate object of the Treasury to restore conditions in the market that would be favorable to refinancing the large volume of maturing obligations, as well as financing several billions of new money required during the remainder of the year. It was the immediate object of the Federal Reserve to endeavor to curb the unprecedented inflationary loan expansion that had continued uninterruptedly since Korea by minimizing the monetization of the public debt and by making it necessary for member banks to borrow from the Federal Reserve in order to obtain additional reserves. With these basic objectives in view, representatives of the fiscal and technical staffs of the Treasury and the Federal Reserve had been designated to engage in a series of discussions and to formulate a proposal which might serve as a basis for policy decision.

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The discussions between the Treasury and the Federal Reserve had made it clear that there were many areas of agreement between the Federal Reserve and the Treasury with respect to the solution of these problems; that the cooperation between the Treasury and the Federal Reserve had been of exceptionally high order on most matters of mutual concern; that there are bound to be differences of opinion now and then between agencies, as there are between individuals in the same agencies; but that such differences could be diminished by closer, regularized liaison with respect to mutual problems. It was agreed that there were both immediate and long-run factors which had to be taken into account in arriving at an accord, and that the purpose of the negotiation was to reach agreement upon policies that would reduce to a minimum the monetization of the public debt without creating an adverse market psychology with reference to Government securities.

First, consideration was given to the matter of long-term bonds overhanging the market and at the time being offered for sale daily in large amounts. It was agreed that a substantial portion of these bonds could be taken off the market by a Treasury offer to exchange for them a nonmarketable 2¾ percent, 29-year bond, redeemable at the holder's option before maturity only by conversion into a 5-year marketable Treasury note. The purpose of offering this new security, as announced by the Treasury, was to encourage long-term investors to retain their holdings of Government securities, in order to minimize the monetization of the public debt through liquidation of outstanding holdings of the Treasury bonds of 1967–72. The Federal Reserve agreed to help the Treasury in explaining to large institutional investors the nature and purpose of this new issue. The extent of the acceptance of the offering testified to the success of this joint endeavor.

Second, there was the problem of the long-term Government securities which private holders might try to sell on the market after the terms of the exchange offering became public. It was agreed that a limited volume of open market purchases would be made after the exchange offering was announced; and that if sales on the market were excessive, the situation would be assessed daily, the market would be kept orderly, and open market purchases, if any, would be made on a scale-down of prices.

Third, the pending task of refunding the large volume of short-term securities maturing or callable in the near future presented difficult problems both for the Treasury and for the Federal Reserve. It was agreed that the Federal Reserve, in order to minimize monetization of the debt, would immediately reduce or discontinue purchases of short-term securities and permit the short-term market to adjust to a position at which banks would depend upon borrowing at the Federal Reserve to make needed adjustments in their reserves. This contemplated a level of short-term interest rates which, in response to market forces, would fluctuate around the Federal Reserve discount rate. It was expected that during the remainder of the year the Federal Reserve discount rate, in the absence of compelling circumstances not then foreseen, would remain at 1¾ percent and that the Federal Reserve would operate to assure a satisfactory volume of exchanges in the refunding of maturing Treasury issues.

Fourth, the raising of new funds by the Treasury to finance the defense mobilization program presented other problems. It was recognized that there were no substantial amounts of nonbank funds seeking investment, and that it would be some time before such funds would accumulate. It was agreed that more frequent conferences between the Treasury and Federal Reserve officials and staff should be held so that the Federal Reserve might collaborate more closely with the Treasury in working out a joint program of Government financing as well as in maintaining orderly markets for Government securities.

NOTE.—This reply is the same as that submitted by the Chairman of the Board of Governors of the Federal Reserve System in answer to the question about the accord asked of him.

19. Have there been fundamental differences of *economic objectives* between the Treasury and the Federal Reserve System since the time you became Secretary of the Treasury and, if so, what have they been?

Throughout my administration as Secretary of the Treasury, and I believe through the administrations of my two predecessors as well, the Treasury and the Federal Reserve System have generally agreed on the fundamental objectives of debt and credit policy—to promote sound economic conditions in our free enterprise economy and to avoid the excesses of depression and inflation, to provide the funds needed to finance Government expenditures beyond tax revenues, to reduce the public debt whenever possible, and to facilitate the refunding of the large volume of debt coming due each year.

How best to promote stable economic growth through credit and debt policy while meeting the fiscal requirements of the Government is a very complex and difficult problem. Many different considerations and interests are concerned. Outside expert opinion, upon which both the Federal Reserve and the Treasury officials have called, has often differed widely. It is thus not surprising that there have been occasions on which the Treasury and Federal Reserve have also differed with respect to the wisdom and timing of particular measures.

The Treasury has always, during the period of my administration, carefully appraised the credit policy implications of its debt management decisions; and Federal Reserve officials have considered the debt management implications of their credit policy decisions. Broad objectives have been generally agreed on; sometimes there have been disagreements as to specific measures of action but, in my judgment, the differences that have arisen between the two agencies are differences that might have arisen in any responsible over-all analysis of credit-debt management problems by a qualified group of experts looking at the problem from different vantage points.

20. Except as previously described, what differences with respect to procedures and techniques have arisen between the Treasury and the Federal Reserve System since you became Secretary, or earlier?

The answers to Question 17 and to other questions in this series describe the relationship between the Treasury and the Federal Reserve in recent years in the matters of policy determination and of relationships in the fiscal, monetary and debt management fields. Matters of techniques and procedures have been intertwined invariably with matters of policy and are covered, therefore, in the answers to preceding questions.

During World War II—which was before my term of office as Secretary of the Treasury—this same situation of closely interrelated responsibilities and working relationships existed between the Treasury and the Federal Reserve. During that period, the Federal Reserve and the Treasury appear to have agreed on most of the fundamental objectives to be attained and on most of the steps to be taken in attaining them.

In such a complex set of problems as were involved in financing the war effort and avoiding inflation, however, it was inevitable that there would be differences of opinion between well-informed men on many of the particular details of programs and on the specific steps to be taken and their timing. For example, there was complete agreement between the two agencies that sales of securities to the banks should be held to a minimum. But I understand that the decision as to just what level of excess reserves in the commercial banks was required to assure adequate funds to the Treasury and simultaneously to avoid facilitating unnecessarily large bank purchases of Government securities was apparently a recurring subject of debate at the detailed day-to-day operating level. Similarly, I have been informed that it was agreed that the various War Loan Drives should be handled so that there was a minimum of speculative buying by purchasers who intended merely to sell out at a profit after a few days or months. Here again, the detailed steps to be taken to minimize such speculative buying and prevent the attendant profiteering were the subject of numerous differences of opinion at the operating level.

I mention these examples, not because they represented vital or major differences between the two agencies, but to illustrate the types of problems which will always arise in day-to-day operations and which will always need to be settled by informal interagency cooperation and consultation. There are no pat formulae or simple rules that will give the answers to all such cases, nor is all the wisdom on such difficult and complex operating matters centered in either the Treasury or the Federal Reserve.

During World War II, also, there were some disagreements as to procedures and techniques which illustrate another kind of problem outside the area of basic policy objectives. One case that I have been informed of concerns the differences that arose in 1943 as to the form of organization to be used in handling the War Loan Drives.

In early 1943 there were two groups of people promoting the sale of Government securities. There was the War Savings Staff, which concerned itself primarily with the promotion of Series E savings bonds. It was a Treasury organization organized on State lines and headed by Treasury-employed State administrators. There were also the Victory Fund Committees. These were joint Treasury-Federal Reserve organizations, established along Federal Reserve District lines. The President of each Federal Reserve Bank was ex-officio chairman of the Victory Fund Committee in his District. The Secretary of the Treasury was chairman of a committee of Federal Reserve Bank presidents; but the Chairman of the Board of Governors acted as the liaison man between the Treasury and the Federal Reserve, and the presidents of the Banks regarded him and the Board as their source of instructions.

Rivalry developed between the field forces of the War Savings Staff and the Victory Fund Committees during the Second War Loan; and there was substantial disagreement between the Treasury and the Federal Reserve as to the future method of procedure. The ineffectiveness of assigning sales quotas by Federal Reserve Districts loomed up as an insurmountable difficulty, in view of the large amounts of money needed and the necessity of stimulating a patriotic response involving appeals along State and local government lines. The matter came to a head in the spring of 1943, after which the Secretary merged the War Savings Staff and the Victory Fund Committees into a new organization called the War Finance Committee, directly responsible to him. The new sales organization involved a War Finance Committee in each State, operating under the direction of a chairman reporting to the newly created War Finance Division in the Treasury.

Another case of disagreement arose between the Treasury and the Federal Reserve in late 1943 and early 1944 when the responsibilities of war financing became heavy, and the Secretary of the Treasury felt that in the exercise of his duties he needed the help of every sector of the national community. The Secretary at this time was called upon to raise huge sums of money—amounts in the magnitude of $10 to $20 billion two or three times a year. The size of the operations involved was far beyond anything ever tried before. Sales had to be made to 20 million or 30 million separate purchasers in each drive through the use of a war loan organization involving as many as 6 million volunteers.

The Secretary felt that these tremendous operations could be carried on only after he had given every step in the procedure the most careful consideration. With this in mind, he called upon a large number of bankers, insurance people, promotion experts, educators, advertising executives, and sales managers of all types for advice and counsel. He also called upon the individual presidents of the Federal Reserve Banks and individual members of the Federal Reserve Board for their personal advice and counsel to him during this period of great responsibility. The Secretary felt that he could best obtain their advice and best gauge their feelings through informal conferences with these men as individuals, and such meetings would allow him the best opportunity to express his own reactions to the comments and views presented to him.

The Chairman and the Vice Chairman of the Federal Open Market Committee disagreed with the procedure. They felt that all Federal Reserve comments to the Secretary should be submitted through them. The disagreements on this account culminated in a letter addressed to the Secretary on March 25, 1944, setting up unilaterally a method of procedure. The letter was as follows:

In order to improve the procedure for presenting Federal Reserve recommendations to the Treasury in regard to important matters of Government financing, the members of the Federal Open Market Committee have agreed unanimously that such recommendations should be presented to you through the Chairman and Vice Chairman of the Committee.

It was felt that this procedure would be helpful from the standpoint of the Secretary of the Treasury as well as that of the Federal Reserve, and that the System's responsibilities under the law in connection with open-market policy could best be met if, before reaching final decisions on financing matters, the Secretary of the Treasury were to give the Federal Open Market Committee, or its Executive Committee, an opportunity to consider the recommendations obtained from staff and outside sources before presentation of Federal Reserve views. It was agreed that, whenever practicable, Federal Reserve recommendations should be submitted in or following conferences between the Secretary and the Under Secretary of the Treasury and the Chairman and Vice Chairman of the Federal Open Market Committee, which should be held after staff meetings and after meetings with private bankers and others.

The considerations underlying the recommendation of this procedure may be summarized as follows:

The Federal Open Market Committee is a statutory body created by Congress and empowered to direct and regulate the open market operations of the Federal Reserve Banks. Under the law, the time, character and volume of these open market operations must be governed with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country. No Federal Reserve Bank may carry on open market operations except in accordance with the directions of the Committee.

Under existing conditions, the objectives of open-market policy must be and are to provide the reserve funds required for the orderly functioning of our money and banking system and to maintain a general credit situation which will facilitate Treasury borrowing necessary to finance the war. The System has undertaken to maintain conditions in the Government security market which will be conducive to the continued success of Treasury financing on the present general basis of yields. The means of accomplishing these objectives are ordinarily the purchase and sale of Government securities in the open market.

The Federal Open Market Committee, in discharging its responsibilites is, therefore, of necessity a participant with the Treasury in the maintenance of the market for Government securities and in the problems of war financing. Its responsibility is that of a public body which has a greater concern than any group or persons outside of the Treasury in the timing of Treasury offerings, the types of securities offered, and their terms and conditions because of the importance of relating current financing to credit and monetary policies.

It has been customary for the Secretary and Under Secreary of the Treasury to request the members of the Executive Committee of the Federal Open Market Committee to confer with them, or with members of the Treasury staff, on matters of financing policy and procedure. These have invariably been informal meetings with the individual members of the Executive Committee rather than formal meetings with the Executive Committee as such. In these conferences the members of the Executive Committee at times have given their individual views and recommendations, at times they have spoken for the Executive Committee, and at other times for the Federal Open Market Committee. In addition the Treasury at times has requested the individual views of Federal Reserve Bank presidents.

In view of the System's statutory responsibility and the importance of the matters involved, the Committee felt that the discussions with the Treasury should be on a more clearly defined basis, and that this would be accomplished by having the Chairman and Vice Chairman of the Federal Open Market Committee recognized as the appropriate representatives through whom to present all Federal Reserve recommendations, written or oral, to the Treasury on important matters of financing policy. It was felt also that better results would be obtained by presenting such recommendations in conferences with the Secretary and Under Secretary of the Treasury alone, after whatever conferences are held by the Treasury with others at the staff or technical level, and after whatever meetings are held by the Secretary and Under Secretary with advisers or consultants, such as private bankers and Government security dealers, who are without direct public responsibility. In making their recommendations, the Federal Reserve representatives would thus be able to take account of information obtained from these sources.

The Federal Open Market Committee authorized its Executive Committee, through its Chairman and Vice Chairman, in so far as it is practicable, to follow the procedure outlined above. If you so desire, Mr. Sproul and I will be glad to discuss this procedure with you at your convenience.

The Treasury would have preferred the former arrangements, which permitted freer discussion and better presentation of opinions in controversial matters among the four groups involved—the Board of Governors of the Federal Reserve System, the System's Open Market Committee, the individual Federal Reserve Banks, and the Treasury. The Federal Reserve decision prevailed, however, and was still in effect when I became the Secretary of the Treasury in 1946.

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The foregoing examples refer to the situation during the war; and there is no doubt that matters of procedure and technique can be a source of serious disagreement in periods of great activity or emotional strain. This is particularly true when responsibilities are divided four ways, as mentioned above. Each one of these groups has a different background of judgment and experience, and it is quite unlikely that the views of the four groups on matters of procedure and technique would coincide at all times.

21. How closely have the Treasury and the Federal Reserve System cooperated in matters of common interest?

The Treasury and the Federal Reserve System have cooperated very well in matters of common interest. The nature of this cooperation has already been described to a large extent in reply to several earlier questions.

Cooperation does not necessarily mean unanimity of opinion on every problem. Nor does it mean the suppression of differences to promote one view as against another. Cooperation, to be effective, means a willingness to sit down at the conference table and to work out the problems of the day in a spirit of give and take. By this standard, the cooperation between the Treasury and the Federal Reserve has been very good.

It may be interesting to the Committee to know more exactly how the Treasury works with the Federal Reserve in its day-to-day problems. The Treasury cooperates in the following ways: (1) by keeping the Federal Reserve currently informed with respect to its forecasts of receipts, expenditures, and Treasury balances; (2) by consulting with the Federal Reserve with respect to amounts and terms of proposed public debt offerings; (3) by currently (twice a week) consulting the Federal Reserve with respect to its calls on tax and loan accounts in commercial banks for deposit in the Federal Reserve Banks; (4) by consulting the Federal Reserve with respect to purchases and sales in the market for Government investment accounts; (5) by consulting the Federal Reserve with respect to proposed offerings by other agencies of the Government; and (6) by interchange of views on general economic and other matters. The Federal Reserve consults with the Treasury in many similar ways and keeps it informed as to its operations.

22. Describe the mechanism by which a general tightening or easing of credit, and the changes in interest rates which may result, is expected to counteract inflation or deflation. Discuss the impact on borrowers and lenders in both the short-term and long-term credit markets and on spending and savings. Indicate the effect on each of the broad categories of spending entering into gross national product. What are the (actual or potential) capital losses or gains that would be brought about by changes in interest rates? To what extent is the effectiveness of a program of credit restraint affected by or dependent upon expectations with respect to subsequent changes in interest rates? Distinguish in your discussion between small changes in rates and large changes in rates.

A full answer to this question would require a very lengthy exposition. It is extremely difficult to evaluate the impact of a general tightening or easing of credit on various sectors of the economy. A given action may produce one set of results under certain circumstances and another set of results under other circumstances. For our present purposes, it will be necessary to touch very generally on each of the more important aspects of the question, and to present a minimum of refinements, qualifications, and details. Furthermore, in order to simplify the presentation as much as possible, the discussion has been exemplified mainly by reference to an inflationary situation, in which credit restraint rather than credit ease is desirable. Such a situation has prevailed during most of the period following the close of World War II.

1. The Mechanism by which a General Tightening or Easing of Credit Is Expected to Counteract Inflation or Deflation

The goal of an anti-inflationary program is to keep the total spending of the economy as nearly in line as possible with the volume of goods and services which our physical resources, manpower, and productive organization are able to supply. The role of tighter credit in such a program is that of reducing the willingness and abiilty of people to spend. This occurs in two ways: (1) the willingness and ability of lenders to lend and of borrowers to borrow for current spending are reduced; and (2) securities become less readily salable and this tends to reduce the liquidity of their holders.

In our system of commercial banking, the individual banks make loans to their customers and thereby expand purchasing power and spending in the economy. Commercial banks as a group manufacture credit as they make such loans. An individual banker may not feel that his bank is adding to the money supply because it can only loan funds which it already has had entrusted to it by depositors. But all commercial banks as a group do create credit. We do not need to consider the whole process here, but if loans and investments of all commercial banks as a group rise by, say $10 billion, the deposits of all commercial banks will likewise rise by $10 billion.

The creation of deposits by banks is, of course, limited by the reserve requirements that are levied by the Federal Reserve System against the deposits of commercial banks which belong to the System and by the customary or legal reserve requirements that are applicable to other banks. Member banks are required to carry such reserves in the form of deposits in the Federal Reserve Banks. To the extent that the Federal Reserve is able to influence the aggregate volume of member bank reserves, it is also able to influence the volume of credit extended by the banks and the interest rates thereon. It may be noted, however, that it is easier to force a contraction than to encourage an expansion.

In practice, the Federal Reserve System has used a variety of mechanisms over the years to influence the volume of member bank reserves. At first, it exercised its control primarily by raising and lowering the price at which it was willing to lend reserves to the banks. That is, the discount rate was lowered and raised with the view that changes in this price would (1) signal a change in the Federal Reserve's willingness to extend credit to member banks, and (2) alter the banks' willingness to borrow reserves. This, in turn, would affect the banks' willingness and ability to make loans to their customers.

During the decade of the 1930's, the rediscounts and direct advances of the Reserve Banks to member banks declined to negligible amounts as bank reserves were increased tremendously by the inflow of gold. The discount rate, in consequence, lost most of its direct influence during the period.

During the Twenties, the Federal Reserve began to use open market operations as an instrument for exercising general credit restraint. During the Thirties, increases in reserve requirements were also used to effect credit restraint. In recent years, these two devices have been the principal ones used for general credit control operations.

Open market operations by the Federal Reserve affect bank reserves in general in this way (minor variations of the process are excluded for simplicity of presentation): When the Federal Reserve buys securities on net balance, it pays for them by extending a deposit on its books. The new deposit will go to a commercial bank since the public cannot hold Federal Reserve deposits. This means that the reserves of the commercial banking system held in the Federal Reserve will be enlarged. Conversely, when the Federal Reserve sells securities on net balance, it reduces the reserves of the commercial banking system.

The growth of the public debt (as explained in the answer to Question 30) has introduced a new factor which complicates Federal Reserve efforts to influence the volume of bank reserves as a means of influencing in turn the volume of bank lending to private borrowers. The commercial banks now hold a large volume of Federal Government securities, a substantial portion of which is short-term and some of which matures continuously in the form of Treasury bills. Some of these holdings represent highly liquid secondary reserves to the commercial banks which they may attempt to liquidate to acquire additional cash reserves if needed. If the market is weak and it is difficult to sell securities, the banks may turn in a larger than usual volume of maturing Treasury issues for cash instead of accepting a Treasury refunding offer. By this means they will obtain additional loan funds immediately as the Treasury pays out cash.

So long as banks possess large amounts of early maturing Treasury securities, they feel that they can always obtain substantial funds for further loan expansion. It is true, of course, that if the banks let their securities run off at maturity, the Treasury must find funds with which to pay holders of maturing issues. An important factor here is the sources of funds which the Treasury is able to tap at the time. Bankers tend to feel that the Treasury is always able to obtain the required volume of funds—and place great reliance on the convertibility of their Government securities for loan purposes.

As I noted earlier, the role of tighter credit in an inflationary period is to curb spending by reducing the ability and willingness of banks (and nonbank lenders) to lend to private borrowers and the willingness and ability of private borrowers to borrow. A reduction in the volume of private credit (or even a decline in its rate of expansion) tends to bring about a greater than dollar-for-dollar reduction in total spending. Not only are would-be borrowers prevented from spending the funds they had hoped to borrow, but other persons, who had expected to sell goods or services to would-be borrowers are not able to make those sales at expected prices and are forced to curtail their own spending. Business liquidity is lessened through slower collection of receivables and reduced availability of credit. The liquidity of securities held as secondary reserves tends to be reduced and long-term lenders are inclined to be more cautious in extending loans. The financial markets, including those for equity issues, are likely to be depressed; and it may become more difficult to sell new issues of all types. However, these effects may be offset to some extent by an increase in the velocity of circulation; that is, individuals and businesses as the result of the increased cost or decreased availability of credit may be willing to reduce their own cash balances.

It is clear that there can be a whole chain of effects stemming from a restrictive credit policy; this may cause such a policy to be *too* effective—to stimulate forces which can bring on a business recession. For this reason, credit restriction, when needed, should be undertaken with great caution and delicacy. This is particularly important now when a large public debt has added many new problems for our economy.

Easy credit, and credit expansion, are unlikely to produce inflation when a substantial amount of unemployment exists. In those circumstances, the additional spending which may be generated by easier credit mainly promotes fuller employment of our resources, though some price increases may also take place. In point of fact, however, increasing the availability of credit has not proved very effective for overcoming deflation once this condition has arisen. The principal reason for this is that in bad times potential business borrowers are not sufficiently confident of profit possibilities to seek borrowed funds. Even a zero rate of interest is no bargain if a man feels that he may lose part of the principal of any loan he gets.

The danger that easy availability of credit will produce inflation is greatest when substantially full employment and utilization of the Nation's resources exists, for a further increase in total spending under those circumstances cannot increase output materially, and tends to push prices upward instead.

2. The Impact of a General Tightening or Easing of Credit on Borrowers and Lenders

On the whole, it would appear that the more important immediate effects of general tightening or easing of credit are likely to be on the willingness or ability of lenders to lend rather than upon the willingness of borrowers to borrow; and that long-term credit is more responsive to control measures than short-term credit.

(*a*) *Borrowers.*—Turning first to the question of the effects of a general credit restraint on borrowers, the following generalizations may be made:

(1) Long-term borrowers are probably much more seriously affected by a program of credit restraint than short-term borrowers. Uncertainty stemming from credit restraint may tend to have significant effects on the long-term security markets. Sales of securities which could formerly have been satisfactorily arranged may have to be withdrawn, particularly in the immediate period of disturbance created by the new credit restraint. Borrowers may wish to postpone programs in order not to go into disturbed markets when reception may be poor and when interest rates may jump more than expected. Short-term borrowers may also tend to postpone some projects, but

the effect is not likely to be as severe as in the case of longer-term projects. Uncertainty, however, is likely to be a permeating influence if the credit restraint program is taken seriously.

(2) The subject of the influence of interest costs in a program of credit restraint is a very controversial one. There are indications that short-term borrowers are likely to be less deterred in going ahead with projects even though interest costs have risen than is true in the case of long-term borrowers. An increased interest rate to carry an inventory loan, for example, would not seem to be as important a factor as an increase in the interest rate for a long-term public utility loan or a mortgage for residential housing. Assuming that the credit is available in each case, but at an increased rate of interest, the short-term borrower would be much more likely to go ahead than the long-term borrower, although there would be bound to be exceptions either way. Conversely, a program to ease the volume of credit and reduce interest rates would seem to me to have more stimulating effects in the case of long-term projects than in the case of short-term loans, such as those designed to carry inventories.

(3) One of the results of a program of credit restraint may be to affect the timing of loans—particularly long-term. If the credit restraint results in what is expected to be a temporary tightness in the money and investment markets, some borrowers may postpone their borrowing for such period as they think necessary in order to undertake the transaction under more favorable circumstances, and possibly at lower interest rates. On the other hand, there may be some tendency to anticipate future borrowing needs, if a period of credit restraint is considered imminent, in order to raise funds under more favorable circumstances and at lower interest rates than might prevail later on. The question of the effects of expectations of changing interest rates is discussed more fully in a later section of this answer.

(*b*) *Short-term Lenders.*—Short-term lenders, primarily commercial banks, may respond to credit restraint in various ways, as indicated by the following observations:

(1) Bank credit may be rationed to various borrowers. Lines of credit may be reduced, and loans may receive more careful scrutiny. Although willing to pay the rate charged by the bank, the borrower may not get the full amount that he would like to borrow. The relative scarcity of credit and its price, therefore, may not be as closely related as in the case of merchandise. This circumstance creates the possibility of credit restraint without a proportionate rise in interest rates.

(2) Banks will usually try to accommodate customers who have banked with them for a long time, even when approaching a loaned-up position, or they may try to develop certain new customers for long-term business reasons. Because of these and other influences working in the same direction, banks may seek to offset tightness in reserves by the following means:

(*a*) They may let short-term Treasury securities run off at maturity instead of accepting a refunding offer. Thus the banks may acquire funds for loan expansion in this way even if the Federal Reserve is not buying securities in the market in significant amounts. (As was noted earlier—if the banks let their securities run off at maturity, the Treasury must find funds with which to pay the bank holders of maturing issues; the controlling factors here, therefore, are related to the sources of funds which the Treasury is able to tap at the time.)

(*b*) The banks may obtain reserve funds by borrowing from the Federal Reserve. There has been some reluctance on the part of banks to be in debt to the Federal Reserve, but it is possible that certain developments of recent importance may have weakened this reluctance. Among these are (1) the fact that the excess profits tax law often makes it more profitable for banks to borrow rather than to sell securities, (2) the possibility of borrowing at par on bonds quoted below par, which makes these securities more desirable for use as collateral than for sale, and (3) the fact that the interest cost of borrowing reserves may be less than the interest earnings which would be given up if securities were sold to raise funds.

(*c*) *Long-term Lenders.*—In the case of long-term lenders, the following observations may be made with respect to general credit restraint:

(1) Lending may tend to be slowed up because of the uncertainties brought on by credit restraint. There may be some tendency to restrict credit to the better quality borrowers, and lower quality borrowers may find that they will have to postpone projects as a result.

(2) Prospective capital losses on existing holdings of long-term securities may exercise some influence in slowing down or preventing a shift of assets into new investments of greater profitability. Also, a weakening bond price structure may tend to reduce the liquidity of secondary reserves for many investors, thus strengthening the factors making for a retention of present assets.

(3) The prospect that interest rates may rise as a result of the credit restraint may also tend to postpone loans because lenders might wish to place long-term funds at the expected higher rates when they materialize. Yet, given the pressure to earn a steady rate of return, life insurance companies and mutual savings banks cannot indefinitely postpone investment of new money or of money becoming available from repayments or maturing obligations; eventually practically all funds must be employed.

(4) As noted earlier in this answer (and discussed at greater length in the answer to Question 30), the tremendous growth in the public debt has extended the area of influence of the Federal Reserve through providing a medium for open market operations which reaches long-term investors as well as short-term investors. Since World War II, it has always been necessary, in conducting open market operations, to weigh the risks of producing severe and unwanted repercussions throughout the financial structure as the result of disturbances in the Government bond market.

3. The Impact of General Tightening or Easing of Credit on Spending and Savings

The impact of general credit control measures on total spending depends in large part on the impact which such measures have, in the first instance, on lending and borrowing operations. The possibilities and limitations of general credit controls in this respect have already been discussed in the immediately preceding section. It is obvious, of course, that spending programs which cannot be carried out except on the basis of borrowed funds are most sensitive to credit control measures. Spending plans for which the funds are already available may be indirectly affected, however, either because of secondary effects of curtailed programs or if the credit control measures adopted are associated with a change in the general business outlook. The effects of a general tightening of credit on specific categories of spending are discussed further in the next section of this answer.

Certain aspects of the effect of changes in interest rates on the willingness to save and on investment policies are discussed in the answer to Question 26, which is concerned with the effect of changes or prospective changes in interest rates on the demand for Government securities. It is pointed out in that answer that both businesses and individuals frequently save for reasons quite unrelated to the expectation of interest income. Also there are instances when low rates develop more saving than high rates. A given annuity costs more when interest rates are low; the purchaser of an annuity might be induced by low interest rates to save more to achieve the minimum retirement annuity he felt he needed. He might, on the other hand, have to give up saving in this way entirely if annuity costs increased to greatly.

It should be noted that changes in the total volume of saving in the economy at any given period are the result of two factors: (1) new additions to savings (gross), and (2) the spending of old savings or the incurrence of debts for various purposes. To arrive at net savings, these positive and negative factors must be added together. It is possible that negative savings might be reduced by a program of credit restraint, and to the extent that this occurs the aggregate volume of net saving in the economy will be increased.

When savings funds have already been accumulated and the choice is between alternative investments, there may be a tendency to choose investments bringing higher returns, providing the degree of risk is not greater than the investor is willing to take. However, custom and convenience play a large part in investment decisions. "Automatic" devices for the regular investment of savings, such as payroll deductions, have an attraction for many investors which is only slightly affected, if at all, by interest rate comparisons between these and other investment outlets. Expansion of savings through payroll deductions is the principal reason why the number of $25 denomination Series E savings bonds sold in the calendar year 1951 was 17 percent higher than in 1950; it is also an important reason why E bonds outstanding today are at an all-time peak of $34¾ billion. (See the answer to Question 34 for further discussion of this point.)

4. The Effects on Each of the Broad Categories of Spending Entering into Gross National Product

The question here is the effect of general credit restraint on the various segments of the gross national product. It is almost impossible to analyze the gross national product in this way with any degree of certainty. It is clear, of course, that if the Federal Reserve uses general credit restraint to reduce the volume of loans being made in the economy, capital spending is likely to be most affected, inasmuch as this type of spending usually depends heavily on credit. Residential housing, for example, involves a tremendous amount of borrowed funds. Similarly, plant and equipment expenditures by business may require an extensive amount of borrowed funds.

Yet, a program of general credit restraint would not hit uniformly at capital spending, and would not be as effective today, in all probability, as it would have been a generation ago. As noted in the answer to Question 31, many economic changes have taken place in recent years which together serve to make traditional general credit controls less effective than formerly. Among these is the fact that business is now able to "self-finance" a large proportion of its capital needs. Also, to the extent that the Government makes commitments to purchase or advance funds on insured or guaranteed mortgages (FHA and VA), these loans are less subject to general credit restraint. Furthermore, the various savings institutions now have a large inflow of funds from savers each year; and they are under continuous pressure to make new loans and acquire new investments.

Capital outlays by State and local governments likewise are financed to a large extent by loans. A program of general credit restraint might, therefore, retard such loans, particularly if it led to a weak bond market. This, in turn, might make new issues of securities so hazardous to underwriters that the State and local offerings would be postponed, and rising interest rates in the long-term area might make certain projects too costly to undertake. On the other hand, many State and local government construction projects—such as schools, hospitals, sewers, etc.—are so essential today that there would be a great effort to carry them through, even though availability of credit were being reduced.

Business spending to enlarge inventories typically involves a fairly extensive use of credit—largely short-term bank loans. A tight situation in bank reserves could presumably hold down such loans, although rising interest rates under such circumstances would probably not exercise any significant restraint on the demand for such loans. If the Federal Reserve tightened bank reserves enough, and banks could not compensate by liquidating short-term Treasury securities, inventory loans would tend to suffer. Finally, consumer spending on durable goods is financed to a significant degree by the use of credit. General credit restraint might have some depressing effect on these loans, but it has been found that selective credit controls are more helpful in holding down consumer spending on durable goods.

The major remaining sectors of the gross national product are purchases of goods and services by the Federal Government, the operating expenses of State and local governments, and consumer expenditures on nondurable goods and services. The expenditures of the Federal Government are determined by Congressional actions, so these expenditures are not affected directly by whatever credit policies may be adopted. Expenditures by State and local governments other than capital outlays are also typically determined independently of credit conditions. Consumer spending on nondurable goods and services is generally not hit directly by reduced credit availability, but may be affected through the secondary effects stemming from other sectors. In the last analysis, nearly all categories of private spending tend to be affected in some degree by reduced availability of credit because of the close inter-relation between the different streams of expenditures.

5. Capital Gains and Losses (Actual or Potential) that Would Be Brought About by Changes in Interest Rates

The argument is sometimes advanced that moderate tightening of credit, with small changes in interest rates, will influence lenders significantly because of the capital losses which develop on their portfolios. In some instances, investment managers are undoubtedly reluctant to show realized losses to their boards of directors; in other cases, the fear of even greater losses from a declining market may cause more liquidation. Under existing bank examination procedure, high-grade securities may be carried at cost even if the market price is lower, and this may lead to holding when losses begin to develop.

Different investor classes may react quite differently to the question of capital losses and to the question of whether they should be realized by the sale of the securities involved. Commercial banks may not be as vulnerable to such losses since they hold largely short-term securities which are more stable than long-term issues. Institutional investors other than banks may be much more afraid of capital losses since they hold largely long-term issues which are subject to much wider price swings than short-term issues as interest rates change.

It may be noted that the influence of losses goes beyond the mere dollar changes involved. The development of capital losses destroys some of the liquidity of the whole portfolio of an investor. On the other hand, an emerging capital gain due to interest rate declines would tend to add liquidity and strength to a whole portfolio.

6. Expectations of Changes in Interest Rates

The answer to Question 26 covers in part the question of the extent to which expectations with respect to interest rates influence the demand for Government securities by nonbank investors. Much of the discussion in that answer is relevant here.

The influence of anticipated further changes in interest rates is more significant in the long-term than in the short-term capital markets. Short-term borrowers and lenders both have little to gain by waiting. Long-term borrowers may delay borrowing if they expect lower rates or may hasten or anticipate future needs if they expect higher rates. Long-term investors or lenders may adjust the average maturities of their portfolios depending on their forecast of future rates, i. e., shortening their maturities when they expect higher rates and lengthening them when they expect lower rates.

The difficulty is that widespread expectations of changes in rates under certain circumstances may have little or no effect on the decisions of important investor groups; or they may have too much effect and may cause repercussions which go far beyond the sectors of the economy which the initial credit restraint was intended to reach. Furthermore, once anticipations of changes in one direction have been established, it may be very difficult to reverse such anticipations and to offset unwanted results.

* * * * * * *

In conclusion, I should like to stress again that this question is a very complex one and it is difficult to generalize as to how the credit mechanism would work and what the probable results would be under certain assumptions. Some of the other questions have an important bearing on this subject and I have referred to them in this answer. It is particularly important to refer to the answers to Questions 30 and 31 for a discussion of how changing conditions have altered the appropriateness and efficiency of traditional Federal Reserve methods of credit control; to Questions 35–36 and 39 for a discussion of proposed methods to tighten bank reserves to restore greater control to the Federal Reserve; to Questions 23–25 for a discussion of general credit tightening, selective credit controls and direct physical controls as methods of coping with inflationary pressures; to Question 27 for a discussion of the advantages and disadvantages of a stable long-term Government bond market; to Questions 28 and 29 for a discussion of Treasury actions and views regarding interest rates; and, finally, to Questions 17 and 18 for a discussion of policy agreements and disagreements with the Federal Reserve in recent years and the nature of the accord reached by the two agencies in March 1951.

23. Evaluate the effectiveness of a general tightening of credit (and the consequent increase in interest rates) in restraining inflation as compared with other factors (*a*) when the principal threat of inflation comes from an increase in private business activity; (*b*) when the principal threat of inflation comes from increased expenditures by the Federal Government.

Questions 23, 24 and 25 are all concerned with the effectiveness of credit controls and should, therefore, be read together. Question 23 is concerned with the effectiveness of a general tightening of credit, Question 24 is concerned with the relative merits of selective credit controls versus general credit restraint, and Question 25 is concerned with how credit controls are affected in the present situation by the use of direct physical controls.

When a general tightening of credit is effective, it operates in the first instance to curb loan expansion. It is this immediate effect which will be given principal consideration here, although it is recognized that general credit controls also may have secondary repercussions through an effect on the liquidity position of investors. It is difficult to evaluate, with any precision, the effectiveness of a general tightening of credit. (See discussion in the answer to Question 22.) Inflation probably can, in principle, be prevented or halted by stringent enough general credit restraint. There is always the danger, however, that measures may turn out to be too severe and may, therefore, have adverse repercussions upon the economy. I might add—as is noted in the answers to Questions 30 and 31—that the use of general credit restraint has been restricted over the years by the growth of the Federal debt and by other significant changes occurring in the economy. In the present answer I am, of course, allowing for these factors.

1. "When the principal threat of inflation comes from an increase in private business activity"

The comparative effectiveness of general credit tightening in curbing an inflationary threat generated by private business activity depends largely upon the other control measures which are undertaken at the same time. In the absence of a defense or war emergency, direct controls over prices, wages, and materials are generally considered to be incompatible with our system of private enterprise. It would be more appropriate to rely on a combination of fiscal and monetary measures. On the fiscal side, this would include adequate taxation, proper debt management, a national savings campaign including savings bonds, and the elimination of all nonessential Government expenditures. On the monetary side, general and selective credit controls, plus the direction of other Government policies, so far as possible, to anti-inflationary ends, would be appropriate.

The following considerations may be noted in reference to general credit tightening in a situation in which the principal inflationary pressures come from an increase in private business activity:

(*a*) General credit control in an inflationary period has as its main goal the placing of over-all restraints on further rises in credit and the money supply—thereby limiting the expansion of total spending. In boom conditions this may mean a direct attack on capital outlays—frequently one of the main causes of booms.

(*b*) If the chief inflationary impulse comes predominantly from special sectors of the economy—such as speculation in commodities or securities, construction, or consumer credit—an attempt to reach these sectors by means of severe general credit tightening may work undue hardships on the rest of the economy without, perhaps, achieving its aim. Selective credit controls would be more effective in attacking individual areas of inflation, although on some occasions there may be some advantage in supporting them with a cautious use of general credit measures.

(*c*) General credit restraint presents certain advantages of easy maneuverability, which serve to complement effective Federal Government budget policy as an anti-inflationary weapon. Budget policy is not always easy to change; past experience has shown that our legislative process does not allow changes to be brought to bear quickly nor recalled soon. There are, nevertheless, certain automatic responses to any given structure of tax rates which may have important anti-inflationary effects in a period of rising income. A combination of effective budget policy, efforts to increase savings, proper debt management, and general and selective credit controls provide more flexibility and strength than reliance on general credit restrictions alone.

(*d*) The prospect that in a business boom the Treasury may have a budget surplus suggests that under such conditions there may be obstacles to increasing taxes further. This may make it necessary to rely more heavily upon general and selective credit controls.

(*e*) A certain amount of general credit restraint in a boom period will help to work against the undermining of the anti-inflationary effects of effective budget policy and of selective credit controls. If the economy has too much money or too much liquidity, an anti-inflationary budget policy might be offset by the ability of many taxpayers to borrow or to draw on liquid assets. Likewise, the effectiveness of selective controls, like Regulation X on real estate and Regulation W on consumer credit, would be cut down if it were made easy to raise money to circumvent these restraints.

(*f*) General credit tightening must be used with caution and restraint when there is a large public debt, and particularly when there is a larger volume of early maturities. (For further discussion, see the answer to Question 30.)

(*g*) The considerations which have been discussed above make it clear that general credit restraint is not an "either-or" proposition. In one sense it represents one of the weights that can be used to hold down the balloon of inflation—or to keep it from rising in the first place. It will seldom be a big enough weight to do the job by itself, and it involves certain problems if we try to rely too heavily on it. The important thing is to achieve a coordinated anti-inflationary program which is reasonably balanced in its impact on the whole economy.

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2. "When the principal threat of inflation comes from increased expenditures by the Federal Government"

It may be assumed that the expenditures under this alternative are largely for military purposes, and the Government, under such conditions, may be running a deficit. Depending upon the magnitude of the financing problem, credit policy would have to be conducted increasingly with this in mind. Direct controls over prices, wages, materials, and consumption would probably be put into play to support the Government's call on productive resources. Under such conditions, the following may be said about general credit restraint:

(*a*) To obtain a maximum of output in these circumstances, particular areas of the economy need special consideration. Our production goals during the present defense period, for example, are probably achieved better with selective controls than with extensive use of general credit tightening, which might restrict essential defense loans along with nonessential lending. At present, efforts are made through V-loans and other devices to provide credit for firms engaged in defense production when they cannot get credit through ordinary channels. Further efforts are being made through the Voluntary Credit Restraint Program to assure that credit restraint does not interfere with the flow of credit to defense firms. If banks were kept so tight that they rejected a good part of all additional loan requests, there is a possibility that they would first take care of old customers, regardless of whether their work was essential or not, and reject many applications of newcomers, some of whom might be expanding defense firms. In some cases, potential defense contractors would be discouraged in their plans. In other cases, the demands made upon the Government for loan assistance would increase. This would create a prospect of otherwise unnecessary intervention by the Government in the credit machinery of the country.

(*b*) General credit controls certainly must not be used in such a way as to impede the financing of an all-out war.

(*c*) However, some cautious use of general credit restraint may be possible and desirable in order to reduce the strains placed on other control measures during a war or defense emergency.

(*d*) Some degree of general credit tightness may be needed in a defense or war economy to keep interest rates from becoming so distorted by the abnormal investment situation as to create serious problems for certain investor groups (such as nonbank financial institutions) which had adjusted their operations to an earlier level of rates.

24. Discuss the appropriate role of general credit controls and of selective credit controls under each of the hypotheses mentioned in the preceding question. What selective controls do you consider appropriate under present circumstances?

Before discussing the appropriate role of general and of selective credit controls under each of the hypotheses mentioned in Question 23, I should like to summarize briefly what I feel to be the general advantages and disadvantages of these two methods. During most of the period since the close of World War II inflationary tendencies have been present, and I shall therefore direct the discussion mainly to measures undertaken in order to promote credit restraint rather than credit ease. As noted in the answer to Question 22 general credit restraint is a fairly broad instrument that is designed to hold down the over-all volume of bank loans and the money supply. In earlier years the Federal Reserve used changes in the discount rate as the principal weapon of general credit restraint. Such restraint is achieved at the present time mainly through actions to influence bank reserves by (*a*) open-market sales by the Federal Reserve System and (*b*) increases in reserve requirements of member banks. While the first of these methods provides considerable flexibility to the Federal Reserve, selective credit controls have been developed over the past two decades to permit desired actions in particular areas. Three types of selective credit controls are now used by the Federal Reserve: namely, Regulations T and U over stock market credit, Regulation W over instalment credit, and Regulation X over real estate credit. The Voluntary Credit Restraint Program also constitutes a kind of selective control.

Selective controls in combination with general credit restriction have a further advantage over general credit control measures alone by directly covering credit extended by nonbank lenders as well as banks. Thus Regulation W covers all instalment sales whether credit is granted to the buyer by a storekeeper, a bank, or other financial institution. Regulations T and U cover all stock market credit, and Regulation X covers all defined real estate credit whether or not extended by a bank. The principle of broad coverage of all types of lending institutions is important in view of the changes in the economic environment which are discussed in the answers to Questions 30 and 31. Also, as is noted particularly in the answer to Question 30, the growth of the public debt has made it somewhat less practicable to rely on general credit controls alone.

Selective credit controls, however, have certain disadvantages. They involve administrative difficulties and are subject to a certain amount of evasion. If used to block spending in certain areas, the result may be to increase to some degree spending pressure in other areas.

Furthermore, it may be argued that selective credit controls, which are limited to certain types of goods, are in a sense discriminatory in the manner of an excise tax, or involve effects similar to rationing. Consequently, there is often a demand to relax them at the very time when they may be most needed. Finally, the question has been raised whether selective controls are socially equitable in their effect on various income groups.

The programs of Government guarantee of residential mortgage credit and related programs may be thought of as a type of selected credit "control" in reverse. Under inflationary conditions programs of this sort should be re-aligned in harmony with general anti-inflationary goals. Only special cases should be exempted. At present, the extraordinary needs for housing in defense areas merit generous credit insurance and guarantee terms, where these are needed to stimulate necessary construction. But other insurance and guarantee programs need to be restrained so as to reinforce the objectives of Regulation X.

This summary of the general advantages and disadvantages of the two types of credit control mentioned in the question gives some background for the discussion of the use of such measures under various circumstances. I will now turn to a brief résumé of the particular considerations which should be noted under each of the hypotheses relating to the source of inflationary pressures noted in Question 23, as well as in a "mixed" period like the present.

1. "When the principal threat of inflation comes from an increase in private business activity"

General credit restraint and selective credit controls should be used jointly to curb spending in this situation. General credit restraint would help to limit total purchasing power and would thus help to keep over-all capital outlays within the limits of voluntary savings. Selective credit controls would have advantages in helping to concentrate the restraint in credit if particular sectors were expanding too rapidly. They could be used more safely since the risks of "overdoing" it are not as great as in the case of general credit control measures.

2. "When the principal threat of inflation comes from increased expenditures by the Federal Government"

If we were in a war period, credit controls of all types would be far less effective than adequate taxes. There is the further consideration that general credit restraint would have to be used with care to avoid upsetting war financing. The effectiveness of selective credit controls likewise would be subject to some qualification. In some cases, scarcities of specific goods might be so severe as to prohibit all consumer sales, or call for rigid rationing, in which case selective credit controls would not be very helpful. In other cases, selective controls might serve to reinforce physical controls over goods in short supply.

3. In a "mixed" period like the present

With high defense spending, but short of all-out war, general credit restraint should be used to supplement budget policy and direct physical controls to the extent it can be pushed without danger of unwanted repercussions; but in such a situation there is a strong case for selective credit controls. Chief among their advantages is that selective controls over credit extended for consumer buying, house purchases, or security purchases may help hold down credit expansion for these purposes and may make credit available for defense purposes. Also, they help keep scarce materials and manpower from being diverted from military uses and can assist in making physical controls more effective. Selective credit controls can be applied with varying severity without great risk of unintended repercussions outside the area of control; since their effects probably are more predictable than are the effects of general credit controls.

The Voluntary Credit Restraint Program now in force under the authority of the Defense Production Act constitutes a particularly flexible kind of selective credit control. Under this program guidance in the form of general rules, which define desirable and undesirable types of loans, is provided individual bankers and other lenders. The aim of the program is to curtail, insofar as possible, the amount of loans other than those for defense or defense-supporting activities.

The types of selective controls now in effect seem to me to be quite appropriate under present circumstances. Further study of the possibility of expanding the area of selective credit controls may be desirable, however. While there are certain difficulties of administration, it should be noted that the difficulties already overcome also appeared formidable at an earlier time.

25. Do you consider that the current extensive use of Government controls over private construction and over private ability to buy scarce materials has an important bearing upon the effectiveness and appropriateness of general credit controls under present circumstances?

The answer to this question is yes. General credit restraint cannot in itself bring about the proper allocation and utilization of scarce materials that is essential in a defense economy. Direct physical controls such as allocations are much more effective for this purpose when the urgencies of defense production are great enough to make acceptable this limitation on the freedom of our economy.

Even then, however, there are serious objections to placing too much reliance on physical controls. Most materials are substitutable, and demand blocked by controls in one direction is likely to spill over in other directions. In this way new shortages tend to be created, requiring a continuous extension of controls. Materials controls, like other forms of rationing, may serve to repress inflation rather than to prevent it if the unsatisfied demand is allowed to accumulate.

Physical controls over private construction and over materials do not remove the need to hold down excessive purchasing power by a combination of taxation, debt management, a program for the stimulation of savings, and general and selective credit controls. This is particularly true when only moderate reliance is being placed on physical controls, as is the case today in contrast to World War II.

26. To what extent is the demand for Government securities by nonbank investors determined by (*a*) the level of interest rates, (*b*) expectations with respect to changes in interest rates, (*c*) other factors?

There can be no definite answer to this question. There are many different classes of nonbank investors, and these groups and the individuals in them have widely varying investment objectives and problems. There is no general agreement in economic theory as to the relative importance of the factors governing the flow of investment funds to the capital markets; and there is very little evidence on why investors make the choices they do among competing outlets for investment funds. Quite apart from changes in investment opportunities—risk factors, savings objectives, and all the other circumstances entering into investor decisions are constantly changing in relative significance over a period of time; with the result that decisions are likely to be made on one basis at one time and on a different basis at another time. For this reason, generalizations on the factors giving rise to a demand for Government securities are not only difficult but are apt to be misleading unless they are related to specified circumstances and a particular period of time.

In the area of practical policy in which the Treasury must operate, the question of interest rates is, of course, one of the important matters which must be decided whenever a refunding or new borrowing operation is in prospect. Past experience provides many helpful guides. The Treasury makes a continuing study of the money and investment markets, and particularly of the funds available at any given time for investment in Government securities. The flow of income to the various groups in the economy and their spending and saving patterns are analyzed, and a close check is kept on the asset position of the various groups, particularly their cash and secondary reserve positions. On the basis of these analyses, interpreted in terms of our experience with similar operations in the past, the Treasury is able to appraise the extent and nature of the current demand for Government securities, as well as the rate of interest, length of maturity, etc., which circumstances indicate would be appropriate in relation to this demand. The Treasury works closely with the Federal Reserve in making decisions of this nature.

1. The Level of Interest Rates

The rationale has been developed in economic theory that the level of interest rates is one of the most important factors directly influencing the supply of investible funds. High interest rates, it is said, would bring forth a greater amount of funds for investment in all kinds of debt securities; and low interest rates would tend to have the opposite result.

This conclusion is based on the following logic: Recipients of income and holders of investment funds generally have several alternatives in the management of their resources. First, they can spend their funds on currently available goods and services. Second, they can continue to hold money or its equivalent. Third, they can make commitments for investment purposes. Such commitments, it is argued, become more attractive relative to the other alternatives when rates move higher. Therefore, as interest rates increase, a greater proportion of current income will not only be withheld from spending—it will be devoted to investment. In addition, the higher rates obtainable on invested funds may result in the conversion of some part of existing cash holdings into income-yielding assets.

This theory is subject to a number of qualifications, of which the following may be mentioned. First, it does not take account of expectations with respect to changes in interest rates. Second, it does not allow for the impact on potential investors of the numerous other forces which are operative in the economy at any given time—for example, the level of national income and the volume and direction of changes in it.

Third, allowance should be made for the fact that some motives for saving may lead to a smaller volume of saving at higher interest rates than at lower rates. For example, when the major savings objective is the earning of a certain amount of annual income from annuities, the amount of savings necessary to produce the required income is less when interest rates are high than when they are low. This may cause some investors to reduce their current rates of saving. At the same time, there may be other persons who will be induced by the higher rates to try to increase their savings. Both groups would have to be taken into account in any attempt to appraise the net effect of higher rates on the total volume of savings. However, there is reason to believe that the aggregate of savings is much more strongly affected under most circumstances by influences such as changes in the national income than by interest rate considerations of the sort just discussed.

The foregoing discussion is concerned primarily with the aggregate level of savings. It does not necessarily follow, however, that the demand for Government obligations is always closely related to the current flow of savings. To any particular investor group, the relative attractiveness of various investment outlets—as well as the relative attractiveness of saving in any form—tends to be different at different periods. At times, for example, investments in private obligations will tend to take an increasing share of the total funds available in a given group. This is apt to occur particularly when there is an inclination to invest in higher yielding securities such as common stocks, in order to obtain a greater return than can be secured from Government obligations. On the grounds of safety and stability of both income and principal, Government bonds have a steady appeal for many investors. Nevertheless, if the return on Government obligations is low, the proportion of any given portfolio represented by such bonds may be less than would otherwise have been the case. Readjustments may have been undertaken in order to bring the total income up to a level considered necessary for the particular portfolio—a practice which is often described as "reaching for income".

In considering the importance of this factor, however, it must be remembered that interest rates are all interrelated and that rates on Government securities represent a bench mark for other rates. Hence, an increase in the rate on Government securities would generally tend over a period of time to bring about an increase in rates on corporate securities, mortgages, etc. It follows that the tendency to "reach for income" by moving out of Government securities and into higher yielding investments would not necessarily be affected to any significant extent by raising the Government rate. There would probably be some investors who would be influenced by the rate change; but many others might still turn to alternative investments in order to further improve their earnings.

2. Expectations with Respect to Changes in Interest Rates

In the answer to Question 27, there is a discussion of the advantages and disadvantages of a stable bond market. Much of that discussion is relevant to the present question. "Expectations with respect to changes in interest rates" is simply another way of referring to expected changes in the bond market which, of course, raises the question of the possibility of capital gains and losses. Expected changes in interest rates may make bondholders anxious to take corrective action by buying or selling immediately. In addition, they may lead investors to defer or anticipate long-term investment in order to obtain the advantage of a higher rate of interest than would otherwise be obtainable.

Let us take first the case of interest rates showing some tendency to move upward. What would be the probable reactions of investors in their own self-interest? Both a danger and an opportunity would be recognized in this situation. The danger would be that the price of outstanding bonds would decline as interest rates rose and the extent of the decline would be in direct relationship to the length of the period to maturity. As a table of bond values indicates, the longer the maturity the greater the price decline necessary to adjust the issue to a given upward movement in interest rates.

The opportunity would be that investments would earn a higher return in the future. In this situation, the experienced investor would probably try temporarily to shorten the average maturity of his portfolio by decreasing his longer-term securities and reducing his short-term securities so as to reduce his potential losses. Later on, he would reverse this in order to enlarge his prospective future yield.

To the extent that these expectations merely caused a transfer of savings and accumulated resources from long-term to short-term securities, there might be no over-all change in the demand for Government obligations. An increase in the demand for the short maturities would offset the decline in demand for the long maturities. But even near maturities might show some capital losses under conditions of rising interest rates; and this might lead some investors to show a preference for holding cash as against any type of security. Therefore, expectations of higher interest rates would quite possibly mean a net decline in the aggregate demand for Government securities until such time as the investment markets showed definite signs of renewed stability.

If precipitate price declines were expected, there might also be a tendency for investors to withhold funds from the capital markets. This might cause a reduction in corporate expenditures for plant and equipment. To the extent that this occurred, deflationary effects might be felt.

Expectations of lower interest rates would in general involve the reverse of the processes indicated above. Investors would be inclined to lengthen the maturity of their portfolios at once, in order to provide the basis for capital gains. Institutional traditions, however, might limit such action. Banks, especially, regard short-term issues as more appropriate for their portfolios because of their liquidity requirements; even if they expected falling interest rates, banks would therefor be reluctant to make large commtments for long-term securities. (Further discussion of the effect of expected changes in interest rates on investor decisions is found in the answer to Question 22.)

3. Other Factors

Investment decisions are influenced by a great many factors other than the level of interest rates and expectations with regard to changes in interest rates. There is no precise way to evaluate the importance of these factors, but it is clear that some of them frequently overshadow interest rates in importance. For convenience, I will discuss very briefly nine "other" factors which have been important in recent years.

(1) *Safety of Government Securities.*—Most investor classes want substantial amounts of Government securities because of their riskless nature. While the prices of these securities may fluctuate in the market, it is known that full payment of the interest and of the principal at the time of maturity will always be made. Many investors, therefore, carry Government securities as secondary reserves which they increase or decrease in accordance with their needs. Some investors also carry Government securities because in some cases they are the only securities legally acceptable as collateral or as a deposit for a Government contract. The safety of other classes of investments varies tremendously, ranging from those which carry either Government insurance or guarantee (i. e. bank deposits, Federal Housing Administration insured mortgages, etc.) to loans and equity investments carrying great risks.

(2) *Economic Outlook.*—Investors alter their investment decisions from time to time as economic conditions change and as they reapraise the economic outlook. Both the current levels and prospective trends of the national income, the distribution of that income, the aggregate flow of savings, and related factors are extremely important in their effect on investors psychology. Investors may wish to buy more Government securities relatively as they expect deflationary tendencies and they may be willing to acquire other assets of a more risky type as they expect inflationary tendencies. Some individuals may buy fewer savings bonds if they expect inflationary price movements and shortages of goods, or they may buy more savings bonds if they expect prices to be lower and goods to be more plentiful at a later date.

(3) *Availability of Other Investments.*—The volume of capital spending varies tremendously from one period to another; with the result that institutional investors may be offered a large supply of corporate securities and mortgages during certain periods while at other times there may be a dearth of such investment opportunities. The demand for Government securities will fluctuate as such changes take place. For example, life insurance companies increased their holdings of Government securities from about $6 billion (or 19 percent of their total assets) in 1940, to $21 billion (or 46 percent of assets) at the close of World War II. This was a period, of course, in which private investments were in short supply. During the postwar period these institutions reduced their holdings of Government securities in order to take advantage of private investment outlets which were again becoming plentiful. At the present time life insurance holdings of Government securities amount to $11 billion (or 16 percent of total assets).

(4) *"Self-Financing" of Spending Programs.*—During World War II, American businesses accumulated a substantial amount of Government securities, a large part of which were considered to be temporary investments intended to finance postwar plant and equipment programs. Similarly, many individuals accumulated Government securities because they could not build houses or buy certain durable goods during the war. When the war ended, some of these securities were liquidated to finance the new spending. To some extent, this type of accumulation and sale is going on all the time among the various investor groups.

(5) *Central Banking and Fiscal Policy.*—The demand for securities may be materially affected by actions taken by the Federal Reserve to ease or tighten monetary conditions through open market action, changes in reserve requirements, etc. Similarly, fiscal policy may be very important, as, for example, a change in taxation, a change in Government expenditure policy, or a change in the programs of Government credit agencies.

(6) *Size of Liquid Assets.*—In the last 10 years, liquid assets (currency, checking and savings accounts, and Government securities) in the hands of individuals and businesses, for example, have increased from about $75 billion to about $250 billion. This change was caused primarily by the large increase in the public debt. The widening spread of purchasing power resulted in a vast increase in liquid assets in the holdings of all investor groups. One of the results was that individuals as a group increased their financial wealth materially;

many persons found it possible for the first time to own substantial amounts of Government securities as well as to increase the size of their bank balances. In the period mentioned, Government securities increased from one-sixth of individuals' liquid assets to one-third.

(7) *Availability of Appropriate Securities.*—The Treasury has tried to adapt the terms of its securities to fit the particular needs of the various investor groups. Savings bonds represent an outstanding example, and it is noteworthy that the payroll plan for Series E bonds has shown important gains in the last 3 years, at a time when total cash sales of savings bonds were losing some momentum. The payroll plan offers convenience to the great mass of individuals who like the guaranteed feature of the E bonds. Treasury surveys show that most of these investors find these features much more important than the particular rate of interest actually paid. (This subject is discussed further in the answer to Question 34.) The Treasury has also provided specially designed securities for corporations to use for the short-term investment of their tax funds, for insurance companies to use as long-term investments, and for many other purposes.

(8) *Condition of Stock Market.*—Prices of common stocks are alternately strong and weak over short or long periods, depending upon a great many factors. Broad upward movements in stocks probably result in some liquidations of Government securities in order to transfer the funds to the stock market. The reverse situation may occur when there are broad downward movements of stock prices.

(9) *Patriotic Motives.*—During periods of national emergency investor preference for Government securities receives an important added stimulus because people are anxious to do their part in helping to finance extraordinary Government requirements. Surveys during World War II, for example, indicated that the patriotic motive was considered very important by many purchasers of savings bonds.

27. What advantages do you see in a stable long-term Government bond market? What weight should be given to the desirability of stability in the Government bond market in determining credit policy (a) when the Treasury is not expected to be a large borrower in the foreseeable future; (b) when a large volume of Treasury refunding operations will have to be effected in the foreseeable future; (c) when it is expected that the Treasury will be a large net borrower during the foreseeable future; (d) under conditions of total war?

I should like to begin my answer to this question by defining the term, "stable long-term Government bond market" as we think of it in the Treasury. I consider the term "stable market" in this context to mean a market in which prices and yields fluctuate within a moderate range over a considerable period, but without exhibiting any pronounced upward or downward trend. I do not consider it to mean a "pegged market" in which fluctuations are prevented by means of fairly rigid support operations on the part of the Federal Reserve.

The 5-year period from the Japanese surrender to the beginning of the Korean conflict illustrates fairly well the Treasury's idea of a stable long-term market. There was a moderate range of fluctuation in long-term 2½ percent marketable Treasury bonds during this period. Prices of the Victory Loan 2½'s of December 1967–72—the bellwether of the long-term market—fluctuated within a 6-point range (a range of approximately three-eighths percent in interest yield). The Treasury and the Federal Reserve worked toward a stable long-term market by increasing the supply of bonds when there was a tendency for prices to rise too sharply, and by taking bonds off the market when the situation was in reverse.

During the last half of 1946 and most of 1947, there was insistent buying pressure in the market, and the Treasury undertook to supply over $2½ billion of additional bonds to the market to prevent long-term interest rates from being driven lower.

Then the situation turned around for about 12 months. Beginning with November 1947, the Federal Reserve bought about $10 billion of bonds as certain investor groups were heavy sellers, partly because they feared losses from a declining market and partly because they needed funds to make loans for capital spending. I view this as a period in which the temporary difficulties of a pegged market were considered subordinate to the longer-run objective of stability in the long-term market.

In 1949, the demand for long bonds again increased as a period of business unsettlement occurred. In the first half of 1950, however, long bonds weakened as industrial production recovered, and they were further depressed by some Federal Reserve selling.

Accordingly, in the 5-year period up to the Korean conflict, long bonds had been in demand for about 4 years. Support operations had been necessary in only 1 year. We worked toward a stable long-term market in these 5 years by enlarging supply at times and demand at other times. Rigid bond prices developed only during the temporary 1947–48 support operation.

Obviously, rigid bond prices are not desirable over any extended period and they are not what I have in mind when I think of a stable bond market. It is the whole 5-year period from the end of World War II to the Korean attack which the Treasury considers to represent an example of a stable long-term market.

With this definition of a stable long-term market in mind, I think that there will always be advantages and disadvantages in Treasury and Federal Reserve action to promote such stability. The balance may lie in one direction under certain circumstances, and may turn around under other circumstances. Taking a long-run view of these matters, it may be helpful to present a somewhat generalized list of the principal advantages and disadvantages of a stable long-term Government bond market.

Advantages

1. By far the most important advantage of a stable long-term Government bond market over a period of time is the strong base which such a market provides for the maintenance of confidence—confidence in the Government's credit, confidence that the financial terms of doing business will not change greatly in the near future, and confidence in the continued smooth functioning of our financial system generally. Because of the importance of the public debt, the operations of portfolio managers in financial and investment institutions, the plans of businessmen for capital expenditure programs, and the actions of investors generally are all geared in greater or less

degree to expectations respecting developments in the Government securities market.

The confidence engendered by a stable market means that financial institutions are strengthened and the use of their services promoted. The major savings institutions are enabled to step up their financing for industry because of the greater liquidity of their security holdings. At the same time, businessmen are more ready to make plans for the future and more willing to begin long-term projects. Greater strength is given to the financial markets generally and the marketing of all types of securities is facilitated. All of these factors mean that industrial growth and a high level of business activity are stimulated.

2. A second important advantage of a stable Government bond market is the fact that such a market facilitates Treasury financing operations. With a public debt of over $250 billion and refunding operations of approximately $50 billion each year, this consideration is of great importance. It is, of course, of particular importance at times when new borrowing as well as refunding must be undertaken.

Disadvantages

1. Efforts to maintain a stable long-term market may interfere with Federal Reserve efforts to regulate money and credit. This might be a serious disadvantage under certain circumstances.

2. Long-term securities might be made so liquid that inflationary tendencies could be engendered.

3. Once a substantial number of Government issues bearing rates within a given range have been put out, it may be awkward to shift to a different range of rates which might be desirable under different circumstances.

4. Market relationships between short-term and long-term maturities might become distorted as short-term investors begin to rely too fully upon the maintenance of market stability and place their money in long-term bonds. As a result, short-term rates would probably be driven up and long-term rates would probably be driven down.

* * * * * * *

Now I would like to turn to the second part of the question, which lists four alternative conditions as to Treasury financing needs. Before doing that, however, it should be emphasized that under each of the alternatives mentioned the general economic conditions prevailing at the time would exert a major influence on the decisions that would have to be made. This refers not only to considerations relating to a stable market, but to other important debt management considerations as well.

The four alternative conditions are considered here in reverse order.

"*Under conditions of total war,*" a stable long-term Government bond market is essential. This is amply demonstrated by the Treasury's experience in the first and second World Wars. Rising rates tend to cause investors to hold back in buying bonds in anticipation of even higher rates and thus may result in more borrowing from banks rather than less. It should be noted that the widespread use of physical controls (allocations, price controls, etc.) in wartime adds greatly to our arsenal of anti-inflationary weapons and tends to reduce the need for reliance upon general credit controls. Selective credit controls likewise may be employed to supplement direct controls. The policy of stabilizing long-term rates in wartime, moreover, could skirt some of the disadvantages enumerated above, if efforts were made to keep investors aware of the fact that rates were not being stabilized forever, and that future uncertainties were therefore to be expected.

Next let us consider the hypothesis "*when it is expected that the Treasury will be a large net borrower during the foreseeable future.*" If the Treasury's needs arise from a deficit that is caused by defense spending, the situation would have some of the attributes of an all-out war economy. General credit restraint should be used in these circumstances as a supporting measure for budget policy and direct physical controls to the extent it can be pushed without danger of unwanted repercussions. Additional taxes and the widespread use of direct controls, supplemented by appropriate selective credit controls, would tend to reduce the extent to which general credit controls had to be relied on.

If the Treasury's needs were arising from a deficit due to depression, long bonds would probably be in demand, and long interest rates would be turning lower. If the depression seemed likely to become extended, general economic considerations would probably favor a policy of letting this trend in interest rates continue, rather than seeking to stabilize rates by open market sales to help hold down bond prices and thereby, perhaps, reduce bank reserves and the money supply. The decision as to the economic outlook, of course, is one which can only be made with reference to the specific circumstances existing at the time. Admittedly, the forecast is a difficult one and must be continually re-evaluated in the light of changing circumstances.

The next hypothesis is "*when a large volume of Treasury refunding operations will have to be effected in the foreseeable future.*" If the country were thought to be in a neutral economic position or a temporary boom there would be an important argument for stability in the long-term market, now that the debt is so large. A declining market would be a market with bondholders who had seen the value of their securities drop after the last refunding. This might make the next refunding harder. People might be suspicious that the weakness would go further. On the other hand, the Treasury has some power to counter such weakness by its choice of securities for refunding. The terms of a new issue could be altered to strengthen successive refundings. With a flexible approach, the Treasury might be able to cope reasonably well with an unstable market. Given the high volume of the Federal debt, however, I do not believe it would be wise to take unnecessary chances. Yet if economic conditions developed into a runaway capital expenditures boom, efforts to maintain a stable long-term market would have inflationary implications. Action to tighten credit and raise interest rates might be in order. I would like to discuss this contingency more fully in the next hypothesis.

The final hypothesis is "*when the Treasury is not expected to be a large borrower in the foreseeable future.*" Here the answer would hinge largely upon two factors: (1) the economic situation, and (2) the size, ownership and maturity distribution of the Federal debt. In a business depression there would probably be no problem. Long-term bonds would probably be in demand, as private investment outlets shrank. Also in a period of approximate economic balance, there would likewise probably be no serious problem.

But in a boom situation, the question would have to be faced as to whether inflationary pressures would probably be prevalent over the long run or for just a short period. There was great uncertainty in the postwar period regarding the duration of inflationary pressures. Recurrent prophecies of the inevitability of a depression and of widespread unemployment will be recalled. It was necessary to take every precaution to avoid setting in motion recessionary forces. Under such circumstances, particularly when there is a large Federal debt, the maintenance of some degree of stability in the long-term market is desirable. This, however, would not mean rigid pegging except, possibly, for temporary periods.

On the other hand, if an extended boom should develop it would probably be necessary to use general credit restraint. Care would have to be taken to avoid a market unsettlement of the kind which might have severe economic repercussions. It would be essential to consider whether selective credit controls or new approaches or techniques would help to accomplish the desired objectives. The Government would surely need a strong budget policy under the conditions assumed; and taxes should run well ahead of expenditures to provide for debt repayment. The Treasury might also find it desirable to develop new kinds of securities for debt management, and perhaps new instruments of credit control could be devised. Various possibilities are discussed in the answers to Questions 35–41.

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I do not consider that the discussion of the four alternatives above covers all possibilities. The role of interest rates is discussed more fully in the answer to other questions. It is obvious that in a dynamic economy central banking tools must be used appropriately in order to ease the problems of business fluctuations and to work toward sustained economic growth. The arguments for and against a stable market at any given time can be made only with reference to the particular set of economic circumstances existing at the time the decisions are being made.

28. Has the Treasury Department ever taken action on its own initiative or in cooperation with the Federal Reserve System to change the level of interest rates on Government securities, or to prevent a change in interest rates which would have otherwise occurred? Give examples—if possible, of actions operating in each direction.

The Treasury has taken action in cooperation with the Federal Reserve to change the level of interest rates on Government securities in recent years as well as to prevent changes which might otherwise have occurred. These actions have been described in detail in the answer to Question 17. Two examples are repeated here.

1. In 1947 and 1948, steps were taken to raise short-term interest rates. The 3/8 percent wartime rate on 91-day Treasury bills was abandoned and the rate rose to 1 percent by early 1948. The 7/8 percent wartime rate on 1-year certificates was raised slowly to 1¼ percent by the fall of 1948.

2. In the long-term area steps were taken in late 1946 and 1947 to keep rates from declining further. The long market had been very strong most of the time since the Victory Loan, and the yield on the

$2\frac{1}{2}$ percent Victory Loan bonds of 1967–72 was down to $2\frac{1}{4}$ percent. We probably could have taken the opportunity to get the Government on a long-term rate of $2\frac{1}{4}$ percent, but it seemed very important to me that broad stability in the market be maintained.

These two examples refer to instances when the Treasury and Federal Reserve cooperated to raise interest rates or to keep them from falling. Actions taken since I have been Secretary of the Treasury have been preponderantly in this direction, because of the economic situation since the end of the war. However, in 1949 there was a slight business setback and the certificate rate was dropped back again from $1\frac{1}{4}$ percent to $1\frac{1}{8}$ percent. When business recovered, this action was reversed and the 1-year rate was raised slightly in early 1950.

29. Please explain your position regarding the importance of interest on the public debt as a budgetary cost.

This question has been partly discussed in the answer to Question 2, in which I stated that the Treasury is guided by nine broad objectives of economic policy, as follows:

1. To maintain confidence in the credit of the United States Government.
2. To promote revenue and expenditure programs which operate within the framework of a Federal budget policy appropriate to economic conditions.
3. To give continuing attention to greater efficiency and lower costs of governmental operations.
4. To direct our debt management programs toward (a) countering any pronounced inflationary or deflationary pressures, (b) providing securities to meet the current needs of various investor groups, and (c) maintaining a sound market for United States Government securities.
5. To use debt policy cooperatively with monetary-credit policy to contribute toward healthy economic growth and reasonable stability in the value of the dollar.
6. To conduct the day-to-day financial operations of the Treasury so as to avoid disruptive effects in the money markets and to complement other economic programs.
7. To hold down the interest cost of the public debt to the extent that this is consistent with the foregoing objectives.
8. To assist in shaping and coordinating the foreign financial policy of the United States.
9. To manage the gold and silver reserves of the country in a manner consistent with our other domestic and foreign policy objectives.

I would like to repeat here the comments which were made in connection with the seventh point.

> . . . it would be a serious error to conclude that the Treasury Department believes that holding down the interest cost of the public debt should be the sole or major goal of debt management. I have never believed that it should be. It is only one of the several objectives of Treasury policy, and it is one that is subsidiary to the primary goals of promoting sound economic growth and stability in our financial system.
>
> On the other hand, I do not concur in the view that the level of interest payments on the public debt is of only minor significance for the economy as a whole. Some of those who hold this view argue, first, that the bulk of our interest

payments represents only transfers of income from taxpayers to bondholders within the United States, rather than a consumption of real labor and materials; and, second, that those who receive the interest payments pay back a substantial portion of the amount in taxes.

While acknowledging the element of truth that these views contain, I cannot conclude that the interest burden on the public debt is of negligible importance. In the first place, those who pay the taxes and those who hold the securities are not necessarily identical. In the second place, the transfer of income through collection of taxes and payment by the Government is never painless and costless, however wise the Government may be in devising and administering tax policy. With taxes at their present high levels, it is increasingly difficult to find additional revenue sources that are reasonably equitable and that do not unduly impair the incentives necessary to the effective functioning of our free enterprise economic system. For these reasons, the Treasury always endeavors to hold interest costs on the public debt to the lowest level consistent with its other objectives.

This explains the general position of the Treasury with reference to the importance of interest rates as a budgetary cost. I would like also to refer to the answer to Question 28, which provides examples of occasions on which policies were deliberately adopted which permitted interest rates to rise, or steps were taken to keep them from declining. The reasons for these actions had to do with broad economic and financial considerations; and these, naturally, outweighed the fact that budgetary costs for interest were either being increased or were kept from declining by the actions taken.

It may also be noted that the yields of savings bonds to maturity have always been more generous than the corresponding interest rates on marketable securities. It has always been felt that the benefits of savings bonds as part of the over-all objective of good debt management far outweighed the extra interest cost to the Treasury and also the higher handling costs involved.

30. Has the growth of the public debt changed the nature of the methods which can be prudently used by the Federal Reserve System with respect to monetary and credit policy?

The emergence of a large public debt, mainly as a result of World War II, has clearly raised many new problems for the Federal Reserve System in regulating the cost and supply of bank credit. The public debt now constitutes almost half of the total debt in the United States. It constitutes an important part of the assets of all of our major financial institutional groups and of many business concerns and individual investors throughout the Nation. Under these circumstances, traditional measures for the general regulation of credit through changes in its cost or availability have to be weighed in the light of their impact on the price and interest-rate structure of United States Government securities, on the successful refunding of maturing issues, and on the investment positions of financial institutions and of many other individual and corporate holders of Government obligations.

This answer takes up these matters in some detail. In the discussion, it is convenient to divide the subject matter between commercial banks and nonbank investors.

1. Commercial Banks

The growth of the public debt has brought about a basic change in the asset composition of commercial banks, with important implications for measures employed in the regulation of monetary and credit conditions. The following table shows the assets of commercial banks as of June 30, 1914, 1929, and 1951:

	Amounts (in billions of dollars) June 30—			Percentage distribution June 30—		
	1914	1929	1951	1914	1929	1951
Reserves held in Federal Reserve Banks and cash	5	9	37	22	15	22
U. S. Government securities	1	5	59	4	8	36
Loans, other securities, etc	17	48	70	74	77	42
Total assets	23	62	166	100	100	100

The table shows that, in 1914, nearly three-quarters of the assets of all commercial banks in the United States consisted of "loans, other securities, etc.", and a large proportion of this was in short-term loans to business enterprises. Only 4 percent consisted of United States Government securities, which were held almost entirely as collateral for national bank notes.

In June 1951, in contrast, the "loans, other securities, etc.," of all commercial banks in the United States constituted only 42 percent of their total assets, while Federal Government obligations constituted 36 percent. Moreover, business loans alone amounted to less than one-sixth of their total assets as compared with about one-third in 1914.

One result of the increased importance of Government securities relative to loans has been to weaken the potential effectiveness of the discount rate as a tool of Federal Reserve credit policy. Discount rates are the rates at which member banks can obtain additional reserves from the Reserve Banks by rediscounting the paper of their customers or by borrowing on their own notes secured by eligible collateral. When the Federal Reserve System was first established, it was expected to influence credit conditions mainly by alterations in these rates. The reasoning was that when the Reserve authorities thought it appropriate to encourage credit expansion, they could do so by lowering discount rates. When they wanted to discourage credit expansion, they could bring this about by raising discount rates.

From 1918 to 1929, inclusive, member banks in the aggregate obtained a considerable proportion of their required reserves through rediscounts and advances from the Federal Reserve Banks. Because of the traditional reluctance of banks to remain in debt this fact made the volume of their loans quite sensitive to the availability and cost of Reserve Bank credit. Under these conditions, a general restrictive credit policy by the Reserve authorities operated directly on loans to business.

With the growth in bank holdings of Government securities, this situation underwent a substantial change. In recent years, the rediscounts and direct advances of the Reserve Banks to member banks have been small nearly all of the time. Member banks have not been rediscounting paper extensively at the Reserve Banks when their reserve balances ran low. Instead they have tended to sell some short-term Treasury obligations in the market; or they have turned in some of their maturing Treasury securities for cash in place of accepting a refunding offer.

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In recent years open market operations and increases in reserve requirements have become the principal means used by the Federal Reserve for effectuating general credit restraint. The growth of the debt has widened the scope of open market operations; at the same time, however, it has made it possible for the banks themselves to offer considerable resistance to efforts by the Federal Reserve authorities to get them to curtail the expansion of business loans. As already noted in the answer to Question 22, large holdings of short-term Government securities make it possible for the banks to sell such securities in the market to raise funds; or, if this becomes difficult or too costly because of Federal Reserve operations, the banks may turn in maturing Treasury securities for cash instead of accepting refunding offers. (As was noted in the answer to Question 22, it is true, of course, that if the banks let their securities run off at maturity, the Treasury must find funds with which to pay the bank holders of maturing issues; the controlling factors here, therefore, are related to the sources of funds which the Treasury is able to tap at the time.)

In consequence of these fundamental changes in the banking situation, a general restrictive credit policy today is not necessarily a direct attack on loan expansion. Instead of curtailing their loans, banks today are more likely to attempt to liquidate Government securities. A moderate measure of *general* credit restriction may, therefore, be relatively ineffective against continued expansion of bank loans; while a drastic restrictive policy may easily produce dangerous consequences for the Government securities market and for the economy as a whole. This is a major reason why a restrictive credit policy must be undertaken more cautionsly now than formerly.

It has been urged by some that the appearance of book capital losses on securities accompanying even a small rise in interest yields would deter banks from selling securities. This factor doubtless has some influence, particularly in the case of longer-term securities; but it is easily exaggerated. (See also discussion in the answer to Question 22.) Even very substantial increases in interest rates do not cause short-term securities to depreciate far in price. For example, a 2-percent security maturing in 1 year would still sell at about 99 in the market if the 1-year interest rate rose from 2 percent to 3 percent—or about 98 if the interest rate rose from 2 percent to 4 percent. The very fact of their early maturity prevents much depreciation. It is also well to remember in this connection that the banks own \$20 billion of short-term Treasury obligations, some maturing every week, which can be turned into cash without any loss whatsoever.

The behavior of the commercial banks in 1937—at a time when bank holdings of Government securities were a smaller proportion of their total assets than at present—offers an example of the way general credit measures (in this case an increase in reserve requirements) tend to hit primarily at Government securities and only secondarily at loans of commercial banks. In August 1936 and the spring of 1937, the Board of Governors of the Federal Reserve System raised reserve requirements in a series of steps which taken together doubled the requirements of member banks. The 1936 increase in reserve requirements took place when the banks were well cushioned with excess reserves—which amounted to approximately \$3 billion in the summer of 1936—but the additional increases in the first half of 1937 pinched many banks, particularly in the larger cities. The intention of these actions was to mop up excess reserves which were superfluous, in the view of the Board, for all immediate and prospective needs, and not to exercise a restrictive effect on member bank loans and investments. The Board stated that it felt that practically all banks had far more than sufficient reserves and balances with other banks to meet the increases.

But the member banks met the reduction in their free reserves in the spring of 1937 by liquidating Government and other investment securities. During the first 6 months of the year, they reduced their holdings of Government securities (direct and guaranteed) by $856 million, and their holdings of other securities by $329 million. They *increased* their loans by $925 million. The liquidation of Government securities was sufficient to result in a drop in bond prices (which means a rise in bond yields) and caused the average market yields of all long-term Treasury bonds to rise from 2.46 percent at the beginning of the year to 2.84 percent early in April. This seems to have been a surprise to the Board, which had stated in January that there should be no effect on long-term interest rates resulting from the final steps in the doubling of reserve requirements.

This incident stands as a significant bit of history in that it showed that on this occasion at least (*a*) bankers wanted more room to turn around in—by keeping excess reserves—than the Board had thought and (*b*) when banks felt it necessary to retrench to meet the new requirements, the major impact was on Government securities rather than on loans. This could hardly be considered extraordinary in view of the fact that bankers commonly regard their relations with regular customers as extremely valuable. This gives them a strong and persistent motive to accommodate their customers. It is a motive that is re-inforced by competitive considerations. A bank that does not take care of the legitimate needs of its customers when money becomes somewhat tight takes the strong risk of losing them permanently, and of having too few good customers when money is not so tight. Hence, commercial banks have a continuing incentive to take care of their regular customers even when doing so requires the sale of Treasury securities in a weak market. A program of credit restraint of the sort just described may thus have little effect on lending policy, even though it may have fairly sharp effects on the yields of Government securities. However, it cannot be denied that marginal customers and marginal borrowing of regular customers may, of course, be affected but this marginal area of loan operation may well be relatively small.

Clearly the process of credit restriction has a different institutional pattern today than in the early years of the Federal Reserve System. When the discount rate was raised in the Twenties, and banks reacted by reducing the volume of loans, they dealt directly with the various borrowers. A failure to renew a loan at maturity had an immediate effect on bank credit and on the business actions dependent on it. Today, if the Federal Reserve engages in open market sales, its actions do not have this direct effect. Debt will not be reduced directly by getting a debtor to repay. Instead, indirect actions are involved. The process of credit restraint is much more involved than it was a generation ago.

If the Federal Reserve authorities pursued a policy of exerting stringent enough credit restraint, they could probably bring on a contraction in lending. But a restrictive policy carried to such an extreme point, even if the intention were to confine it to the short-term area, would be likely to have harmful effects that would outlast the short-term circumstances that led to the policy. The rise in interest rates would not be confined to short-term rates, but would spread to the rates on long-term borrowing by public utilities, railroads, and mortgage financing, as well as Government borrowing itself. Difficulties would be created for the Treasury's large refunding operations. The depreciation in the prices of long-term bonds might prove unsettling and embarrassing to some financial institutions. These results would tend to linger on long after the halting of the expansion in business loans had been achieved. The restoration of the confidence of lenders and borrowers is not likely to be achieved as quickly as it is disturbed.

Where does this leave us today? My conclusion is that the Federal Reserve has to use great discretion in its general credit control operations to obtain the proper results. This is not a black and white proposition in which a person is for or against general credit control; rather it is simply a realistic appraisal of changes in the environment in which central banking must operate.

The new problems have led to numerous proposals to use the reserve mechanism in some new way so that Federal Reserve control over bank loans would be more direct and, therefore, more effective. The advantages and disadvantages of some of these are discussed in the answers to Questions 35–36 and 39.

2. Nonbank Investors

One of the significant effects of the increase in the Federal debt is that it has provided a more direct medium between the Federal Reserve and the various major nonbank financial institutions. The balance sheets of these institutions have undergone a change much like the change referred to above for commercial banks. These institutions now have a larger volume of liquid assets in the form of readily marketable Federal securities than formerly. The figures for major groups are as follows:

	December 1929	December 1951
Life-insurance companies:		
U. S. Government securities	$0.3 billion	$11.0 billion.
Percent of total assets	2 percent	16 percent.
Mutual savings banks:		
U. S. Government securities	$0.5 billion [1]	$9.8 billion.
Percent of total assets	5 percent	42 percent.
Savings and loan associations:		
U. S. Government securities	$0.1 billion [1]	$1.6 billion.[1]
Percent of total assets	1 percent	8 percent.

[1] Estimated.

The figures show how Government securities have jumped from 2 percent to 16 percent of the total assets of life insurance companies, from 5 percent to 42 percent of the assets of savings banks, and from 1 percent to 8 percent of the assets of savings and loan associations.

The new situation offers both an advantage and a hazard to the Federal Reserve. It is an advantage in the sense that assets in Government securities constitute important reserves for these investors, and the degree of liquidity of these reserves may be influenced by market fluctuations brought on by Federal Reserve operations. This brings the Federal Reserve much closer to these nonbank financial groups than was true before the growth of the Federal debt.

On the other hand, the new situation is a hazard to the Federal Reserve in that any action in the long-term market may have an unexpected chain reaction, now that Federal securities are so important to nonbank investors, and a certain amount of market sensitivity is therefore always present.

Peculiarly enough, the fact that this market sensitivity exists points up both the advantages and the hazards of the new situation. Everyone recognizes that there is a large body of assets in the hands of investors who may be very sensitive to any development which looms as a threat to stability in the bond market. For the most part, these holders are not the small investors. On the contrary they are the professional portfolio managers; bank and insurance company executives; administrators of personal trusts, corporate funds, State and local funds, etc.

The portfolio managers in this category are a very sophisticated group, by and large, with a high degree of professional pride. They are constantly fearful that they will be caught unawares in some way. Consequently, they are always anticipating the market and are continually apprehensive that something will happen to change the outlook after important decisions or commitments have been made. This apprehensive feeling is one reason why the Treasury felt that a drop in the price of long-term Government bonds in 1948 might bring on a great wave of selling. The selling would have been engendered by the fear that prices would go even lower, and the portfolio man who sold early would have reasoned that he would be able to either (*a*) minimize his losses, or (*b*) make some profits by reinvesting later at lower prices.

On the other hand, there is the view that it is possible to capitalize on this sensitivity of a large body of holders of the vastly expanded public debt. It is said that this sensitivity can be used to advantage, and that small movements of interest rates and bond prices may produce highly desirable changes in the monetary situation. According to this view, therefore, the growth of the debt and the uneasiness of some of the holders mean that the Federal Reserve has more control than ever because of the repercussions that follow from its actions.

Despite the difference in emphasis between these two views, there is evident agreement on one fact: The existence of a substantial body of sensitive holders. The different conclusions arise from a consideration of how the holders of Government securities would react to measures taken to restrict credit. The view of one group is that small actions can produce useful results; that it is safe to experiment and that if a mistake is made it can easily be corrected. The argument on the other side is that small actions may produce chain reactions leading to completely unpredictable results; and that it may be difficult to correct mistakes. Both views take account of the fact, however, that Federal Reserve operations now extend to the long-term market and to nonbank investors more than was true some years ago. This has its advantages and its difficulties; experience will help make it possible to handle the problems in this area with greater precision.

* * * * * * *

There are two general points to be added to what has been said above with regard to bank and nonbank investors. These are (1) no precise forecast of the probable results of general credit restraint can be made—a serious difficulty with such a large Federal debt—and (2) it is difficult to reverse things if a given step brings on undesirable repercussions.

The impossibility under present conditions of measuring in advance the effects of a general restrictive credit policy means that sudden and severe declines in the market prices of Government securities may be produced by what was intended to be a moderate degree of credit restriction. This provides a strong reason for caution.

Sudden and severe declines in the market prices of Government securities might be shocking to public confidence. They might be embarrassing to many financial institutions owning large portfolios of Government and other high-grade securities, particularly those with small amounts of stockholders' capital relative to their total assets.

Such declines would complicate the Treasury's financing problems. In addition to any new money which must be borrowed when the budget is not balanced, the Treasury must refund approximately $50 billion of maturing securities every year. Refunding operations and offerings for new money would be made difficult by wide declines in the bond market.

Some persons think they have an easy answer for this problem. They argue that if market prices are falling, all the Treasury needs to do to refund its maturing obligations successfully is to offer a higher rate of interest in line with the new market situation. Such people have not observed the strong tendency of many investors, institutional as well as individual, to withdraw from a market when it is declining, and to reenter it only after it has stabilized.

Even when the market seems to have leveled out, many investors may still be afraid that stability has not been restored. It is true that the Treasury might be able to raise the money it needs in such a situation by selling securities to the banks, but that might have to be done when bank borrowing would otherwise be undesirable.

In concluding my answer to this question, I wish to make it clear that I thoroughly believe in the advisability of credit restraint at appropriate times in appropriate forms; and that I have no desire to bring about or to maintain an artificial level of interest rates for Treasury or other securities. I do feel, however, that there are occasions when the ordinary methods of credit restriction may have wider and more lasting effects than formerly, and that far greater caution is therefore necessary in using them.

31. Have there been important economic changes since 1913 which affect the efficiency and appropriateness of traditional Federal Reserve System operations?

The changes that have taken place in the economy since 1913 have had a considerable effect on the efficiency and appropriateness of traditional Federal Reserve operations which work toward a general regulation of credit through changes in its cost or availability. In a great many respects, the effect has been to limit Federal Reserve operations; although in some other respects, new opportunities have been created for monetary policy.

In my opinion, there have been five major economic changes since 1913 which affect the efficiency and appropriateness of traditional Federal Reserve operations. These may be summarized as follows:

1. The huge increase in our public debt, which has magnified the problems of debt management.

2. The increase in secondary reserves of the commercial banks (i. e., short-term United States Government securities), which helps to make banks relatively free to resist general credit restraint by the Federal Reserve.

3. The rapid growth of lending institutions other than commercial banks, together with an important increase in their reserves in marketable Federal securities.

4. The improved financial position of American business and consumers, which makes increased "self-financing" possible.

5. The much larger role in economic affairs taken by the Government.

These five major economic changes are discussed in more detail in the following paragraphs.

1. The Huge Increase in Our Public Debt, Which Has Magnified the Problems of Debt Management

This has been discussed in part in the preceding answer and is referred to in various other answers to this questionnaire. The essential point is that the Federal debt is now close to one-half of all debt in the United States. Such a large debt must be properly managed, and this may at times limit Federal Reserve operations relating to credit control.

2. The Increase in Secondary Reserves of the Commercial Banks (i. e., Short-term United States Government Securities), Which Helps to Make Them Relatively Free to Resist General Credit Restraint by the Federal Reserve

This is discussed in the answer to the preceding question. Some plans have been proposed to help remedy the situation, and are commented on in the answers to Questions 35–36 and 39.

3. The Rapid Growth of Lending Institutions Other than Commercial Banks, Together with an Important Increase in Their Reserves in Marketable Federal Securities

The rapid growth in the assets—particularly Government securities—and annual gross receipts of lending institutions other than commercial banks has raised new questions as to the efficiency and appropriateness of traditional credit controls since these nonbank institutions are not affected directly by such controls.

A substantial amount of personal saving is now placed in the various savings institutions, which in turn invest the funds. Life insurance companies are growing at the rate of over $4 billion a year and now administer over $65 billion of assets—almost 15 times as much as in 1913. The large insurance companies now compete actively with commercial banks for many business loans, particularly the larger and longer-term loans, and they provide many of the long-term loans for industrial plant expansion and residential and other construction. Large sums available for new investment each month also flow into the mutual savings banks, savings and loan associations, and other financial institutions.

Loans by nonbank institutions do not increase total bank deposits, whereas those of commercial banks do. Even so, they facilitate an increase in spending. They place the idle cash and current savings of millions of small savers in the hands of business enterprises and individuals who make active use of them. A traditional restrictive credit policy operates by reducing the lending power of commercial banks. It exerts indirect effects upon the lending power of nonbank lending institutions, by influencing the market prices of the securities they hold. In this way the liquidity of these securities can be reduced, but it is not known with any certainty how much actual effect this has on lending activity. (See the answer to Question 22.)

The great growth in the importance of nonbank credit institutions has been recognized increasingly. This is one reason why the Board of Governors of the Federal Reserve System has obtained selective credit controls over some areas of nonbank as well as bank lending. It obtained control over stock margin requirements under the Securities and Exchange Commission legislation of 1934 (Regulations T and U). It obtained temporary control of consumer credit (Regulation W) during World War II, and this control has since been renewed by the Congress and is again in effect. Since the beginning of the Korean incident, it sought and obtained considerable power over construction loans (Regulation X). It has developed the Voluntary Credit Restraint Program to channel credit into essential uses. All of these actions represent steps toward increasing reliance on selective credit controls in recognition of the growing importance of nonbank lending and limitations placed on general credit controls by the existence of a huge public debt.

4. The Improved Financial Position of American Business and Consumers, Which Makes Increased Self-financing Possible

The tremendous growth of liquid assets of both individuals and corporations during the last generation has provided a large part of the American economy with a ready source of funds which can be tapped without resort to extensive borrowing operations. The existence of this large body of liquid assets—in the form of currency, checking and savings accounts, and Government securities—has, for example, tended to reduce the degree of reliance by individuals and corporations on bank loans. In 1914 the level of total commercial bank loans (and investments other than Government securities) outstanding was equal to approximately 40 percent of the Nation's gross product. Since that time, gross national product has grown much more rapidly than bank loans, so that today these loans are at a level equal to only 20 percent of the national product.

As a result, it is easier today for consumers to indulge in large amounts of spending without having to go into debt. The current high level of personal income in itself makes self-financing easier. If such spending cannot be financed easily out of income, it can in many cases be financed by the use of liquid assets—by increasing the rate of turnover of checking and savings accounts, currency, and E bonds.

This is an important factor in the financing of business, too. A generation ago, businessmen characteristically had to seek outside capital for plant expansion and bank funds for current operations. This is no longer necessary, however, for a rather large portion of the business community. The steady growth of American business has increased the opportunities for self-financing significantly. This is not universally true, of course. There are still many businesses that depend on outside funds. Over short periods this proportion may increase; recently, for example, there appears to have been some decline in business liquid position as the result of special factors associated with the defense program. Nevertheless, I believe that the long-term trend of the country has been toward more self-financing.

Statistics for nonfinancial corporations in recent years show a remarkable degree of self-financing. In the last 6 years—including the period of tremendous expansion of industry since the beginning of the Korean conflict—total requirements of American corporations for plant and equipment and working capital aggregated about $175 billion. One hundred billion dollars of that total was financed solely through the use of undistributed corporate profits and depreciation allowances. The remainder was financed by outside sources, of which over $20 billion was provided by insurance companies and mutual savings banks. (It should be noted that some of this financing was aided by Federal Reserve purchases of long-term Treasury bonds; despite these purchases, however, Federal Reserve holdings of Federal securities were lower at the end of the period than at the beginning.) Less than $15 billion of total corporate financing in this 6-year period (8 percent) was accounted for by bank financing—through increases in business loans, mortgage loans, and corporate securities held by the commercial banks.

5. The Much Larger Role in Economic Affairs Taken by Government

Before the Federal Reserve System was established in 1913, tariffs, anti-trust legislation, and railroad and other public utility regulation were virtually the only major instruments of economic policy of the United States Government—aside from the normal Treasury operations which have been carried on for a long time with an eye to economic considerations. Even when the Federal Reserve System was established, it was regarded as having rather narrow objectives. It was hoped that it would cure such difficulties as the seasonal inelasticity of bank reserves and currency, and occasional money panics. During the 1920's, the Federal Reserve System gradually adopted the broader goal of contributing to stability in business activity by alterations in bank credit and interest rates.

Today, the Federal Government's activities in this direction are much broader than the regulation of bank credit; and various economic programs of the Government are implemented by financial operations of a size which inevitably influences the level and stability of economic activity. The Employment Act of 1946 has declared it to be "the continuing policy and responsibility of the Federal Government . . . to promote maximum employment, production, and purchasing power." A great many programs operate to influence economic activity in particular areas.

The Federal Government and some of its corporations and credit agencies now make loans or insure or guarantee private loans. The Government agencies engaged in these operations are promoting specific programs adopted by Congress, such as those of the Commodity Credit Corporation, the Rural Electrification Administration, the Federal Housing Administration, the Public Housing Administration, the Veterans' Administration, etc.

Because of their size and character, deliberate slowing down and speeding up in the operations of these agencies are capable of producing substantial economic effects independently, to a considerable degree, of the policies of the Federal Reserve System. Similarly, sharp changes in Federal expenditures or in tax levies, because of their greatly increased size, are likewise capable of producing important economic effects of a stabilizing or destabilizing character. The management of the public debt, as is brought out elsewhere in this questionnaire, is also capable of exerting important influences.

In consequence, it seems to me, the policies and methods of the Federal Reserve System no longer occupy the same role in Government actions to promote economic stability at a high level that they did a generation ago. Federal Reserve policy and methods have to take into account the other policies of the Government, supporting them or adjusting to them as far as is consistent with the Reserve System's primary responsibilities. At the same time, it is desirable that the Reserve System's credit policies receive appropriate support from the policies of Government credit agencies and of the Government generally.

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It is clear, therefore, that the Federal Reserve System has encountered a great many changes in the economic environment in which it must operate since it was first established in 1913. These changes, it seems to me, have been so significant that the traditional Federal Reserve methods are no longer as appropriate as they were in earlier years.

Yet the Federal Reserve has also made some gains over the period. The Federal Reserve has greater freedom in the domestic area as a result of the change from the gold coin standard to the international gold bullion standard. In addition, new tools—such as the increased use of selective-credit controls which apply to nonbank lending as well as bank lending—have been developed which help to meet the changed conditions; and additional changes in central banking will probably evolve in the years ahead. Furthermore, the increase in the public debt has provided the Federal Reserve with a much more extended medium for open market operations, and has thereby enabled it to extend its influence over the long-term security market and over nonbank investors, as is discussed in the answer to Question 30.

32. To what extent does the choice of maturities of new and refunding issues of Treasury securities enable you to influence the money and investment markets?

The Treasury's choice of maturities of new and refunding offerings exercises an important influence on the level of interest rates in different sectors of the money and investment markets, because of the great volume of Federal securities outstanding and the frequency and size of the Treasury's refunding operations. A reduction in the volume of short-term Treasury securities outstanding through refunding into longer-term issues, for example, tends, other things equal, to reduce short-term interest rates or to keep them from rising as much as they otherwise would rise. It also tends to raise longer-term interest rates. On the other hand, if the Treasury increases the volume of securities offered to the short-term market and refrains from offering securities to the longer-term market, it exerts the opposite influence; it tends to raise short-term rates and lower long-term rates.

Further, the receptiveness of the market to different maturities varies at different times. On some occasions, particular maturity dates are unpopular; and if the Treasury forced upon the market at such a time a large amount of bonds maturing on such dates, interest rates for all high-grade obligations having similar maturities would tend to be forced upward. On the other hand, an equal amount of Treasury offerings with maturities particularly favored by the market at the time might be floated without any increase, or without more than a slight increase, in the prevailing yields on high-grade obligations of similar maturity.

The receptiveness of the market to various maturities is one of the many facets of the money and investment markets which the Treasury and the Federal Reserve study continuously. Before decisions on new borrowing or refunding are made, both agencies give careful consideration to the broad economic picture and to the changing income and asset position of the major investor groups. The liquidity position of the various investor groups is followed closely and particular attention is given to their holdings of secondary reserves in the form of short-term Government securities.

Two illustrations of debt management which have been discussed in the answers to other questions may be referred to here. The first is the increase in Treasury bill issues in the summer and fall of 1951. At this time, a short-term Treasury security was needed to tap corporate funds which were being accumulated because of heavy tax accruals. Treasury bills fitted the needs of the corporations involved, and they acquired substantial amounts of them. This increased nonbank ownership of the debt. The money market was also affected inasmuch as corporations paid for a large share of the bills they bought by drawing down deposits in money market centers; and this contributed to a tightness of bank reserves in the financial centers.

The second example relates to the long-term area in which steps were taken in late 1946 and 1947 to keep rates from declining further. The long market had been very strong most of the time since the Victory Loan, and the yield on the 2½ percent Victory Loan bonds of 1967–72 was down to 2¼ percent. We probably could have taken the opportunity to get the Government on a long-term rate of 2¼ percent, but it seemed very important to me that broad stability in the market be maintained. The steps that were taken to help maintain this stability are described in the answer to Question 17. They involved the sale of some of the long-term bonds held by the Government investment accounts and the offering of a long-term nonmarketable investment bond. These Treasury actions were designed to provide a supply of securities in the long-term area sufficient to meet buying pressure. The issuance of short-term securities would not have met the problem.

33. In your opinion is it possible to separate decisions with respect to interest rates from the decisions regarding timing, amounts of offerings to different sectors of the market, designing of securities for various investor classes, and similar considerations?

In my opinion, it would not be feasible for the Treasury to make such separation in connection with new offerings of securities. The timing of offerings, the amounts offered to different sectors of the market, the characteristics of the securities designed for different investor classes, and the rate of interest are all important elements in arriving at a financing decision, and they are interrelated to a high degree. Market conditions must, of course, be a prime consideration in determining a financing program, but decisions on financing go far beyond selection of a rate and maturity which would be successful in the market. Offerings are designed to achieve the proper economic and financial objectives in the money and investment markets, which may mean helping to contract or expand bank reserves, bank deposits, or corporate cash, or to influence capital outlays, consumer spending, personal savings, or other economic trends.

It follows that the selection of an interest rate for a Government security is only one aspect of a multiple decision regarding whom (investor class), how long (maturity), what (type of issue), and cost (interest rate). I should like to review in this connection some examples which have been referred to in the answers to other questions in this series.

1. Tax Anticipation Bills

In October and November 1951, two Tax Anticipation Series of Treasury bills were issued. The purposes of these issues were (*a*) to provide the Treasury with funds at a time when tax collections were seasonably low; (*b*) to provide the Treasury with appropriate maturities at a time when a large volume of funds would be flowing into the Treasury; and (*c*) to provide an investment medium for corporations accumulating funds to pay their taxes in March and June 1952. In order to provide a security to meet these objectives, all factors relating to the terms and conditions of the issue had to be taken into account together.

2. Series E Savings Bonds

When the Series E bond was set up in 1941, the objective was to provide a security which would be well adapted to the needs of small investors. With this in mind, a security was designed with a number of integrated features. The security was made nonmarketable, was given a limit of $5,000 annual purchase, was confined to purchase by individuals, and was given a 2.9 percent interest rate if held to maturity and graduated interest rates working up towards 2.9 percent if cashed within a shorter period. The security was made available in denominations of as low as $25. Each one of these factors was a part of the original decision and could hardly be separated from the others. It is impossible to say whether the savings bonds would have had greater or lesser sale if any one of the terms, including the interest rate, had been changed. But the fact was that when the savings bond decision was made, it was a decision involving the terms and conditions in their entirety.

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Because it is not possible to separate decisions with respect to interest rates from other decisions with respect to terms of Government securities, it is particularly important that the Treasury and the Federal Reserve work together at the time the Treasury financing decisions are being made. Accordingly, I do not favor legislation which would attempt to separate interest rate decisions from other financing decisions. The Treasury and the Federal Reserve must work together in carrying out their respective functions in assuring the success of the Government's financing operations.

In its management of the public debt, the Treasury welcomes and seeks the advice of the Federal Reserve; and conversely, the Treasury endeavors to cooperate with the Federal Reserve in effectuating its credit policies. We feel free to communicate our opinions to the Federal Reserve with respect to actions contemplated by them so far as they bear upon Treasury operations. The resulting interchange of information and judgment promotes an understanding of our common and individual problems and, in the overwhelming majority of cases, leads to cooperative action.

34. Do you believe that a rise in the average annual yield of series E savings bonds to 3½ percent, or thereabouts, would significantly increase the amounts sold and diminish the amounts of early redemptions?

In the answer to Question 26, I discussed in general terms the role of interest rates, both present and prospective, in influencing the demand for Government securities. The present question calls for a discussion of one particular instance of an interest rate change; namely, the probable effect on Series E savings bond purchases and redemptions of a rise in the average annual yield on these issues from 2.9 percent (the rate now obtainable when the bonds are held to maturity) to 3½ percent or thereabouts.

As I noted in the answer to Question 26, it is necessary in any realistic discussion of the role of interest rates in investor decisions to take account of a large number of other factors which may be operative at the same time. Much of the general discussion relating to this matter is relevant to the present question, and I should like, therefore, to summarize the major points in the answer to Question 26 before discussing the particular case of savings bonds.

It was noted, first of all, that there is no simple cause and effect relationship between higher interest rates and an increase in total amounts saved. Many other factors play a part in determining how much a given individual or the economy as a whole will save at any particular time. Moreover, the demand for Government obligations does not bear a fixed or even a necessarily close relationship to the aggregate flow of savings. There are numerous outlets for savings, and these are of varying importance at different times. Among the considerations other than interest rates which may have weight with investors at any given time are: (1) the level of income, particularly in comparison with that recently earned, and the nature of the savings objective, (2) the current availability of other investments, (3) the safety (or risk) factor involved in competing investment opportunities, (4) the economic outlook, (5) the size of liquid assets and the possibilities for "self-financing" of spending programs, (6) the condition of the equity markets, (7) the presence or absence of a national emergency (which may strengthen or weaken patriotic motives for buying Government securities), and (8) central banking and fiscal policy.

I think it is important to keep these broad considerations in mind in discussing the specific case of the effect of higher interest rates on both present and prospective savings bond holders. It may be expected that the majority of savings bond owners have certain special investment needs which are best met by a particular type of savings instrument. But, like all other investors, they are living in a dynamic economy, and their investment decisions are the result of a whole complex of factors which are constantly changing in weight and relative importance over a period of time.

It may be noted that in the period since the close of World War II—one of the most dynamic in our history—the decisions of investors with respect to savings bonds have provided an impressive demonstration of the value of this program to the American public. Holdings of Series E savings bonds amounted to $34¾ billion on December 31, 1951. This was $4 billion higher than the amount held at the close of the World War II financing period (February 28, 1946); and it was a quarter of a billion dollars greater than the amount held at the beginning of the Korean crisis. During the calendar year 1951 as a whole, gross purchases of Series E savings bonds amounted to almost $3¼ billion and the automatic reinvestment of interest accruals on amounts outstanding came to an additional $1 billion. These are large figures—larger than the public generally realizes; and they are significant both from the point of view of debt management operations and as an indication of the importance of savings bonds to individual savers at the present time.

The Treasury has found that savings bond buyers, generally speaking, fall into two distinct groups: (1) small savers, who are interested mainly in bonds of less than $100 denomination, and (2) purchasers with considerable investment experience and with substantial amounts of funds to invest, who are interested primarily in the larger denomination bonds. Because the characteristics of these two groups are so different, it is important to distinguish between them in discussing the potential effects of a higher interest rate on the sales and redemptions of savings bonds.

Treasury experience indicates that most people in the first group (the small savers) like to save through E bonds because of (1) their absolute safety and cash redemption feature, and (2) the convenience of the payroll savings plan. These factors apparently outweigh the importance of the interest rate actually being earned. With respect to this group in particular, therefore, the Treasury believes that an increase in the interest rate on Series E bonds from 2.9 percent to 3½ percent or thereabouts would fail to materially affect sales or redemptions. Some members of the group would undoubtedly be attracted by the higher rate and might, therefore, increase their purchases of E bonds. But we think that the great majority of persons who purchase the small denomination bonds—and this means the great majority of persons who buy savings bonds—would not be noticeably influenced by a rate change of the general magnitude indicated in the question.

I refer particularly in this connection to the bond buyers on the payroll savings plan, of whom there are now about 6,000,000, accounting for monthly purchases of about $120 million. A comparison with the period 3 or 4 years ago shows that the payroll savings plan has increased about one-third, both in number of people and in amount of monthly deductions. It seems likely, on the basis of our information and experience, that these figures would have been about the same if the interest rate had been moderately higher. Moreover, our experience with the smaller Series E bonds during the calendar year 1951 seems to strengthen these conclusions.

This 12-month period was one which was marked by considerable public discussion of the inflationary problem; with particular attention being given, at times, to the situation with respect to savings bonds. Yet sales of $25 denomination E bonds during 1951 were up 17 percent over 1950, while redemptions of bonds of this denomination were slightly less during these 12 months than they were a year previous. These figures seem to us to offer convincing evidence that Series E bonds meet genuine investment needs for the small saver; and that the features of absolute safety, redemption at the option of the owner, and convenience of purchase outweigh other factors to a very large extent.

I come now to the second group of savings bond owners—those who purchase the larger denomination savings bonds. During the calendar year 1951—the period in which sales of $25 denomination E bonds were up 17 percent—sales of $100 denominations were off 10 percent; $500 denominations, 24 percent; and $1,000 denominations, 33 percent. Redemptions of $100 bonds were approximately the same as in the preceding year (down 1 percent); but redemptions of the $500 and $1,000 denominations were slightly higher (up 2 percent and 5 percent, respectively).

These figures indicate that the larger investors are putting smaller amounts of their funds into savings bonds than had previously been the case. I might mention that, in recent months, this trend appears to have been moderating. But during the first half of 1951, in particular, it seems probable that a number of the larger investors were being influenced by the inflationary situation and were therefore showing greater interest in investments such as corporate stocks. It is possible that some of these investors with substantial funds would be influenced by a moderately higher rate under some circumstances; but there is no precise evidence bearing on the probable effect of a change to an interest rate of 3½ percent or thereabouts.

The Treasury is, of course, giving constant thought to measures which will be effective in encouraging the purchase and holding of Series E bonds. Savings bonds represent the cornerstone of the Treasury's program for spreading debt ownership as widely as possible among the people of the Nation. I consider this program to be one of the most serious responsibilities of debt management. Changes in the program and in the terms applicable to savings bonds have been made whenever these seemed appropriate—the most recent example being the new arrangement by which holders of maturing Series E bonds may continue their investments beyond the original 10-year period. It is possible that new circumstances will indicate further gains which may be realized from additional changes in the savings bond program or in other areas of Treasury financing and debt management. The over-all objectives which govern the Treasury's decisions in these matters—including its decisions with respect to interest rates—are discussed in detail in the answer to Question 2.

I should like to note, finally, that the discussion which was called for in the present question and in Question 26 relates largely to the problems associated with securing a maximum investment in one type of savings outlet; namely, Government bonds. The Treasury takes a broader view of its thrift programs. The primary objective of the savings bond program—and an objective which we have continually stressed—is the promotion of greater savings; not just savings in the form of Government bonds, but savings of all kinds. It has not been the intention of the Treasury to specifically compete by means of interest rates with established savings institutions. If the savings bond program succeeds in promoting thrift, savings bonds will benefit along with all other types of savings outlets.

It should perhaps be added, in this connection, that even if the Treasury wished to compete with other savings outlets, it is unlikely that any competitive advantage secured by raising interest rates would continue for long. Because of the size of the public debt and the interrelationships of interest rates in the economy, a change in the rate paid on savings bonds would undoubtedly be followed over a period of time by changes in the rates paid on other savings funds.

35. Discuss the advantages and disadvantages of requiring (a) all member banks or (b) all insured banks to maintain secondary reserves (in addition to present reserves) in the form of United States securities, either present issues or special types.

36. Discuss the advantages and disadvantages generally of maintaining bank reserves against classes of *assets* rather than against classes of liabilities as at present.

Questions 35 and 36 are so closely related that I would like to consider them together. Both questions involve plans which would be innovations in our approach to reserve requirements. The advocates of these plans argue that the need for innovation stems from the rapid growth of the public debt and the important changes which have occurred in the financial and economic structure of the country since the Federal Reserve Act was passed.

These matters are discussed in the answers to several previous questions, particularly Questions 30 and 31. In the answer to Question 30, I pointed out in some detail the way in which the wartime growth of the Federal debt to its present size has impeded the Federal Reserve in carrying out some of its traditional credit control operations. In the answer to Question 31, I discussed the important economic changes since 1913 which have affected the feasibility or desirability of continuing Federal Reserve operations in the traditional manner.

Now I would like to consider the impact of these matters on the commercial banks. The following table (repeated from the answer to Question 30) shows the assets of all commercial banks, classified by three broad groups of assets, as of June 30, 1914, 1929, and 1951:

	Amounts (in billions of dollars) June 30—			Percentage distribution June 30—		
	1914	1929	1951	1914	1929	1951
Reserves held in Federal Reserve Banks and cash	5	9	37	22	15	22
U. S. Government securities	1	5	59	4	8	36
Loans, other securities, etc	17	48	70	74	77	42
Total assets	23	62	166	100	100	100

The impact of the large growth in the Federal debt is clearly revealed in the figures. In 1914, commercial banks held $1 billion of Government securities as against $17 billion of "loans, other securities, etc." In 1951, holdings of United States Government securities totaled $59 billion, while the loan group stood at $70 billion. It might be noted that during most of the period since the end of World War II, holdings of Government securities exceeded the loan group by a substantial margin.

Federal securities are unique, of course, in the fact that they rank No. 1 both in terms of safety and liquidity. Obviously, the shorter maturities stand out as secondary reserves which can be quickly converted into actual cash or reserves at the Federal Reserve Banks. At the end of June 1951, $20 billion, or one-third of the Government securities held by commercial banks, consisted of short-term issues maturing within one year.

So long as banks possess large amounts of early maturing Treasury securities, they feel that they can always obtain substantial funds for further loan expansion. As noted in the answer to Question 22, when banks let their securities run off at maturity, the Treasury must, of course, find funds with which to pay the bank holders of maturing issues; the controlling factors here, therefore, are related to the sources of funds which the Treasury is able to tap at the time.

In the days when commercial banks held only moderate amounts of marketable securities (and most of their earning assets consisted of direct loans to customers), the total amount of their loans was highly sensitive to restrictive action by the Federal Reserve authorities. If the Reserve Banks sought to restrain an expansion of loans by discouraging member bank indebtedness (by charging higher rates for discounts and advances and by scrutinizing requests for them more closely), the member banks as a group were forced to curtail loan expansion. An individual bank might temporarily obtain funds for further loan expansion by selling a portion of its marketable securities, but it was not likely to do this for long since all banks find it prudent to maintain a secondary reserve of such securities.

In consequence of their large holdings of highly liquid Government securities today, the commercial banks are now able to offer considerable resistance to an effort by the Federal Reserve authorities to get them to curtail their expansion of business loans. If the Federal Reserve authorities refuse to make additional reserves available, the commercial banks can sell some of their Treasury securities in the market. If the market is congested and they do not find ready buyers, the commercial banks may turn some of their short-term Treasury securities into cash when they mature in order to obtain funds for further lending.

Under these circumstances, it may be argued that the Federal Reserve holds only a very loose string over the volume of bank credit. There is considerable difference of opinion over the probable results of pulling the string very hard. With such a large volume of secondary reserves, the effect of tight credit policy may be felt primarily in the Government security market with only secondary, and perhaps minor, results on the volume of bank loans. This is discussed more fully in the answer to Question 30.

Most of the proposals to levy new types of reserve requirements are offered in order to give the Federal Reserve more direct control over the volume of bank loans. The various plans fall into three categories, namely, (1) the secondary reserve requirements plan; (2) the asset classes reserve plan; and (3) the loan expansion plan. I would like to discuss each of these plans in broad outline. It should be understood that there are a great many variations of each of these three plans. Our purpose will be to consider the general principle in each case, rather than to elaborate on the different versions which have been discussed from time to time.

1. The Secondary Reserve Requirement Plan

The idea behind the secondary reserve requirement plan is to impose a special reserve requirement which could be met by the holding of certain designated classes of Government securities. This requirement would be supplementary to the present reserve requirements which are met only by depositing cash in the Federal Reserve Banks.

A simple illustration may be described. Suppose that a bank were required to hold a reserve equivalent to, say, 5 percent of its demand deposits in the form of Treasury bills and certificates (or cash deposited in the Federal Reserve if it wished), over and above its present reserve requirements. Thus, a large member bank in New York City or Chicago would be required to hold reserves equal to 24 percent of its demand deposits in the form of deposits with the Federal Reserve Bank (the present requirement), plus a 5 percent reserve in the form of Treasury bills and certificates held in its own vaults—a total of 29 percent.

This illustration is useful to show how the plan might work. Obviously many variations are possible, and the effect of the plan could vary from a mild requirement to a stringent one.

How large would such a secondary reserve requirement have to be to immobilize an important part of the secondary reserves held by the banks? Opinions will vary.

Some people feel that the secondary reserve requirement would have some restraining effect even if it were relatively small. This is because the banks could be expected to maintain considerable holdings of marketable Treasury securities, in excess of the new legal requirements, for ordinary purposes of safety and liquidity. All banks strive to maintain a portion of their assets in marketable securities to provide liquidity and to take care of emergencies. This is especially true at this time, inasmuch as the total deposits and total assets of banks have grown very much faster in the past 15 years than their capital. This has led to reduced capital ratios, and a tendency for many banks to carry a larger volume of securities to provide liquidity than they formerly did. The influence of the supervisory authorities has been exerted in this same direction both in an effort to keep capital ratios from declining and in order to hold down nonessential lending to help ease inflationary pressures.[5] In consequence, the amount of Government and other high-grade securities that banks feel free to liquidate in order to satisfy a demand for loans is probably smaller than appears at first sight.

It may be argued, therefore, that a modest secondary reserve requirement would have some effectiveness in locking up secondary reserves and restraining loan expansion. It would, of course, be possible to make provision for administrative modification of the secondary reserve requirement in hardship cases, and to provide that the requirement take effect in instalments over a period of time if that were necessary.

The secondary reserve plan when first introduced might utilize designated classes of outstanding Treasury issues as in the preceding illustration, and it could then shift to the use of a special obligation for this purpose. Alternatively, a special obligation might be used from the start. The use of a special security would offer certain advantages but is not an essential feature to begin the plan.

The special security, if used, could be made redeemable on the demand of any bank. Despite this feature, the Treasury would never experience a net drain to the banks, as a whole, through redemptions unless the banks themselves were experiencing a reduction in their deposits or reserve requirements were reduced. The rate of interest to be paid on the special security could be determined periodically by a formula, such as the average yield of appropriate marketable Treasury securities. The Treasury and the Federal Reserve would, of course, work together in the day-to-day decisions concerning the handling of the special security.

A brief summary of the advantages and disadvantages of the secondary reserve requirement plan is presented below.

Advantages

(1) The banks would in most instances be made more responsive to Federal Reserve actions intended to hold down the volume of business loan expansion through reduction of the potential credit base.

(2) The market for Government securities would be insulated in some degree from Federal Reserve efforts to control loan expansion. A restrictive credit policy would not set off as much large-scale selling by banks (or run-offs of maturing issues) as at present.

(3) Reserves to meet the new requirements would continue to be bank earning assets, in contrast to an increase in cash reserve requirements of the present kind upon which no interest is paid.

(4) If a special type of Treasury security were introduced as a vehicle for holding the required secondary reserves, the Treasury would fund (except for possible changes in interest rates and reserve requirements from time to time) some portion of the outstanding marketable Government obligations in bank hands. The frequent

[5] For a discussion of the economic roles of bank examination and bank supervision, respectively, see the answers of the Comptroller of the Currency to the questions addressed to him.

refunding operations otherwise necessary for this portion of the debt would be eliminated, and some churning around in the market, as switches were made by banks between various issues, might be avoided.

Disadvantages

(1) The freedom of action of banks in administering their assets would be reduced, but this is necessarily true of any form of increased reserve requirement.

(2) The plan might be criticized as a device partaking of the nature of compulsory sales of securities to banks. There might be charges of efforts to get interest rates too low, or of making it too easy for the Treasury to borrow from the banks.

(3) A secondary reserve requirement would probably have very uneven effects because of the great variation in security holdings of different banks. A secondary reserve requirement high enough to absorb a substantial part of the holdings of many Eastern and Midwestern banks would be too severe for many Western banks which have a high ratio of loans to total assets and a correspondingly smaller proportion of Government securities. On the other hand, a secondary reserve requirement low enough to take account of the needs of these banks would not absorb much of the holdings of other banks. Wide variations of this kind occur even within particular localities.

(4) The adoption of a secondary reserve requirement might bring on some degree of market disruption as banks sold longer-term securities to restore their liquidity position. This might lead to a need for net purchases by the Federal Reserve, thereby offsetting at least some of the gain of locking up a certain amount of secondary reserves.

(5) An important point raised in the present question concerns whether, if a secondary reserve proposal is to be adopted, it should cover only member banks or all banks insured by the Federal Deposit Insurance Corporation. This is a serious problem. To confine it to member banks would be unfair, yet I feel that we should not lightly interfere with our dual banking system by extending Federal Reserve control in this way to all insured nonmember banks.

It is sometimes suggested that there would be advantages in looking beyond the member-nonmember or insured-noninsured bank groupings to use a size criterion instead in applying secondary reserve requirements—for example, the secondary reserve requirement might be applied to all banks with deposits in excess of $5 million. This approach would cover all large banks, including some quite sizable banks which are not members of the Federal Reserve System. On the other hand, it would exclude all small banks whether or not they are members of the Federal Reserve System. Only one-fourth of the banks of the country have deposits in excess of $5 million, but these banks hold well over three-fourths of total commercial bank holdings of Government securities. The exclusion of the large number of small banks would reduce the administrative burden of applying the proposal, and would exempt from it most of the banks for which it would create hardship. While this type of coverage for the security reserve proposal would seem to avoid creating additional competitive advantages and disadvantages as between member and nonmember banks, it might still be an awkward arrangement.

(6) Another objection of considerable force is that commercial banks would be placed at a competitive disadvantage as against insur-

ance companies and other nonbank lending institutions. It is well known, for example, that life insurance companies in recent years have, in many instances, competed directly with commercial banks in offering loans to business borrowers. A secondary reserve requirement that would slow up an expansion of business loans by banks might only encourage further inroads in the field of business lending by their competitors. What is even more significant, a considerable amount of business loan expansion could continue by this means at the very time when the Federal Reserve authorities desired to curb such expansion. It is noteworthy that in recent years some nonbank investors sold large amounts of Government securities on the market to raise funds for loans; the Federal Reserve bought these to avoid a disruptive market, thereby creating additional bank reserves. The commercial banks had nothing to do with this, yet the Federal Reserve was understandably worried over the resultant easing of commercial bank reserve positions. This raises the question as to whether the secondary reserve plan would be equitable if applied only to banks and did not cover nonbank investors in some similar way. That is, if secondary reserves are to be locked up to some extent, should the immobilization be limited to banks or cover other potential sellers of Government securities as well?

(7) Other practical difficulties would doubtless arise in any specific application of the proposal. In addition, various questions remain to be answered. For example, if a special security were used for this plan, should the special Treasury security be offered only in amounts determined by the Federal Reserve authorities? It is obvious that the Treasury and the Federal Reserve would have to work out many details to make the plan operate effectually.

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The foregoing statement gives the major advantages and disadvantages of the secondary reserve requirement plan in general. Judgments will differ on the net balance of these factors and, of course, will vary also as different versions of the plan are considered.

In concluding the comments upon this proposal, it may be noted that the Board of Governors of the Federal Reserve System proposed a variation of this plan after World War II, and that a number of Western European countries have adopted some form of it. (See the answer to Question 43.)

2. Asset Classes Reserve Plan

The asset classes reserve plan proposed by some people is a plan to substitute bank reserve requirements levied against classes of assets for the present requirements against deposits.

In the initial shift to this plan, total cash reserve requirements for member banks could be made the same as at present if that were desired; banks might, for example, be required to carry fairly large reserves against loan assets (loans and "other" investments) and smaller reserves against United States Government securities. This shift in itself would discourage further expansion of loans and would encourage the holding of Government securities. The requirements could, of course, be altered from time to time to work toward the desired economic objectives. This plan has the same objective as the proposal to institute secondary reserve requirements. As noted above, that proposal is designed to lock up secondary reserves in some degree so that the Federal Reserve could better control the volume of bank loans. The asset classes reserve plan would aim at the same purpose by imposing varying reserve requirements directly upon loans and other classes of assets.

The brief statement which follows applies to the general principle of the plan. Many of the points made are similar to those cited in the preceding discussion of the secondary reserve plan.

Advantages

(1) The banks would be made more responsive to Federal Reserve actions intended to hold down loan expansion.

(2) The market for Government securities would be shielded to some degree from the market pressures of a tight credit policy.

(3) Increases in reserve requirements under this plan would have less effect on bank earnings than under the present system. Banks would be under less pressure to shift out of Governments into loans in an effort to maintain their earnings position.

(4) The present system of reserve requirements is no longer as logical as it used to be, and may even be deemed to be inequitable. Banks of similar size located in different cities are subjected to different reserve requirements. This arises because the present method of imposing reserve requirements depends largely on the location of the bank rather than its asset or deposit structure. Differentiation by class of assets might be more logical—at least from the point of view of credit control policies—than differentiation by location of bank.

(5) It may be noted here that the asset classes reserve plan might in the long run come to be better understood as to basic purpose than the secondary reserve plan—which might conceivably be interpreted more as a measure of coercion forcing banks to hold Government securities than as a tool of credit control. The asset classes reserve plan gives a banker the freedom to make his own decisions, but encourages him in the right direction by charging him a higher price in reserve requirements if he is moving contrary to Federal Reserve policy.

Disadvantages

(1) More centralized controls would be introduced to influence bank managements in credit policy. At present, each bank determines how to place its own assets within the framework of broad Federal Reserve actions; but under the assets classes reserve plan individual banks would be influenced as to precise classes of investments and loan groups. This could conceivably result in extremely centralized dictation.

(2) The Government might be criticized on grounds that the central bank was using its powers to compel holding of Treasury securities. This might be interpreted as part of a program for forcing low interest rates.

(3) It would be almost impossible to make the plan flexible enough to provide for a satisfactory change-over from the present system. Even if aggregate reserve requirements remained unchanged for the banking system as a whole, this approach would mean an increase in required reserves for some banks and a decrease for others. What kinds of banks would these be, respectively? A great deal would, of course, depend on the details of the specific plan as to how assets were classified for reserve requirements.

Some observations can be made, however, which would probably pertain to any system of asset classes reserve requirements if imposed at the present time. It may be assumed that loan assets would carry heavier reserve requirements than Government securities since one of the principal objectives at this time would be to keep banks from liquidating Government securities in order to expand loans.

Substantially increased reserve requirements would probably result for two kinds of banks. (a) Banks with relatively large loan assets would experience relatively heavier reserve requirements. (b) Banks with relatively large time deposits would also find themselves facing a substantial increase in required reserves because time deposits on the present basis carry relatively light reserve requirements. (Perhaps this difficulty could be avoided by a formula permitting time deposits, at least temporarily, to be allowed as a credit against loans in calculating reserve requirements.)

(4) It might be more difficult to provide the desired amount of seasonal flexibility for various local areas. For the banking system generally, the heavy demand for loans tends to occur in the latter part of the year. For a bank in an agricultural area, for example, bank loans tend to change in relation to crop movements. If loan assets were to carry relatively large reserve requirements, such a bank would find itself subjected to a seasonably strained reserve position quite apart from what was happening to its total deposits. While such a bank could presumably get adequate accommodation by borrowing from a Federal Reserve Bank, it would have to borrow more under the asset classes reserve plan than it would under the present system.

(5) To be effective and equitable, nonmember banks ought also to be subjected to similar requirements. The asset classes reserve approach could not resolve this difficulty by excluding small banks (as might be possible under the secondary reserve plan) without considerable confusion, since the old system would presumably still be in effect for the smaller member banks. Yet it seems likely that the adoption of an asset classes reserve plan for banks generally would tend to hit the small banks harder than the large ones under present circumstances. This tendency would occur because small banks have relatively large time deposits and loans. Thus, an asset classes reserve plan which would leave aggregate reserve requirements for the country unchanged would tend to reduce reserve requirements of the larger banks and to increase reserve requirements of the smaller banks. This has implications which would certainly require careful study if such a plan were to be seriously considered, inasmuch as the small member banks, who are already most acutely aware of nonmember competition, would be most severely penalized.

(6) There is also a competitive problem posed by nonbank financial institutions who compete actively with banks in the lending business. Would a similar system of reserves against asset classes be needed to control credit extended by such institutions?

It seems clear from this brief listing of advantages and disadvantages that the asset classes reserve plan has severe practical difficulties. Obviously, these practical difficulties would have to be weighed very carefully, for we are dealing with an operating system of banking which has developed over the years.

3. The Loan Expansion Reserve Plan

The brief statement just concluded applies to the general principle of the asset classes reserve plan. As noted earlier, there are many variations possible and the advantages and disadvantages will presumably vary also for different versions of the central idea. The principal hurdle for these plans is the great variation in the asset composition of banks, making it extremely difficult to shift from the present system of reserve requirements against deposits to reserve requirements against classes of assets with heavier requirements against loans—in the circumstances of today—than against Government securities.

A compromise plan has been discussed which would help meet this problem. This is the so-called loan-expansion reserve plan. This would keep the present system of reserve requirements, but would superimpose a requirement levied against increases in loans over a base period. There are many variations of this idea, but the central theme is to slow up expansion in bank loans under present circumstances by increasing the reserve requirements of any bank which is expanding loans.

The idea is subject to many of the advantages and disadvantages cited above. It would have the particular advantage of hitting at credit expansion on a specific basis without requiring any elaborate changes in our system of reserve requirements. Furthermore, this plan would not involve the serious transition problems which are raised by the asset classes reserve plan. It needs a great deal of study, with regard to the effects on individual banks and localities however, to insure that it would not work out unfairly or in ways which would hinder our national production. In any event, the loan expansion reserve plan should be considered as more of a stopgap measure than some of the other reserve plans, since it would become progressively less appropriate as the base date receded further into the past.

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The three plans discussed in this answer all utilize the principle of reserve requirements to provide additional direct restraint against bank loan expansion. Many versions of these plans may be proposed and undoubtedly new plans will appear from time to time.

There are also proposals to limit the volume of bank loans by imposing direct controls of one kind or another. These plans are discussed in the answer to Question 39.

37. Discuss the advantages and disadvantages of marketable and nonmarketable securities (a) under present conditions; (b) in the event of the necessity for substantial net Government borrowing.

Over a period of time, the Treasury has issued securities with a wide variety of terms and conditions. The securities now outstanding, when classified with respect to their marketability characteristics, may be grouped into five main categories:

(1) Securities which are fully marketable, such as issues of bills, certificates, notes, and certain bonds.

(2) Securities which are marketable, but are restricted as to ownership by commercial banks for a designated period of time. The Victory Loan 2½ percent bonds are an example of this category.

(3) Securities which are not marketable, but are redeemable in cash over a period of time before maturity according to a specified schedule of values. Savings bonds and savings notes are issues of this type.

(4) Securities which are not marketable and not redeemable in cash before maturity, but are convertible before maturity into a special note issue which is in turn marketable in character. The 2¾ percent Investment Series bond issued in 1951 is the only issue of this type outstanding.

(5) Securities which are not marketable and are issued only to Government investment accounts. The terms and conditions of some of these issues are provided for by statute. Special securities issued to the Federal old-age and survivors insurance trust fund are an example of this type of issue.

The table which follows classifies the interest-bearing debt as of December 31, 1951, into the above five categories:

Category:	*Amount (in billions of dollars)*
1. Fully marketable	107
2. Marketable, but bank-restricted	36
3. Not marketable, but redeemable in cash	66
4. Not marketable, but convertible	12
5. Not marketable, special issues	36
Total interest-bearing debt	257

As shown in the table, fully marketable issues are the largest single category of these five groups. Percentagewise, however, this category represents only 41 percent of the debt, a much smaller percentage than existed twenty years ago, for example, when fully marketable securities comprised 98 percent of the debt. This is shown in the following table:

Category	Dec. 31, 1931	Dec. 31, 1941	Dec. 31, 1951
	Percent	*Percent*	*Percent*
1. Fully marketable	98	75	41
2. Marketable, but bank-restricted	0	0	14
3. Not marketable, but redeemable in cash	0	14	26
4. Not marketable, but convertible	0	0	5
5. Not marketable, special issues	2	11	14
Total	100	100	100

As the debt grew during the past 20 years, the objective of the Treasury was to design securities which met the needs of the various investor classes as closely as possible, while at the same time satifying the needs of the Government and the economy as a whole. This is discussed in the answer to Question 38. The main result of this policy has been to provide a wider variety of issues than had heretofore existed and a greater proportion of nonmarketable securities.

The Treasury does not have any predisposition toward a particular type of issue either marketable or nonmarketable. If a marketable security suits the needs of a particular investor class and at the same time satisfies the needs of both the Government and the economy as a whole, we may issue it. If, on the other hand, a nonmarketable instrument would do the job better, we would prefer to issue that. On some occasions, we have issued both types of securities simultaneously to satisfy the differing needs of a particular investor class. An example of such action is the regular issuance of both savings notes and fully marketable short-term obligations to meet the requirements of corporate investors throughout the war and postwar periods.

The advantages and disadvantages of marketable and nonmarketable securities are taken up in the paragraphs that follow. Before starting this discussion, I might note that the present question asks that each of these types of securities be considered separately: (a) under present conditions, and (b) in the event of the necessity for substantial net Government borrowing. The Government is borrowing substantial amounts this fiscal year, and expects to do so again next year. Thus (a) and (b) both appear to be cases related to a budget deficit. The question may, however, aim at distinguishing between the cases of a budget surplus and a budget deficit. In any event, it is my opinion that, as far as the matter of marketable versus nonmarketable securities is concerned, the budget position is not the major factor, as long as the objective is to provide securities best suited to the needs of the various investor classes in harmony with economic conditions and with the other Treasury objectives as outlined in the answer to Question 2.

1. Marketable Issues

(*a*) *Advantages.*—Marketable issues of Government securities have certain advantages from the standpoint of the Government and from that of the investor:

(1) They are flexible in their use. They can be bought and sold for immediate delivery or delayed delivery, borrowed and lent, pledged as collateral, deposited as security for fulfillment of a contract, sold under repurchase option, and can be used to satisfy numerous particular situations. They have legal advantages, also—such as advantages with respect to ownership, title, etc.—because they are issued typically in bearer form. Transactions in marketable securities are, therefore, typically covered by the anonymity of the market place. No one (except the dealer involved) knows who is buying or who is selling. Many investors consider this an important advantage of marketable securities because of the confidential nature of their transactions in them.

(2) They permit a greater degree of fluidity in the capital markets. The position of a particular investor frequently varies from that of the investor class as a whole. Some insurance companies, for example, may be selling securities at the same time that other insurance companies are buying securities. The marketability feature of Government bonds allows these intra-investor group adjustments to be made with a minimum of friction. The market serves an important function in this respect, which is prized highly by managers of security portfolios. The redemption provision attached to nonmarketable securities could, of course, accomplish in theory most of the necessary adjustments of this type. Such adjustments would have to be carried out by the Treasury redeeming the securities offered by the sellers and issuing new securities to new buyers. The Treasury, in effect, would be performing the market function. This could be done; but it is a cumbersome procedure for the public, especially for short-term shifts in funds.

(3) Marketable issues are similar in form to most issues put out by corporations and State and local governments. Purchasers of large

amounts of securities and managers of large investment portfolios are accustomed generally to obligations of this type. Accordingly, other things being equal, many large purchasers of securities may prefer marketable obligations to nonmarketable obligations, and may be willing to pay a better price for them. This would be particularly true in cases where constant speculative adjustments are made in portfolios.

(4) The very existence of an adequate volume of marketable Government securities in all maturity areas gives the Federal Reserve a certain amount of flexibility in expanding or contracting the credit base whenever such action seems desirable. The Treasury has flexibility, too. Under conditions of increasing interest rates, it can sell new securities with higher coupons without concerning itself at once with redeeming outstanding obligations. This can be a problem with nonmarketables when rates move so far that it pays holders of such issues to cash them in.

(*b*) *Disadvantages.*—In recent years, marketable issues of Government securities have come to have some disadvantages.

(1) The first of these disadvantages arises because the Government debt of more than $250 billion has been created so quickly and has become such a predominant factor in the high-grade securities market. If all of this debt were marketable, it might float around loosely and there might be wide movements and swings in prices and yields arising from temporary or special situations. This might have far-reaching repercussions on the prices and yields of other securities, such as municipals and corporates. The capital resources of banks, insurance companies, and other savings institutions, viewed from the standpoint of market values, could either be increased materially or cut drastically in a short period by such developments.

(2) There are now important groups of investors who want to own Government securities, but for whom the price fluctuations of the marketable issues are a drawback. These, primarily, investors want safety of principal. They consider their investment in Government securities as an alternative to a deposit in a bank. And they want the certainty, as in the case of bank deposits, of getting 100 percent of their money returned to them upon demand. This group of investors includes particularly the small individual investor who buys savings bonds. It also may include the treasurers of large corporations and the managers of State and local investment and operating funds. Many of these have preferred nonmarketable Treasury savings notes, on many occasions, to marketable short-term Treasury securities because of the absence of fluctuations in market prices.

(3) Marketable obligations have certain unsatisfactory attributes for the investment of Government trust fund accumulations. On a single day, for example, the Federal old-age and survivors insurance trust fund may have $100 million to invest in long-term bonds. Obviously, these could not be acquired in the market without sharp price effects. This would be a temporary disturbance to the market and would be entirely apart from normal market supply and demand forces. Special provisions involving the issuance of nonmarketable securities by the Treasury for the investment of these funds as they become available have been found to be an appropriate solution to this problem.

2. Nonmarketable Securities

The question asks for a discussion of the advantages and disadvantages of nonmarketable securities, in addition to the discussion on marketables. Obviously, nonmarketables are so designed that their advantages take care of most of the disadvantages of marketables. The discussion that follows necessarily takes up again, therefore, some of the points that have already been covered.

(*a*) *Advantages.*—(1) As the public debt grew, it became apparent that nonmarketable securities would have some important advantages both to the Government and to the various investor classes. Nonmarketable securities could, for example, be designed to reduce the volatility of the debt by encouraging firmer holding. In the case of savings bonds, for example, the interest pattern was constructed so as to reward purchasers for holding them to maturity. In the case of the Investment Series B bond issued in 1951, the investor can today convert into cash only with a capital loss, since the 5-year notes which may be obtained in exchange are selling below par. The penalty on redemption will, of course, vary with the movement of money rates; and, at some future time, he may be able to avoid that loss.

Some of the nonmarketable issues encourage investor retention also by the inconvenience of their conversion into cash. Series F and G savings bonds can be redeemed only upon one calendar month's notice, for example; and, as mentioned previously, the 2¾ percent Investment Series bonds require a conversion into notes as the first step in the cashing process. A marketable obligation, on the other hand, may often be sold and turned into cash with a minimum of delay and effort.

(2) The issuance of nonmarketable securities in addition to marketable securities makes it possible to offer each class of investor the type of issue which will stimulate maximum investor participation and satisfaction. For example, to assist in attracting individuals' savings into Governments, the Treasury has offered a somewhat higher yield to individual investors than would be necessary to attract bank or other institutional funds. A nonmarketable security such as the registered savings bonds permits this to be done.

(3) Nonmarketable securities reduce the volume of buying and selling and the speculation that goes on in various areas of the Government security market. Many institutions and investor classes own large volumes of Government securities that they consider as more or less permanent liquid reserves. Continued refunding of such securities and the buying and selling that occurs in order to take advantage of temporary market situations can be avoided or reduced when a large portion of the debt is in nonmarketable form.

(4) Nonmarketable securities permit the Treasury to pay a particular investor an appropriate rate of interest for the exact period for which he holds the Government securities sold to him. The Treasury has much less control over this matter when marketable issues are sold. In the situation that developed in the market in 1948, for example, buyers of long-term bonds were able to get the long-term rate for what turned out to be a relatively short period of Government security ownership.

(5) Nonmarketable securities redeemable in cash permit the Treasury to handle liquidation problems of particular investor classes in an

orderly manner without market disruption. When one investor class is selling marketable Government securities on balance, for example, and another investor class is making net purchases, the needs of the buyer frequently cannot be met by the type of security being liquidated at that particular time. An issue with new characteristics to meet the requirements of the new purchasers would be much more appropriate. For example, banks or business corporations require securities that are different from those that might be sold to insurance companies or other long-term investors. To the extent that an exchange between classes is handled through the Treasury—instead of through the market—it is possible to put out new issues appropriate for the buyer. This is particularly advantageous in the case of exchanges between two groups of nonbank investors.

(6) Nonmarketable securities provide some insulation from the marketplace which has advantages to investors holding them, to the Government, and to the market itself. From the investor point of view, risk is reduced. From the Government point of view, the amount of the debt which is exposed to market swings is reduced, thereby facilitating credit restraint operations by the Federal Reserve, which are less likely to cause unwanted repercussions than if the whole debt were marketable. From the point of view of the market itself, the advantage is that weak, volatile holdings are minimized.

(b) *Disadvantages.*—(1) Nonmarketable securities are less flexible than marketable issues. The advantages of marketable securities on this account have already been discussed; and there is no doubt that the nonmarketable issue is less flexible, particularly from the viewpoint of large institutional investors and the managers of corporate and State and local government accounts.

(2) Such nonmarketable obligations as Series E savings bonds are payable on demand; and there are people who feel that it is unwise for the Treasury to have such a large volume of demand obligations outstanding. This has never caused the Treasury any trouble, and I don't believe it is likely to in the future. Savings bonds are similar, in many of their economic aspects, to savings deposits in banks. Yet the banking system is not overly concerned with the large volume of savings deposits which are payable practically on demand. Banks recognize (particularly with Government deposit insurance) that no large segment of the population is likely to cash savings accounts at the same time. The same may be said of Government savings bonds. As a matter of fact, the rate of turnover on E bands (comparing redemptions with amounts outstanding) during the postwar period has been only half as high as the turnover experience of either the savings banks or the savings and loan associations, and even less when compared with savings accounts in commercial banks.

(3) Another disadvantage of nonmarketable issues redeemable in cash is the refunding problem posed whenever market rates of interest change materially. If market interest rates increase enough, for example, it may pay an investor to cash in his nonmarketable securities and buy marketables; and this might drain the Treasury's cash balance substantially and sharply. The Treasury could take care of this situation by offering existing holders the opportunity to acquire a new nonmarketable issue carrying a higher schedule of rates. This has been done in the past with savings notes. There are a relatively small number of savings note holders, however; the problem would be much

more complicated if savings bonds—with 500 million pieces outstanding—were involved.

It should be noted that this disadvantage of nonmarketable securities can be avoided mechanically to some extent by the issuance of nonmarketable obligations which are convertible into a marketable issue, instead of redeemable in cash—as has been done with the Investment Series B bond. The convertibility provision has a place in securities sold to a relatively small number of financial institutions and other long-term investors. I do not think it would be desirable in savings bonds sold to millions of small purchasers, nor in savings notes sold to the holders of large short-term balances.

The reverse of the above situation might occur if market rates declined. Investors might then shift from marketable to nonmarketable securities to improve their return. An instance of action along this line occurred in the short-term market in the summer of 1949. The approach of the Government under these circumstances becomes one of making the particular nonmarketable issue less attractive—or, if necessary, withdrawing it from sale entirely.

(4) Another disadvantage of nonmarketable securities which has been mentioned is that they do not necessarily operate in the right direction as business activity rises or falls. There may be a tendency at times for nonmarketables to be cashed too freely when the economy is at high levels, and held too firmly in depressed periods. Some people feel that marketable securities do not have this disadvantage because their value can be influenced up or down by the central bank to help induce people to hold them or cash them, depending on what the liquidity needs of the economy may be.

38. What new types of securities, if any, do you believe should be given consideration for use (*a*) under present conditions; (*b*) in the event of the necessity for substantial net Government borrowing? Give the merits and demerits.

The general objectives which the Treasury seeks to achieve through its management of the public debt are discussed in the answer to Question 2. Within the framework of these objectives new types of securities are considered from time to time by the Treasury in making public debt management decisions.

Over the years a major task in public debt management has been to design Government securities which will fit the needs of the various investor classes as closely as possible and at the same time suit the requirements of the Government and of the economy as a whole. As the public debt has increased and as the various investor classes have increased their holdings of liquid assets, the Treasury has made considerable use of new types of securities.

Savings bonds provide the best known example of a security that has demonstrated its success for the purpose intended. The Treasury designed them primarily to meet the needs of small individual investors. There are now three series of savings bonds being issued, each of which is designed to meet somewhat different investor needs. The combined sales of the three issues amounted to $4 billion in the calendar year 1951. The total amount of the three issues—Series E, F, and G—now outstanding is $57½ billion; E bonds alone account for $34¾ billion, an all-time peak for this series.

Savings notes provide another example of a security designed to meet particular investment needs. These were originally issued early in the war period primarily to provide an investment medium for tax reserves, and were then designated as tax notes. It soon became evident, however, that this type of issue would be suitable for short-term investors for purposes other than the accumulation of tax reserves—especially as a place to put liquid reserves of corporations which were being accumulated for their anticipated capital needs in the postwar period. In recognition of the broadening investment area served by this type of issue, a new series of notes—designated as savings notes—was issued in 1943. In all, five different series of these notes have been issued since 1941. Changes have been made in the terms of the notes, including the interest return, as the situation required.

During the past year, the Treasury has issued two other special types of securities—the new nonmarketable 2¾ percent Series B Investment Bond which is convertible before maturity into a marketable 5-year Treasury note, and two issues of the new Tax Anticipation Series of Treasury bills which mature on major tax dates. These new securities were offered after study at the Treasury and discussion with the Federal Reserve to meet particular situations that arose during the calendar year 1951.

The Treasury is always studying possible new securities, or revisions of existing ones. Whenever an area for investment in Government securities is developing, we study how best to tap that area. Suggestions on this account come to the Treasury nearly every day. Many of them refer to situations in which the amount of money involved, for the country as a whole, would be too small to warrant the issuance of a new security. Some of them have referred to situations which are promising, however; for example, the one associated with people who are trying to provide income for the time when they retire. It has been suggested that with the growing number of older people in our population, the Government should provide an investment medium for retirement purposes in convenient form in addition to savings bonds. This area of Government security investment may offer certain possibilities, and is being studied.

There is also the question of providing new securities designed particularly for pension funds. The pension fund movement has gained considerable momentum in recent years. An estimated total of $5 to $6 billion is invested in pension fund reserves of State and local governments—about one-half in Federal Government bonds and one-half in other securities, mainly State and local government issues. It is estimated that an additional $6 billion is invested in corporate pension funds—about one-third in Federal Government securities and two-thirds in other securities, mainly corporate bonds and stocks. It has been suggested to us that pension funds have investment problems that differ somewhat from the problems of other institutional investors, and that securities differing from the present types would better suit their needs. This is another of the matters being studied.

The question asks that proposed new types of securities be considered separately (*a*) under present conditions, and (*b*) in the event of the necessity for substantial net Government borrowing. The Government is borrowing substantial amounts this fiscal year, and expects to do so again next year. Thus (*a*) and (*b*) both appear to be cases related to a budget deficit. The question may, however, aim at distinguishing between the cases of a budget surplus and a budget deficit.

In this connection, I should like to point out that in the calendar year 1952 over $50 billion of the public debt will come due for refunding. The situation in subsequent years will probably not be very much different. Thus, there will be ample opportunity to introduce new types of securities that might be desirable regardless of the Government's budget position. A new type of security designed to provide for the needs of a particular investor class could be introduced just as well in a period of budget surplus as in a deficit period. The major question is the worth-whileness of the security itself.

39. Are there any ways other than those implied in the answers to the preceding questions for insulating public debt securities from the impact of restrictive credit policies designed primarily to discourage the growth of private debt?

The desire to insulate public debt securities from the impact of restrictive credit policies aimed at private borrowers is a relatively new development. Its purpose is to protect at least a portion of the public debt from sharp price fluctuations—and consequent market unsettlement—whenever the central bank wants to restrict credit expansion through the use of general credit control measures which affect interest rates. Few proposals have been suggested that promise anything like complete insulation of outstanding public debt issues from the impact of restrictive credit policies. The plans which have been offered would, if adopted, be only a step in this direction.

The nature of the problem and most of the measures which have been proposed in connection with it have been indicated in answers to other questions. Questions 35–36 request a discussion of secondary reserve requirements for commercial banks held in the form of Government securities, and of commercial bank reserves held against classes of *assets* rather than against deposits. In addition, in the answer to these questions, I have also commented upon the loan-expansion reserve plan which would impose additional bank reserves levied against *increases* in loans. The answer to Question 44 discusses devices used in foreign countries which have had the effect of insulating a portion of the market for Government securities from the private credit market.

The three measures discussed in the answer to Questions 35–36 all utilize the principle of bank reserve requirements to provide more direct restraint against bank loan expansion—and to discourage the sale of Government securities to provide the funds for such expansion.

There are, however, at least three other approaches to the problem which have been suggested: (1) Increased use of nonmarketable securities, (2) direct controls over loans, and (3) "moral suasion."

1. Increased use of nonmarketable securities

One approach to the insulation of a part of the Government security holdings of nonbank investors which has been suggested is to induce such investors to increase the proportion of nonmarketable Government issues held relative to marketable issues. This approach would protect their asset positions against book losses from possible market declines resulting from restrictive general credit policies. It would not necessarily prevent switching from Governments to private loans in inflation periods unless the nonmarketables could be redeemed only at fairly substantial discounts during such periods. (See also the discussion of marketable and nonmarketable securities in Question 37.)

2. Direct controls over loans

There have also been proposals to limit the volume of bank loans by imposing *direct* controls of one kind or another on loan expansion. The report of the President's 4-member committee on credit control, which was released in May of this year, points out that under existing authority the President has powers to regulate and limit by Executive Order the issuance of credit; and presumably, in the event that it ever became necessary to use this authority, it would be exercised by the imposition of direct controls on loans. One of the ways in which this could be done would be to place an absolute ceiling on the amount of loans that each individual bank can make, based on the level of the bank's loans in some past period. Another way would be to establish a loan ratio of some type—such as loans to total assets—for each individual bank, based on the ratio existing in some bench mark period. Numerous other variations of this type of control could be worked out. The same proposals conceivably could, of course, be incorporated into new legislation providing for direct controls on loan expansion.

3. "Moral suasion"

In addition to the above measures, it has been suggested that bank lending policies might be extensively influenced by the use of "moral suasion" by the central bank as is done in the United Kingdom. (See the answer to Question 44.) This device differs from the voluntary credit programs undertaken in this country in that the commercial banks in the United Kingdom are more or less obliged to follow the credit policies laid down by the Government and carried out by the central bank. It would, however, be much more difficult to effectuate this type of policy in the United States where a total of over 14,000 banks would be involved. The United Kingdom has a system of branch banking and by far the greatest portion of the banking needs of the country are met by a small number of banks. For example, the 11 London clearing banks hold 96 percent of the total assets of all of the banks in England and Wales. It is a relatively simple matter, therefore, for the central banking authorities to influence actions by means of direct discussion of credit policies and the reasons for them with the principal officers of each of the banks in the country.

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The devices discussed so far have been suggestions related to the lending policies of banks. The problem of insulating public debt securities from the impact of restrictive credit policies aimed at private borrowers is not, however, a problem of commercial bank holdings of public debt alone. During the period since the end of World War II, lending by financial institutions other than commercial banks has risen rapidly. Funds for some of this lending have been obtained by the sale of large amounts of the holdings of Government securities of such institutions. Lending by nonbank institutions has not traditionally been regulated by credit controls, except as selective credit controls in such areas as consumer credit and real estate credit have affected borrowers regardless of the source of the loans. It has been

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suggested, however, that in order to insulate or immobilize the large Government holdings of nonbank lending institutions—as well as those of banks—from the impact of restrictive private credit policies, it may be necessary to bring nonbank lending under some type of control also.

The methods described above for the *direct* control of bank loans and for the use of "moral suasion" to restrict credit expansion could also be applied to nonbank lending institutions. The emergency powers of the President to regulate and limit the issuance of credit are not confined to bank credit; they relate to all types of credit. It is possible, therefore, that loan ceilings of the type suggested for banks could be devised for nonbank lending institutions as well. It is also possible that the use of "moral suasion" could probably be made more effective so far as nonbank lending institutions are concerned than in the case of banks, since the number of nonbank institutions is much smaller than the number of banks. This is particularly true in the case of insurance companies, where relatively few companies account for the bulk of the lending.

The possibilities discussed in this reply are meant only to indicate certain types of measures which have been suggested. It is obvious that a careful study of the possible effects of any plans of this type would be required before appropriate consideration could be given to them.

40. Under what conditions, if any, do you believe it would be desirable to resort to compulsory methods in the sale of Government securities to (*a*) banks, (*b*) other financial institutions, (*c*) other corporations, (*d*) individuals? Discuss the philosophy which underlies your views on this matter.

I do not believe that any direct answer can be given to the question of "Under what conditions, if any, do you believe it would be desirable to resort to compulsory methods in the sale of Government securities . . . ?" Undoubtedly, such a program would be given consideration only during a period of extreme national crisis. Its practicality even in such a period, however, would depend on the financial, economic, political, and psychological circumstances prevailing at the time; the type, extent, and possible duration of the emergency; and the background of revenue measures and borrowing operations immediately preceding the institution of the new program. I see nothing on the horizon that would involve the need for compulsory sale of Government securities.

The only practical ways which I know of for putting compulsory borrowing methods into effect would be through some use or adaptation of the tax mechanism or the reserve requirement mechanism. The former could be used by levying a tax—presumably on corporate or individuals' incomes, or both—which would be refundable at a later date. The reserve requirement mechanism could be used in various ways to require financial institutions to keep a designated proportion of their assets in the form of Government securities, as has already been discussed in the reply to Questions 35–36.

The most familiar forms of compulsory lending making use of the tax mechanism are refundable income and excess profits taxes. Both Canada and Great Britain used compulsory loans in World War II in the form of a refundable portion of the individual income tax, and the Victory Tax in the United States originally had a postwar credit feature. All three countries made part of their corporate excess profits taxes refundable after the war. In a sense, the social security system might also be thought of as making some use of the refundable tax principle, since the payments which the insured participant must make are returnable later in the form of benefits.

With the exception of the social security mechanism, proposals for compulsory lending generally grow out of a consideration of the obstacles encountered both by taxation and by voluntary lending under the urgencies of defense or war financing. During such a period, inflationary pressures are bound to be severe. The Government, to the greatest extent possible, must avoid the use of financing measures which contribute to these pressures. Likewise, spending and consumption in excess of what is necessary to maintain efficiency and to bring about maximum production for defense must be curtailed.

Taxes, of course—if they could be high enough—would fulfill both of these purposes. The reasons why compulsory loans are urged as a substitute for part of the additional taxes needed during a defense or war period are, generally, that they are less open to (1) the equity objection that heavier taxes will unduly burden those with low incomes or large fixed savings commitments, and (2) the incentive objection that taxes dull the will to work and save.

Compulsory lending is also urged as a partial substitute for voluntary lending—quite apart from the question of its advantages in keeping the tax burden from becoming too great—on the grounds, among others, that it would bring slackers into line and would avoid building up a dangerous inflationary backlog of readily cashable bonds.

I shall examine these arguments in terms of the practical results which we might expect from a compulsory lending program, on the assumption that such a program would be operating in a defense or war economy with its attendant problems of heavy Government expenditures, civilian shortages, and ever present inflationary pressures.

1. Individuals

In the case of individuals, a refundable tax would raise a number of practical problems, of which the following might be mentioned as the most important:

a. Would a refundable tax make it more difficult to increase ordinary taxes at a time when such an increase would be both desirable and necessary to promote the best interests of the country?

b. Would it seriously affect our voluntary sales program to sell securities to individuals?

c. Would it increase the Government's financing problems in the transition period following the defense or war emergency?

The first problem—relating to the effect on our revenue system—would need a most careful consideration in the light of the surrounding circumstances. If taxes were already so high that further increases would hold the risk of causing serious inequities and endangering the incentives to work and save, a refundable tax might offer some limited possibilities. Our present tax system, however, has proved to have great strength and flexibility in time of national emergency; and we should want to be very sure of our ground before introducing a new element which might prove to be a weakening influence.

With respect to the second problem—the probable effect on the Treasury's voluntary sales program—some difficulties would undoubtedly arise. A refundable tax, like ordinary taxes, would have to take into account the position of those who are hardest pressed within each income bracket. When this had been done, there would still be funds available for investment which had not been reached by tax levies. Such funds, in fact, were the main objective of the voluntary sales programs of World War II. Under a system that combined ordinary taxes with refundable taxes many individuals with investable funds might feel that their whole duty had been done because of the compulsory lending feature of the refundable tax. Net voluntary sales of securities to individuals in these instances might, therefore, be considerably reduced.

Furthermore, the possibility that existing assets would be liquidated by some purchasers to compensate for the refundable tax would have to be given consideration. There could be adverse effects on the market for Government securities, on Treasury financing operations generally, and on the economy as a whole—and no net gain in reducing consumption—if numerous holders should seek to liquidate existing investments, including E bonds, in order to maintain their spending, while keeping their total of cash and investments (including the refundable tax) unimpaired.

If these objections were surmounted, moreover, there is no certainty that the incentives to work and save would actually be protected by the use of a refundable feature in current taxes levied on individuals. The more remote in time and the less definite the terms of repayment of the compulsory loan, the greater the discount in the taxpayer's mind of the value of the asset he is accumulating in this form. In a defense economy short of all-out war, these difficulties would in all probability be even more important than in wartime. The prospects of a long-pull defense effort would indicate long delay in repayment. If, in addition, the time of repayment were made discretionary, in an effort to avoid post-emergency inflationary complications, the discounting of the value of the loan would be even greater in the taxpayer's mind.

The third range of problems which I indicated in connection with a refundable tax on individuals—namely, the problems which would be faced by the Government at the time of repayment—would hinge very largely on the prevailing economic circumstances at the time. During World War II, one of the main attractions of compulsory lending proposals was thought to be the ready source of purchasing power which would be injected into the economy to cope with the then-expected postwar slump. In the years since World War II, there has been no slump; and this has put the role of compulsory loans in the post-emergency period in a new light. We think of such loans now as having the advantages of being an illiquid accumulation of assets, payment of which could be postponed possibly until the worst inflationary pressures had subsided. To the extent, however, that this feature of the program was made clear—as I have already noted—there would be little gain in incentives and, therefore, little practical advantage, through the use of a compulsory loan program as against out-and-out taxation.

2. Corporations Other Than Financial Institutions

In the case of nonfinancial corporations, the use of a refundable tax might be practicable under emergency circumstances. The excess profits tax in effect during World War II, as already noted, contained such a feature. The specific operation of a refundable tax program applicable to business corporations need not be given detailed discussion at this point, since the problems and difficulties are similar to those already discussed in dealing with refundable taxes on individuals.

3. Banks and Other Financial Institutions

The discussion in the preceding sections of this answer has referred to the tax mechanism as the method by which a compulsory lending program could be put into operation. The reserve requirement mechanism could also be used with respect to financial institutions. In the answer to Questions 35–36, various ways in which the reserve requirement mechanism could be applied to the banks of the country are mentioned. If such a mechanism were applied, compulsory lending would occur incidentally to the extent that the reserve requirements were increased and were required to be invested in Government securities, and banks actually had to add to their holdings on net balance. The advantages and disadvantages of some of these plans are discussed in the answer to Questions 35–36.

In a period of national crisis presumably it would be possible to work out programs involving reserve requirements held in the form of Government securities for other financial institutions as well as for banks. Such procedures were not needed in World War II, however, and any need for them in a future emergency would depend entirely on the particular circumstances involved at the time.

41. Discuss the merits and demerits of the proposal for the issuance of a bond, the value of which would be guaranteed in terms of purchasing power.

Various formulas have been suggested for a Government bond which would be paid off at maturity, or at the end of a stated period of time, in terms of an amount of purchasing power equivalent to the purchasing power of the money originally invested in the security. In its simplest form, the proposal is to tie the principal of the bond to some Government price index. Some of the specific proposals make this operate in both directions—that is, should the price level decline, the bondholder would receive correspondingly less than his original investment upon redemption of the bond. Others provide that if the price level declines, the bond would be paid off at maturity at not less than the purchase price. Two other suggestions are usually included in the proposals for purchasing power bonds: (1) The price level adjustment provision would apply only if the bonds were held for a designated period of time, and (2) each purchaser would be limited in the amount of these securities that he could buy in any one year.

Advantages

1. *Induce Savings.*—Advocates of the purchasing power bond argue that the public is seriously concerned at the present time about the

effect that inflation has upon the purchasing power of savings invested in bonds and other types of fixed-repayment investments. It is argued, moreover, that the Government should do something specific to guarantee the purchasing power of savings since inflation is in part the result of the expanded defense requirements of the Government. It is argued further that a Government bond which would be repayable in a fixed amount of purchasing power, rather than a fixed number of dollars, would be tremendously popular. It is argued also that such a bond would enhance the attractiveness of savings by eliminating the fear of loss of purchasing power which motivates forward buying of consumer goods. Furthermore, such a bond would presumably be more attractive at a time when prices were rising and less attractive when they were falling, thereby providing the Government with a new anti-cyclical control device.

2. *Immobilize Cash Balances.*—In addition to providing an incentive for savings, it is argued that the purchasing power bond might also provide an inducement for the investment of present cash balances in Government securities. It is argued that, sooner or later, these balances might otherwise be transferred to equity holdings or to hoarding commodities, thus accelerating inflationary tendencies. To the extent that a purchasing power bond prevented this, it would have important anti-inflationary tendencies.

3. *Broaden Ownership of the Debt.*—It is also argued that the investment of new savings and cash balances, plus the diversion of some existing liquid assets, could be an important factor in obtaining a further broadening of the ownership of the public debt by individuals.

4. *Protect Small Savers.*—Advocates of the purchasing power bond also argue that a bond of this type would provide more equitable treatment for those with small or moderate incomes because people of small or moderate incomes cannot presently protect themselves against inflation. The Series E savings bond has provided a means of sheltering them from market fluctuations in bond prices. But they are still exposed to the hazard of a loss in the purchasing power of their liquid savings through rises in the prices of goods and services. Wealthier people, on the other hand, can hedge against inflation through the purchase of real estate or stocks or more speculative assets, the prices of which will respond to rises in the general price level.

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To the extent that these advantages would actually materialize, they argue in favor of a bond guaranteed as to purchasing power. There are important qualifications to some of these advantages, however. In addition, I believe that the proposal has such important disadvantages as to make the issuance of a security of this type unwise. These disadvantages are discussed in the paragraphs that follow.

Disadvantages

1. *Protect Only One Sector of the Economy.*—It is argued that one of the most compelling considerations against offering a purchasing power bond is the inequity of selecting one special group of persons in the economy (that is, those who purchase this particular instrument of saving) to protect against inflation. In a free economy, the Gov-

ernment cannot undertake to insure everyone in the country against inflation. Accordingly, it can seriously be questioned whether it is justifiable to single out a particular group of savers for preferential treatment. In the event of inflation, the protection afforded the holders of purchasing power bonds would, of course, be gained at the expense of the public generally, which would have to pay added taxes in order to redeem the purchasing power bonds at higher price levels.

2. *Resistance to Inflation.*—It is also argued that a purchasing power bond would weaken the resistance of a large mass of the population to inflation. In fact, it might even encourage the public to think that a little inflation might not be bad if it resulted in people receiving more dollars for their savings than they had actually invested. Our citizens generally understand the principles and pitfalls of inflation somewhat better than they did a decade or two ago. However, it is certain that many small holders of Government bonds are not familiar with all of the ramifications of an inflationary situation. The most important fact to many of them would be that as a result of inflation they would get back more dollars than they had invested in the first place. It might be extremely difficult for them to be convinced, under these circumstances, of the necessity of supporting anti-inflationary programs.

3. *Government Acceptance of Inflation as Inevitable.*—Another argument against the purchasing power bond is that the very issuance of such a bond would indicate that the Treasury has serious doubts about the ability of the country to control inflationary pressures. It would be dangerous to have this idea become widespread; it might in itself cause further inflation as people rushed to buy goods to protect themselves against further price advances.

4. *Inflation Hedge.*—It is argued further that it is inappropriate for the Government to furnish an investment medium which is in the nature of an inflation hedge. The free enterprise system provides some opportunities for savers and investors to protect themselves against inflation. This requires taking a certain amount of risk, it is true. But that is one of the characteristics of our present economic system. We can't have such a system and a democratic government, and yet expect the Government always to protect people against the loss that might arise from risk taking.

5. *Pay-off Below Issue Price.*—Although the American public may be thinking about inflation at this particular time, it must also be kept in mind that in the event of a deflationary move, holders of a purchasing power security would, according to many of the proposals that have been made, be paid off with less dollars than originally invested. This contingency would probably not be considered by a majority of the people at the time of investment. If it were to occur, there would undoubtedly be many investors who would feel that they had been cheated by their Government. Pressure would certainly be exerted for some form of payment in which no actual dollars were lost in the transaction.

6. *Speculation on the Course of the Price Level.*—It can be argued that the purchasing power bond would encourage speculation on the

part of its holders. They would be tempted to guess when the price level had reached its peak so that they could obtain a maximum number of dollars in return for their investment. On the other hand, at each downward turn in the price level, there might be a rush to liquidate before prices declined further. This particular difficulty could be avoided, of course, by providing that the price level adjustment applies only if bonds are held for a designated period of time. But, this freezing of holders into the issue in itself would be inequitable to certain small savers who may have need of their funds for emergency situations.

7. *Assumption by the Government of Indeterminate Liabilities.*—Another argument advanced against a purchasing power bond is that the Government should not undertake to commit itself to liabilities of an indeterminate amount, since this is against sound financial principles. It has been observed that, in the case of a substantial rise in prices between the issue of such bonds and their maturity, the Government would be paying an extremely large cost for these borrowed funds in comparison with the cost of other borrowing.

8. *Advantages Are Questionable.*—Finally, it is suggested that the basic assumption underlying the case in favor of a stabilized purchasing power bond—that is, that the bond would be popular—is open to question. It is far from certain that the public would actually understand and be interested in a bond of this type, even though it is concerned about inflation. The whole theory of a bond in which a specified number of dollars are invested but an unspecified number of dollars are returned to the investor, is one that is quite unfamiliar to the public—and particularly to persons of small or moderate means to whom it is generally proposed that the Treasury sell this type of bond.

Moreover, it is argued that the problems which people of small or moderate incomes have during periods of price fluctuation would be largely untouched by the issuance of a purchasing power bond. This is because such people generally have only a very small amount of liquid savings. Figures in a recent Federal Reserve survey indicate that 28 percent of American families had no liquid savings at all, and another 22 percent had no more than $300 of liquid savings. The figures are so small that it is clear that as many as half of all American families could not live for more than a very short time on their liquid savings; and a purchasing power bond obviously would be of very limited usefulness to them. There is a broad problem relating to retired people and others living on small fixed incomes, but it does not seem likely that a purchasing power bond would make any significant contribution toward solving it.

Moreover, to the extent that the purchasing power bond caused people to move out of insurance and other forms of savings, it should be recognized that such a development would create real problems for the insurance companies and the banks of the country. This is one of the reasons why the proposals usually suggest low limitations for any one purchaser in any one year. Such limitations would provide time to work out the institutional problems involved.

E. International Comparisons

42. Discuss and evaluate, as far as your available information permits, the relationship between the Executive, the Treasury, and the Central Bank in foreign countries. Place particular emphasis on the resolution of policy conflicts.[6]

The major countries discussed in this survey are parliamentary democracies in which the finance minister or treasury is an integral part of the executive branch of the government and in which the cabinet as a whole is responsible to the legislative branch for all decisions of any of its members. Under these conditions, treasury-central bank and executive-central bank relationships are essentially identical, and the two terms will normally be considered as interchangeable in the paragraphs which follow. Certain exceptions will be mentioned, however, in the course of this answer; for example, legislation in Australia has specifically assigned final responsibility in the field of monetary policy to the executive branch of the government as a unit rather than to the treasury as such. While this distinction appears to make no practical difference in operating relationships, it does reflect increasing appreciation of the vital part which monetary policy plays in the economy as a whole. It is recognized that monetary policy affects not only the financial community but the general level and stability of production, domestic commerce, international trade and the standard of living of the people.

This same growth in economic awareness, coupled with a gradual expansion in economic and social responsibilities of governments, has contributed over the past few decades to substantial changes in the relationship between the executive and the central bank in all areas of the world. In many countries the government has assumed financial ownership of the central bank with or without assuming complete control of its policies and operations. In these and other countries the position of the central bank vis-à-vis the treasury has been formalized and clarified by new legislation. In certain countries this new legislation reflects a desire to preserve a distinction between the respective fields of primary responsibility assigned to the executive and the central bank; in such instances the possibility of policy disagreement has generally been recognized and formal procedures for resolving such policy conflicts have been provided.

These changes in treasury-central bank relationships reflect the political, economic and social developments of the last half century and are not solely a consequence of World War II. Autonomy for central banks was the commonly accepted feature of the nineteenth century. In that period, adjustments of the monetary supply, other than those resulting directly from changes in monetary reserves, were brought about primarily through changes in the cost and availability of bank credit. The objective was to insure that the nation's gold stock was maintained at a level adequate to meet potential fluctuations in the balance of payments and to provide such statutory backing for the currency as might be required. Operations of the central bank, while requiring skill and judgment in regard to timing and extent,

[6] The answer to this question was prepared on the basis of information available in November 1951.

were viewed as being determined by impersonal market forces of world-wide scope; and few persons questioned the necessity of a more or less automatic adjustment thereto. The single concrete objective of monetary policy was thus a matter of common agreement. The economic conditions calling for corrective action were believed to be readily ascertainable by observation of movements in the gold reserves.

This acceptance of more or less automatic adjustment to changes in the level of reserves began to be seriously questioned after the first World War. This re-examination was primarily a result of the severe deflationary developments in the United Kingdom when that country attempted to return to the gold standard in 1925 at a sterling rate subsequently recognized as unduly high. By the early 1930's, adherence to the nineteenth century gold standard rules had been greatly weakened. In the early years of the depression, country after country cut its traditional rigid ties with gold and sought an independent monetary course deemed most appropriate for the welfare of its people. In the search for policies to assist recovery from the depression, modern society became more keenly aware of the impact of government fiscal and monetary policies upon the operations of the entire economy. Monetary policy became a subject for both economic and political controversy; and there was a growing recognition that such policy must, in the final analysis, be determined by agencies politically responsible to the nation as a whole.

The deficit financing of the depression years and, more importantly, the enormous requirements of war and postwar finance have also brought about a radical change in technical aspects of the money market and the credit structure. Government debt has become in many countries a much more important component of the total debt structure and hence of the aggregate assets of the banking system. Changes in the size, composition and ownership of government debt are now an essential determinant of monetary conditions in some countries. The need for coordinating the debt management operations of national treasuries and the policies of central banks in the field of private credit has become increasingly pressing in such countries. Existing relationships between the executive and the central bank in many areas of the world thus reflect the influence of a long period of economic, political and social change.

1. Central Bank Ownership

In the shifting treasury-central bank relationships, transfers of central bank ownership to the government appear as spectacular events. But these transfers did not necessarily constitute drastic changes in the relationship between the institutions involved; in certain cases, they merely symbolized formal acceptance of executive responsibility which had been exercised previously. In the early 1930's, government-owned central banks existed in only 10 countries.[7] Between 1931 and 1939, four banks were nationalized (that is, converted to full government ownership),[8] while one new bank was established as a government-owned institution.[9] Between 1939 and 1945, four banks were established as government-owned institutions.[10] After the

[7] The central banks of Bulgaria, Finland, Iceland, Sweden, the USSR, Nicaragua, Uruguay, China, Iran, and Australia.
[8] The central banks of Denmark, New Zealand, Canada, and Bolivia.
[9] The central bank of Costa Rica.
[10] The central banks of Afghanistan, Ireland, Thailand, and Paraguay.

war, 10 central banks were nationalized,[11] and almost all central banks created in recent years have been established as government-owned institutions.[12] The recent wave of central bank nationalizations reflected in part postwar political developments in various countries, and in part changed institutional and monetary conditions vitally affecting the banking system.

Of the 75 central banks listed in Exhibit B (p. 351), 49 are entirely government-owned. By far the largest number of government-owned central banks are in Europe; but even in the Americas more than half of the central banks are owned by their respective governments.

Of the remaining central banks that are not entirely government-owned, about one-half are partially owned by the government; while the remainder continue to be owned entirely by private stockholders. Varying proportions of the capital of partially government-owned banks are owned by commercial and other banks and/or the general public.[13] There remains a small number of central banks whose capital continues to be held entirely by private stockholders.[14] Insofar as the capital of central banks is held either partially or entirely by commercial banks, such ownership frequently represents merely a financial contribution from the banking system, and carries few if any of the prerogatives of control implied by equity ownership. Even where the central bank is not owned even in part by the government, it is generally controlled by a management appointed by the government. With the universal recognition of the essentially public character of central banking, private ownership of the central banks, whether partial or complete, is a formality without corresponding powers and obligations. The form of ownership reflects the historical development of central banking mechanisms as affected by specific political, economic, and social changes in the countries concerned.

2. The Relations between the Treasury and the Central Bank

The growing recognition of the essentially public character of central banking can be traced even more clearly by reviewing the world-wide trend toward statutory formalization of what had previously been informal consultation and cooperation between the treasury and the central bank. Up to the early 1930's the central bank statutes either were silent on the general position of the central bank vis-à-vis the treasury or contained limited provisions for government participation in constituting the bank's governing body, for example, by appointing the governor, approving the election of the directors by shareholders, or nominating a government commissioner. The central bank that seemed in those years most independent of any form of *legal* control, except in regard to its powers of issuing bank notes and granting loans to the state, was the Bank of England. An exception to the generalization stated above was the Swedish Riksbank, which operated

[11] In chronological order, the central banks of France, England, Argentina, Rumania, Yugoslavia, Hungary, Czechoslovakia, India, the Netherlands and Norway. In Indonesia a bill providing for nationalization is pending in Parliament.

[12] The central banks of Albania, Poland, Guatemala, Dominican Republic, the Philippine Republic, Iraq, Ceylon, Burma, Eastern Germany, Western Germany (for details, see Appendix A), China (Communist), Honduras, and Republic of Korea. The only exceptions are the central banks of Venezuela, Pakistan, Cuba, and the Belgian Congo.

[13] The central banks of Belgium, Portugal, Turkey, Chile, Colombia, Ecuador, Mexico, Venezuela, Pakistan, Japan, Cuba, and the Belgian Congo.

[14] Such "private" central banks are those of Egypt, Greece, Israel, Italy, Spain, Switzerland (the National Bank of Switzerland is largely owned by the Swiss cantons, and by the cantonal banks which in turn are owned by the cantons), Peru, Salvador, and the Union of South Africa.

under the guarantee and the supervision of the Swedish Parliament, and because of this special position was unique among central banks.

The first departure from the traditional lack of formalization of treasury-central bank relationship seems to have been a New Zealand law of 1936 [15] decreeing that the general function of the reserve bank, within the limits of its powers, was to give effect as far as might be to the monetary policy of the government, as communicated to it from time to time by the Minister of Finance. More specifically, the reserve bank was required to give consideration to any representations by the Minister of Finance and to give effect to any decisions of the government conveyed to the bank in writing by the Minister of Finance. This last provision, however, was repealed in 1950; and new legislation provides that the reserve bank is to give effect to any resolution of the House of Representatives that may be communicated to it regarding its functions and business.

Before the war, greater formalization of treasury-central bank relationships was noticeable only in isolated instances such as that just described. In the early 1930's, the central banks increasingly sought guidance from the treasury, but consultation and cooperation were entirely informal. Nor did the governments have to resort to formal legislation during the war itself since central banks everywhere responded fully to the exigencies of war finance. It was only after the war that the trend toward greater formalization of the treasury-central bank relationship became greatly accentuated.

In Great Britain informal cooperation between the Treasury and the central bank had long existed and such cooperation had become increasingly close following the departure of Britain from gold in 1931. Under the Bank of England Act of 1946, "The Treasury may from time to time give such directions to the Bank as, after consultation with the Governor of the Bank, they think necessary in the public interest." This statutory provision is highly formal; but much, of course, depends on its interpretation and application. In a speech in the House of Lords, in 1946, the Governor of the Bank stated that the qualifying clause "after consultation with the Governor of the Bank" was inserted at his request and received cordial agreement from the Treasury. So far as is known, no conflict of views has required the Treasury to exercise its authority to give direction to the Bank.

Very similar legislation was passed in India in 1948, but again there is no evidence that the Indian Government has exercised its power to give formal directions to the Reserve Bank of India.

In Australia, under legislation of 1945, the Commonwealth Bank was required from time to time to inform the Treasurer of its monetary and banking policy. In the event of any difference of opinion as to whether that policy was directed to the greatest advantage of the people of Australia, a procedure was provided in the law to enable the Bank and the government to reach agreement or otherwise resolve the conflict. This procedure will be examined later, but it may be mentioned here that the 1945 legislation was revised in 1951 to provide that the Bank is now required to give information regarding its policies, not specifically to the Treasurer, but to the government as a whole. The procedure for settling possible disputes has also been considerably changed.

[15] For relevant excerpts from central bank legislations in selected countries, see Exhibit C (p. 355).

Similar changes have occurred in the Netherlands. Temporary arrangements were made in 1945 to restore the Nederlandsche Bank to its position under the Banking Act of 1937, which had been abrogated by the German occupation authorities. Under this legislation, the Minister of Finance was given power to issue directions to the management of the Nederlandsche Bank whenever he deemed such a course necessary in order to coordinate the monetary and financial policy of the government and the policy of the Nederlandsche Bank. The Nederlandsche Bank is required to follow such directions; but, under a new law enacted in 1948, the management of the Bank can appeal to the Crown from the instructions of the Minister of Finance.

In Spain a number of essentially central bank functions, such as fixing the discount rate, engaging in open market operations, and directing credit policy, were taken from the Bank of Spain in 1947. These activities were thereafter to be performed by the Minister of Finance with the approval of the council of ministers. There is also a broad clause in the new law empowering the Minister of Finance to determine monetary policy in general.

It is clear, therefore, that the substitution of formal statutory authority for custom, tradition and informal cooperation represents a fundamental change in treasury-central bank relationships. Yet the new statutes, for the most part, simply formalized the actual relationship of the central bank vis-a-vis the treasury as this had emerged in the 1930's, after the development of the "managed" gold standard, and as it had been further developed during the war period.

On the whole, the central banks readily accepted the formalization of their recent position vis-a-vis the government. In most countries the implementation of the new status was not accompanied by any changes in the leading central bank personnel. In England, France, Australia, and the Netherlands, the same governors and other high officers continued to serve after the implementation of the new statutes.

3. The Resolution of Policy Conflicts

While the essentially public character of central banking has thus been formalized in statutory provisions, recent legislation frequently has recognized an important role for the central bank in the formulation and execution of monetary and credit policy. Many countries with fully formalized treasury-central bank relationships have enacted statutory provisions for resolving differences between the treasury and central bank. In other countries, avoidance of differences is sought by placing responsibility for major policy decisions with bodies on which the treasury and the central bank are represented with some degree of equality. In actual practice, of course, coordination of policies depends not only on statutory provisions, but also on custom, tradition, and the personalities involved.

The legal procedure developed in Australia for resolving possible conflicts on monetary policy is a particularly complete one. Legislation passed in 1945 provided that if the Treasurer and the Commonwealth Bank failed to reach agreement, the Treasurer should inform the Bank that the government accepted responsibility for the adoption by the Bank of the policy laid down by the government; and the Bank was then required to give effect to that policy. Later new legislation adopted in 1951 changed the procedure somewhat. The board of the Bank is now required to furnish the Treasurer with a statement of its views regarding the question at issue. The Treasurer may then submit his recommendation to the Governor General of Australia. The Governor General, acting with the advice of the Federal Executive Council (which is practically identical in composition with the government, since all cabinet ministers are ex-officio members), may lay down the policy that is to be adopted by the Bank. The Treasurer is to inform the Bank of this policy, and also of the government's acceptance of responsibility for its adoption. The legislative branch is then to be fully informed of the issues involved. A copy of the Governor General's order laying down the disputed policy, a statement by the government regarding its position, and the Bank board's statement previously furnished to the Treasurer, are all to be presented by the Treasurer to each House of Parliament for such further consideration as those bodies may deem necessary.

In New Zealand, under the 1950 legislation as already noted, the House of Representatives may communicate to the central bank resolutions regarding its functions and business. This may be regarded as a way of resolving policy conflicts between the treasury and the central bank. In the Netherlands, on the other hand, the central bank has the right, under the 1948 legislation, to appeal to the Crown from directions given by the Minister of Finance.

By contrast, the central bank legislation of Canada does not spell out in any detail the relationship between the government-owned Bank of Canada and the Canadian Government. Members of the Board of Directors of the Bank are appointed by the Government and the Board in turn, with the approval of the Government, selects a Governor, Deputy Governor and Assistant Deputy Governor. An Executive Committee, composed of the Governor of the Bank, the Deputy Governor and one director selected by the Board, meets weekly and exercises the same powers as the Board of Directors, but submits all its decisions for Board review. The legislation makes no provision for the Minister of Finance to give positive direction to the Bank's policy, other than that implicit in his representation on the Executive Committee. There is, however, a provision regarding the Government's right of review in any instance in which the Governor, or in his absence, the Deputy Governor, exercises his veto over any action or decision of the Board of Directors or of the Executive Committee. The Minister of Finance must be informed in writing of the circumstances surrounding the veto; he in turn submits this information to the Government for confirmation or disallowance.

In Western Germany the central bank established after the war was subject to such directions as might be issued by the Allied Bank Commission; on the other hand, the influence on the central bank of such German Government authorities as existed at the time was severely restricted by the bank's statutes. Under recent temporary legislation the ministers of finance and economy are nonvoting members of the central bank board, and the central bank is obliged to give consideration and support to government policy within the framework of its own duties. In cases of conflict, the government can demand an 8-day suspension of central bank decisions.

In Belgium, the government exercises control over the central bank's operations through a government commissioner who attends the bank's board meetings, without vote, but with a right of veto in case a board's decision is considered as contrary to government policy. In practice, any policy conflict that may arise has been resolved by informal discussions. The preamble to the 1948 bill that provided for a revision of the statutes of the National Bank of Belgium stated that it was considered essential that the central bank should remain distinct from the executive power if its interventions were to be made with the elasticity indispensable for the growth of the national economy; and that the government should exercise its prerogatives in such a way as to safeguard the Bank's independence and liberty of action, to the extent that their sacrifice is not required in the social interest.

A great variety of statutory provisions govern treasury-central bank relationships in Latin America. In Bolivia, Colombia, and Mexico, the central bank has to refer specified policy measures to the Minister of Finance for approval or prior review. In the Dominican Republic and Honduras, on the other hand, the central bank has the authority, explicitly conferred by statute, to make final decisions in the field of monetary policy. It is not known, however, whether any conflicts have arisen that have made it necessary for the central bank to assume sole responsibility for its policy. In Costa Rica, the legislation requires other government institutions to cooperate with the central bank in implementing its policy. In several Latin American countries, the Minister of Finance is a member of the board of directors of the central bank. In Cuba, under the central bank law of 1948, the board of directors of the central bank consists of five voting members; in addition, the Minister of Finance is an ex-officio member but is expressly denied the right to vote.

In some countries that are in a process of rapid economic development, the powers and functions traditionally associated with the central bank are actually exercised by a monetary board which includes, in addition to other members, both the highest officer of the central bank and the Minister of Finance. For instance, in Guatemala and Paraguay the president of the monetary board is governor of the central bank.

In Japan, under the new legislation adopted in 1949, the policy board of the Bank of Japan includes, as voting members, the Governor of the Bank and four members appointed by the government with the approval of the legislature, while representatives of the Ministry of Finance and of the Economic Stabilization Board are nonvoting members. Similarly, in Egypt, under legislation enacted in 1950, matters of monetary, credit, and exchange policy are decided by a supreme committee of seven members, four representing the Egyptian Government and including the Minister of Finance as chairman, and three representing the central bank. In the Philippines, the directing board of the central bank consists of the Secretary of Finance, as chairman, the Governor of the central bank, the President of the Philippine National Bank (a government-owned commercial bank), the Chairman of the Board of the Rehabilitation Finance Corporation, and three appointed members.

In Argentina, the central bank, which under its constituent law of 1935 had enjoyed complete independence for the exercise of its functions, passed in 1949 under the direct control of the Ministry of Finance. It is now governed by a directorate composed of the Minister of Finance, acting as President of the bank, the Under Secretary of the Finance Ministry, and nine directors who are either the presidents of nationalized commercial, industrial, mortgage, or savings banks, or are government appointees representing agriculture, stockbreeding, commerce, and labor.

In a few countries the formulation of monetary and credit policy is entrusted to a national council that includes, among others, both the minister of finance and the governor of the central bank. In France the National Credit Council was established in 1945 by the same law that nationalized the central bank and the four largest commercial banks. It is presided over by the Minister of Finance, with the Governor of the Bank of France acting as vice president ex-officio. In addition, there are 38 members representing various government departments, public and private financial institutions, business, agriculture, labor, and the consumer. The Council's functions are purely advisory; nevertheless, it seems to have exercised a considerable influence in the formulation of French monetary and credit policy.

In Italy, on the other hand, the Inter-ministerial Credit Committee set up in 1947 has full authority to determine policy. It consists of the Minister of the Treasury, as chairman, and of the Ministers of Finance, Agriculture, Industry, and Foreign Trade. The Governor of the Bank of Italy, although not a formal member, attends the sessions of the Committee. The role of the Bank is somewhat greater than the composition of the Committee would suggest since the Bank is charged not only with technical responsibility for carrying out the broad decisions of the Committee, but also with presenting to the Committee reports and studies of those problems which are within the group's competence. The Committee's responsibilities cover not only broad problems of monetary policy but also purely banking matters.

4. Conclusion

This review of relationships between the executive and the central bank in foreign countries suggests that the ultimate responsibility for determining over-all economic policies has increasingly been granted to public officials who are politically responsible to the electorate. Except in countries where more or less complete power to direct all aspects of the economy has been concentrated in government hands, the tendency appears to be to leave with the central bank a definite measure of responsibility for influencing monetary conditions within the broad framework of economic policy determined by the government as a whole.

In the attempt to establish a smoothly functioning relationship between the central bank and the financial officers of the government, legislation of considerable variety has been devised. This legislation has depended upon varying concepts of the relationship appropriate to particular national conditions, as such concepts have developed in countries in different stages of economic growth and with various social and political backgrounds.

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EXHIBIT B.—*Capital and ownership of foreign central banks*

[In thousands of currency units]

Country	Bank	Currency unit	Capital		Ownership of paid-up capital				Data as of
			Authorized	Paid up	Government owned	Privately owned			
						Total	Banks	Other	
Afghanistan	Da Afghanistan Bank	Afghani	120,000	120,000	[1] 120,000	[1] 0	[1] 0	[1] 0	1949
Albania	Albanian State Bank	Lek	?	?	?	0	0	0	?
Algeria and Tunisia	Banque de l'Algerie et de la Tunisie	Algerian franc	25,000	25,000	[2] 25,000	0	0	0	1951
Argentina	Banco Central de la Republica Argentina	Peso	100,000	100,000	100,000	0	0	0	1951
Australia	Commonwealth Bank of Australia	Australian pound	20,000	4,000	4,000	0	0	0	1951
Austria	Oesterreichische National Bank	Schilling	(3)	(3)	(3)	0	0	0	(3)
Belgian Congo and Ruanda-Urundi.	Banque Centrale du Congo Belge et du Ruanda-Urundi.	Congo franc	150,000	[4] 150,000	[4] 90,000	[4] 60,000	[4] 30,000	[4] 30,000	[4] 1951
Belgium	Banque Nationale de Belgique	Belgian franc	400,000	400,000	200,000	200,000	?	?	1951
Bolivia	Banco Central de Bolivia	Boliviano	200,000	50,000	50,000	0	0	0	1951
Brazil	Banco do Brasil [5]	Cruzeiro	200,000	100,000	55,732	44,268	366	43,902	1951
Bulgaria	Bulgarska Narodna Banka	Lev	(6)	?	?	0	0	0	(6)
Burma	Union Bank of Burma	Rupee	10,000	10,000	10,000	0	0	0	1951
Canada	Bank of Canada	Canadian dollar	5,000	5,000	5,000	0	0	0	1951
Ceylon	Central Bank of Ceylon	Rupee	15,000	15,000	15,000	0	0	0	1951
Chile	Banco Central de Chile	Peso	150,000	119,377	20,000	99,377	92,756	6,621	1951
China (Formosa)	Central Bank of China [7]	New Taiwan dollar	?	?	?	0	0	0	1951
China (Communist)	People's Bank of China	People's dollar	?	?	?	0	0	0	[8] 1949
Colombia	Banco de la Republica	Peso	(9)	11,736	5,000	6,736	3,658	3,078	1951
Costa Rica	Banco Central de Costa Rica	Colon	3,000	3,000	3,000	0	0	0	1951
Cuba	Banco Nacional de Cuba	Peso	10,000	5,000	2,500.1	2,499.9	2,499.9	0	1951

[1] Probable distribution only. The law, however, provides that the Government is to subscribe to at least 75 percent of the shares and has preference in purchasing the remaining 25 percent.

[2] Half of the shares are owned by the French Government, ⅓ by the Algerian Government, and ⅙ by the Tunisian Government.

[3] No complete balance sheet has been issued since the war; amount of capitalization not available.

[4] Since the bank is currently in the process of being organized, the amount of capital paid up is not known at this time. By June 1952, however, it will be all subscribed in the manner shown. Of the government-owned shares, 75,000 are owned by the Congo Government and 15,000 by the Vice Government of Ruanda-Urundi. The bank-owned shares are owned by the National Bank of Belgium.

[5] This is not a central bank, but through its administration of the Government's Rediscount Department and its handling of the Government's deposits, it has fulfilled certain central bank functions. Moreover, it acts as fiscal agent for the Government abroad.

[6] Art. 11 of the bank law of Dec. 23, 1947, provides that "The capital of the Bulgarian National Bank is unlimited. The bank can create, on the decision of the Council of Ministers funds according to its needs." We have no further information.

[7] The Central Bank of China was transferred in 1949 to Formosa, where it now functions as a central bank. It is custodian of the island's gold, and is administrator of all foreign exchange funds. However, it does not issue currency, this function having been assumed by the Bank of Taiwan, a provincial bank.

[8] Organized in 1949 as a wholly Government-owned bank. No further details available.

[9] The power of increasing the authorized capital from the original 10 million pesos to provide shares for new or old member banks has apparently been used.

EXHIBIT B.—*Capital and ownership of foreign central banks*—Continued

[In thousands of currency units]

Country	Bank	Currency unit	Capital		Ownership of paid-up capital				Data as of
			Authorized	Paid up	Government owned	Privately owned			
						Total	Banks	Other	
Curaçao	Curacaosche Bank	Curacaosche Florin	450	450	450	0	0	0	1951
Czechoslovakia	Statni Banka Ceskoslovenska	Koruna	3,000,000	3,000,000	3,000,000	0	0	0	1950
Denmark	Danmarks National Bank	Krone	50,000	50,000	50,000	0	0	0	1951
Dominican Republic	Banco Central de la Republica Dominicana	Peso	100	100	100	0	0	0	1951
Ecuador	Banco Central del Ecuador	Sucre	20,000	14,769	2,078	12,691	12,691	0	1951
Egypt	National Bank of Egypt	Egyptian Pound	3,000	3,000	0	3,000	?	?	1951
Ethiopia	State Bank of Ethiopia	Ethiopian Dollar	2,000	2,000	2,000	0	0	0	1950
Finland	Finlands Bank	Markka	5,000,000	5,000,000	5,000,000	0	0	0	1951
France	Banque de France	Franc	182,500	182,500	182,500	0	0	0	1951
French West Africa	Banque de l'Afrique Occidentale	Franc	50,630	50,630	0	[10] 50,630	?	?	1951
Germany (Western)	Bank Deutscher Laender	Deutsche Mark	100,000	100,000	([11])	([11])	([11])	([11])	1951
Germany (Eastern)	Deutsche Notenbank	Deutsche Mark	100,000	100,000	[12] 100,000	0	0	0	1948
Greece	Banque de Grece	Drachma	60,000,000	60,000,000	[13] 0	[13] 60,000,000	?	?	1951
Guatemala	Banco de Guatemala	Quetzal	([14])	500	500	0	0	0	1951
Haiti	Banque Nationale de la Republique d'Haiti	Gourde	5,000	5,000	5,000	0	0	0	1951
Honduras	Banco Central de Honduras	Lempira	500	500	500	0	0	0	1951
Hungary	Magyar Nemzeti Bank	Pengo [15]	([15])	?	?	?	?	?	([15])
Iceland	Landsbanki Islands	Krona	([16])	4,800	4,800	0	0	0	1951
India	Reserve Bank of India	Rupee	50,000	50,000	50,000	0	0	0	1951
Indonesia	De Javasche Bank	Rupiah	9,000	9,000	([17])	([17])	([17])	([17])	1951
Iran	Bank Melli Iran	Rial	300,000	300,000	300,000	0	0	0	1951
Iraq	National Bank of Iraq	Iraqi Dinar	5,000	2,500	2,500	0	0	0	1951
Ireland	Central Bank of Ireland	Irish pound	40	24	24	0	0	0	1950
Israel	Bank Leumi le-Israel	Israeli pound	3,000	1,200	0	1,200	0	1,200	1951
Italy	Banca d'Italia	Lira	300,000	300,000	0	[18] 300,000	[18] 253,500	[18] 46,500	1950
Japan	Nippon Ginko	Yen	100,000	100,000	([19])	?	?	?	1951
Korea (south)	Bank of Korea	Won	1,500,000	1,500,000	1,500,000	0	0	0	1950
Lebanon. (See Syria.)									
Madagascar	Banque de Madagascar et des Comores	French franc	111,000	37,000	([20])	([20])	([20])	([20])	1950
Mexico	Banco de Mexico	Peso	50,000	50,000	[21] 25,500	[21] 24,500	([21])	([21])	1951
Morocco	Banque d'Etat du Maroc	Moroccan franc	46,200	46,200	0	46,200	([22])	([22])	1949
Netherlands	De Nederlandsche Bank	Guilder	20,000	20,000	20,000	0	0	0	1951
New Zealand	Reserve Bank of New Zealand	New Zealand pound	[23] 1,500	[23] 1,500	[23] 1,500	0	0	0	1951
Nicaragua	Banco Nacional de Nicaragua	Cordoba	2,500	2,500	2,500	0	0	0	1950
Norway	Norges Bank	Krone	35,000	35,000	35,000	0	0	0	1951

Pakistan	State Bank of Pakistan	Rupee	3,000	3,000	1,530	1,470	?	?	1950
Paraguay	Banco del Paraguay	Guarani	(24)	[24] 23,000	[24] 23,000	0	0	0	1951
Peru	Banco Central de Reserva del Peru	Sol	10,000	4,015	0	4,015	1,626	2,389	1950
Philippine Republic	Central Bank of the Philippines	Peso	10,000	10,000	10,000	0	0	0	1950
Poland	Narodowy Bank Polski	Zloty	?	250,000	250,000	0	0	0	[25] 1946
Portugal	Banco de Portugal	Escudo	100,000	100,000	296	99,704	12,388	[26] 87,316	1950
Rumania	Bank of the Rumanian People's Republic, State Bank.	Leu	2,000,000	2,000,000	2,000,000	0	0	0	1948
Salvador, El	Banco Central de Reserva de El Salvador	Colon	1,800	1,800	0	1,800	750	1,050	1951
Spain	Banco de Espana	Peseta	177,000	177,000	0	177,000	?	?	1950
Surinam	De Surinaamsche Bank	Surinam Florin	1,000	1,000	0	1,000	?	?	1949
Sweden	Sveriges Riksbank	Krona	50,000	50,000	50,000	0	0	0	1951
Switzerland	Banque Nationale Suisse	Swiss Franc	50,000	25,000	[27] 9,635	15,365	[27] 4,074	11,291	1950
Syria and Lebanon	Banque de Syrie et du Liban	French Franc	300,000	300,000	0	300,000	?	?	1949
Thailand	Bank of Thailand	Baht	20,000	20,000	20,000	0	0	0	1950
Tunisia. (See Algeria.)									

[10] Owned and controlled by persons and institutions in France.

[11] The capital of the Bank Deutscher Laender is owned by the land central banks, the capital of which, in turn, is owned by the respective land governments.

[12] 55 million of bank's capital is owned by the Finance and other Ministries of the central Government: 45 million by the various state banks, which are owned by the state governments.

[13] The "state" and "state undertakings" are authorized to hold up to 1/10 of total capital, but no information is available to indicate that the government holds any shares.

[14] Art. 8-10 of the new central bank law states that "the bank shall be established with an initial guarantee fund of 500,000 quetzales, which shall be contributed by the state." This guarantee fund is to be augmented by the annual net profits "until this fund reaches a sum equivalent to 10 percent of the total assets of the bank, provided that this percentage exceeds 500,000 quetzales." For this calculation, international reserves are to be subtracted from total assets.

[15] As of January 1946. A new currency unit, the "forint", was introduced in August 1946 to replace the pengo, but no data are available as to the bank's capitalization under the new currency. The 1948 bank law provided for capital of "30 million gold crowns"; on Dec. 31, 1949, the bank's statement indicated that 30 million gold crowns were valued at "120,823,162 florins." Some shares apparently can be privately owned.

[16] Treasury authorized to increase capital as necessary.

[17] Bank is in process of being nationalized. All private capital stock (denominated in Dutch guilders) is being purchased by the Indonesian Government.

[18] The national government and the municipal or provincial authorities hold part or all of the shares of many of the institutions classed as "banks." "Other" is comprised of insurance companies and institutions, most of which are privately owned.

[19] Majority ownership by Government is specified by banking law, but exact proportion is not known.

[20] Total paid-up capital as of September 1950. Paid-up capital is eventually to be raised to 111,000, the French Government owning a clear but unspecified majority.

[21] Obligatory government ownership of 51 percent of capital. About 1/3 of privately owned capital is held by banks controlled or partially owned by Government. Most of remaining privately held shares are in hands of other banks.

[22] As of November 1945, French and Moroccan banks reportedly held 57 percent of the bank's capital stock. The balance was probably all held by banks in other countries.

[23] No shares issued. A "general reserve fund" provided by the Government constitutes the capital.

[24] Initial capitalization of 6,000,000 guaranies has been subject to periodic increases of unreported amounts by transfers from surplus funds of bank. Amounts shown are approximate only.

[25] The banking reform of Oct. 25, 1948, and amendments to it in March 1951 do not mention the capitalization of the bank. On Oct. 28, 1950, a monetary reform revalued most old accounts at the rate of 100 old zlotys to 3 new zlotys. It is not known if, or how, this affected the Government's capital.

[26] Bearer shares, amounting to 47,696,000 escudos, are regarded as being owned by "other."

[27] Cantons and cantonal banks together own 54.8 percent of the shares. ("Government" comprises cantons and demicantons only. "Banks" comprise cantonal banks only. Other banks, the extent of whose holdings is not known, are included under "Other.")

EXHIBIT B.—*Capital and ownership of foreign central banks*—Continued

[In thousands of currency units]

Country	Bank	Currency unit	Capital		Ownership of paid-up capital				Data as of
			Authorized	Paid up	Government owned	Privately owned			
						Total	Banks	Other	
Turkey	Banque Centrale de la Republique de Turquie	Turkish Pound	15,000	10,500	[28] 2,570	7,930	[28] 4,676	3,254	1949
U. S. S. R	Gosbank	Ruble	[29]	[29]	[29]	0	0	0	[29]
Union of South Africa	South African Reserve Bank	South African Pound	1,000	1,000	0	1,000	?	?	1951
United Kingdom	Bank of England	Pound Sterling	14,553	14,553	14,553	0	0	0	1951
Uruguay	Banco de la Republica Oriental del Uruguay	Peso	70,000	70,000	70,000	0	0	0	1950
Venezuela	Banco Central de Venezuela	Bolivar	10,000	5,000	[30] 5,000	[30] 0	0	0	1951
Yugoslavia	Banque Nationale de la Republique Federative Populaire de Yugoslavie.	Dinar	[31]	[31]	[31]	[31]	[31]	[31]	[31]

[28] State may hold no more than 25 percent of shares, and foreign banks may hold no more than 10 percent.

[29] Capital appears to have been raised (perhaps several times) since 1933. The 1937 capital and reserves were nearly 2.9 billion rubles.

[30] Government must hold minimum of 50 percent of the shares. Remaining 50 percent may be subscribed to by banks and public. After a certain date unsubscribed part must be taken up by Government. It is probable that the paid-up capital is entirely Government-owned.

[31] No information.

Exhibit C

Excerpts from Monetary Legislation of Selected Countries Regarding Central Bank Capital and Management, and Treasury—Central Bank Relationships

(General note: Where original charters, decrees, etc., are not in the English language the excerpts represent unofficial translations only.)

ARGENTINA

Organic Charter of the Central Bank of the Republic of Argentina and Banking Law (Decree No. 8.503/46 of March 25, 1946, and Decree No. 25.120 of October 8, 1949)

Constitution

Art. 1. The Central Bank of the Argentine Republic is an independent entity subordinate to the Minister of Finance . . .

The state guarantees the liabilities of the Bank. [1949]

Capital

Art. 1. As of the date of the present Decree, the Banco Central de la Republica Argentina is nationalized . . . [1949]

Art. 2. The capital of the Banco Central . . . is declared national property . . . [1946]

Art. 4. The capital of the Bank shall be 100 million pesos. [1949]

Management

Art. 5. The Bank shall be governed by a directorate composed of a president, a vice-president and nine directors . . . [1949]

Art. 6. The Minister of Finance and the Under-secretary of Finance shall be president and vice-president of the Bank, respectively. [1949]

Art. 8. The following shall be directors of the Bank by virtue of their position:

the president of the Bancos de la Nacion Argentina
the president of the Crédito Industrial Argentino
the president of the Hipotecario Nacional, and
the president of the Caja Nacional de Ahorro Postal.

The five other directors are appointed by the government in conformity with the following manner of representation: one each for agriculture, the cattle industry, industry, commerce, and labor. [1949]

Art. 9. The five directors appointed by the government shall hold office for four-year terms and are eligible for reappointment . . .

The following shall not be directors

(a) members of the national, provincial, and municipal legislatures . . . [1949]

Art. 11. The president, representing the directors, shall exercise control over the Bank, and shall deal with, and decide, all those questions which are not expressly reserved for the decision of the directors . . . The president shall name, promote and suspend . . . employees, giving notice of his actions to the directors. [1949]

Art. 12. The president shall call the meetings of the board of directors . . . Six members shall form a quorum and, unless otherwise specified, resolution shall be adopted by a simple majority of the attending members. In case of a tie vote the president's vote, or the vote of the person presiding, shall count twice. [1949]

AUSTRALIA

The Commonwealth Bank Act 1951 (assented to July 6, 1951)

Management

23.-(1) the Commonwealth Bank Board shall consist of

(a) the Governor
(b) the Deputy Governor
(c) The Secretary to the Department of the Treasury, and
(d) seven other members, who shall be appointed by the Governor-General . . .

31.-(1) the Governor and the Deputy Governor shall be appointed by the Governor-General . . .

23.-(2) of the seven members appointed under 1 (d) . . . at least five shall be persons who are not officers of the Bank or of the Public Service of the Commonwealth.

29. The Governor shall be chairman of the Board and the Deputy Governor shall be Deputy Chairman of the Board.

Relations with the Government

9A.–(1) The Bank shall, from time to time, inform the Government of the monetary and banking policy of the Bank.

(2) In the event of a difference of opinion between the Government and the Bank as to whether the monetary and banking policy of the Bank is directed to the greatest advantage of the people of Australia, the Treasurer and the Board shall endeavour to reach agreement.

(3) If the Treasurer and the Board are unable to reach agreement, the Board shall forthwith furnish to the Treasurer a statement in relation to the matter in respect of which the difference of opinion has arisen.

(4) The Treasurer may then submit a recommendation to the Governor-General, and the Governor-General, acting with the advice of the Federal Executive Council, may, by order, determine the policy to be adopted by the Bank.

(5) The Treasurer shall inform the Bank of the policy so determined and shall at the same time inform the Bank that the Government accepts responsibility for the adoption by the Bank of that policy and will take such action (if any) within its powers as the Government considers to be necessary by reason of the adoption of that policy.

(6) The Bank shall thereupon give effect to the policy determined by the order and shall, if the order so requires, continue to give effect to that policy while the order remains in operation.

(7) The Treasurer shall cause to be laid before each House of the Parliament, within fifteen sitting days of that House after the Treasurer has informed the Bank of the policy determined under sub-section (4) of this section—

(a) a copy of the order determining the policy;

(b) a statement by the Government in relation to the matter in respect of which the difference of opinion rose; and

(c) a copy of the statement furnished to the Treasurer by the Board under sub-section (3) of this section.

BELGIUM

Law No. 29 of August 24, 1939 and law of July 28, 1948 on the Belgian National Bank

Capital

ART. 5. The capital stock of the bank consists of four hundred million francs, divided into four hundred thousand shares . . .

Two hundred thousand shares are subscribed to by the State at their full nominal value . . . [1948]

Management

ART. 22. The Bank is managed by a Governor and administered by a Board of Directors assisted by a Board of Management. It is supervised by an Audit Committee. In addition, there is a General Council. [1939]

ART. 23. The Board of Directors is presided over by the Governor [1939] and includes, in addition to him, at least three but not more than six directors . . . [1948]

The Board of Management is composed of the Governor, the directors [1939] and ten managers. [1948]

The General Council is to be composed of the Governor, the directors, the managers and the auditors . . . [1939]

ART. 24. The Governor is appointed by the King for a term of five years. [1939] The Directors are appointed by the King, following nomination by the Board of Management, for a term of six years. [1948]

The managers and auditors are elected by the General Assembly of the shareholders [1939] for a term of three years. [1948]

Three managers are to be chosen from candidates recommended by the Minister of Finance.

Two managers are to be chosen from outstanding personalities of financial institutions of public interest.

Two managers are to be chosen from nominations made by the most representative worker's organization.

Three managers are to be chosen from nominations made by the most representative industrial, commercial and agricultural organizations. [1948]

ART. 26. Members of the Legislative Chambers are not to hold the office of Governor, Vice-Governor, director, manager or auditor. [1939]

Relations with the Government

ART. 29. The Minister of Finance has the right to control all the operations of the Bank. He may oppose the execution of any measure contrary to the law, to the by-laws or to the interest of the State. This control is vested in a Government Commissioner.

ART. 30. The Government Commissioner is appointed by the King. He superintends all operations of the Bank. He may suspend and report to the Minister of Finance any decision contrary to the law, the by-laws or to the interest of the State.

If, upon such suspension and report, the Minister of Finance takes no action within eight days, the original decision may be executed. [1939]

CANADA

Bank of Canada Act (assented to July 3, 1934) as amended by an Act to amend the Bank of Canada Act (1 Edward VIII, Chapter 22, 1936) and an Act to amend the Bank of Canada Act (2 George VI, Chapter 42, 1938)

Capital

17. (1) The capital of the bank shall be five million dollars but may be increased from time to time pursuant to a resolution passed by the Board of Directors and approved by the Governor in Council and by the Parliament of Canada.

(2) The capital shall be divided into one hundred thousand shares of the par value of fifty dollars each, which shall be issued to the Minister to be held by him on behalf of the Dominion of Canada. [1938]

Management

5. (1) The Bank shall be under the management of a Board of Directors composed of a Governor, a Deputy Governor and eleven directors . . . [1938]

(2) In addition to the Members of the Board . . . the Deputy Minister of Finance or, in case of his absence or incapacity at any time, such other officer of the Department of Finance as the Minister may nominate for the time being, shall be, by virtue of his office or of such nomination, as the case may be, a member of the Board, but shall not have the right to vote. [1934]

6. (2) No person shall hold office as Governor or Deputy Governor or Assistant Deputy Governor, who, . . .

(b) is a member of either House of Parliament or of a Provincial legislature; or

(c) is employed in any capacity in the public service of Canada or of any province of Canada or holds any office or position for which any salary or other remuneration is payable out of public moneys . . . [1936]

8. (1) The Governor, Deputy Governor and Assistant Deputy Governor shall each be appointed as hereinafter provided for a term of seven years or, in the case of the first Governor, Deputy Governor and Assistant Deputy Governor, for such shorter period as the Governor in Council may determine.

(2) The first Governor, Deputy Governor and Assistant Deputy Governor shall be appointed . . . by the Governor in Council and thereafter appointments shall be made by the directors with the approval of the Governor in Council. [1934]

9. (1) The Minister with the approval of the Governor in Council shall in each year appoint for terms of three years each a sufficient number of directors to provide that there shall be eleven directors . . .

7. (1) The Governor of the Bank shall be the chief executive officer and shall on behalf of the Board have the direction and control of the business of the Bank, with authority to act in connection with the conduct of the business of the Bank in all matters which are not by this Act or by the by-laws of the Bank specifically reserved to be done by the Board or by the Executive Committee. [1938]

13. (1) There shall be an Executive Committee of the Board consisting of the Governor, the Deputy Governor and one director selected by the Board.

(2) In addition to the Members of the Executive Committee as constituted by subsection one of this section, the Deputy Minister of Finance or, in case of his absence or incapacity at any time, such other officer of the Department of Finance as the Minister may nominate for the time being shall be by virtue of his office or of such nomination, as the case may be, a member of the Executive Committee, but shall not have the right to vote. [1934]

Relations with the Government

14. (1) The Governor, or in the event of his absence or incapacity the Deputy Governor only, shall have power to veto any action or decision of the Board of Directors or of the Executive Committee, and if this veto power be exercised, the Governor or Deputy Governor, as the case may be, shall within seven days inform the Minister in writing of the circumstances and the Minister shall submit the veto to the Governor in Council who may confirm or disallow the veto.

(2) Any director or member of the Executive Committee may inform the Minister in writing of his view of the action or decision in question, which view shall also be transmitted to the Governor in Council. [1936]

CHILE

Revised text of the Law No. 486 of August 21, 1925 on the Banco Central de Chile

Capital

ART. 6. The authorized capital of the Bank shall be 150 million pesos . . .

ART. 12. The shares shall be divided into four classes . . . to be called A, B, C and D.

ART. 13. Shares of class A shall total 20 million pesos and shall be subscribed to entirely by the State.

ART. 19. All commercial national banks established in Chile . . . shall subscribe to class B shares . . . to the extent of 10 percent of their paid-in capital and their reserves . . .

ART. 23. Only foreign banks which . . . do banking business in Chile may own shares of class C.

ART. 31. Shares of class D may be subscribed to by any natural or juridical person . . .

Management

ART. 33. The Bank shall be administered by a Board of Directors composed of ten members . . .

ART. 34. . . . the government shall name three Directors . . . who shall not be members of Congress . . .

ART. 35. The holders of class B shares shall elect . . . two directors . . .

ART. 36. The holders of class C shares shall elect . . . one director . . .

ART. 37. The holders of class D shares shall elect . . . one director . . .

ART. 39. Besides these seven Directors, three more shall be chosen as follows:

one jointly by the Sociedad Nacional de Agricultura and the Sociedad de Fomento Fabril:
one by the Corporación de ventas de Salitre y Yodo de Chile and the Cámara Central de Comercio de Chile;
one by the labor unions . . .

CUBA

The National Bank of Cuba Law, No. 13, of December 23, 1948

Capital

ART. 4. The Authorized capital of the National Bank of Cuba shall be ten million pesos, represented by one hundred thousand registered shares of one hundred pesos each. Said shares to be classified in two series of which Series A shall consist of fifty thousand and one shares and shall be for the account of the State, while Series B shall consist of forty-nine thousand nine hundred and ninety-nine shares, and shall be for the account of the private commercial and/or savings banks operating in the national territory.

ART. 5. At the time of its constitution the National Bank of Cuba shall issue twenty-five thousand and one Series A shares, which shall be subscribed and paid for by the State, and twenty-four thousand nine hundred and ninety-nine Series B shares, which shall be subscribed and paid for by the commercial and/or savings banks in proportion to the average of the deposits of all kinds which each Bank shall have had on hand during the calendar year immediately preceding the constitution of the National Bank of Cuba.

Management

ART. 18. The National Bank of Cuba shall be governed by the Assembly of Stockholders, the Board of Direction and the President of the Institution.

ART. 19. The Assembly of Stockholders shall be composed of the natural or artificial persons who may be holders of Series B shares. Its meetings shall be called and presided over by the President of the National Bank of Cuba.

ART. 23. The Board of Direction shall consist of five members, of whom three shall be appointed and two shall become automatically encumbered as such by reason of their offices, as follows:

(a) One shall be designated by the President of the Republic with the approval of the Council of Ministers. This Director shall act as President of the National Bank of Cuba.

(b) One shall be appointed by the national banks.

(c) One shall be appointed by the foreign banks.

(d) The President of the Agricultural Credit Bank when such a bank is created by Law. And,

(e) The Director of the Currency Stabilization Fund.

The incumbent Minister of the Treasury may attend the meetings of the Board of Direction and shall have the right to speak thereat, but not to vote.

The designation referred to in paragraph (a) above, must be approved by the Senate of the Republic . . .

The appointment of the Director of the Currency Stabilization Fund must be approved by the Senate of the Republic.

ART. 28. Said offices shall be incompatible with any and all paid offices or posts of the State, the Provinces, the Municipalities, and autonomous agencies . . .

DENMARK

The National Bank of Denmark Act of April 7, 1936

Capital

2. The General Capital Fund of the Bank shall be Kroner 50 millions.

29. The General Capital Fund of Art. 2 shall be paid by the Government . . .

Management

3. The management of the Bank shall be entrusted to a Board of Directors, a Committee of Directors and a Board of Governors.

4. The Board of Directors shall consist of 25 members, viz.:

(a) 8 members with a seat in the Rigsdag.

(b) 2 members, of which one shall be an economist, the other a lawyer. These members, who must not be members of the Rigsdag, shall be appointed by the Minister of Trade, Industry and Shipping.

(c) 15 members with a thorough knowledge of trade, industry and agriculture. These members, who must not be members of the Rigsdag, shall be elected by the Board of Directors so that 3 members retire every year. Due regard shall be paid at the election to establishing a comprehensive representation of trade, industry and agriculture including the workers occupied in trade, industry and agriculture, and to securing a representation of the geographical divisions of the country.

5. The Committee of Directors shall be composed of the 2 members of the Board of Directors mentioned in Paragraph 4 b, together with 5 members elected for 1 year by the Board of Directors from among its members.

6. The Board of Governors shall consist of 3 members. One of the Governors shall be nominated by the King, and the other Governors appointed by the Board of Directors on the recommendation of the Committee of Directors. The first-mentioned Governor shall be chairman of the Board of Governors.

Relations with the Government

7. The Minister of Trade, Industry and Shipping in his capacity of Royal Bank-Commissioner shall ensure that the Bank fulfils its obligation under this present Act and under the ordinances and provisions given pursuant to this present Act.

The Royal Bank-Commissioner presides at the meetings of the Board of Directors. He shall have admission to the meetings of the Committee of Directors and be supplied with any information he may desire concerning the Bank.

Decisions of particularly far-reaching character cannot be taken at a meeting of the Committee of Directors when the Royal Bank-Commissioner is not present unless he has been informed in advance that the matter is to be dealt with at the meeting.

FRANCE

Decree on the Codification of Bank of France Statutes of December 31, 1936; Law No. 45–015 of December 2, 1945 on the Nationalization of the Bank of France, and Decree of December 6, 1944 on the Laws and Statutes of the Bank of France.

Capital

ART. 1. As of January 1, 1946 the Bank of France is nationalized. The shares of the Bank will be transferred to the state, which will hold them as its property. [1945]

Management

ART. 16. The direction of Bank affairs is exercised by a governor.

ART. 18. The Governor and two Deputies are appointed by the President of the Republic.

ART. 20. The positions of oGvernor and Deputy Governor are incompatible with any elective office. [1936]

ART. 44. The Bank is administered by twelve Councillors.

ART. 46. (2) One councillor is to be elected in a secret election by the employees of the Bank of France.

(3) Seven councillors are appointed by the Minister of Finance upon suggestion of the competent ministers as follows:

Two representing commerce and industry in cosmopolitan France;

Four representing agriculture, labor, the interests of the colonies, and the French interests abroad, respectively;

One representing the general economic interests.

(4) The following four are members by law:

(a) the General Manager of the Caisse des Depots et Consignations;

(b) the Governor of the Credit Foncier de France;

(c) the General Manager of the Credit National;

(d) the General Manager of the Caisse Nationale de Credit Agricole. [1944]

The National Credit Council

ART. 12. There shall be created a National Credit Council under the presidency of a Minister appointed by the Government who may delegate his powers to the Governor of the Bank of France, vice president, ex-officio.

In addition to the president or vice president, the National Credit Council shall include 38 members, to wit:

Seventeen representatives of the country's principal activities.

Ten appointed by decree of the Minister of National Economy, to wit; two on proposal of the General Confederation of Agriculture; five on proposal respectively of the agricultural cooperatives, the consumer cooperative group, the producer cooperative group, the National Center for Foreign Trade, and the Assembly of Presidents of Craft Unions, two, of whom one shall be an industrialist, on proposal of the Assembly of Presidents of Chambers of Commerce, and one on proposal of the Union of Chambers of Maritime Commerce. Seven proposed by the most representative labor unions of whom three, appointed by the Minister of National Economy, shall represent the general interests of these organizations, and four, appointed by the Minister of Labor, shall represent the staff and employees of banks:

Seven representing the Ministers of National Economy, of Industrial Production, of Public Works and Transportation, of Agriculture, of Reconstruction and Town Planning, of Colonies, and of the body charged with the preparation of the Plan;

Seven representatives appointed by the Minister of Finance because of their financial or banking competence, of whom three shall represent the nationalized banks, two the nonnationalized banks on proposal of the Professional Banking Association, one to represent the agencies for financing foreign trade and one to be the Syndic of the Paris Stock Brokers' Association.

Seven representatives of public or semi-public financial institutions:

The General Manager of the Caisse des Depots et Consignations;

The Governor of the Credit Foncier de France;

The President-General Manager of the Credit National;

The General Manager of the Caisse Nationale de Credit Agricole;

The Manager of the Caisse Centrale de la France d'Outre-Mer;

The Manager of the Association (Chambre Syndicale) of the Banques Populaires;
The Manager of Postal Check Division at the Ministry of Posts, Telegraphs, and Telephones. [1945]

FEDERAL REPUBLIC OF GERMANY

United States Area of Control Law No. 60 of February 15, 1948,—Establishment of a Bank Deutscher Laender; and Transitional Law changing the Law on the Establishment of the Bank Deutscher Laender of August 10, 1951.

Capital

25. (a) The capital of the Bank shall be one hundred (100) million Reichsmarks. All Land Central Banks within the area in which this Law is effective shall subscribe to the capital of the Bank in proportion to the amounts of their deposits on the effective date of this law . . . [1948]

Management

20. The policies of the Bank shall be determined by the Board of Directors and executed by the Board of Managers.

21. (a) The Board of Directors shall consist of a Chairman, the President of the Board of Managers, and the Presidents of each of the member Land Central Banks.

(d) The Chairman of the Board of Directors shall be elected by a simple majority of the members of the Board . . . the Chairman shall not be . . . a member of the Board of Directors or Board of Managers of any member Land Central Bank.

24. (a) The Board of Managers shall consist of a President, a Deputy and a number of Managers to be fixed by the by-laws.

(b) The President of the Board of Managers and his Deputy shall be elected and their terms of office fixed, by the Board of Directors, excluding the Chairman of the Board of Directors and the President of the Board of Managers, who for this purpose, shall not vote. The other members of the Board of Managers shall then be appointed by the full Board of Directors for such terms as may be determined by the Board of Directors . . .

(d) The President of the Board of Managers shall be responsible to the Board of Directors for the execution of all decisions of the Board of Directors and for the general conduct of the business of the Bank. [1948]

Relations with the Government

6. (a) The Bank is obliged to give consideration to the General economic policy of the government, and to support such policy within the framework of its tasks.

(b) The Federal Ministers of Finance and Economy or their representatives have the right to participate in the meetings of the central bank council. They can also demand the calling of a meeting. They have no vote but may submit proposals.

(c) If, in the opinion of a representative of the government, there are objections to a decision of the central bank council, the government representative may demand suspension of the decision for up to eight days.

7. The Bank Deutscher Laender has to submit such reports and give such information to the government as the government may require. [1951]

GREAT BRITAIN

Bank of England Act of February 14, 1946

9 & 10 Geo. 6

Capital

1. (1) On the appointed day

(a) the whole of the existing capital stock of the Bank . . . shall, by virtue of this section, be transferred, free of all trusts, liabilities and incumbrances, to such person as the Treasury may by order nominate, to be held by that person on behalf of the Treasury;

Management

2. (1) On the appointed day, all persons who are, immediately before that day, holding office as Governor, Deputy Governor or director of the Bank shall vacate their office, and on and after that day there shall be a Governor, a Deputy

Governor and sixteen directors of the Bank, who shall be the court of directors.

(2) The Governor, Deputy Governor and other members of the court of directors shall be appointed by His Majesty.

4. A person shall be disqualified for holding the office of Governor, Deputy Governor or director if

(a) he is a Member of the Commons House of Parliament or a Minister of the Crown, or a person serving in a Government Department in employment in respect of which remuneration is payable out of moneys provided by Parliament . . .

Relations with the Government

4. (1) The Treasury may from time to time give such directions to the Bank as, after consultation with the Governor of the Bank, they think necessary in the public interest.

(2) Subject to any such directions, the affairs of the Bank shall be managed by the court of directors in accordance with such provisions (if any) in that behalf as may be contained in any charter of the Bank for the time being in force and any by-laws made thereunder.

INDIA

The Reserve Bank of India Act, 1934 (assented to by the Governor General on March 6, 1934) as amended by the Reserve Bank (transfer to Public Ownership) Act, 1948

Capital

3 (1) On the appointed day—

(a) all shares in the capital of the Bank shall by virtue of this Act be deemed to be transferred free of all trusts, liabilities and encumbrances to the Central Government; and

(b) as full compensation therefor, the Central Government shall issue to every person who, immediately before the appointed day, is registered as the holder of any such shares an amount calculated at the rate of one hundred and eighteen rupees and ten annas per share, in promissory notes of the Central Government bearing interest at the rate of three percentum per annum repayable at par on such date as may be specified in this behalf by the Central Government . . . [1948]

Management

7 (1) The Central Government may from time to time give such directions to the Bank as it may after consultation with the Governor of the Bank, consider necessary in the public interest.

(2) Subject to any such directions, the general superintendence and direction of the affairs and business of the Bank shall be entrusted to a Central Board of Directors which may exercise all powers and do all acts and things which may be exercised or done by the Bank.

(3) Save as otherwise provided in regulations made by the Central Board, the Governor shall have full powers to transact all the business of the Bank which may be transacted by the Central Board. [1948]

8 (1) The Central Board shall consist of the following, namely:

(a) A Governor and two Deputy Governors to be appointed by the Central Government;

(b) Four Directors to be nominated by the Central Government, one each from the four Local Boards . . .

(c) Six Directors to be nominated by the Central Government; and

(d) One government official to be nominated by the Central Government. [1948]

JAPAN

The Bank of Japan Law

Law No. 67 of February 24 of the 17th Year of Showa (1942) As revised by Finance Ministry Ordinance No. 101 of November 25 of the 20th Year of Showa (1945); Law No. 46 of April 1 of the 22nd Year of Showa (1947); Law No. 197 of December 17 of the 22nd Year of Showa (1947); Law No. 110 of July 7 of the 23rd Year of Showa (1948); Law No. 191 of June 3 of the 24th Year of Showa (1949)

Capital

ART. 5. The capital of the Bank of Japan shall be Yen 100,000,000 . . .

The Government shall subscribe to the capital of the Bank of Japan Yen 55,000,000 in accordance with the provisions of Imperial Ordinance.

Management and relations with the Government

ART. 13-2. There shall be established a Policy Board in the Bank of Japan, and the Policy Board shall be authorized and empowered to formulate, direct or supervise the execution by the Bank of Japan . . . of basic monetary, credit control and other banking policies pertaining to the function of the Bank of Japan as the central bank . . .

ART. 13-4 The Policy Board shall be composed of seven members.

The members of the Board shall be as follows:

1. The Governor of the Bank of Japan;
2. A person representing the Ministry of Finance;
3. A person representing the Economic Stabilization Board;
4. Two persons of outstanding experience and knowledge of financial affairs. One experienced and having knowledge of prefectural banks and one experienced and having knowledge of large city banks;
5. A person of outstanding experience and knowledge of commercial and industrial affairs;
6. A person of outstanding experience and knowledge of agricultural affairs.

Those members who come under Items 4, 5 and 6 of the preceding paragraph . . . shall be appointed by the Cabinet with the approval of both Houses.

ART. 14. The officers of the Bank of Japan shall be composed of one Governor, one Vice-Governor, three or more Directors, two or more Auditors and a number of Advisers.

ART. 16. The Governor and Vice-Governor shall be appointed by the Cabinet. The Directors shall be appointed by the competent Minister from among persons recommended by the Governor.

The Auditors shall be appointed by the competent Minister.

The Advisers shall be appointed by the competent Minister from among persons engaged in finance or industry, or men of learning and experience.

ART. 42. The Bank of Japan shall be under the supervision of the competent Minister.

ART. 43. The competent Minister may, if deemed specially necessary for the attainment of the object of the Bank of Japan, order the Bank to undertake any necessary business, or order alterations in the By-law as well as other necessary actions.

NETHERLANDS

Bank Act 1948 of April 23, 1948 (Staatsblad No. I 166) and Act Concerning the Nationalization of the Shares of the Nederlandsche Bank of April 23, 1948 (Staatsblad No. I 165)

ART. 1. For the purposes of this Act:

1. The Bank means: De Nederlandsche Bank N. V.
2. Our Minister means: Our Minister of Finance [1948, No. 166]

Capital

ART. 4. The social capital of the Bank is twenty million guilders, fully paid up. [1948, No. 166]

ART. 2. The shares . . . of the Nederlandsche Bank are nationalized by the State and have completely and solely become the property of the State [1948, No. 165]

Management

ART. 22. (1) The Governing Board of the Bank shall consist of a President and a Secretary, together with at least three and at most five Executive Directors.

(2) The number of Executive Directors shall be determined by the combined meeting of the Governing Board and the Board of Commissaries.

ART. 23. (1) The President and the Secretary shall be appointed by Us; their term of office shall be seven years. The Governing Board and the Board of Commissaries shall in a combined meeting draw up a nomination list containing the names of two persons for either position. This list shall be submitted to Us for such consideration and action as We shall deem appropriate.

(2) The Executive Directors shall be appointed by Us for a term of seven years from a nomination list containing the names of three persons for each position, to be drawn up by a combined meeting of the Governing Board and the Board of Commissaries and to be submitted to Us by the Governing Board . . .

ART. 32. (1) There shall be a Bank Council, consisting of 17 members, viz.

a. the Royal Commissioner;

b. four members to be appointed by and from the Board of Commissaries;

c. twelve members to be appointed by Us in the way indicated in the next paragraph.

(2) The appointment of the members, mentioned under c, shall take place, awaiting the coming into being of a public organization of trade and industry, from an alphabetic nomination list containing the names of two persons for each position, to be drawn up by Us, which assignment shall aim at a representation of commerce (inclusive of transport), industry and agriculture each with two members, and of the central labor organizations and experts on finance and banking not belonging to any of the aforementioned four groups, each with three persons. [1948, No. 166]

ART. 27. (1) The Board of Commissaries shall consist of twelve members.

(2) The members of the Board of Commissaries shall be appointed, subject to the provisions of article 38, by the share holders . . .

ART. 38. The first appointment of the members of the Board of Commissaries . . . shall be made by Our Minister in concurrence with the Governing Board . . .

Relations with the Government

ART. 26. (1) Whenever Our Minister, in order to coordinate the monetary and financial policy of the Government with the policy of the Bank, deems it necessary Our Minister shall, after having heard the Bank Council, issue to the Governing Board such directions as he thinks necessary for attaining that purpose. Subject to the provisions of the next paragraph, the Governing Board is bound to follow those directions.

(2) If the Governing Board should object to following the directions referred to in the previous paragraph, the Governing Board shall be at liberty to bring those objections in writing to Our notice within three days after having received such directions. We thereupon decide whether the directions shall be followed.

ART. 30. (1) On behalf of the Government a Royal Commissioner, to be appointed and removed from office by Us, shall supervise the affairs of the Bank.

(2) The Royal Commissioner shall be entitled to attend all meetings . . . of the Board of Commissaries, the combined meetings of the Governing Board and the Board of Commissaries included, and shall have an advisory vote at such meetings.

(3) The Governing Board of the Bank is bound to furnish the Royal Commissioner at his request with whatever information he may deem requisite for the proper discharge of his duties of supervision. [1948, No. 166]

NEW ZEALAND

Reserve Bank of New Zealand Act, 1933 (of November 27, 1933) as amended by the Reserve Bank of New Zealand Amendment Act, 1936 (of April 8, 1936) and the Reserve Bank of New Zealand Amendment Act, 1950 (of August 25 1950)

Capital

2 (1) On the commencement of this Act all shares in the capital of the Reserve Bank shall be deemed to be cancelled, and . . . the . . . registered shareholders . . . shall . . . be entitled . . . to receive for every . . . share either the sum of six pounds five shillings in cash or a like amount in New Zealand government stock.

3 (1) . . . the Minister of Finance shall . . . pay to the Bank an amount equal to the total amount paid by the Bank to its shareholders . . . [1936]

Management

23 (1) There shall be a Board of Directors of the Bank, consisting of a Governor, Deputy Governor, and seven other members . . .

(2) In addition to the members hereinbefore provided for, the Secretary of the Treasury shall, by virtue of his office, be a member of the Board, but shall not be entitled to vote at any meeting of the Board.

25 (1) The first Governor and Deputy Governor shall be appointed by the Governor-General in Council for a term of seven years . . .

(2) On the expiry of the term of office of the first Governor and Deputy Governor . . . the Governor and Deputy Governor shall be appointed by the Governor-General in Council on the recommendation of the Board of Directors . . . [1933]

(The) members of the Board of Directors shall . . . be appointed by the Governor-General in Council for a term of five years. [1933 (28) and 1936 (5.7)]

Relations with the Government

3 (1) In the exercise of their functions and powers . . . the Governor and the Board of Directors shall give effect to any resolution of the House of Representatives in respect of any functions or business of the Reserve Bank. [1950]

NORWAY

The Norges Bank Act of April 23, 1892 with amendments of July 13, 1905; May 25, 1917; July 6, 1923; May 22, 1931; and July 3, 1949.

Capital

Part A. Shares of the Norges Bank which belong to others than the state will be transferred to the government against compensation as of December 31, 1949. . . [1949]

Management

ART. 20. The Bank shall have a Supervisory Council consisting of fifteen members, and a Managing Board of Directors consisting of five members. . . [1931]

ART. 21. The members of the Supervisory Council shall be elected by the Storting for a term of six years. Every three years seven or eight members, alternately, shall retire from office. Seven substitutes shall be elected every three years. . .

ART. 22. The Governor and the Deputy-Governor of the Bank shall be appointed by the King, who shall previously have heard the opinion of the Supervisory Council. The appointments are made subject to the reciprocal right to terminate the appointment on six months' notice. . . The other three Directors shall be elected by the Storting for a term of six years. . . [1917]

ART. 27. It shall be the duty of the Supervisory Council. . .

(b) to assign to the Governors, the Deputy Governor and the other members of the Board of Directors the functions which they are to undertake. . . [1905]

ART. 28. It shall be the duty of the Board of Directors to ensure that the business of the Bank is conducted in accordance with this Act and the decisions of the Supervisory Council. . . [1905]

ART. 32. No member of the Government may, so long as he holds such position, act as a member of the Supervisory Council, as a Director or as a member of a Board of Management. . . [1923]

THE REPUBLIC OF THE PHILIPPINES

Republic Act No. 265 of June 15, 1948

Capital

ART. 1, SEC. 1. The Capital of the Central Bank shall be ten million pesos, which are hereby appropriated from the assets of the Exchange Standard Fund . . .

Management

ART. 2, SEC. 5. The Powers and functions of the Central Bank shall be exercised by a Monetary Board, which shall be composed of seven members, as follows:

(a) The Secretary of Finance, who shall preside at the meetings of the Monetary Board . . .

(b) The Governor of the Central Bank, who shall preside at the meetings of the Board in the absence of the Secretary of Finance. The Governor shall be appointed for a term of six years by the President of the Philippines with the consent of the Commission on Appointments.

(c) The President of the Philippine National Bank . . .

(d) The Chairman of the Board of Governors of the Rehabilitation Finance Corporation . . .

(e) Three other members, to be appointed for terms of six years by the President with the consent of the Commission on Appointment . . .

In making appointments to the Monetary Board, the President of the Philippines shall give due regard to affording fair representation of the financial, agricultural, industrial and commercial interests, in the composition of the said Board.

SWEDEN

The Sveriges Riksbank Act of June 30, 1934

Capital

ART. 1. . . . The Sveriges Riksbank is placed under the guarantee of the Riksdag.

ART. 3. The capital of the Riksbank shall be fifty million kronor.

Management

ART. 28. . . . The Riksbank is administered by seven Directors. One Director, with one deputy, is appointed by the King in Council. The remaining six Directors, with three deputies, are elected by the Riksdag. The Director appointed by the King in Council shall be Chairman of the Board of Directors but may not hold any other office in the management of the Riksbank.

The Board of Directors of the Riksbank elect from amongst themselves one Governor of the Riksbank and from amongst or outside themselves one Deputy-Governor to replace the Governor in case of his absence, with the powers and duties of a Director.

ART. 30. A Cabinet Minister . . . may not be a Director of the Riksbank.

ART. 32. The Directors may not receive instructions with regard to the administration of the Riksbank from anyone except the Riksdag and its Banking Committee in cases in which that Committee is competent to give instructions on behalf of the Riksdag; the Directors are not obliged to account for their functions as Directors to anyone except to the Riksdag or its Banking Committee and Auditors.

ART. 33. If the King in Council, either upon the recommendation of the Board of Directors of the Riksbank or else when it is otherwise deemed necessary to do so, has authorized a Representative to confer with the Board of Directors of the Riksbank on some special matter, the Board may discuss with the Representative of the King in Council but must not take any decision in his presence.

SWITZERLAND

Federal law on the Swiss National Bank of April 7, 1921

Capital

ART. 5. The capital of the National Bank is 50 million francs.

Management

ART. 30. The administration of the National Bank is to be organized as follows:

(a) for supervison and control
  the General Meeting of the Shareholders
  the Bank Council
  the Bank Committee
  the Local Committees
  the Control Commission
(b) for management
  the General Directorate
  the Local Directorates

ART. 38. At the General Meeting of the Shareholders there shall be a secret election of the members of the Bank Council and the Control Commission.

ART. 40. The General Meeting of the Shareholders shall . . .

(1) nominate 15 members of the Bank Council
(2) nominate the members of the Control Commission . . .

ART. 42. The Bank Council shall be composed of 40 members, nominated for four-year terms, of whom 15 are elected by the General Meeting of the Shareholders and 25 designated by the government.

ART. 43. In the Bank Council there should be, besides representatives of finance, representatives of trade, industry, the arts and professions, and agriculture.

ART. 44. The government shall appoint the president and vice-president of the Bank Council. The General Meeting of the Shareholders shall elect 15 members of the Bank Council and notify the government of its selections. The government then shall appoint the other 23 members, of whom five or more can be members of Parliament, and five or more members of the cantonal governments. In the choice of these 23 members an equitable distribution according to the important centers of banking, commerce, and industry ought to be provided for.

ART. 45. The Bank Council exercises general supervision over the affairs of the Bank . . .

ART. 50. A Bank Committee of seven members appointed for four-year terms by the Bank Council shall exercise the regular supervision and control by virtue of authorization of the Bank Council.

The Committee shall include the President, Vice-President and five other members of the Bank Council. Any one canton shall be represented by no more than one member.

ART. 54. The General Directorate is the highest executive authority of the Bank . . .

ART. 55. The General Directorate is composed of three members . . . The members are appointed by the government, upon suggestion by the Bank Council, for six-year terms. The government designates the President and Vice-President from the three members of the General Directorate.

43. Discuss and evaluate, as far as your available information permits, the relative use of selective and general credit controls in foreign countries.[16]

The basic distinction between general and selective credit controls can be set out briefly. General credit controls operate to reduce (or increase) the total volume of credit existing in the economy while selective controls are designed to discourage (or encourage) the extension of credit to particular classes of borrowers for particular purposes. General credit controls are quantitative: they determine or help to determine the total volume of credit outstanding but permit competition among borrowers to allocate that credit among the thousands of different uses for which credit is desired. Selective controls are qualitative: they permit the monetary authorities to influence the distribution of credit among the various classes of potential borrowers.

Numerous innovations in both types of control reflect the changed monetary and economic conditions which have characterized the postwar situation in many foreign countries. These are described in the following pages. A final section suggests tentative conclusions regarding the relative efficiency of selective and general credit controls under varying economic conditions and within varying frameworks of political and social institutions.

GENERAL OR QUANTITATIVE CREDIT CONTROLS

General credit controls are the traditional instruments of central bank policy and are used in all countries where central banking facilities exist. In recent years statutory commercial bank cash reserve requirements have been incorporated in the monetary legislation of a number of countries where they had not previously existed and new forms of quantitative controls have been devised in the form of special reserve requirements, differential reserve requirements, rediscount ceilings, and overall limits on commercial bank lending. A number of the new measures which have evolved out of old forms of quantitative

[16] The answer to this question was prepared on the basis of information available in November 1951.

controls have taken on qualitative aspects, as will be indicated in the discussion of specific measures undertaken in various countries.

1. Statutory Cash Reserve Requirements

The requirement that commercial banks maintain minimum balances with the central bank was first included in the legislation setting up the Federal Reserve System in the United States. South Africa followed suit in the early twenties and New Zealand, India and some Latin American countries[17] in the early thirties. Elsewhere there was, as a rule, no provision in the statutes for minimum balances to be maintained with the central bank although the commercial banks frequently maintained such balances voluntarily and were, of course, required in many countries to maintain minimum cash reserve ratios. Originally these ratios were regarded almost exclusively as a means of insuring that funds would be available for the normal drawings of depositors; they were not considered as a general monetary policy technique for influencing the availability of funds for new bank loans and investments and hence the aggregate money supply. Moreover, until the early postwar years, only very few foreign central banks had statutory authority to change commercial bank cash reserve requirements in accordance with their general monetary policies. The earliest instances of the grant of such authority to foreign central banks are found in New Zealand and a few Latin American countries.

In recent years, however, statutory authority for the central bank to fix and change commercial bank cash reserve requirements has become a common feature of new central bank legislation. Such provisions are now incorporated in the monetary legislation of many Latin American countries, the Philippines and other eastern countries. Several Western European countries also have imposed statutory cash reserve requirements in recent years. In Belgium and Sweden, provision for the establishment of formal reserve requirements was made in 1935 and 1937, respectively, but these requirements were actually imposed in Belgium only in 1946, and in Sweden in 1950 in a form that combines cash reserves with special reserves to be held in government securities. The Western German central bank, established in 1948, was given statutory power both to fix and to change reserve requirements, and Germany's credit policy has involved substantial use of the latter power.[18]

2. Special Reserve Requirements

The term special reserves as used here refers to any reserve requirement which permits or requires inclusion of assets other than cash. In many countries, commercial banks are now required to hold reserves consisting either of government securities alone or of varying proportions of government securities, cash, and immobilized balances

[17] Earlier legislation in Latin America normally gave commercial banks the option of maintaining part or all of their reserves with the central bank.

[18] In December 1948 the required reserves for commercial bank demand deposits at so-called "banking places" were raised by the German central bank authorities from 10 percent to 15 percent, but in 1949 they were relaxed in two stages to 10 percent. In October 1950 they were raised again to 15 percent. For time deposits the requirements were also increased in October 1950, while for savings deposits they remained unchanged. These changes in the commercial bank reserve requirements reflect to a considerable degree the financial and economic developments in Germany during recent years. Their increase in 1948 was intended to limit credit availabilities; their reduction in 1949 indicated that the fear of inflationary pressures was allayed at that time; and it was not until after the impact of the chain of events that began in the summer of 1950 that reserve requirements were raised anew.

with the central bank. In a few countries nongovernment securities or other assets can also be counted as reserves. In some countries government securities are counted as part of the standard legal reserves; in other countries they are counted as supplementary reserves. The regulations vary considerably from country to country.

The purposes underlying adoption of the special reserve technique appear also to have differed in different countries. Insofar as the special reserve requirements were supplementary to basic reserve requirements, they performed the important function of reducing the liquidity of the banking system and lowering the ratio of credit expansion which could be associated with any given level of, or any given increase in, deposit liabilities. To the extent that government securities were made a part of the reserve requirements, the commercial banks were prevented from selling such securities to the central bank directly or indirectly. By reducing the extent to which the commercial banks could monetize their government security holdings, the banks have been forced in some instances to resort to the rediscount of commercial paper with the central bank. In these instances the rediscount policy of the central bank has thus become a more effective method of general credit control. In addition, a country establishing reserve requirements in government securities may, by the same token, channel to the treasury a portion of the commercial bank resources and may permit a reduction in the treasury's direct recourse to the central bank for finance.

As is explained in the answer to Question 44, government debt held in commercial bank compulsory reserves is thus insulated from the debt held otherwise and reserve requirements of this type may ease the debt management problems of the government, even though this may not be the primary purpose for which they are adopted. In some countries outside of Western Europe, special reserve requirements appear to have been introduced primarily for the purpose of creating or developing a government bond market. By permitting nongovernment paper to be included in special reserves, some South American countries have encouraged the commercial banks to increase selected types of private credit deemed particularly desirable by the government. Thus a qualitative or selective element has been added to a basically quantitative control mechanism.

In some countries, the special reserves in government securities are combined with cash reserves. In Belgium such requirements were imposed in January 1946 at 60 percent of average demand and other short-term liabilities; four-fifths of the required reserves must be held in the form of short-term treasury bills specially issued for the purpose. While in Belgium the reserve requirements are uniform, those established in the Netherlands in January 1951 vary in accordance with the individual position of each bank. Their net effect is that each commercial bank is left with a limited amount of excess reserves and accordingly may increase the amount of credit outstanding only to a small extent before being obliged to have recourse to rediscounting with the central bank. The reserves are held in cash and short-term government paper.[19]

[19] Banks may avoid full compliance with the special reserve requirements by agreeing to limit total private credits to no more than 105 percent of the level at the end of September, 1950.

In Sweden, under regulations in force since October 1950, the required reserves are equal to 10 percent of commercial bank liabilities other than savings deposits. Forty percent of the reserves must be held in cash (one-quarter of such cash to be held on deposit with the central bank) and the remainder may be held in short-term government paper. In contrast to the situation in Belgium and the Netherlands, where the effect of the special requirements was to tie down commercial bank holdings of treasury bills, the Swedish regulations actually forced some banks to sell treasury bills and government bonds in order to comply with the cash reserve requirements.

In some Latin American countries—for instance in Brazil, Chile, Mexico, and Uruguay—and also in India and the Philippines, the required commercial bank reserves are also held partly in cash and partly in government securities. In a few cases they can be held to some extent in nongovernment paper. In Mexico, the reserves include types of loans that the authorities wish to promote and as a result the requirements have a qualitative aspect.

In India, the larger so-called "scheduled" banks have long been required to maintain minimum reserves with the Reserve Bank of India. Legislation enacted in March 1949 established minimum requirements for the "non-scheduled" banks as well. In addition this legislation required all banks, effective March 1951, to maintain in cash or in government or other approved securities not less than 20 percent of their time and demand liabilities in India; balances maintained at the Reserve Bank may be counted toward the required 20 percent. Previously, the required reserves against demand liabilities were only 5 percent.

No minimum cash holdings are required for commercial banks in France and Italy. In France, the reserves consist only of treasury bills and other prescribed securities, such as acceptances of the Credit National, a semi-governmental institution financing French reconstruction. The commercial banks must maintain holdings of treasury bills and other securities at not less than 95 percent of the total volume of such holdings at the end of September 1948. In Italy, the required reserves must be held either in government or government guaranteed securities on deposit at the Bank of Italy or in interest-bearing accounts immobilized at the Bank of Italy or the treasury. The required reserves amount to 20 percent of commercial bank deposits in excess of 10 times the bank's capital and surplus, or to 15 percent of total bank deposits, whichever is smaller.

Within limits prescribed in the pertinent legislation, the special reserve requirements can, as a rule, be modified by the monetary authorities in accordance with changing circumstances.

3. Differential Reserve Requirements

In some countries the commercial banks are required to hold additional reserves against *increases* in deposits. The earliest instance of this type of requirement appears to be the Australian "special accounts" introduced as a wartime expedient in 1941 and made a permanent feature of the Australian banking system in 1945. Under the Australian system, commercial banks are required to maintain a varying proportion of new assets in special accounts at the Commonwealth Bank. During the war virtually all assets of each commercial bank in excess of those held in August 1939 were impounded in these accounts. From mid-1945 to mid-1948 the requirement was reduced to 45 percent; the proportion was increased somewhat after July 1948, and in 1950 about 60 percent of the increase in bank assets was thus immobilized.

Other countries use this technique in a somewhat different form. In France, 20 percent of any new deposits in excess of the deposits in September 1948 must be invested in government securities. In Italy, 40 percent of any increase in a commercial bank's deposits above the level of October 1947 is to be set aside either in government securities or in a special account at the Bank of Italy or the treasury until the Bank's total reserves reach 25 percent of its total deposits. In the Netherlands, under regulations in force since January 1951, out of any increase in commercial bank deposits over the level of September 1950, only one-third (at most) can be used as a base for business loans while at least two-thirds must be matched by an increase in cash, balances with banks, call money and treasury bills.

Some Latin American countries have also had recourse to differential reserve requirements as an additional device to slow down bank credit expansion. Mexico requires that commercial banks maintain a 100 percent reserve against any increase in demand deposits above the September 1949 level.[20] Furthermore, since January 1951, any increase in commercial bank deposits has had to be kept in full with the central bank. Three other Latin American countries impose restrictive reserve requirements on that portion of deposits which exceeds specified multiples of the individual bank's capital structure.[21]

4. Rediscount Ceilings

Still another technique of control consists of rediscount ceilings fixed by the monetary authorities both for individual commercial banks and for the banking system as a whole. This device has been of particular importance in France, Germany, and Denmark. While rediscount ceilings are basically quantitative control devices, they frequently include selective, or qualitative, aspects.

In France, until September 1948, the commercial banks had been able to rediscount commercial bills without limit, the discounting of commercial paper having been excluded from the selective credit controls (see below) established in 1947. The exclusion of commercial bills from selective control had proved to be a loophole through which manufacturers and traders were able to obtain access to bank credit of a type which the restrictions on loans and advances had been intended to deny them. This loophole was closed in October 1948 by establishing rediscount ceilings individually for each commercial bank; each bank's ceiling was treated as strictly confidential. An over-all maximum was fixed for the banking system as a whole. Once

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[20] Three-tenths of this reserve is in the form of balances with the Bank of Mexico, one-fifth in government or government-guaranteed paper and the remaining one-half in approved commercial securities and bonds.

[21] In Venezuela, all deposits in excess of six times capital and surplus must be backed by a supplementary 40 percent reserve of cash, either on hand or on deposit in the central bank. In Colombia, deposits in no case are to rise above 10 times capital and surplus, and there is a 100 percent reserve against that portion of deposits which is greater than 6⅔ times capital and surplus. In contrast to the basic reserve which may be composed only of cash, the 100-percent reserve may include cash and/or various types of government securities. In Uruguay, the basic reserve requirements apply to deposits up to the level of 5 times the capital structure. For deposits above this level there is a 100-percent reserve requirement except in certain cases.

a bank had reached its rediscount ceiling even prime commercial paper became ineligible for rediscount at the Bank of France.

However, in order to mitigate the sharp effects of over-all rediscount restrictions, the ceiling was set at some 20 percent above the level of rediscounts actually outstanding at the time it was imposed. The volume of rediscounts gradually expanded up to the ceiling, and the ceiling itself was noticeably increased in later years, most recently in October 1951. Furthermore, three types of bills—certain medium-term bills of the Credit National issued to finance industrial re-equipment, certain agricultural bills, and certain treasury paper—were exempted in 1948 from the ceiling. These assets could be rediscounted at the Bank of France, subject to the latter's prior approval and at a rate somewhat higher than the normal rediscount rate. These exceptions were extended in 1949 to include export bills. The restraining effect of rediscount ceilings was therefore by no means absolute. As a matter of fact, the rediscounts not subject to the ceiling accounted for a large share of the continued rise in Bank of France credit to business in recent years. The expansion of credit has, in general, followed predetermined lines, with principal emphasis on the financing of industrial equipment, agricultural crops, and exports.

In Germany, a ceiling was placed in October 1950 on the so-called bankers' acceptance credits, with some exceptions for export credits and harvest financing. In November 1950 the authorities deemed it necessary to reduce rediscount credits to commercial banks and issued regulations calling for a 10 percent reduction below the October 1950 level to be reached by the end of January 1951. Credits granted to public authorities were not affected by this measure. Actually, the percentage reduction in the amount of bills rediscounted was smaller than 10 percent and the particular expedient of relating a reduction to a particular date did not appear in retrospect to be very effective. In February 1951, the central bank announced that rediscount facilities might be withdrawn from commercial banks failing to comply with new credit regulations simultaneously established. These new regulations will be discussed subsequently.

In Denmark, the central bank exercises credit control primarily through restricting rediscounts by the commercial banks. Rediscounting of building loans, which had been an important factor in monetary expansion, was discontinued in October 1950; the bank announced subsequently that it would not rediscount any paper except under emergency circumstances. Rediscounting of building loans was resumed in September 1951, on the understanding that the Government would take offsetting action in the monetary field if credit creation by the banks proved excessive.

An interesting example of rediscount ceilings combined with a selective rediscount policy is that of Mexico. With a view to influencing the composition of commercial banks' credit portfolios, the Bank of Mexico in 1948 established multiple rediscount rates, the lowest rates applying to credit documents representing agricultural loans and the highest ones to so-called nonproductive (or purely commercial) credit paper. At the same time rediscount privileges were restricted to those commercial banks maintaining at least 60 percent of their credit portfolio in productive loans.

5. Other Limits for Commercial Bank Lending

There are a few instances of other techniques for limiting commercial bank loans and advances. In some Central American countries, the central bank can prescribe minimum ratios that the capital and surplus of a commercial bank and of the whole banking system must bear to the volume of bank assets or to specific categories thereof. Such capital requirements against assets reinforced reserve requirements against deposits. In some Central American countries and in the Philippines, the central bank has authority to fix ceilings on the aggregate outstanding volume of loans, advances and investments of commercial banks, or to place limits on the rate of increase in the aggregate of such assets within specified future periods of time. Such ceilings or limits may also be applied to individual categories of loans, advances, and investments; to the extent this is done the controls are selective rather than general.

A particularly comprehensive example of over-all commercial bank credit ceilings is that in effect in Germany. In February 1951, when Germany's position in the European Payments Union was deteriorating rapidly, the central bank established a new set of "guiding principles" designed to reduce the over-all volume of commercial bank credits. Commercial banks were required to adjust their balances by applying a series of ratios of capital, cash, and other liquid assets to the amount of credits outstanding.[22] While these limits appeared as useful safeguards, they presumably proved inadequate to reverse the trends prevailing in February 1951, and the German authorities (as a supplement to drastic import controls and increased taxation) resorted to a direct reduction in the outstanding volume of commercial bank credit to business. Over a period of 2 or 3 months the banks were required to reduce such credit in accordance with quotas fixed for the various regions of Western Germany. The land central bank for each area apportioned the reduction among the commercial banks subject to its jurisdiction.

The field of general credit control includes two other instruments of considerable importance—open market operations of the monetary authorities and discount rate policies. Lack of information prevents examination of open market operations in foreign countries. The use of the discount rate as an instrument of general credit control is discussed at some length in a succeeding section. Postponement of this discussion until selective control mechanisms have been reviewed permits a more orderly development of the comparison between general and selective control devices.

SELECTIVE OR QUALITATIVE CREDIT CONTROLS

In addition to new forms of general credit control, the postwar period has also seen widespread extension of selective credit control

[22] More particularly, the total of short-term credits to business was not to exceed 20 times the commercial bank's capital and reserves; the total of the current credits and acceptance credits was not to exceed 70 percent of the deposits, capital, and reserves; the total volume of acceptance credits was not to exceed the bank's capital and reserves by more than the following ratios: in the case of foreign trade and harvest financing seven times, and in the other cases three times. The ratio of "liquid assets" to deposits was not to be less than 1 to 5, this last provision aiming at an improvement in the bank's liquidity. For this purpose "liquid assets" means cash, balances with the central bank, postal check balances, bills, and treasury bills.

mechanisms. In many of the European countries during the early postwar years, credit demands were forthcoming from all sectors of the economy for replenishing inventories, rebuilding damaged premises, reestablishing homes and commercial business and reconverting to peace-time production. A rapid fall in government expenditures was anticipated in many countries and a high level of private investment was desired in order to maintain total employment at a high level. Deflation was regarded by many to be more of a danger than inflation.

Under these conditions interest rates were generally kept at or near the levels which had prevailed during the war and other forms of quantitative control were sparingly used. Yet it was obvious that a shortage of goods would continue for a substantial period and that some form of credit control in selected areas would be useful to prevent speculative excesses and the hoarding of goods.

In the early postwar years, selective controls in most of the countries using them consisted of little more than a request to the commercial banks to refrain from extending credit which they had reason to believe would be used for speculative buying of commodity stocks, securities or real estate. The scope of such controls was gradually expanded; and by 1948, the criteria underlying selective credit control had generally become more stringent, and the specific instructions issued to the banking system had become more rigorous. Additional tightening of selective credit regulations occurred in several countries after the resurgence of inflationary pressures following the outbreak of hostilities in Korea.

Selective credit control has been most extensively used in the United Kingdom where it is the principal instrument for determining both the volume and direction of bank credit expansion. As early as May 1945, the commercial banks were requested by the authorities to abstain from large advances for the satisfaction of personal needs or for speculative buying or holding of securities or of commodity stocks. In December 1947, loans for the purchase of real property were officially discouraged and the banks were requested not to expand outstanding credit for the finance of hire-purchase (installment buying) of consumer goods. By April 1949, an important modification in the scope of the control was apparent when the authorities shifted from the practice of listing undesirable advances to the practice of asking that all credit extension be restricted with the exception of that for specified purposes.

The April 1949 directive indicated that special emphasis should be given to satisfying the needs of those borrowers interested in increasing exports to hard currency markets, expanding production in a manner which would reduce imports from hard currency sources, or improving technical procedures so as to bring about a fall in production costs. In October 1949, soon after the devaluation of sterling, the authorities emphasized that the banks were expected to take every possible step, when extending bank advances, to restrain inflationary tendencies. In April 1951, the banks were directed to give priority to the raising of capital for defense projects, exports and other vital home investments. The authorities reiterated in July 1951 the request that all bank advances should be made in accordance with the list of priorities announced in April and that the total level of bank advances should not be allowed to expand at a rate that threatened to produce inflationary consequences internally.

The almost exclusive reliance of the United Kingdom on selective or qualitative control of bank lending has been made possible by the fact that direction of banking activity is highly concentrated in the hands of less than a dozen major banks whose officials are in frequent contact with the Bank of England and whose traditions of cooperation with the monetary authorities are very strong. Physical controls in the form of building licenses and import controls supplement the selective control of bank credit.

A further instrument of credit control exists in the Capital Issues Committee which passes upon all new industrial issues in the London money market. Bank loans in excess of £50,000 (not made in the ordinary course of business of the borrower) must be submitted to the Capital Issues Committee and the banks are requested in extending industrial loans of any amount to apply the same principles which guide the Committee.

In other countries as well as in the United Kingdom, the principal emphasis has been placed on loans to export industries and to essential home market activities. In Sweden, simultaneously with the implementation in October 1950 of new legislation providing for cash and supplementary reserve requirements, the central bank and the commercial banks agreed informally to give preference to export and essential home market industries; credit is also to be made available for building operations approved under the official permits system.

In France where there had been no credit controls from 1945 to early 1947, reliance was at first placed exclusively on selective credit control. The commercial banks were instructed to grant new credits only where funds were required for essential business and could not be obtained by increased sales efforts, by liquidating superfluous assets or by recourse to the owner's personal resources or to the capital market. These restrictions were enforceable where necessary by refusal of the Bank of France to grant rediscount facilities. When quantitative credit controls were introduced in 1948, selective controls were retained with a view to channeling credit into priority uses.

The National Bank of Belgium pursues a selective credit policy by varying both rediscount rates and rules of eligibility for rediscountable paper according to the type of transaction covered. For example, rules of eligibility are generally much more liberal for paper covering essential imports than for that covering other imports. In times of a balance of payments deficit, rediscount rates for paper covering imports may be higher than the rates for export paper and the converse may apply when the balance of payments is in surplus.

Bank lending for capital purposes is discouraged in several countries, including Australia, New Zealand, and Canada. The objective is to force potential borrowers to raise capital from nonbanking sources. In Australia, banks have been asked to influence agricultural producers to reduce their bank indebtedness during periods of high agricultural income such as have recently existed. In New Zealand, bank loans and advances for investment purposes are discouraged, though loans to finance production and trade in raw materials are stated to be outside the scope of this selective credit mechanism at the present time. The chartered banks of Canada agreed with the Canadian authorities in February 1951 to refrain from making loans for capital purposes and from purchasing corporate securities with a term exceeding 1 year; certain small credits were excluded from the agreement.

Several countries require that bank advances to individual firms in excess of stipulated amounts shall be subject to prior approval by the authorities. The British mechanism has been mentioned above. In France any advance to individual firms in excess of 500 million francs or any advances by a bank which would bring total advances received and discounts obtained by any enterprise from all banks to an amount in excess of 500 million francs must be authorized by the Bank of France. Similarly, in the Netherlands, any advance over 50 thousand guilders was subject to prior approval by the central bank until December 1950; this feature of the Dutch credit control was eliminated in January 1951 when new general controls were established.

In some countries selective credit control is linked with the control of capital issues. As already noted, this is the case in Great Britain. In Australia, selective credit control is similarly linked, although much less directly. In 1946 the Netherlands central bank requested commercial banks and stockbrokers to consult with it prior to considering new capital issues. In Sweden, the commercial banks likewise agreed in 1950 not to take part in any new capital issues without prior consultation with the central bank.

There are, in foreign countries, but few instances of consumer, stock market, and real estate credit controls similar to those in effect in the United States. The lack of such restrictions is largely explained by the fact that these forms of credit are by no means as important abroad as in this country. Nevertheless, various consumer credit restrictions, generally less comprehensive than those in the United States, exist in Belgium, Canada, Great Britain, New Zealand, and Sweden; margin requirements on security loans are enforced in Canada; and various informal controls of real estate credit are exercised abroad by government-owned or government-controlled mortgage institutions. However, in Sweden and in Denmark, where building loans represent a sizeable portion of commercial bank lending, and in the United Kingdom, there are direct controls over residential building. In Denmark, the central bank ceased to rediscount building loans in 1950, but relaxed this policy in the fall of 1951.

Analysis of the results of selective credit control is rendered more difficult by the fact that these controls are frequently not spelled out in detail by legislation and are subject to modification and revision by informal arrangements between the monetary authorities and the commercial banks. Accordingly, the precise objectives of the selective credit controls in various countries at any given period are not always clear to the outside observer and the effectiveness of the controls accordingly cannot be accurately appraised. The most formalized system of selective credit control appears to be that operating in Australia. Control of bank lending had been temporarily established during the war and was put into permanent form in new central bank legislation in 1945. The Commonwealth Bank was given statutory power to determine policy in relation to bank advances—to give directions to the commercial banks as to the purposes for which advances may or may not be made. It cannot, however, give directions with respect to a specific advance to a particular person but must phrase its regulations to apply to general types of credit extension. Application of the policy to individual cases is left to the judgment of the commercial banks and only doubtful cases are referred to the Commonwealth Bank. Elsewhere the legislation appears to be distinctly less comprehensive and less specific. Among countries whose central banking legislation gives general authority for comprehensive credit controls are New Zealand, India, the Philippines, and a number of South American countries.

In Great Britain selective credit control regulation operates on an informal basis although the act nationalizing the Bank of England clearly gives sufficient statutory authority to the Treasury for the operation of controls of this type. The Chancellor of the Exchequer addresses his requests for the cooperation of the commercial banks through the Bank of England, and the Bank is the normal point of contact for any commercial bank seeking guidance on the detailed application of the general recommendations made by the Chancellor from time to time. Selective credit controls appear to be largely informal in Belgium, Sweden, and Switzerland. Consumer credit controls in Canada are based on statutory authority and are administered by the Ministry of Finance; security loan margin requirements appear to rest on voluntary acceptance by the commercial banks of proposals put forward by the Bank of Canada.

CHANGES IN DISCOUNT RATES

Changes in central bank discount rates, which were once regarded as a major instrument of monetary control, have played a less important role in the postwar years in most foreign countries. As suggested earlier, the immediate postwar conditions were believed in many foreign countries to call for ready availability of credit and for reliance upon direct controls and selective credit policies to prevent excessive inflationary developments in certain areas of the economy and to channel investment into high priority uses. Direct controls disintegrated or were abandoned at an early date in a number of countries, however, and inflation soon proved to be the greatest immediate threat. As open inflation gathered speed it was widely contended that no practicable increase in interest rates would serve as a brake on bank credit expansion since individuals and business would find ample opportunities for profitable employment of borrowed funds almost regardless of the rate of interest. As has been noted, the primary remedies chosen were those acting directly upon the availability of credit; selective controls were given wider scope and new forms of general quantitative control were introduced.

Belgium increased central bank discount rates as early as 1946 and France and Italy incorporated increased discount rates in their 1947–1948 efforts to halt excessive inflation. Changes in discount rates were not used extensively, however, until after the outbreak of the Korean hostilities when new inflationary pressures developed throughout the world. Under these conditions many countries, by increasing the cost of money, sought to supplement what was by then a complex system of selective and general credit controls. New kinds of general credit controls had increased the dependence of the commercial banks on the rediscounting facilities of the central bank and it was felt that increases in the rediscount rate would be rapidly transmitted to the credit structure and that dearer money would have the effect of reducing marginal demands for credit accommodation.

Among the countries which have increased discount rates since Korea are Austria, Canada, India, the Netherlands, the United Kingdom, Bolivia, Denmark, Western Germany, and Sweden. These increases represented the first postwar changes in either direction in Austria, Canada, India, the Netherlands, and the United Kingdom; Bolivia, Denmark, Western Germany, and Sweden had previously lowered their discount rates and the post-Korean actions represented the first postwar increases. There are, on the other hand, a number of countries which have not increased their discount rates since the Korean invasion, including Argentina, Brazil, Chile, Greece, Ireland, Italy, Mexico, New Zealand, Norway, Portugal, Spain, Switzerland, the Union of South Africa, and Turkey. Australia does not have a central bank rediscount rate, but the tap rate on Treasury bills has not been changed since 1949. Belgium and Finland, two of the countries which increased discount rates shortly after the outbreak of the Korean crisis, have since reduced their discount rates to pre-Korean levels.

The changes in central bank discount rates since June 24, 1950, for the more important countries that have increased their discount rates since the outbreak of the Korean crisis, are as follows:

Country	Date of change	New rate	Change from previous rate (percent)	Date of last change prior to June 24, 1950	Rate in July 1945 (percent)	Total number of changes since July 1, 1945
Austria	Dec. 6, 1951	5	+1½	Aug. 3, 1945	[1] 3½	1
Belgium	Sept. 11, 1950	3¾	+½	Oct. 6, 1949	1½	7
	July 5, 1951	3½	−¼			
	Sept. 13, 1951	3¼	−¼			
Bolivia	Sept. 30, 1950	6	+1	Feb. 4, 1948	6	2
Canada	Oct. 17, 1950	2	+½	Feb. 8, 1944	1½	1
Denmark	July 4, 1950	4½	+1	Jan. 15, 1946	4	3
	Nov. 2, 1950	5	+½			
Finland	Nov. 3, 1950	7¾	+2	July 1, 1949	4	7
	Dec. 16, 1951	5¾	−2			
France	Oct. 11, 1951	3	+½	June 8, 1950	1⅝	7
	Nov. 8, 1951	4	+1			
Western Germany [2]	Oct. 27, 1950	6	+2	July 19, 1949	[3] 5	3
India	Nov. 15, 1951	3½	+½	Nov. 28, 1935	3	1
Japan	Oct. 1, 1951	5.84	+0.73	July 5, 1948	3.29	4
Netherlands	Sept. 26, 1950	3	+½	June 27, 1941	2½	2
	April 17, 1951	4	+1			
Sweden	Dec. 1, 1950	3	+½	Feb. 9, 1945	2½	1
United Kingdom	Nov. 8, 1951	2½	+½	Oct. 26, 1939	2	1

[1] Rate adopted August 3, 1945.
[2] Land Central Banks.
[3] Rate adopted June 28, 1948.

With a few exceptions, such increases in the official discount rates as have occurred have been moderate. Belgium, Finland and France have made numerous changes, both upward and downward, in the discount rate since the end of the war.

In certain countries the effects of discount rate changes are largely psychological. This is particularly true where the commercial banks are in a sufficiently liquid position so that they do not normally have recourse to rediscounting with the central banks. For example, the chartered banks in Canada rarely require rediscount assistance from the central bank and the change in the latter's rediscount rate in

October 1950 may be presumed to have had primarily a psychological effect. An increase in the rate of interest on treasury bills and notes had already occurred in Canada when the rediscount rate was raised. Similarly, the increase in the Swedish discount rate in December 1950 appears to have represented an adjustment of the central bank rate to the higher yields already prevailing on the money market.

In countries where the commercial banks rely more heavily upon the rediscounting facilities of the central bank, a rise in the official discount rate has more direct effects upon interest rates in general, and the commercial banks tend to adjust rates charged on discounts, loans, and advances in accordance with changes in the central bank discount rate. It may be noted that in Belgium and Italy the first postwar increase in the official discount rate occurred simultaneously with the imposition of special reserve requirements which immobilized a large portion of commercial bank assets. The banks were thus forced to rely on the rediscount facilities of the central bank and the increase in the discount rate was promptly transmitted to the general interest rate structure. In France, on the other hand, the establishment of special reserve requirements was accompanied by a small reduction in the official discount rate. Nevertheless, the official rate remained distinctly higher than in the early postwar years while the central bank rediscount policy became more effective.

In the United Kingdom no change occurred in the official discount rate between October 1939 and November 1951. A rise in short-term commercial interest rates had taken place, however; a fairly sharp increase in the rate at which the commercial banks and discount houses were prepared to lend on commercial paper occurred in July 1951, presumably with the concurrence of the authorities. A further rise took place in November 1951 in conjunction with the increase in the Bank of England discount rate. The answer to Question 44 discusses in greater detail the recent changes in the interest-rate pattern.

Changes in discount rates may be expected to have an effect on long-term rates of interest for government and private securities in addition to their more immediate impact on short-term rates. Their effect on long-term rates is not fully predictable, however, as money market forces are constantly impinging upon various segments of the interest-rate structure even in relatively free money markets. In the presence of the numerous interferences with market forces represented by the types of controls previously discussed, it is even more difficult to trace the influence of short-term rates on the long-term rate structure.

It is clear, however, that long-term yields have increased in most countries since the end of the war and particularly since the outbreak of fighting in Korea. While most countries with highly developed money markets influence the course of long-term government bond yields by operations in the open market, through the central bank or the treasury or through the investment of funds accruing to various other government institutions, a stated policy of supporting long-term government bond prices has been the exception rather than the rule. Sweden followed a definite policy of support for long-term government securities until July 1950 after which time the yield on long-term government bonds was allowed to rise approximately one-half of 1 percent.

For a brief period in 1946 and 1947 the United Kingdom authorities under the so-called "cheaper money" drive operated in the government bond market in such a manner that the yield was driven down to a 2½-percent basis. This policy was discontinued early in 1947 and determination of long-term government interest rates has since been left largely to the influence of market forces. In November 1949, however, when the yield threatened to exceed 4 percent, the government interfered briefly in the market to prevent a further drop in long-term gilt-edged securities, putting the market on notice that a yield higher than 4 percent would be resisted. Fluctuations between that date and the raising of the Bank of England's discount rate in November 1951 were at slightly lower levels. Changes in the yields on long-term government securities in selected countries are shown in the table in the footnote.[23]

THE INSTITUTIONAL AND POLITICAL FRAMEWORK OF MONETARY POLICY

A comprehensive examination of foreign monetary experience would demand examination of many relevant questions beyond the scope of this reply. A few of the pertinent factors may be suggested: the economic and social objectives of the respective governments; the relative magnitudes of structural difficulties inherited from the war period, the support or lack of support which monetary policy has received from fiscal policy; the effect on the monetary picture of government programs involving heavy expenditures for housing or other investment, for subsidies, or for social security; the varying impact of external forces upon the monetary situation of the various countries.

It follows that it is difficult to appraise the monetary policy of a country without appearing to express judgments on its whole economic and social program. Such judgments are not implied in the following factual summaries of the monetary experience of various countries, which are designed to illustrate the manner in which political and social conditions in certain foreign countries influenced the choice of monetary policy.

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[23] The long-term government bond yields in selected countries have been as follows:

Country	1945 average	1948 average	June 1950	September 1951
Great Britain	2.92	3.21	3.55	3.83
Belgium	4.01	4.75	4.35	4.61
Denmark	3.76	4.07	4.42	5.45
France	2.99	4.62	4.97	[a] 5.31
Italy	3.22	4.40	4.85	5.08
Netherlands	3.02	3.10	3.11	3.64
Norway	3.42	2.49	2.54	2.78
Sweden	3.04	3.08	3.02	3.20
Switzerland	3.29	3.42	2.57	2.99
Canada	3.06	2.94	2.73	3.26
Australia	3.25	3.14	3.15	[a] 3.82
New Zealand	3.18	3.03	3.10	3.08
India	3.10	2.97	3.00	3.46
Argentina	4.18	3.26	3.26	[b] 3.26
Brazil	5.43	7.17	[c] 6.67	[a] 7.24
Chile	8.31	8.33	8.33	8.33

[a] Figure for August 1951.
[b] Figure for July 1951.
[c] Figure for May 1950.

Source: International Financial Statistics, October 1951.

Because of profound differences in the environments in which the monetary authorities of each country are operating and the great variations in the banking structures through which they must work, a particular technique which may have worked well in one country may prove ineffective in another. For example, general and selective credit controls have played widely different roles in various countries.

In the United Kingdom and some of the Scandinavian countries, the postwar governments exercised a large measure of control over economic affairs. More particularly they adopted a comprehensive policy of diverting a substantial share of the national income to investment and of restraining personal consumption as a means to that end. The policies in such countries involved a considerable measure of direct control over prices, investment and foreign trade. These direct controls, coupled with vigorous fiscal policies, kept inflationary pressures under some degree of control.

Selective credit controls proved suitable under these circumstances and were extensively used, particularly in the United Kingdom. In that country pressures of latent inflation were gradually reduced. After devaluation in 1949 Britain attained over-all balance in its international accounts; this condition was maintained until the latter part of 1950 after the outbreak of the Korean hostilities.

Other Western European countries reestablished a relatively free economy, in some cases after a collapse of direct government controls and a run-away inflation, in other cases after an orderly relaxation or gradual removal of a rigid pattern of government controls. In these countries greater reliance was placed on monetary policy; the tasks set for monetary policy were particularly heavy since the governmental budgets of most of the countries in this group continued to show large deficits.

In France and Italy, general credit control devices were introduced only after both countries had experienced run-away inflation. When it appeared, in Italy in 1947 and in France in 1948, that despite the considerable rise in agricultural and industrial production, inflationary pressures continued to build up at a rapid rate, drastic quantitative credit restrictions were imposed for the first time in the monetary history of both countries. By restricting domestic spending, both France and Italy were gradually able to achieve by mid-1950 reasonable internal stability and a better international balance.

Belgium was the chief proponent of a third European pattern which was characterized by the use of monetary control policies coupled with relatively less detailed governmental planning than was used in most European countries. Monetary reform reduced the accumulation of purchasing power of the war and early postwar periods and froze a large share of that which remained. Money became "scarce" to a much greater degree than elsewhere in Europe and the monetary authorities were able to exercise substantial control over the total credit supply through varying interest rates and rediscount policies. The balance of payments position of Belgium was generally strong throughout the period.

In Germany, ever since the currency reform of mid-1948, monetary policy has also played a prominent role. In 1949, credit restrictions were relaxed; in the second part of 1950, however, a sharp increase in imports took place while bank credit remained easily available and import licenses were liberally granted. The demand for imports and Germany's consequent deficit with the European Payments Union were thus closely associated with large-scale domestic credit expansion. For this reason monetary restriction of a general character was one of the instruments used when Germany's external position greatly deteriorated toward the end of 1950. Drastic import restrictions were supported by a sharp increase in interest rates, a rise in cash reserve requirements, certain other credit control measures described earlier, and a generally higher tax program. These measures succeeded in bringing about a reversal in Germany's position within the European Payments Union in 1951.

In Sweden and in the Netherlands, where monetary controls had previously played a secondary role, interest rates were raised and quantitative credit restrictions were established in the latter part of 1950 and the beginning of 1951, respectively, when it became apparent that new inflationary pressures required some further restriction of total demand. In the Netherlands, along with a restrictive credit policy, the Government considerably reduced its investment program. These measures have assisted in the noticeable improvement of the Netherlands' position vis-a-vis the European Payments Union.

Nearly all the countries of Western Europe had thus made appreciable strides toward internal stability and international balance in the period preceding the renewed inflationary pressures brought into being by real and psychological effects of the outbreak of hostilities in Korea and the accelerated defense programs of the free world. That this progress occurred under widely varying monetary policies and economic programs suggests that monetary policies must be viewed in perspective as only one of several powerful influences at work during the period.

The recovery of physical production after the war proceeded by uneven steps as important bottlenecks were broken, an even flow of materials was reestablished, labor became trained in new activities, and pre-existing channels of trade were reopened. The increase in the supply of goods itself lessened the intensity of the competition for real resources, while changes in the distribution of the marginal income generated by the increased production reduced the relative share of effective consumer demand in many countries. To the extent that this was true, an important counter-inflationary force was present. A second major counter-inflationary force was the excess of imports over exports in most Western European countries. A large share of these net imports, which helped to close the gap between the total demand for goods and the home-produced supply, was financed by United States assistance. Against this background, monetary and fiscal policies played an important role in checking investment and consumption demand during the postwar years.

The new inflationary pressures which have developed in Western Europe since the outbreak of fighting in Korea may be attributed in part to the impact of rising world commodity prices and in part to more purely domestic forces. They have created new problems of excessive demand not essentially different from those of the earlier postwar period, and some retrogression in economic stability has resulted therefrom. An important difference in the economic position of the countries concerned, however, is that the levels of agricultural and industrial production are now far higher than they were in the earlier postwar years and in some instances higher than at any previous period. Restriction of total civilian demands, for both consumption and investment, will not be easy, but must be vigorously pressed in order to make room for new defense production.

CONCLUDING REMARKS

From the preceding survey three main conclusions emerge. First, as the rigid pattern of wartime controls has weakened, there has been increasing reliance on measures of monetary control. Secondly, these measures have been different both in scope and character from the simpler traditional controls of earlier periods. Thirdly, the particular combination of control measures used in any country has been largely determined by the political, economic and social problems faced and by the institutional arrangements prevailing. The following discussion will refer primarily to Western Europe.

I. Postwar Pattern of Monetary Control

If many individual variations are disregarded, it is possible to trace the postwar development of monetary control in Western Europe in the following broad sequence:

1. First came a period of generally easy money conditions to facilitate reconversion. Direct controls remaining from the war period and a widespread shortage of certain types of investment goods restrained total investment in the early postwar months.
2. As inflationary pressures developed, selective controls were adopted to prevent or minimize credit expansion in fields where speculative excesses threatened. These controls were soon broadened to restrict other nonessential lending.
3. As control of credit in selected fields proved inadequate to restrain inflation, general or quantitative controls were gradually established to restrict over-all credit expansion. Selective controls continued in operation, but they tended to be employed as a means of channeling credit into selected high-priority uses while the restrictive function was taken over by the general control techniques. The United Kingdom was an exception: here both functions were served by a selective control mechanism during the period prior to November 1951.
4. As part of general credit control measures, discount rate changes have recently become more frequent and short-term interest rates have generally hardened. In some countries long-term government bonds were permitted to fall in price.

This progression suggests that postwar monetary control abroad has relied upon a number of measures in combination rather than upon any single technique. With a few exceptions each new control has been applied on top of the pre-existing measures; the monetary effect has thus been cumulative and it is not possible to assess accurately the contribution of any single measure to the total result.

II. Increased Diversity and Complexity of Postwar Monetary Controls

The second principal conclusion from the survey is that the current monetary controls are broader in scope and more diverse in character than were the traditional monetary policies. In the first place, there have been numerous innovations in monetary techniques. Beginning with the middle thirties the establishment of, and modifications in, commercial bank cash reserve requirements became a fairly general central bank instrument. In the postwar years new reserve techniques have been developed in the form of special reserve requirements which stipulate various types of securities which the bank may hold as a part of compulsory reserves; differential reserve requirements have been introduced providing varying reserves against increases in deposits above a prescribed level; rediscount ceilings have been imposed applying, in some cases, to the rediscounts of individual banks as well as to the rediscounts of the commercial banking system as a whole; other over-all limits to commercial bank lending, such as ceilings on the aggregate volume of outstanding loans and investments, have been fixed in some countries. In addition, a great variety of selective regulations governing specific uses of credit have been devised and tested.

Secondly, there appears to have been less reliance on the use of interest-rate variations as an independent instrument of monetary policy. The survey indicates that the changes in discount rates were frequently made in conjunction with the establishment, or reinforcing, of quantitative credit restrictions. Furthermore, the rise in interest rates has, on the whole, been moderate although in almost all countries there has been an increase in the rates, either short-term or long-term, or both.

A third notable change in the nature of credit controls in foreign countries is the increased emphasis on selectivity, that is, on the discretionary allocation of credit in accordance with general criteria formulated by the monetary authorities. The selective or qualitative features seem to have permeated the monetary policy in many countries even where principal reliance is placed on quantitative credit controls.

While many foreign countries have abandoned direct controls over investment, they have, as a rule, retained selective credit controls within the wider framework of general controls. Sweden established informal selective controls simultaneously with the imposition of quantitative controls. The special reserve requirements in Mexico and elsewhere are framed to permit the monetary authorities to encourage specific types of loans and investments. Differential rediscount rates, as applied in Belgium, represent a qualitative or selective application of a general credit control technique. Supplementary and differential reserve requirements restrict to varying degrees the extent to which banking systems can generate new credit in response to private demand without the approval of the monetary authorities.

Certain observations may be made regarding the general nature and effectiveness of selective controls abroad. Foreign experience suggests that such controls are most appropriate when inflationary pressures are relatively moderate; the pressures may be moderate as a result of the existence of adequate resources to meet the major share of effective demands upon them, or they may be held in check by various direct controls and by anti-inflationary fiscal policies. If inflationary pressures become too strong, foreign experience indicates that selective controls may require the buttressing of general, quantitative credit control measures, or else, as in the United Kingdom, the broadening of the selective control mechanism to serve as a major quantitative control instrument.

A further general observation is that the selective control device as used in foreign countries appears to be developing as a method for channeling credit into high-priority uses. Applied in this way, selective controls abroad differ in scope from those used in this country. This survey suggests also that the selective control device has worked most successfully in countries where a high degree of cooperation existed between the monetary authorities and the commercial banking community and where the general economic objectives of the government enlisted the support of the bulk of the community.

III. Economic and Social Determinants of Monetary Policy

The third general conclusion emerging from this survey is that the particular combination of general and selective credit controls in operation in any country, and the manner in which these are coordinated with instruments of fiscal policy and with the broad economic policies of the government depends on the economic and social conditions prevailing in that country. The task assigned to monetary policy in foreign countries has differed greatly, depending upon the extent to which direct physical controls have been employed and upon the success with which the governments have managed their fiscal policies.

Balance of payments deficits for most of the Western European countries helped to restrain inflationary pressures and these deficits were financed in part by United States aid. Before the outbreak of hostilities in Korea, most of the Western European countries had shown considerable progress toward internal stability and balance of payments equilibrium. New inflationary pressures since that time have resulted in the loss of some of the ground previously won. Because prewar production levels have been equaled or surpassed, however, the countries of Western Europe are in a stronger position to meet new inflationary pressures than they were in the early postwar period.

One of the major tests of the efficacy of monetary policies in foreign countries may appropriately be the extent to which those policies, not in isolation, but in conjunction with fiscal policies, physical controls and all other economic programs of the governments concerned, contribute toward reducing reliance on foreign aid. A second criterion must be that of working toward a distribution of total available resources which will permit (1) the level of military preparation necessary to ensure the defense of the western world, (2) sufficient investment to give promise of continuing growth in the national product, and (3) a level of personal consumption adequate to secure popular support for these essential programs. Progress toward these goals cannot always be precisely measured, but there is little doubt that it has been uneven; a relevant factor in attempts at measurement is recognition that the countries of Western Europe entered the course with very unequal handicaps at the conclusion of the war.

44. Discuss and evaluate, as far as your available information permits, any devices used in foreign countries to insulate the market for Government securities from the private credit market.[24]

It has been pointed out in the answer to Question 39 that a number of suggestions have been made in order to insulate a portion of the public debt from the effects of restrictive credit policies.

The answer to Question 43 discusses two types of general credit control—the special reserve requirement and the differential reserve requirement—which may serve as devices for insulating the market for government securities from the private credit market. It should be noted, however, that the insulating function is only one of the characteristics of these types of credit control and was of secondary interest to many of the countries adopting such measures. In this reply the use of these controls will be further examined, principally with reference to Western Europe where well developed money markets exist. In addition, an example of effective insulation without the use of specific statutory devices will be discussed in connection with the postwar monetary experience of the United Kingdom.

The importance of insulating the market for government debt from the market for private debt depends largely upon the size, composition, and distribution of ownership of government securities. Of the seven countries of Western Europe where such insulation has been effected to some degree in recent years, only the United Kingdom, and to a lesser extent the Netherlands, have government debts whose size in relation to the country's national income is comparable to that of the United States. In Sweden, the fairly moderate government debt does not present major problems; in France and Italy run-away price inflation has very considerably reduced the burden of the debt; and in Belgium, where the gross government debt is comparatively small, a large portion of it was held in a nonmarketable form as a result of the postwar currency reform even before secondary reserve requirements were established in 1946.

1. Insulation by Means of Special Reserve Requirements

In Continental Western Europe, as pointed out in the reply to the preceding question, special reserve requirements, to be held partially or exclusively in government securities, were established during the postwar period by Belgium, France, Italy, the Netherlands, and Sweden. Creation of these additional reserve requirements served the monetary management objective of reducing the extent to which the banking system could independently expand credit on the basis of any given volume of deposits and reserves, forced the banks to rely more heavily upon central bank rediscounts, and accordingly, strengthened the hand of the monetary authority in controlling private credit. At the same time, the new requirements had the effect of insulating a portion of the government debt and to that extent eased the government's debt-management problems. Finally, it is also true that the same device assured the government of an automatic market for new issues of securities to the extent that the commercial banks were required to buy additional government securities in proportion to any increase in deposits; this was of some importance in one or two of the countries being discussed.

[24] The answer to this question was prepared on the basis of information available in November 1951.

It appears that the principal purpose and usefulness of the device varied from country to country and indeed that it may have changed within a single country over a period of time, depending upon the changing conditions that the authorities had to face. It may be pointed out that generally the special reserve requirement measures brought about no identifiable interest rate differential in favor of the portion of the government debt which was insulated. Available evidence suggests that it has done so only in the case of Belgium. As will be discussed in a following section, the United Kingdom accomplished this result without special reserve requirements as such.

The varying emphasis on the monetary and fiscal aspects of commercial bank special reserve requirements will appear more clearly from a brief survey of the actual experience of a number of countries.

Sweden.—The emphasis in Sweden appears to have been on monetary rather than on fiscal considerations. The special reserve requirements, consisting of both cash and government securities, were established in 1950 primarily as a measure of credit control (see the answer to Question 43). To a considerable extent, the additional reserves consisted of cash (including balances with the central bank); and the commercial banks found it necessary to sell treasury bills in order to comply with the new reserve requirements. Furthermore, the government debt in Sweden is of a relatively modest size, imposes no great burden on the budget and appears to be fairly firmly held in the hands of large banks and insurance companies. It is true that from 1945 to mid-1950 the authorities supported the government bond market; but it appears from official statements that they did so primarily with a view to ensuring that ample funds should be available, at low interest rates, to finance residential housing and thus to hold down the cost of living and wages. When in the middle of 1950 the decision was taken to abandon the wage controls, special reserve requirements were introduced and central bank support of government bonds was simultaneously discontinued. The net effect of these measures was a slight all-around increase in interest rates, although support of the government bond market was apparently resumed in 1951. It does not appear that insulation of the government security market from the market for private credit was a significant objective of the Swedish policy.

Belgium.—The government debt in Belgium at the end of the war was largely held by the central bank. A comprehensive currency reform, immediately after the liberation of the country, blocked a large proportion of the abundant liquid funds which were in the hands of the public and in the possession of the commercial banks. A large segment of these blocked funds was converted in 1945 into a nonmarketable loan bearing interest at 3½ percent; amortization was largely provided for from a capital levy and other special taxes imposed as an integral part of the reform.

It was not, therefore, the wartime debt that gave rise to difficulties in the postwar years. However, in the latter part of 1944 and in 1945, Belgium faced large emergency financing requirements in providing local currency for allied forces stationed in that country and for reconstruction expenditures. This in turn led to a steady increase in new government debt as short-term government securities were issued to raise the necessary funds. As private financing needs revived in

1945, the commercial banks began to sell these securities to the central bank in order to increase their loanable funds.

It was to prevent the rapid monetization of this new debt that Belgium for the first time established reserve requirements on bank deposits early in 1946. These were in the form of special reserve requirements and represented the first formal regulation of this type in any Western European country. The requirement calls for compulsory reserves equal to 60 percent of deposit liabilities; and four-fifths of these must be held in the form of specially issued treasury bills. The Belgian government has thus been able to institute a tight money market for private credit and at the same time to keep a portion of its governmental debt insulated from the effects of its restrictive credit policies; in addition, the interest rate on the insulated debt has been kept at the relatively low rate of $1^{15}/_{16}$ percent.

France and Italy.—No comprehensve currency reforms were effected in either France or Italy after the war and open inflation ultimately reduced the real burden of the government debt to a considerable extent; in France the burden is among the lowest in the world. In order to arrest inflation, both countries finally took drastic measures to stop indiscriminate credit expansion to private business and to secure the financing of government deficits from sources other than direct central bank advances to the treasury. With this dual objective in mind, both countries adopted reserve requirements on bank deposits for the first time (see the answer to Question 43). These requirements, which took the form of special reserves, limited private credit expansion both by establishing required reserve ratios larger than the customary reserves previously held, and by preventing the sale of bank-held government securities. At the same time the new requirements provided a channel through which the treasuries could be certain of obtaining new funds as increases in bank deposits were necessarily matched in part by an increase in holdings of government securities.

Western Germany.—The domestic debt of the former Reich Government was largely wiped out by the currency reform of 1948; and the debt of the new Federal and Land Governments now consists almost exclusively of the so-called "equalization claims" which were allocated to the banking system under the currency reform and are practically nonmarketable; there are also some direct advances by the central banking system. Monetary policy in Germany, with its rapid and substantial interest rate changes in recent years, therefore operates under very special conditions.

The Netherlands.—The government debt of the Netherlands is larger in terms of the national income than the debts of other continental Western European countries and is held to a considerable extent by the commercial banks. Until recently the Netherlands relied extensively on direct controls, rationing, and subsidies to hold in check inflationary pressures arising from a high level of investment. Since the latter part of 1950 renewed emphasis has been placed on monetary controls, and comprehensive commercial bank reserve requirements were established in January 1951 (see the answer to Question 43). Under these requirements, a large part of the commercial banks' treasury bill holdings have been immobilized and can no longer be sold in order to provide funds for increased loans to business. An all-around increase in interest rates has occurred, however, and there appears to be no evidence that government interest rates are any different from what they would have been if a portion of its debt had not been locked up as bank reserves.

2. Insulation by Informal Agreement

In the United Kingdom, insulation of the market for short-term government securities both from the market for short-term private credit and from the long-term market, government and private, is not accomplished by statutory regulation or specific devices of the type discussed in the preceding section. It is brought about, in accordance with traditional British money market practices, by various broad arrangements among the monetary authorities, the discount market, and the commercial banks.

As part of the "cheaper money" drive in the early postwar period, the British authorities arbitrarily reduced the rates paid by the government for short-term borrowing against treasury bills and treasury deposit receipts. Rates on these instruments were reduced respectively to one-half of 1 percent and five-eighths of 1 percent from the previous level of 1 percent and 1⅛ percent which had been maintained during the war period. By a combination of measures the government had also driven the long-term rate of interest on government securities down to 2½ percent. During this period, both long-term and short-term commercial rates moved in sympathy with the rates for government securities and no particular insulation of the two markets was apparent.

When the drive for cheaper money was abandoned in early 1947, long-term interest rates began an upward climb and within a relatively brief period were fluctuating between 3½ and 4 percent, with government and private long-term securities moving more or less together. During most of this period, however, short-term private rates moved up only very slightly; they remained at a level generally consistent with the stable short-term government rates until the summer of 1951, when private rates were appreciably increased. The rate for 3-month fine trade bills, for example, which had been in the range 1–1½ percent in October 1945 stood in the range 1¾–2½ percent in July 1951. The sharp rise in private rates while government short-term rates remained stable called attention to the effective insulation of the two markets. A further rise in short-term commercial rates occurred in November 1951 (see below) when short-term government rates also moved upward, though to a smaller extent.

The then Chancellor of the Exchequer indicated in mid-1951 that he was not opposed to an increase in private short-term interest rates but that he was unwilling to accept an increase in the cost of short-term money to the government. He suggested that a rise in treasury bill rates would have no appreciable effect on the volume of credit outstanding and stated that: "* * * the Clearing Banks have for many years accepted that, in matters of credit policy, it is their duty to cooperate with the government." The tradition which decrees that the London money market shall give first priority to the financing needs of the government is the more easily maintained and enforced because of the fact that only a limited number of large financial institutions are closely involved in the market. The cooperation of the commercial banks and of the discount houses is presumably freely given to the government though there are known to be institutional relationships and legal powers through which the government could enforce the tradition if necessary.

The particular techniques which account for the insulation of the government short-term market cannot be fully discussed in the space available. Efficient technical operation of the London money market, which has been worked out over many years, insures that excess cash resources of the banking system may be promptly mobilized for investment in short-term government paper to any extent demanded by the cash requirements of the government. Under conditions which had existed during and since the war the treasury bill was a completely liquid asset in the hands of the discount market or the commercial banks. At any time of cash stringency, institutions of either class could approach the "special buyer", a broker representing the Bank of England, and could convert treasury bills into cash without incurring a loss. There was accordingly no hesitancy on the part of the banking community to keep liquid funds fully employed in these instruments and any increase in liquidity of the banking system was accordingly quickly transformed into an increased demand for government short-term paper.

Re-enforcing the technical flexibility of the London money market system as a means of assuring that government finances would be available at the price set by the government was the system of qualitative control of bank lending to the private sector which was outlined in the answer to Question 43. Underlying this qualitative control of private borrowing, in turn, was a government fiscal policy which sought to insure that the total investment expenditures of the country, both public and private, should be kept within limits established by broad government programs.

In November 1951, the new British Government approved an increase in the official discount rate of the Bank of England from 2 percent to 2½ percent, the first change in the bank rate since 1939. Commercial banks promptly raised discount rates for short-term commercial paper by one-half of 1 percent. The rate for call money (short-term accommodation) against commercial bills was raised by the same amount while that for call money against treasury bills was increased by only one-fourth of 1 percent. The latter increase dictated lower bids for treasury bills on the part of the discount houses which handle the bulk of their treasury bill holdings with money borrowed from the commercial banks. At the first treasury bill tender subsequent to the change in bank rate, the discount market bid represented an interest rate basis of approximately seven-eighths of 1 percent as against the earlier rate of just over one-half of 1 percent. Continuance of an interest rate differential in favor of government short-term paper appeared to be indicated also in the announcement that the Bank of England would make 7-day loans against treasury bills at a 2 percent rate rather than at the bank rate.

As this reply is being prepared in mid-November, it is not possible to make any firm statements regarding the changes that may be expected in the operating techniques of the London money market as a result of what the new Chancellor of the Exchequer has called the "clear change of emphasis" introduced by his policy. It is generally expected in London that the commercial banks and discount houses may no longer rely upon automatic purchases of treasury bills by the special buyer at the request of the money market and that the monetary authorities will henceforth take the initiative in supplying or withholding cash through this channel. The market may accordingly, from time to time, be forced to resort to borrowing from the central bank and the bank rate may again become an effective rate for influencing both the cost and the supply of commercial bank credit to the public.

3. Other Forms of Insulation

Broadly speaking, monetary conditions in most foreign countries outside of Western Europe bear little resemblance to those in the United States. In most of the smaller underdeveloped countries in Latin America and Asia there are no active open markets for fixed interest securities. The credit needs of the governments of such countries have generally been satisfied by the central banks, either by loans or by purchase of security issues. Some small quantities of government securities in those countries may be involuntarily held by private entities who were paid in bonds instead of cash, but voluntary private purchases of such securities are exceptional. In a few cases the private banks also hold appreciable quantities of government securities, but this is not likely to occur without some special inducement such as the optional or obligatory use of such securities to satisfy a reserve requirement. Private securities, in contrast, are usually not held in large quantities by the central banks of the underdeveloped countries. The sources of private credit are chiefly commercial banks, which make loans to businesses and individuals but do not customarily hold many securities, either public or private. In summary, the markets for securities and loans in some of the underdeveloped countries are generally so limited that the market for government securities is in effect insulated from the market for private securities without the use of any special devices and without any official desire for this state of affairs.

The basic reason for resort to a special, insulated market for government bonds (i. e., the central bank) in these circumstances has been the absence of adequate money and capital markets in these countries. The result has frequently been to establish an interest rate pattern for government securities well below the prevailing interest rates on private loans and securities. This has occurred also in some of the larger primary producing countries, where more or less active security markets do exist, but where the interest rates or market yields on governmental issues tend to be lower, largely because of central bank intervention, than those on private issues.

4. Conclusion

Insulation of the market for government securities from the market for private credit may be said to exist to the extent that legal reserve requirements expressed in government securities provide a protected market for a portion of the government debt. In at least one country, however, effective insulation has been established without the use of formal reserve requirements. The purposes and the effects of insulation vary from country to country.

In most instances such insulation appears to have come about merely as a byproduct of reserve increases designed to reduce the liquidity of the commercial banking system. In some countries the extent to which the commercial banks are required to hold government securities suggests that a second purpose of the monetary authorities was to immobilize a portion of the public debt in order to ease debt management operations and avoid difficult refunding problems. A third objective appears to have been served in some countries inasmuch as special reserve requirements expressed as ratios of deposit liabilities involve an automatic market for new government issues during periods when deposits are rising; differential reserve requirements, calling for particularly large holdings of government securities as reserves against increases in deposits over a base period, are even more effective devices for assuring a continuing demand for government securities under similar conditions.

Insulation of a portion of the government debt has resulted in an identifiable interest rate differential in favor of government securities in only two of the Western European countries. Only in the United Kingdom has establishment of such a differential appeared to be a primary aim of insulation. There the interest rate differential can be attributed not to formal reserve requirements but to full cooperation of the banking system with the monetary authorities and concurrence of the former with the government's desire to maintain a low rate on its short-term borrowing. "Moral suasion" is an effective weapon of control in the United Kingdom because of the small number of major institutions in the money market and the strong tradition that the requirements of government finance should be given priority. In addition direct controls reduce the demands for private credit. A change of emphasis occurred in the United Kingdom in November 1951 when the bank rate was raised but it is too early to judge how the new policy will differ from the old.

As the two preceding answers have suggested, the wide variety of institutional arrangements and of underlying economic conditions which characterize the countries studied and which form the complex background for their monetary measures, makes it inappropriate and hazardous to attempt to draw valid conclusions for monetary policies in the United States from the experience of foreign countries. Study of their experience can prove useful only as a limited guide in appraising new suggestions for domestic policies.

APPENDIX

Questions Addressed to the Secretary of the Treasury

A. CONGRESSIONAL POLICY DIRECTIVES

1. State, citing the appropriate statutes, all of the policy directives bearing upon economic objectives which have been given by Congress to the Treasury Department as a guide to the use of the powers entrusted to it.

2. State the general economic objectives which the Treasury Department seeks to further through the use of the powers which have been given to it by Congress. Emphasize particularly the over-all objectives of the Treasury Department in managing the public debt.

3. Do you believe that the congressional declaration of policy contained in the Employment Act of 1946, which reads as follows:

> The Congress hereby declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs

and obligations and other essential considerations of national policy, with the assistance and cooperation of industry, agriculture, labor, and State and local governments, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power.

is balanced in its emphasis upon high-level employment and price stability respectively, as objectives of Federal Government policy? Suggest any changes by which you think it might be improved.

4. Do you believe that a broad directive with respect to economic policy should be given to the Treasury Department by Congress? If so, state the general character of the directive which you would recommend. If you believe there should be no such directive, state your reasons for this belief.

B. POLICY FORMULATION IN THE EXECUTIVE BRANCH

5. What are the present powers of the Treasury Department, if any, with respect to the operations of the Federal lending agencies, such as the Reconstruction Finance Corporation, the Federal Housing Administration, and including also the Federal Deposit Insurance Corporation? Enumerate these powers, stating in each case their basis in statute, Executive order, or otherwise.

6. What additional authority of the Treasury Department with respect to the Federal Deposit Insurance Corporation and the Federal lending agencies would you consider desirable? If you do not believe that additional authority of the Treasury Department with respect to these agencies is desirable, what, if any, additional means of coordinating their activities would you recommend?

7. Can any policy conflict between the Treasury and the Federal Deposit Insurance Corporation or the lending agencies be resolved in the last resort by the President? If not, what are the exceptions? Do you believe that the President should have (or under the Constitution *does* have) authority to resolve all such conflicts?

8. What are the present powers of the Treasury Department, if any, with respect to the operations of the Federal Reserve System?

9. What provision, if any, is there for resolving policy conflicts between the Treasury (or other agencies of the executive branch) and the Federal Reserve System? Do you believe that this power should lie with the President (or already does under the Constitution)?

10. If you do not believe that the President should (or does) have such power, how, in your opinion, should policy conflicts be resolved? Is it necessary that they be resolved or could the agencies directly responsible to the President, on the one hand, and the Federal Reserve System, on the other, pursue conflicting policies indefinitely?

C. EXPENSES FOR THE PURPOSE OF INFLUENCING PUBLIC OPINION

11. List and discuss any expenses which have been incurred by the Treasury during the period since 1946 for the purpose of influencing public opinion on controversial matters in connection with monetary and credit policy and the management of the public debt. Expenses for the preparation of material in standard expository format and

for the distribution or presentation of such material in written or oral form to persons who might be expected to have a regular business or professional interest in it may be omitted. Any expenses during this period for the preparation of motion pictures, illustrated brochures, or any other special material in these fields should be included, however, irrespective of your personal opinion as to whether or not the material they contain is controversial in character, in order that the subcommittee may, if it desires, consider them on a case-by-case basis.

D. CREDIT AND DEBT MANAGEMENT POLICY

12. Leaving aside the matter of debt management completely, what are the various powers of the Treasury with regard to monetary matters? Explain the legal background and describe how the Treasury has used these powers.

13. Describe the Treasury's functions with respect to the handling of incoming gold and silver, and how bank reserves are affected. Explain how the Treasury may permit gold to be "sterilized."

14. Describe fully how the handling of Treasury deposits influences the monetary situation.

15. In making decisions with regard to these Treasury monetary matters (gold, silver, and handling of its deposits), has the Treasury attempted to coordinate its policies with those of the Federal Reserve System?

16. Review the development of legislative authority on public-debt matters over the years.

17. Describe fully the issues involved in policy discussions between the Treasury and the Federal Reserve System from the end of the war until the "accord" announced by these agencies on March 4, 1951. What were the areas of agreement and the areas of disagreement and how did they change over time during this period?

18. Describe the nature of the accord between the Treasury and the Federal Reserve System which was announced by them on March 4, 1951.

19. Have there been fundamental differences of *economic objectives* between the Treasury and the Federal Reserve System since the time you became Secretary of the Treasury and, if so, what have they been?

20. Except as previously described, what differences with respect to procedures and techniques have arisen between the Treasury and the Federal Reserve System since you became Secretary, or earlier?

21. How closely have the Treasury and the Federal Reserve System cooperated in matters of common interest?

22. Describe the mechanism by which a general tightening or easing of credit, and the changes in interest rates which may result, is expected to counteract inflation or deflation. Discuss the impact on borrowers and lenders in both the short-term and long-term credit markets and on spending and savings. Indicate the effect on each of the broad categories of spending entering into gross national product. What are the (actual or potential) capital losses or gains that would be brought about by changes in interest rates? To what extent is the effectiveness of a program of credit restraint affected by or dependent upon expectations with respect to subsequent changes in interest rates? Distinguish in your discussion between small changes in rates and large changes in rates.

23. Evaluate the effectiveness of a general tightening of credit (and the consequent increase in interest rates) in restraining inflation as compared with other factors (*a*) when the principal threat of inflation comes from an increase in private business activity; (*b*) when the principal threat of inflation comes from increased expenditures by the Federal Government.

24. Discuss the appropriate role of general credit controls and of selective credit controls under each of the hypotheses mentioned in the preceding question. What selective controls do you consider appropriate under present circumstances?

25. Do you consider that the current extensive use of Government controls over private construction and over private ability to buy scarce materials has an important bearing upon the effectiveness and appropriateness of general credit controls under present circumstances?

26. To what extent is the demand for Government securities by nonbank investors determined by (*a*) the level of interest rates, (*b*) expectations with respect to changes in interest rates, (*c*) other factors?

27. What advantages do you see in a stable long-term Government bond market? What weight should be given to the desirability of stability in the Government bond market in determining credit policy (*a*) when the Treasury is not expected to be a large borrower in the foreseeable future; (*b*) when a large volume of Treasury refunding operations will have to be effected in the foreseeable future; (*c*) when it is expected that the Treasury will be a large net borrower during the foreseeable future; (*d*) under conditions of total war?

28. Has the Treasury Department ever taken action on its own initiative or in cooperation with the Federal Reserve System to change the level of interest rates on Government securities, or to prevent a change in interest rates which would have otherwise occurred? Give examples—if possible, of actions operating in each direction.

29. Please explain your position regarding the importance of interest on the public debt as a budgetary cost.

30. Has the growth of the public debt changed the nature of the methods which can be prudently used by the Federal Reserve System with respect to monetary and credit policy?

31. Have there been important economic changes since 1913 which affect the efficiency and appropriateness of tradional Federal Reserve System operations?

32. To what extent does the choice of maturities of new and refunding issues of Treasury securities enable you to influence the money and investment markets?

33. In your opinion is it possible to separate decisions with respect to interest rates from the decisions regarding timing, amounts of offerings to different sectors of the market, designing of securities for various investor classes, and similar considerations?

34. Do you believe that a rise in the average annual yield of series E savings bonds to 3½ percent, or thereabouts, would significantly increase the amounts sold and diminish the amounts of early redemptions?

35. Discuss the advantages and disadvantages of requiring (*a*) all member banks or (*b*) all insured banks to maintain secondary reserves

(in addition to present reserves) in the form of United States securities, either present issues or special types.

36. Discuss the advantages and disadvantages generally of maintaining bank reserves against classes of *assets* rather than against classes of liabilities as at present.

37. Discuss the advantages and disadvantages of marketable and nonmarketable securities (*a*) under present conditions; (*b*) in the event of the necessity for substantial net Government borrowing.

38. What new types of securities, if any, do you believe should be given consideration for use (*a*) under present conditions; (*b*) in the event of the necessity for substantial net Government borrowing? Give the merits and demerits.

39. Are there any ways other than those implied in the answers to the preceding questions for insulating public debt securities from the impact of restrictive credit policies designed primarily to discourage the growth of private debt?

40. Under what conditions, if any, do you believe it would be desirable to resort to compulsory methods in the sale of Government securities to (*a*) banks, (*b*) other financial institutions, (*c*) other corporations, (*d*) individuals? Discuss the philosophy which underlies your views on this matter.

41. Discuss the merits and demerits of the proposal for the issuance of a bond, the value of which would be guaranteed in terms of purchasing power.

E. INTERNATIONAL COMPARISONS

42. Discuss and evaluate, as far as your available information permits, the relationship between the Executive, the Treasury, and the Central Bank in foreign countries. Place particular emphasis on the resolution of policy conflicts.

43. Discuss and evaluate, as far as your available information permits, the relative use of selective and general credit controls in foreign countries.

44. Discuss and evaluate, as far as your available information permits, any devices used in foreign countries to insulate the market for Government securities from the private credit market.

Treasury Management Improvement Program

(Referred to on p. 208 in the answer to Question 2)

One of the first steps I took after assuming office as Secretary of the Treasury in June of 1946 was to adopt a Department-wide management improvement program designed to increase the efficiency of working operations and methods throughout the entire Treasury Department. Intensive management studies have been carried on within the Department and management surveys have been made by private management engineering firms.

In the approach to management improvement considerable emphasis has been placed on encouraging employee participation through awards for suggestions and work simplification programs.

There are many examples of management improvements and procedural changes which could be highlighted. However, I consider the management improvement program of the Treasury Department such an important part of the Treasury's over-all responsibility that I am therefore attaching a copy of my July 31, 1951, letter to the Honorable Frank M. Karsten, Chairman, Public Accounts Subcommittee, Committee on Expenditures in the Executive Departments of the House of Representatives, which covers in considerable detail the factual record of the Treasury's management improvement program. You will note that the letter and the summary of principal workload factors, personnel and operating expenditures cover, for comparison purposes, the fiscal years 1930, 1940, 1946, and 1950. Other exhibits referred to in the letter will be made available to the Committee upon request.

THE SECRETARY OF THE TREASURY,
Washington, July 31, 1951.

MY DEAR MR. CHAIRMAN:

I am glad to comply with the request of your letter of April 20, 1951, for an informative statement on the nature of the operations of the Treasury Department and on the funds which are required for carrying them out.

Let me state at the outset that the objective which you note of assembling information which will show the American taxpayer just what he receives for his money is one with which I have been in the heartiest agreement ever since I took office as Secretary of the Treasury in June 1946. Under my direction, important measures have been taken during these 5 years to improve and modernize departmental operations from the point of view of increasing the business efficiency of the organization and from the point of view of reducing operating costs wherever possible. In carrying out this program, I have had the full support of all officials and employees of the Treasury; and I might add that I have taken every occasion to promote a greater public understanding of the spirit of loyal and efficient service which animates the vast majority of the administrative and other employees of the Government with whom I have come in contact.

It is my belief that those of us engaged in the great task of Government operation have been far too hesitant in putting the organizational achievements of modern public service before the citizens of the nation. We in the Treasury have a real story to tell—a story of vastly increased services performed at minimum cost; a story of improvements in procedures and administrative techniques fully in line with the highest standards of modern business and accounting practices; and a story of exceptional performance on the part of large numbers of individual employees far exceeding the stated requirements relating to the various Government positions. The story of the past 5 years, in particular, is one of steady and in many cases, spectacular improvement in the operating practices of the Department and in the quality of service rendered the public.

I am most appreciative of the opportunity which your letter has given me for putting our record before you. I am submitting with this letter, among other data, a general account in chart and table form of the changes in our activities and in the amount of funds and number of personnel required for discharging them in the two decades since 1930. This study, I believe, will be of particular interest for reference purposes, since it notes each organizational change of the past two decades, together with the statutory or other authority under which it was made. The changing organizational pattern which emerges from the record reflects the steady progress of the Department in streamlining the services with which it is charged by law, in order to make these services fully responsive to national requirements during one of the most dynamic periods in the life of the nation.

No presentation of facts with respect to changing governmental functions during the past 20 years can be fully appreciated, however, unless it is viewed against the backdrop of the broad changes affecting such functions which have been occurring in our national life during this period. These changes are twofold: those which arise out of the economic and social growth taking place within the borders of our own country, and those which come from the impact on our nation of events in the international area. One of the great strengths of our constitutional system of government is its responsiveness to the needs and requirements of a growing, dynamic economy. In the Treasury Department, this responsiveness has been reflected in far-reaching changes both in organization and in the volume and direction of operating activities.

Since the factual record is shown in some detail in the attached exhibits, I shall attempt in this letter to give only the highlights of the most important changes in organization and activities; and to indicate in broad terms how these changes are related to the performance by the Treasury Department of its historic responsibilities in the light of modern conditions.

From 1930 to 1940 the total operating expenditures for the Department decreased from $190,102,706 to $177,165,753, representing a net reduction of 6.8

percent. Notwithstanding this reduction in expenditures, a substantial increase occurred in the functions and responsibilities imposed on the Department as well as an over-all increase in the workload. During the period concerned, there was transferred from the Department the budget function, which later evolved into the Bureau of the Budget as we now know it, the Public Health Service, the Office of Supervising Architect and the Federal Farm Loan Board and Bureau. Substantial increases in functions and workload occurred as follows:

1. The number of tax returns filed increased from 5,912,907 to 19,199,932. Additional tax assessments amounting to $94 million more in 1940 than in 1930 reflects the increased enforcement activity during the period.
2. Printing of currency, stamps and other documents increased from 338,541,969 to 446,846,250 sheets.
3. Manufacture of coins increased from 399,467,200 to 768,091,000.
4. Government checks paid increased from 33,192,836 to 130,578,489.
5. Pieces of currency redeemed increased from 327,000,000 to 1,197,000,000.
6. Public Debt securities outstanding requiring servicing increased from 12,132,324 pieces to 25,009,543 pieces.
7. Principal new activities assigned were:
   (*a*) establishment of centralized accounting and disbursing activities;
   (*b*) administration of narcotic laws:
   (*c*) establishment of the savings bonds program;
   (*d*) transfer of legal functions relating to Treasury activities from Justice Department resulting in establishment of the Office of the General Counsel and legal staffs in appropriate bureaus;
   (*e*) collections of new taxes such as social security, excise, alcohol and coal;
   (*f*) assignment to the Coast Guard of responsibility for enforcement of all federal laws on board vessels upon the high seas and navigable waters of the United States.

From 1940 to 1950 the Department's operating expenditures increased from $177,165,753 to $507,627,885. During this period, the Department was relieved of only two substantial activities, i.e., the emergency relief accounting and disbursing organization was liquidated and the Bureau of Federal Supply was transferred to General Services Administration. The operating expenditures of these activities in 1940 were $9,010,926 and $11,832,035, respectively. The large increase in expenditures from 1940 to 1950 was due primarily to enormous workload increases in principal activities, general salary increases authorized by law, increase in the general level of prices, and to the assignment of new responsibilities as indicated below.

1. General civilian salary increases and military pay, allowance and retirement increases authorized by law constitute a large portion of the increased operating costs. Published estimates indicate that average Government-wide salary increases for classified employees has amounted to 54.6 percent. It is estimated that approximately $154 million of the Department's total operating expenditures in 1950 may be attributed to such increases affecting both civilian and military personnel.
2. The costs of supplies, equipment, transportation, communications, printing and binding, and other non-personal service costs have increased sharply as indicated by the rise in the general price index.
3. The Bureau of Internal Revenue represents approximately 44 percent of the total requirements of the Department, accounting for $226.9 million of the $507.6 million expended in 1950. In keeping with the tremendous increase in tax returns filed from 19 million to 89 million, the Bureau's requirements increased $164 million, including the cost of pay increases, over the 1940 expenditures. Additional tax assessments likewise increased by $1,353 billion in the same period due to intensification of enforcement activities.
4. Printing of currency, stamps and other documents increased from 446,846,250 to 729,297,594 sheets, and the expenditures therefor increased from $8,576,052 to $15,967,235, including the cost of general pay increases.
5. Customs entries increased from 725,624 to 1,269,981 and the number of persons entering the United States rose from 48,552,327 to 87,000,000. Operating expenditures for Customs activities increased correspondingly from $20,816,687 to $35,327,585, including the cost of general pay increases.
6. Fiscal activities, including accounting, disbursing, check payment, public debt, currency redemption and related operations, were consolidated into a single organizational component through the establishment of the Fiscal Service. This Service has been assigned new operations and has had tremendous increases

in workload since 1940. The principal new operations and workload increases from 1940 to 1950 are:

(*a*) Functioning of 4,481,451 depositary receipts in 1950 under tax withholding procedures not in effect in 1940.

(*b*) Issuance of 8,728,509 interest checks for series G bonds. The first series G bonds were issued in 1941.

(*c*) Checks issued through the centralized disbursing operations increased from 106,743,925 to 189,736,578 and checks paid increased from 130,578,489 to 269,320,659, despite liquidation of Emergency Relief activities.

(*d*) Savings bonds issues increased from 4,752,000 pieces to 67,891,478 pieces and retirements increased from 807,000 to 84,952,771. Retirements include bonds issued in 1950 and prior years.

(*e*) Outstanding public debt securities requiring servicing increased from 25,009,543 pieces to 526,193,866 pieces.

(*f*) Currency redeemed increased from 1,197,000,000 pieces to 1,788,000,000 pieces.

Operating expenditures of the Fiscal Service increased from $20,293,561 to $68,423,702, or a net increase of $48,130,141, including the cost of general pay increases. Of this total increase of $48 million, approximately $41 million is expended annually for administering the savings bonds program involving many millions of savers who own over 500 million of the bonds outstanding.

7. During the period 1940 to 1950 expenditures of the U. S. Coast Guard increased from $44,753,263 to $149,191,232. During this period the Merchant Marine Inspection was transferred to Treasury from the Commerce Department. The same period witnessed the transfer of the Coast Guard to the Navy during the war, and the re-transfer to the Treasury at the cessation of hostilities, with important new responsibilities largely growing out of the war. These new functions include the operation of ocean stations for weather and other services, and the establishment and operation of new aids to navigation, including loran stations. The above transfers of functions and the new responsibilities largely explain the increase in the personnel for the Coast Guard in the period concerned. Higher operating costs have resulted from the adoption of new shipboard electronic devices, including radar, loran, ultra high frequency communication equipments and sonar detection devices.

General pay increases authorized for Coast Guard personnel amounted to approximately 50% for officers and approximately 60% for petty officers. The basic pay of lowest grade enlisted men was increased from $21.00 to $75.00, or approximately 257%. In addition, increases were granted for clothing, subsistence and family allowances. During this same period, the retired list increased from 1,740 to 6,037, representing an increase of 247%, while the dollar costs due to increase in pensions amounted to 541%.

In addition to the far-reaching changes in the operations of the Treasury Department as a result of the increase in the public debt and the necessity for a greatly expanded revenue system, the Department has been strongly affected by the new position of the United States in world affairs since the pre-World War II period. Our new responsibilities in this area have meant greatly increased duties on the part of the Treasury with respect to the international lending policies of the United States, the framing of policy with respect to international exchange and monetary matters, the operation of the United States Stabilization Fund. Under the provisions of the Bretton Woods Agreements Act, the Secretary of the Treasury was given the additional responsibility of serving as chairman of the National Advisory Council which was established to coordinate the policies and operations of the representatives of the United States on the International Monetary Fund and the International Bank for Reconstruction and Development, the Export-Import Bank, and all other agencies of the Government which participate in the making of foreign loans or engage in foreign financial exchange or monetary transactions.

I have attempted, up to this point, to give a brief account of some of the major current activities of the Treasury Department and to show how these activities have been shaped—within the framework of responsibilities delegated to the Department—by changes in our economy and in our national life during recent years. In the course of this account, I have necessarily omitted reference to many of the continuing functions of the Department having to do with the day-to-day financial life of the Government and of the Nation.

To mention only one development affecting important services performed by the Treasury Department: coin and currency in circulation outside of banks has increased from $3.4 billion in 1930 to about $25 billion at the present time. The

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increased services required of the Treasury Department as a result of these and other changes in our financial life have been accomplished, as the attached material shows, at a relatively small increased over-all cost, as compared with the amounts required in 1940 and in 1930. Moreover, since the close of World War II, it has been found possible in many instances to perform the financial service operations of the Treasury at a higher level of efficiency and at a lower cost to the taxpayer than had been possible during certain earlier periods of heavy work loads.

Similar problems arising out of a greatly increased volume of work and a relatively small increase in appropriations have been faced and surmounted since 1930 by the various law enforcement units of the Department. Among these are the appropriate offices of the two revenue collecting agencies, the Bureau of Internal Revenue and the Bureau of Customs; the Bureau of Narcotics; the Secret Service Division; and the United States Coast Guard. These services perform important roles with respect to the enforcement of our revenue and maritime laws, the suppression of counterfeiting, and the suppression of illicit trade in narcotics.

I might single out for mention in this connection the alarming increase in the illicit drug traffic which has been coincident with the reopening of former sources of illicit supply in foreign countries, following the close of World War II. The Bureau of Narcotics, at its present strength of fewer than 200 agents, has established a postwar record of efficiency in operation and heroic devotion to duty of which the entire Nation can be proud.

Throughout the Treasury Department, the improvement during the past five years in the quality and efficiency of the service has been the result, in large part, of our management improvement programs, in which you express a particular interest. As you may know, the Treasury Department has been particularly active and aggressive during the postwar period in initiating such programs and in putting their recommendations into effect. The complete details of our programs and the results of their applications to the various organizational units in the Department are summarized in the attached excerpts from the Annual Reports which I submitted to the Congress for the fiscal years 1949 and 1950 (Exhibit 4).

As you will note in these reports, management studies have been made both within the Department and by contract with private management engineering firms. Appraisal of our programs by outside management experts have proved very valuable; and in view of your interest in the use of such advisory services, I have attached a statement which describes the types of surveys made by these organizations and the actions on their recommendations which have been taken by the Department (Exhibit 3).

Throughout the Treasury, the goal of our management-improvement programs has been to cut costs, to improve efficiency, and to render better service to the public. The record shows that we have made a most satisfactory progress toward this goal. As the direct result of the Treasury management-improvement programs during the past 5 years, there have been monetary savings of many millions of dollars. Other savings, the value of which cannot readily be measured in terms of dollars, have also been effected. These savings have been utilized in meeting increased workloads, reducing appropriation requests, strengthening the enforcement work of some of the bureaus, covering the costs of installing new and improved procedures, and meeting operating contingencies. To summarize results attained from the fiscal year 1946 through 1950, exclusive of the Coast Guard which reduced expenditures by $192 million through retrenchment after the war period, it will be noted from the attached material that general pay increases authorized by law amounted to approximately $60 million during the period while the Department's annual expenditures (other than Coast Guard) increased only $24 million. Thus, approximately $36 million was absorbed by the Department in 1950 in addition to absorbing the operating costs involved in greatly increased workload.

In connection with our improvement program, I should like to stress the fact that the Department has made every effort to encourage employee participation. In addition to putting into effect the results of surveys, the Department has made extensive use of its cash-awards and work-simplification programs. Many valuable suggestions leading to improved operations and procedures have initiated with the employees of the Department.

Advantage is also being taken of the provisions of Title X of Public Law 429 of the 81st Congress, which authorized awards for efficiency. You will be interested to know that our experience in the Department indicates that the program made possible by this legislation has great value in encouraging creative thinking and providing channels through which individual employees and groups may improve the efficiency of their own offices and of the Department. I might mention that the first of our efficiency awards was granted to a group of 54 employees in the Division of Disbursement for their efficiency in handling the sharp peak of increased work incident to the issuance of checks for the National Service Life Insurance dividend. The efforts of these particular employees resulted in an estimated saving of $158,000, and cash awards totaling $1,500 were granted to them.

The Treasury Department also has been participating in the continuing program to improve Federal accounting and financial reporting which was undertaken jointly in 1949 by the Treasury Department, the General Accounting Office and the Bureau of the Budget. This important activity is an outstanding example of the steady efforts being made by the Government to improve efficiency of operating practices. Programs of this nature do not make the headlines; as you know, however, they are of very great significance as evidence of the steady progress which is being made in adapting Government operations to the needs of a modern economy.

Many other instances could be cited of the results of the management-improvement programs which are in operation in the Treasury Department. To give a few examples: The operating techniques and the services rendered by the Bureau of Customs have been modernized and greatly improved. A modern accounting system has been established in the Coast Guard, with the assistance and cooperation of the representatives of the joint program for the improvement of accounting and financial reporting which I mentioned earlier. Many accounting innovations are now being tested in the Coast Guard; if successful, they will undoubtedly be adopted throughout the Federal Government.

Finally, I should like to call attention to the fact that the Bureau of Accounts of the Treasury Department is now actively engaged in the work of organizing the accounting and reporting activities of the Department for the purpose of implementing the provisions of the Budget and Accounting Procedures Act of 1950, which you introduced into the Congress and which was passed on September 12 of last year. This legislation is making possible important improvements in Federal Government techniques relating to budgeting, accounting, financial reporting, and auditing.

May I assure you again that the Treasury is deeply appreciative of the opportunity you have given us to furnish the Subcommittee with the information regarding the operations of the Department. If additional data regarding any of our activities or programs would be helpful to you in the future, I should be most happy to provide it.

Sincerely,

(Signed) JOHN W. SNYDER,
Secretary of the Treasury.

Hon. FRANK M. KARSTEN,
Chairman, Public Accounts Subcommittee,
Committee on Expenditures in the Executive Departments,
House of Representatives, Room 1005, House Office Building,
Washington, D. C.

Treasury Department—Summary of workload, personnel, and operating expenditures

	Fiscal year			
	1930	1940	1946	1950
PRINCIPAL WORKLOAD FACTORS				
Number of tax returns filed	5,912,907	19,199,932	81,447,923	89,270,216
Additional tax assessments resulting from enforcement activities	$303,055,027	$393,909,685	$1,280,218,000	$1,747,592,000
Number of entries of merchandise into United States examined	1,041,295	725,624	977,393	1,269,981
Persons entering United States examined	49,092,318	48,552,327	72,977,244	87,000,000
Cases completed (counterfeiting, check forgeries, bond cases, etc.)	1,361	22,945	43,844	42,504
Violations of narcotic laws found	(1)	3,959	2,944	6,163
Number of pieces of currency manufactured	1,064,105,268	1,067,707,880	1,324,788,000	1,643,724,000
Number of stamps manufactured	25,323,631,829	30,067,257,297	38,838,525,314	42,372,420,336
Number of sheets of all types of printing	338,541,969	446,846,250	562,520,170	729,297,594
Number of coins produced	399,467,200	768,091,000	1,658,127,100	497,271,759
Number of checks issued	(2)	106,743,925	134,541,597	189,736,578
Number of depository receipts for withholding taxes functioned	(3)	(3)	3,699,158	4,481,451
Number of checks paid	33,192,836	130,578,489	348,749,450	269,320,659
Number of pieces of currency redeemed	327,000,000	1,197,000,000	1,615,000,000	1,788,000,000
Number of savings bonds issued	(4)	4,752,000	150,147,000	67,891,478
Number of savings bonds retired	(4)	807,000	196,104,000	84,952,771
Number of interest checks issued for series G bonds	(5)	(5)	7,112,908	8,728,509
Number of regular Treasury securities issued	837,657	1,005,000	3,844,000	2,079,265
Number of regular Treasury securities retired	1,883,866	1,969,000	5,877,000	3,114,050
Number of interest checks issued for regular Treasury securities	1,829,170	855,000	895,104	715,186
Number of pieces of outstanding public debt securities requiring servicing	12,132,324	25,009,543	646,692,593	526,193,866
Department totals, exclusive of Coast Guard:				
Number of personnel*	52,695	53,328	96,922	82,462
Expenditures	$160,816,937	$132,412,490	$334,120,183	[6] $358,434,653
U. S. Coast Guard:				
Number of personnel [8]*	12,562	18,666	113,450	28,125
Expenditures	$29,285,769	$44,753,263	$341,368,879	[7] $149,191,232
Department totals, including Coast Guard:				
Number of personnel [8]*	65,257	71,994	210,372	110,587
Expenditures	$190,102,706	$177,165,753	$675,489,062	[9] $507,625,885

See footnotes on following page.

Footnotes for table on page 402.

[1] Bureau of Narcotics not established until 1931.
[2] This centralized disbursing function not performed by Treasury Department in 1930.
[3] Began with Current Tax Payment Act of 1943.
[4] First savings bonds were issued in 1935. The bonds retired in the fiscal year 1950 include bonds purchased during the period 1935 through 1950 as opposed to those purchased in 1950.
[5] First series G savings bonds issued in 1941.
[6] The net increase in the Department's expenditures of $24,316,470, from 1946 to 1950, exclusive of Coast Guard, represents primarily the portion of general pay increases authorized by law which could not be absorbed. Such pay increases from fiscal year 1947 through 1950, inclusive, amounted to approximately $60,315,000, exclusive of the Coast Guard. Thus approximately $36,000,000 was absorbed by the Department in addition to absorbing the operating cost involved in the greatly increased workload. The U. S. Coast Guard figures are excluded for the purpose of this comparison due to the large reduction in their expenditures as a result of retrenchment after the war period.
[7] Coast Guard pay, allowance, and retirement increases authorized by law from 1946 to 1950 amounted to approximately $32,000,000 of their total expenditures of $149,191,232 in 1950.
[8] Includes military personnel of U. S. Coast Guard.
[9] The increase of $330 million or 187 percent of expenditures in 1950 over 1940 is attributable, for the most part, to:

(*a*) general civilian pay increases and military pay, allowance, and retirement increases authorized by law amounting to approximately $154 million;

(*b*) during this period tax returns filed increased by 368 percent (19 million to 89 million), and the appropriation for the Bureau of Internal Revenue was increased by $91 million (exclusive of general pay increases) or 144 percent of the total cost in 1940. The remaining 224 percent of the increased workload was absorbed through improvements of procedures, mechanization of operations, etc.;

(*c*) Fiscal Service increase:

(1) checks issued from 107 million to 190 million, or 78 percent,
(2) checks paid from 130 million to 269 million, or 107 percent,
(3) savings bonds issued from 4.8 million to 67.9 million, or 1,314 percent,
(4) savings bonds retired from .8 million to 85 million, or 10,525 percent,
(5) public debt securities outstanding requiring servicing from 25 million to 526 million, or 2,004 percent,
(6) new activity requiring functioning of 4.5 million depositary receipts for withheld taxes, and
(7) new activity involving issuance of 8.7 million series G bond interest checks,

which resulted in an increase of approximately $36 million, or 180 percent, of expenditures exclusive of pay increases;

(*d*) increase of U. S. Coast Guard responsibilities in connection with activities such as lighthouse service, merchant marine inspection transferred from Commerce Department, and new functions, largely growing out of the war, including operation of ocean stations for weather and other services and the establishment and operation of new aids to navigation, which resulted in an expenditure increase of approximately $57 million or 127 percent, excluding civilian general pay and military general pay, allowance and retirement increases authorized by law. Also, the increase is due partly to substantial increases in cost of materials as indicated by the rise in the general price index.

[*] As of June 30.

TAXATION DEVELOPMENTS

Exhibit 23.—Letter of the President, November 14, 1950, to the Chairman of the House Ways and Means Committee stressing the need for immediate action on excess profits taxation

MY DEAR MR. CHAIRMAN: I am very glad that the Committee on Ways and Means is returning to Washington to expedite the next step in the tax program required for our increased defense effort.

After the Communist aggression in Korea last summer, the Congress recognized the need for greatly increasing the Government's revenues to meet the grave dangers that confront our country. As a first step, it promptly enacted the Revenue Act of 1950 to provide 4.6 billion dollars of additional revenue annually. In section 701 of the same act, the Congress called for further action at this session to supplement this revenue by taxing the excess profits of corporations.

As your committee meets to carry out its obligation under this section, I want to express my hearty accord with its purpose. It is scarcely possible to overemphasize the importance of an adequate tax system in performing the tremendous tasks that lie ahead of us. I am pleased that we have found general agreement thus far on the proposition that we should finance our defense effort on a pay-as-you-go basis. This will not be easy. It will require both wisdom and determination. It is never pleasant to increase taxes, but in such times as these it is absolutely necessary.

In section 701 of the Revenue Act of 1950, the Congress indicated its purpose to have the new corporate excess profits tax take effect as of October 1 or July 1, 1950. I recommend that it be made effective as of July 1. Business volume and prices rose rapidly after that date as a result of the decision to enlarge our defense program greatly, and profits have increased as a consequence. These profits should obviously be taxed as part of a sound program of defense taxation.

I realize that there are many variations in the form this tax might take. The Secretary of the Treasury will be glad to discuss with the committee the considerations involved in choosing among them.

I believe the rates of the new tax should be designed to produce additional annual revenue of $4,000,000,000 at current income levels. Although the total amount of the expenditures which will ultimately be required for military security is necessarily uncertain, it will certainly exceed the yield of existing taxes augmented by such a profits tax. When the 1950 tax program has been completed with the enactment of this tax, we shall be in a position, early next year, to assess our needs for further tax legislation. To preserve the integrity of the Government's finances, our revenue system must keep pace with our defense expenditures.

An adequate tax program is our strongest weapon in preventing inflation. The need for action on this score is urgent. Contracts for most military items must be placed long before deliveries can be made, and before payments are made by the Government. These contracts, however, result almost immediately in competition for scarce materials and labor, producing expanding incomes and an inflationary threat. We must have increased taxes to maintain the soundness of the dollar.

These considerations point up the need for immediate action on profits taxation. I am sure we can count on you and Senator George and your committees, at this time, for the same kind of fine cooperation and leadership you showed in securing enactment of the Revenue Act of 1950 earlier this year.

I am sending a copy of this letter to Senator George.

Sincerely yours,

HARRY S. TRUMAN.

THE WHITE HOUSE, *November 14, 1950.*

Exhibit 24.—Statement of Secretary of the Treasury Snyder before the House Ways and Means Committee, November 15, 1950, on excess profits taxation

I am glad to accept your invitation to appear here today as your committee undertakes to carry out the congressional mandate that you prepare a profits tax bill as quickly as practicable. As you know, the President has recommended that you set the revenue objective of this legislation at $4,000,000,000.

The task of preparing this legislation quickly is unusually difficult. Since time is short, I am particularly glad to have an opportunity at the beginning of your deliberations to offer you the technical facilities of the Treasury Department.

The world situation which compels us once again to make a defense effort is not one which any of us can face with equanimity. We are a peaceful people. Our only objective is an opportunity to join with others in a prosperity based on the association of free individuals and free nations.

That was our objective; that is our objective; that will remain our objective. But now we are faced with a grim reality. We are faced with a menace which can destroy the way of life we have built for ourselves, unless we make a determined effort to resist it. It could destroy the products of the magnificent direction of American management. It could destroy the vast contribution of labor to building up this Nation. And it could blot out, as if they had never existed, the free institutions which have made all of these things possible.

To meet this threat, we are building our defenses so that free peoples everywhere will not live in terror of unprovoked assaults, such as that in Korea.

This will be a costly process. It will require a significant part of the fruits of our managerial talent, our labor, our raw materials, and our technical resources. Moreover, this must be achieved without weakening our economy. We must blend together our defense needs and our domestic objective of maintaining a strong economic system, so that both will progress together.

This goal has an important bearing on our current fiscal policy. It has particular meaning to me as Secretary of the Treasury. The debt of the United States Government—one-half the debt of the entire country, both public and private—is interwoven throughout the financial fabric of the entire Nation. It represents an important part of the assets of our financial institutions, of our business concerns, and of the investment funds of individuals.

Under these circumstances, the first essential of a sound fiscal program is adequate tax revenue to give maximum protection to the financial position of the Government. This means enough revenue to pay for the Government's requirements.

There is no need to labor this point before your committee. The energetic and determined manner in which the chairman and members of this committee and the Senate Finance Committee responded this summer to the need for action on the first installment of the 1950 tax program, necessitated by the aggression in Korea, is eloquent testimony of your appreciation of the problem before us.

It is in this spirit that the President recommended the prompt enactment of additional revenue legislation to complete the 1950 interim tax program. The President has a threefold objective: first, to contribute to meeting the increased cost of defense; second, to help check inflationary pressures and enable the Government to maintain a strong financial position; and, third, to tax the high profits resulting from the defense program.

The uncertainty of the amount of national-security expenditures makes it difficult to forecast the budgetary outlook for this fiscal year as a whole. A conservative estimate indicates that budget expenditures for this fiscal year will amount to about $45,000,000,000. The present tax system, including the tax increases under the Revenue Act of 1950, is expected to produce $43,000,000,000. This indicates a budgetary deficit for this fiscal year of about $2,000,000,000.

As the President has stated, the amount of additional expenditures which will be required for military security is necessarily difficult to estimate. The direction of these expenditures, however, is clear.

Since commitments and obligations are now being made at a rate considerably greater than current expenditures, and since many items of military procurement have to be ordered long in advance of deliveries, expenditures for fiscal year 1952 and later years will be substantially above current levels. The magnitude of the revenues which will necessarily be needed to meet these expenditures on a pay-as-you-go basis is indeed sobering.

In considering the additional revenue required, we should not be misled by the fact that, temporarily, the budget deficit is moderate. Since an important part of defense preparations entails production operations extending over two, three, or even more years, it is inevitable that obligations incurred now will be fully reflected in expenditures only at sometime in the future.

The necessity for focusing attention on future rather than present expenditure levels is particularly important in connection with the President's objective of preventing inflation.

Under present conditions, expenditures for defense exert an inflationary pressure on the economy substantially in advance of the actual disbursement of funds. Demands for materials, for labor, and for capital outlays occur very soon after the Government contracts are let, well in advance of actual production, and consequently often far in advance of the time when the Government pays for that production. This explains in part why scarcities and inflationary pressures have developed even though a large portion of the increased defense funds appropriated by the Congress after Korea have not yet been reflected in Government expenditures.

The prevention of inflation is an essential element of our defense effort. A price and profits spiral would increase the cost of vitally needed defense materials, impose an inflationary burden on those earning relatively fixed incomes or depending upon past savings and, finally, divert the efforts of labor and management from the basic job of production. Private enterprise has much to preserve. The Government by prudent fiscal measures can encourage those who desire to concentrate on production.

To emphasize the importance of sound defense financing, I ask you gentlemen to consider my position as the official responsible for the credit of our Government. You know the gravity with which I view the responsibility entailed in managing a public debt which amounted to almost $270,000,000,000 when I came to the Treasury more than 4 years ago. You know that it has not been possible to reduce this debt as much as would have been desirable. It is now approximately $257,000,000,000. I cannot emphasize too strongly my concern over the effect which the financing of the defense program will have on this problem.

The President's third objective, the prevention of profiteering from the defense program, is one about which there can be no disagreement. This goes to the very heart of the question of maintaining our free enterprise system. It is well known that profits grow far more rapidly than other sources of income when production is forced to national capacity. An adequate tax policy can contribute to the prevention of profiteering, without interfering with the incentives which are essential to continued increases in production.

In this connection, it is important to distinguish between what may be called profits of the producers of defense materials and profits arising from the pressures of the defense program.

It is sometimes suggested that special profits taxation is unnecessary because the same objective can be obtained by renegotiation of Government contracts. Although renegotiation and profits taxation are interdependent and closely related, they are directed, of course, toward different objectives. One deals with fair pricing under Government contracts; the other with the taxation of corporate earnings during the defense period.

Renegotiation does not reduce the task of profits taxation in those segments of the economy where the defense program indirectly increases the demand for goods and services and thus increases profits. If, for example, the defense program absorbs the facilities of one manufacturer thereby increasing civilian demand for the products of another manufacturer of similar articles, it has contributed to the profits of the producer of civilian goods as certainly as to the profits of the producer of military supplies.

Accordingly, in devising taxes for dealing with profits arising from the defense program, it is necessary to consider the whole picture. Except in the case of individual defense contracts, it is impossible to determine the specific factors contributing to the changes in profits of a particular corporation or even of an industry. Future changes in the over-all level of profits, however, probably can be attributed largely to the impact of the defense program.

The rising trend of corporation earnings, particularly as reflected in recent financial reports, constitutes one of the bases of the President's recommendation that substantial additional revenue be obtained from profits taxation.

CORPORATION PROFITS

When this country responded to the Korean crisis with the only answer that was appropriate, the economy was nearing the record 1948 production level. Gross national product for the second quarter of 1950 was at an annual rate of $270,000,000,000 compared with less than $254,000,000,000 in the fourth quarter of 1949. In the third quarter of this year, due to the impact of the defense effort, it jumped sharply to a level of $282,000,000,000 and is continuing to rise rapidly.

Although all segments of the economy are enjoying prosperity, the gains have been most striking in corporate profits. As you know, total corporate profits during the 4 years following World War II far exceeded any previous level. This enabled corporations to pay dividends at record rates and still reinvest substantial earnings. Corporation profits during the years 1946–49 average $29,000,000,000 before deduction of taxes. This was more than five times the 1936–39 average.

Chart A indicates that corporation profits for 1950 will establish a new record. It is now estimated that corporation profits before taxes for this year will total $37,000,000,000, or $3,000,000,000 in excess of the peak year 1948.

Chart B shows the course of dividends and retained earnings. In the prewar period, dividends amounted to about $4,000,000,000 annually and retained earnings were very small. Dividends were fairly stable during the war, but in 1946 began to rise rapidly. This year they will reach $8,500,000,000—more than twice the prewar level. Despite the record dividend payments this year, retained earnings will equal the previous record in 1948.

Charts C and D present the trend of corporate profits in relation to the equity investment of corporations. The series in chart C ends in 1947, the latest year for which data from tax returns are available. The general trend, however, is clear. In 1947, the average rate of return on net worth of all corporations with net income was 19 percent before income taxes or more than double the prewar rate. After taxes, the 1947 rate of return was substantially higher than in any of the wartime years.

The information from tax returns shown in chart C is supplemented for more recent years for manufacturing corporations in chart D. For the period 1947–49, profits of this group, after taxes, averaged 14.5 percent of net worth or almost 2½ times the 1936–39 average.

The detailed record indicates that all corporations have not prospered to the same extent in recent years.

Chart E shows the rates of return on net worth before taxes for selected industries in 1947. The returns range from a high of 35 percent for the lumber industry to a low of 7 percent in the communications industry. With the principal exception of the transportation and communications industries, the rates of return were well above 10 percent.

Chart F shows the variations in the earnings experience of manufacturing firms of different sizes. For small- and medium-sized manufacturing corporations, rates of return on net worth decreased in 1948 and 1949. In contrast, the very largest manufacturing corporations maintained a very high rate of return throughout most of the postwar period. In 1950, the rates of return for corporations of all sizes apparently increased very substantially.[1]

In view of this earnings record, there can be little doubt that, if properly distributed, $4,000,000,000 of additional taxes would leave corporations, in the aggregate, with high earnings and a high rate of return on investment.

ALTERNATIVE TAX METHODS

In appraising alternative tax methods, it is necessary to understand at the outset that defense financing calls for more than a tax on earnings considered excessive by recent high earning standards. It requires special regard both for the unusual profits that may develop under the defense program and for the high profit levels which have

[1] The data underlying the charts are presented in the attached tables I–VI.

been prevailing. I encompass all of this in the taxation of defense profits.

We have given careful study to alternative ways of obtaining the President's revenue objective through the taxation of corporate profits. The alternatives explored range from a uniform percentage increase in the rate of the regular corporation-income tax to various forms of war-profits and excess-profits taxation, and combinations of these methods.

One conclusion which stands out clearly is the inadvisability of placing the burden of the President's revenue objective on the regular corporation-income tax.

The basic issue is whether the additional tax should be distributed on all corporations regardless of their share in the present prosperity or whether taxation should be more selective. As was shown in chart F, there is substantial variation in the increased profitability of small and large corporations. There are equally important variations among industries and among firms within identical industries. As happened during the last war, these variations will undoubtedly increase under the abnormal conditions ahead of us.

In a year when corporation profits total about $40,000,000,000, each one percentage point increase in the corporation rate produces about $340,000,000. In other words, to raise $4,000,000,000 from an increase in the corporation-income-tax rate would require boosting the present 45-percent rate to about 57 percent. The raising of $4,000,000,000 additional revenue from a flat increase in the corporation-income tax would accentuate the uneven effects which the defense program will have throughout the business world. It would impose particular hardship on corporations whose profits are declining.

It will be said, of course, that the high profits of businesses which fare unusually well through direct participation in the defense program could be controlled by renegotiation of Government contracts. Undoubtedly this will do much to prevent profiteering, since it can be relied upon to skim off a large part of the excessive profits of firms directly connected with defense industries.

To say that renegotiation would level off profits among industries and corporations and thus justify omission of a defense-profits tax from the tax system, however, ignores most of the war-profits problem. High earnings are not necessarily concentrated in industries producing military materials. Moreover, the record of the last war shows that war contractors earned large excess profits even after renegotiation.

The extensive support given the principle of excess-profits taxation by this Congress when it considered the interim tax bill suggests that the need for a special tax is recognized by the Congress.

The taxation of profits, however, is not without its difficulties. The issue comes down to one of weighing these difficulties against the inequities involved in substantial increases in the taxes on the profits of all corporations. Many of the difficulties, however, can be tempered by benefiting from past experience to increase equity among taxpayers and to reduce the burden of tax administration.

In searching for the most satisfactory approach to this problem, the Department and the staff of the joint committee have examined a variety of possibilities. The Treasury staff has analyzed the experience of a large number of corporations under the last excess-profits tax and examined the impact of different approaches on various types of corporations.

These investigations suggest that in developing a basis for profits taxation it will be necessary to rely largely on the past earnings experience of corporations and to look to the rate of return on invested capital as a guide for taxation of those corporations with unsatisfactory earnings experience.

If this approach is adopted, consideration should be given to the fundamental changes in the World War II tax that seem most desirable, particularly from the point of view of its impact on specific firms and specific industries under current conditions.

WORLD WAR II EXCESS-PROFITS TAX

A brief review of the World War II excess-profits tax may be helpful as a setting for the discussion of the changes suggested for your consideration.

The wartime tax excluded most small corporations by providing a specific exemption of $10,000. This was in addition to the excess-profits credit allowed each corporation. Corporations had the choice of computing their credit on the basis of 95 percent of the average earnings for the base period years 1936–39 or on the basis of a percentage of invested capital. The rates allowed on invested capital varied with the amount of capital. There were numerous exceptions to these general rules designed to relieve hardship.

During World War II the maximum number of corporations subject to excess-profits tax was 68,000 in 1943, or about a quarter of all corporations subject to income tax for that year. Because of the relatively low rate of earnings on capital experienced in the base-period years, little more than a third—35 percent—of the corporations subject to excess-profits tax elected the base-period earnings credit in that year. However, the excess-profits tax of these corporations accounted for 54 percent of the total tax.

After 1943 the tax was imposed at a flat rate of 95 percent, but provision was made for a postwar credit of 10 percent which reduced the net tax rate to 85.5 percent. The over-all average effective rate, before the postwar credit, was 80 percent. The net yield, or the amount by which the receipts from this tax exceeded the amount that would have been raised from the corporation income tax alone, was about $16,000,000,000. Detailed statistical data on the wartime tax are provided in exhibit 1. (Exhibit omitted, see note on p. 424.)

THE BASE-PERIOD EARNINGS CREDIT

The recent profit experience of corporations shows that in the case of most corporations an earnings credit based on recent years would provide a reasonable method of arriving at defense profits. This represents an important change from the situation when the World War II law was formulated. In view of the relatively lower level of profits in the years 1936–39, the majority of corporations secured a higher excess-profits credit under the invested capital method than under the base-period earnings method.

In view of the dynamic expansion of the economy in recent times, only an up-to-date period will provide an adequate measure of defense profits. The 1936–39 base period of the previous law cannot be restored because it relates to a period when gross national product was only 25 percent of the present level and total profits only 13 percent. At least 45 percent of existing corporations have been organized since that time. Profit levels for the war years are also obsolete in view of the expansion in the economy. Moreover, the profits of different industries and corporations at that time reflected highly abnormal relationships.

The fact that most corporations would now rely upon a base-period earnings credit is an important consideration in selecting a base period which would achieve the greatest equity and minimize the need for special adjustments.

The years since the war, 1946–49, afford a broad and representative basis for appraising the earnings performance of individual corporations. It is well recognized, of course, that no one period provides for every business an entirely satisfactory measure of normal profits. However, these 4 years cover an exceptional period of sustained prosperity, giving an unusually large proportion of corporations an opportunity to earn high profits.

The inclusion of the year 1950 in the base period should be rejected, since it already reflects to an important degree the impact of defense expenditures. To a lesser degree, this objection is applicable to all recent years when governmental expenditures for defense and foreign aid have been substantial.

Although the profit experience of the years 1946–49 can serve as a general guide to normal earnings, irregularities did exist. The profits of some industries were depressed in 1946 because of reconversion from war- to peace-time production. Other industries earned substantially higher profits in 1946 than later years (table VII). Omission of 1946 from the base period would penalize these firms and industries for their prompt fulfillment of consumer needs following the war.

The fairest method of recognizing these differences would be to allow the taxpayer to use the best 3 of the 4 years. This would be an improvement over the method used in World War II, which allowed a taxpayer with a bad year to substitute for his single lowest year 75 percent of the average income of the remaining 3 years. The suggested exclusion of the poorest year would treat this type of case more generously.

The proposed treatment would increase the average base-period earnings by 6¼ percent for those who under the old law would have qualified for an adjustment under the 75-percent rule. It would also be advantageous to a number of taxpayers whose income in the lowest year is more than 75 percent of the average of the remaining years and who obtained no relief under the wartime rule. For example, a corporation with earnings of 10 million dollars in the lowest year, and 20, 30, and 40 million dollars in the other 3 years would use the average of the three highest years or 30 million dollars. The wartime rule would have substituted 75 percent of this 30 million dollars average, or 22.5 million dollars, for the lowest year. This would result in a credit of 28.1 million dollars, or nearly 2 million dollars less than under the proposal to average the best 3 years.

It should be noted that such a change would necessarily reduce the tax base, since it would liberalize the credit for some corporations without reducing the credit for others. However, it would be more effective in minimizing possible grievances and relief claims.

Our studies also suggest the desirability of liberalizing the treatment of corporations with deficits in some of the base-period years. This would be of considerable importance to some taxpayers, and would reduce the number of taxpayers seeking general relief.

Another provision the committee may wish to consider is the treatment of corporations which were increasing their capacity to earn during the base period and, in the normal course of events, might be expected to continue growing. In World War II this type of situation was handled by what is known as the growth formula. With the elimination of the taxpayer's worst year under the proposed option to select the three best years, less need remains for this adjustment. However, it may be necessary to make some allowance for cases where substantial investment in the latter part of the base period is not adequately reflected in base-period profits.

INVESTED CAPITAL CREDIT

Due to the large increase in the level of profits since the 1936–39 period an invested capital credit would be used less frequently in the present situation than during the last war. At that time this credit carried the burden of protecting many industries that had been operating under depressed conditions prior to the war.

Provision for an equitable invested capital credit is still essential as a relief measure. It would apply in three principal types of situations. First, certain industries may earn a low rate of return on capital which though high in relation to preceding earnings is low by generally accepted standards; second, there are industries or individual firms that failed to participate in the general prosperity during the proposed base period years; third, it is necessary to provide a basis for determining the tax status of new businesses.

To meet present requirements, the invested capital credit requires substantial revision.

Rate on invested capital

No single rate of return on invested capital will allow for the varied conditions peculiar to different businesses. The statutory rates must aim at the best general level in the light of existing circumstances. When the World War II tax was initiated, the invested capital credit was based on a flat allowance of 8 percent. It developed that this rate exempted all or most of the large corporations in a number of basic industries and, therefore, in subsequent acts the Congress reduced the allowance for larger corporations. The principle of varying the allowance according to size is believed to be sound and should be continued.

The invested capital allowances in the last version of the World War II tax appear to be low for present conditions. These allowances were:

	Percent
On the first $5,000,000 of invested capital	8
On the next $5,000,000	6
On the amount of invested capital above $10,000,000	5

Under these rates few corporations would now find the invested capital option useful. Unless these rates are increased the alternative credit based on invested capital would not provide a significant measure of relief.

As indicated earlier in my statement, the average rate of return on equity capital for manufacturing corporations, before income tax, has more than doubled since the 1936–39 period. In 1939 nearly a third of the manufacturing companies had a return of less than 5 percent on equity capital. By 1947 the proportion of such firms had been reduced to about one-tenth (table VIII). It is clear that the use of the statutory rates of return allowed at the termination of the World War II tax would discriminate against companies with low income in the base period because the bulk of corporations have enjoyed relatively much higher rates of return.

In revising the allowances under the invested capital credit, a balance must be found between two considerations which would lead to widely different rates. The first requires a rate sufficiently high to protect normal growth of new business and firms which normally earn relatively higher rates of return. If the invested capital credit is too low to be available to any substantial proportion of corporations falling in these categories, more corporations will be forced to have recourse to general relief in obtaining a reasonable minimum earnings base exempted from profits taxation. In the absence of an adequate invested capital credit, industries of great importance in the defense effort might be adversely affected.

At the same time it is also important to avoid invested capital allowances so high that industries characteristically having a relatively low rate of return might never become subject to defense profits taxation regardless of the expansion in their profits. Such a situation might arise in heavily capitalized industries. It may also affect those industries in which favorable treatment under the income-tax law results in a rate of return computed for income tax much below the rate of return actually earned. Unless the invested-capital credit is adjusted to the realities of the situation, large windfalls might accrue to heavily capitalized industries.

Careful studies of the effect of different possible allowances under the invested capital credit suggest that the allowances provided at the end of World War II should be increased by about one-fourth to one-third. The principle of differentiation in allowances according to the size of the invested capital of a corporation should be retained. With this differentiation, an increased invested-capital credit will afford effective relief for those industries and corporations that have lagged in the general expansion of earnings and will adequately protect existing investment in most cases.

Borrowed capital allowance

The World War II allowance for borrowed capital should be basically revised. That allowance provided for including 50 percent of borrowed capital in invested capital with a corresponding disallowance of 50 percent of the deduction for interest paid.

An allowance for borrowed capital gives recognition to the risk involved where the earnings on equity capital are subject to interest payments on debt. The amount of earnings remaining for equity capital under such conditions is subject to wider fluctuations than where borrowed capital is not employed. In the interest of equity, however, a revision of this statutory allowance is required.

The World War II allowance gave taxpayers the benefit of one-half the difference between the statutory rate on equity capital and the rate of interest on borrowed capital. This favored the larger corporations with well-established credit positions, able to borrow at the lowest interest rates. Under the World War II provision, for example, a large company having an equity capital allowance of 6 percent and borrowing at an interest rate of 3 percent would have its excess-profits credit increased by one-half the difference between 6 and 3 percent, or 1½ percent of the amount of its borrowed capital. In contrast, a small corporation with a poor credit rating borrowing at 7 percent could have received a benefit equal to one-half the difference between this rate and the highest equity capital allowance of 8 percent, or only one-half of 1 percent on the borrowed capital. If its interest rate had been more than 8 percent it would have been penalized.

This inequity would be removed by adopting an allowance for borrowed capital proportionate to the interest rate. This would give recognition to the fact that high interest rates generally reflect greater risk. To provide reasonable protection in these cases, it is suggested that the invested-capital credit be increased by about 25 to 35 percent of the amount of interest paid on borrowed capital, and no reduction be made in the interest deduction. To prevent abuse, the maximum allowance should be limited to 2 percent of the borrowed capital in addition to the interest deduction.

In general, this revision would make the invested-capital credit more favorable to small corporations which must borrow at higher rates of interest than those which can borrow on very favorable terms.

Impaired capital

Under the World War II law, invested capital included capital and surplus paid in to the company regardless of whether such capital still existed or had previously been lost. It is well known that a number of large corporations have at some time in their history experienced large losses of capital. The former law, nevertheless, counted as existing capital much that had been lost in remote periods. This treatment created an inequity by giving such corporations an important tax advantage over competing concerns whose capital had not been impaired. This discrimination, often resting on accidental circumstances, might seriously affect new corporations attempting to compete with those receiving such a tax advantage.

It is possible to remove this discrimination and yet give proper recognition to temporary losses of capital by limiting the allowance to capital impairment attributable to recent years.

New capital

Under the World War II tax, corporations using the invested-capital method were allowed a credit for new equity capital which was 25 percent larger than the credit allowed on old capital. Corporations using the average base period earnings credit were allowed a flat 8 percent on new capital. Increases in equity capital arising from the reinvestment of earnings were granted under the invested-capital credit but not under the earnings credit.

The provisions of the World War II law are in need of revision. Otherwise most corporations, which will use the base period earnings credit, would obtain no allowance for the reinvestment of earnings. Such reinvestments have been at record levels in recent years. Wide discrepancies would result if this allowance depended upon the fortuitous shift of corporations from the earnings credit to the invested-capital credit. The staff has assembled for your information data you will want to consider in the alinement of these credits. I would prefer to see recognition given to retained earnings in determining both the earnings and invested-capital credits.

MINIMUM CREDIT IN LIEU OF SPECIFIC EXEMPTION

Experience suggests that it is desirable to limit the application of the type of profits tax under consideration to taxpayers with significant defense profits.

The World War II excess-profits tax provided a $10,000 specific exemption for this purpose. Several advantages would be gained by replacing the specific exemption with a minimum credit and increasing the amount to $25,000.

Whereas a specific exemption is granted to all corporations, a minimum credit would apply only to those corporations with actual credits below the minimum. For example, under the specific exemption, a corporation would not be subject to excess-profits tax until its earnings exceeded its credit by $10,000. Under a minimum credit of $25,000, no corporation would be taxable unless its net income exceeded $25,000.

A minimum credit concentrates relief in the lower net income brackets, since it can be utilized only by those firms whose computed credits are less than $25,000. Thus, a $25,000 minimum credit would provide a larger favorable area for small and new businesses and the auditing of tax returns for these corporations would be greatly simplified. Moreover, the use of a minimum credit would also reduce substantially the number of claims for relief by small corporations. Such cases accounted for approximately a quarter or 13,000 of the 54,000 relief claims filed under the World War II tax, and for an even greater proportion of the litigation under the World War II relief provisions. The elimination of this administrative burden would be highly desirable.

RELIEF PROVISIONS

The generally prosperous condition of the country during the past 5 years and the type of revisions outlined here would enable taxpayers generally to establish a fair and reasonable base for the measurement of defense profits. Although the need for relief would be greatly reduced, abnormal cases would remain. Equitable treatment in these cases is one of the most troublesome problems encountered in the administration of a defense or excess-profits tax.

General tax provisions must necessarily be drafted with the typical firm in mind. Whether primary use is made of an earnings standard or of an invested capital standard, cases will arise where the tax might occasion serious hardship in the absence of relief.

Although an earnings standard takes into account both differences in risk and differences in operating efficiency as reflected in past earnings, it is inadequate for the new or rapidly growing firm whose profit potentialities have not yet been demonstrated. A similar problem arises where base-period earnings have been adversely affected by some abnormal or unusual occurrence beyond the taxpayer's control.

The general relief provisions of World War II specified in considerable detail the circumstances under which taxpayers would be entitled to relief. The law encouraged the filing of about 54,000 claims for relief and was difficult to administer. The corporation seeking relief became the rule rather than the exception.

The relief provisions should be revised to avoid extremes. The objective should be to provide a fair measure of relief which lends itself to reasonable administrative determination. New and growing firms confronted by risks which require a higher rate of return on invested capital than that allowed by the main provisions of the statute merit special attention. The records of the Bureau of Internal Revenue and the Excess Profits Tax Council provide guidance for the formulation of an appropriate general relief provision. The staff has assembled extensive materials on this subject for your consideration.

TAX RATE

The type of defense tax I have described must produce adequate revenue without involving very high marginal rates and without penalizing unduly corporations not sharing in the high level of profits. Excessively high rates tend to increase inflationary pressures because they induce waste and inefficiency.

In a situation short of total war and in the absence of comprehensive economic controls, it is necessary to retain the economic incentives of our private enterprise economy. Nonetheless, a properly designed profits tax is essential for a balanced antiinflation program since economic controls and higher taxes on individuals would be unfair unless high corporate profits carry their fair share of the tax loads.

I believe you will agree that there would be little advantage, if any, in adopting this new tax if its rates were only a few percentage points higher than those of the regular corporation income tax. Such a tax would impose additional burdens by way of taxpayers' compliance and tax administration which would be warranted only if it produced significant amounts of revenue. At the same time, however, it is also desirable to avoid rates as high as the 85½-percent rate employed in the last wartime tax. If under present conditions and in the absence of wartime production motivation, corporations were allowed to retain only a small part of any additional income they earn, they may not be left with sufficient incentive to maximize production. Under the present circumstances a rate of around 75 percent appears to be reasonable. This would mean a differential tax of 30 percent over the regular 45-percent corporation normal tax and surtax.

The World War II excess-profits tax started with graduated rates. In 1942, however, graduation was eliminated and a flat over-all rate on all excess profits was substituted. It is our tentative conclusion that under present conditions graduation would not be necessary. It would tend to increase the top marginal rate, if the revenue objective is to be obtained, and is therefore likely to have less desirable incentive effects than a flat rate.

To achieve the President's revenue objective with a tax of the type I have described, and with a 75-percent tax rate, it would be necessary to reduce base-period earnings by 25 percent for purposes of computing the credit. This cut-back of the base period to 75 percent may be justified on grounds similar to those which underlay the cut-back to 95 percent in the World War II tax. It was the view of Congress then that firms in a position to use an earnings credit would, in effect, obtain an allowance equal to very high rates of return on their invested capital and would thus enjoy a big advantage over those restricted to the invested capital base. This advantage is even greater now than it was under the old law. The fact that some defense profits predated Korea also supports some reduction in the credit based on pre-1950 earnings.

It must be recognized that if the base-period earnings credit is reduced, this tax will apply to some firms whose current profits are no higher than the average of their best three base-period years. For these firms the tax increase resulting from the 25-percent reduction in the credit will be equivalent to a 7½-percentage-point increase in the corporate rate. However, the over-all distribution of tax burdens under this profits tax will differ from an equal general corporate income tax-rate increase. Firms whose earnings had declined below 75 percent of the 3-year average would pay none of the increase. Firms with earnings between 75 and 100 percent of this average would pay only a small portion of a flat increase. Finally, firms whose earnings had actually increased over this average would pay more than 7½ percent additional tax on their entire income, depending on how much their profits increased.

I am limiting my comments to the more general features of the tax under consideration. The suggestions I have made for revision in the World War II tax, if that approach is adopted, are limited to the essentials underlying the concept of the tax. Since time during this session is short, you will doubtless want to confine this year's legislation to basic essentials, deferring considerations of provisions having more restricted application to next year.

As you know, the fair application of this type of tax requires a wide variety of detailed provisions. During the past several months the staff has assembled data bearing on the items I have mentioned and on many others. These investigations are going forward in the expectation that as your hearings and deliberations proceed you will have need for these materials. The staff will be prepared to present them at your convenience.

Mindful of this committee's immediate response to the need for interim tax legislation earlier this year, I am confident that despite the complexities of profits taxation you will carry out the congressional mandate in the short time available. This will round out the 1950 interim tax program and bring the corporation profits taxes into better alinement with the personal income tax. It will combat profiteering and, by narrowing the gap between expenditures and revenues, will contribute to the soundness of the Government's finances and to the progress of the mobilization effort.

TABLE I.—*Corporation profits before and after taxes, dividends, and undistributed profits, 1929–50*

[Millions of dollars]

Year and quarter	Profits before taxes	Taxes	Profits after taxes	Dividends	Undistributed profits
1929	9,818	1,398	8,420	5,823	2,597
1930	3,303	848	2,455	5,500	−3,045
1931	−783	500	−1,283	4,098	−5,381
1932	−3,042	382	−3,424	2,574	−5,998
1933	162	524	−362	2,066	−2,428
1934	1,723	746	977	2,596	−1,619
1935	3,224	965	2,259	2,872	−613
1936	5,684	1,411	4,273	4,557	−284
1937	6,197	1,512	4,685	4,693	−8
1938	3,329	1,040	2,289	3,195	−906
1939	6,467	1,462	5,005	3,796	1,209
1940	9,325	2,878	6,447	4,049	2,398
1941	17,232	7,846	9,386	4,465	4,921
1942	21,098	11,665	9,433	4,297	5,136
1943	25,052	14,406	10,646	4,493	6,153
1944	24,333	13,525	10,808	4,680	6,128
1945	19,717	11,215	8,502	4,699	3,803
1946	23,464	9,583	13,881	5,808	8,073
1947	30,489	11,940	18,549	6,561	11,988
1948	33,880	12,969	20,911	7,467	13,444
1949	27,625	10,601	17,024	7,821	9,203
1950 [1]	37,000	15,000	22,000	8,500	13,500
1949:					
First quarter	28,300	10,900	17,400	7,900	9,500
Second quarter	26,400	10,000	16,400	7,700	8,700
Third quarter	28,200	10,800	17,300	7,400	9,900
Fourth quarter	27,600	10,600	16,900	8,200	8,700
1950:					
First quarter	29,200	12,000	17,200	8,100	9,100
Second quarter	37,400	15,100	22,200	8,100	14,100

[1] Estimated on the basis of incomplete data.

Source: U. S. Department of Commerce Survey of Current Business.

TABLE II.—*Rate of return on net worth, all corporations with net income, 1936–47*

[Millions of dollars]

Year	Net income before tax	Net income after tax	Net worth	Net income as percent of net worth	
				Before tax	After tax
				Percent	*Percent*
1936	$9,102	$7,957	$105,553	8.6	7.5
1937	9,392	8,146	112,902	8.3	7.2
1938	6,369	5,525	99,553	6.4	5.5
1939	8,709	7,492	110,347	7.9	6.8
1936–39 average	8,393	7,280	107,089	7.8	6.8
1940	11,068	8,543	116,231	9.5	7.4
1941	17,797	10,733	127,674	13.9	8.4
1942	23,785	11,647	131,183	18.1	8.9
1943	28,399	12,647	139,294	20.4	9.1
1944	26,880	12,111	144,950	18.5	8.4
1945	21,945	11,243	144,559	15.2	7.8
1946	26,681	17,971	148,635	18.0	12.1
1947	32,790	22,003	169,588	19.3	13.0

Source: Statistics of Income, pt. 2.

TABLE III.—*Rate of return on net worth, all manufacturing corporations, 1936–50*

[Millions of dollars]

Year	Net income before tax	Net income after tax	Net worth	Net income as percent of net worth	
				Before tax	After tax
Statistics of income data:				*Percent*	*Percent*
1936	$3,614	$3,027	$38,467	9.4	7.9
1937	3,669	3,028	41,239	8.9	7.3
1938	1,601	1,229	41,261	3.9	3.0
1939	3,559	2,930	42,438	8.4	6.9
1936–39 average	3,111	2,554	40,851	7.6	6.3
1940	5,302	3,758	44,162	12.0	8.5
1941	10,300	5,419	48,398	21.3	11.2
1942	13,544	5,386	55,072	24.6	9.8
1943	16,416	5,986	60,688	27.0	9.9
1944	14,740	5,422	63,071	23.4	8.6
1945	10,173	4,109	64,150	15.9	6.4
1946	11,501	6,958	67,589	17.0	10.3
1947	16,474	10,233	76,675	21.5	13.3
FTC-SEC data:					
1947	(1)	(1)	(1)	25.5	15.6
1948	(1)	(1)	(1)	25.6	16.1
1949	(1)	(1)	(1)	18.5	11.7
1950 (annual rate):					
First quarter	(1)	(1)	(1)	19.6	12.0
Second quarter	(1)	(1)	(1)	24.8	15.6

[1] Not available.

Sources: Statistics of Income, pt. 2, and Federal Trade Commission and Securities and Exchange Commission, Quarterly Industrial Financial Report Series for All United States Manufacturing Corporations

TABLE IV.—*Rates of return on net worth before taxes, by industrial groups, for selected years 1936–47—Corporations with net income*

Industrial group	1936–39 average	1940	1944	1946	1947
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
All industrial groups	7.8	9.5	18.5	18.0	19.3
Total mining and quarrying	7.2	7.7	10.8	11.0	18.5
Total manufacturing	10.6	13.7	24.0	20.2	23.5
Food and kindred products	10.3	10.8	21.8	26.0	23.3
Beverages	21.5	20.3	32.5	32.8	31.6
Tobacco manufactures	15.3	16.7	17.2	16.4	17.3
Textile mill products [1]	8.5	10.5	23.7	32.7	32.7
Apparel and products made from fabrics	10.0	11.7	30.1	37.9	31.0
Leather and products	8.9	10.2	20.4	27.7	25.2
Rubber products	7.6	10.4	35.7	30.2	21.2
Forest products	7.5	10.1	18.4	24.6	31.2
Lumber and timber basic products	[2] 5.2	9.1	15.9	23.5	34.8
Furniture and finished lumber products	[2] 9.0	11.3	21.6	26.0	26.5
Paper and allied products	8.5	13.0	20.2	23.8	32.2
Printing and publishing industries	11.0	11.6	27.5	28.4	25.1
Chemicals and allied products	13.6	17.1	21.5	24.0	25.3
Petroleum and coal products	4.6	4.7	7.3	7.7	11.5
Stone, clay, and glass products	11.0	14.3	18.6	20.4	22.7
Metal and its products	11.0	17.1	30.6	16.5	23.6
Iron, steel, and products	[2] 7.9	13.3	21.7	15.1	22.3
Nonferrous metal and products	[2] 9.9	17.2	22.1	16.3	22.5
Electrical machinery and equipment	[2] 11.0	22.2	37.6	16.6	28.4
Machinery, except transportation equipment and electrical	[2] 9.6	18.0	35.7	18.9	25.5
Transportation equipment except automobiles	[2] 12.6	23.5	44.5	15.0	13.8
Automobiles and equipment except electrical	15.7	20.1	27.9	7.9	26.6
Manufacturing not elsewhere classified	12.7	16.6	33.7	25.5	25.7
Other manufacturing	[2] 12.6	17.4	34.2	26.6	23.8
Manufacturing not allocable	[2] 9.2	13.7	32.8	23.7	29.6
Total public utilities	6.1	7.0	12.8	9.4	8.9
Transportation	[2] 5.0	5.8	15.8	8.2	8.7
Communication	[2] 7.8	9.2	12.2	9.3	7.3
Other public utilities	[2] 6.2	7.5	8.7	10.5	10.2
Total trade	10.6	12.1	23.7	30.5	29.2
Total wholesale	[2] 8.8	12.5	23.8	32.8	31.3
Total retail	[2] 9.6	11.6	24.6	29.7	28.2
General merchandise [3]	[2] 9.9	12.0	27.4	28.6	24.8
Food stores including milk	[2] 10.9	11.0	19.7	28.5	25.3
Apparel	[2] 10.5	12.7	32.1	32.0	25.0
Building materials, fuel, ice [4]	[2] 6.5	7.9	13.3	21.2	24.4
Total service	11.5	12.2	26.3	28.6	25.0
Hotels and lodging places	(5)	6.5	21.3	20.7	18.8
Business service	[2] 17.1	17.8	26.5	30.2	32.0
Motion pictures	(5)	11.9	29.0	32.0	25.1
Total finance, insurance, real estate, and lessors of real property	5.5	5.6	11.1	13.5	12.7
Total finance	[2] 4.5	5.5	7.3	9.9	8.2
Total insurance carriers, agents, etc	[2] 10.2	7.7	29.5	31.1	30.8
Real estate including lessors of buildings	[2] 4.1	4.5	8.6	14.1	13.4
Construction	12.8	18.0	22.9	27.4	30.5
Total agriculture, forestry and fishery	6.6	7.2	15.2	20.3	22.0

[1] Including cotton manufactures.
[2] Average for years 1938 and 1939 only.
[3] Including department, general merchandise, and dry-goods stores, limited-price variety stores, and mail-order houses.
[4] Figures for 1936–39 include lumber and coal yards and exclude fuel and ice.
[5] Not available.

Source: Statistics of Income, pt. 2.

TABLE V.—*Rates of return on net worth after taxes, by industrial groups, for selected years 1936–47—Corporations with net income*

Industrial group	1936–39 average	1940	1944	1946	1947
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
All industrial groups	6.8	7.3	8.4	12.1	13.0
Total mining and quarrying	6.2	6.1	6.2	7.3	12.2
Total manufacturing	8.9	9.9	9.0	12.8	15.0
Food and kindred products	8.7	8.4	9.0	16.3	14.8
Beverages	17.8	15.5	12.9	20.1	19.9
Tobacco manufactures	12.9	12.7	8.9	10.4	10.9
Textile mill products [1]	7.1	7.6	8.4	20.2	20.6
Apparel and products made from fabrics	8.4	9.1	11.7	24.0	19.9
Leather and products	7.5	8.1	8.6	17.1	16.0
Rubber products	6.5	8.2	10.5	18.8	13.8
Forest products	6.3	7.5	8.2	16.1	20.1
Lumber and timber basic products	[2] 4.3	6.8	7.6	15.5	22.5
Furniture and finished lumber products	[2] 7.6	8.5	8.9	16.7	17.0
Paper and allied products	7.1	9.4	7.6	15.0	20.2
Printing and publishing industries	9.4	9.0	10.9	18.3	16.3
Chemicals and allied products	11.6	12.5	9.2	15.3	16.3
Petroleum and coal products	4.1	3.8	4.4	5.3	7.8
Stone, clay, and glass products	9.3	10.4	7.7	13.0	14.4
Metal and its products	9.2	11.7	10.2	10.4	14.9
Iron, steel, and products	[2] 6.6	9.4	7.6	9.6	14.1
Nonferrous metal and products	[2] 8.3	11.9	8.4	10.4	14.4
Electrical machinery and equipment	[2] 9.2	15.2	12.0	10.5	17.9
Machinery, except transportation equipment and electrical	[2] 8.0	12.2	11.5	11.9	16.1
Transportation equipment except automobiles	[2] 10.3	15.3	14.5	9.7	8.7
Automobiles and equipment except electrical	13.3	13.9	9.0	5.1	16.8
Manufacturing not elsewhere classified	10.6	12.0	12.1	16.3	16.5
Other manufacturing	[2] 10.5	12.5	12.0	17.0	15.3
Manufacturing not allocable	[2] 7.6	10.3	12.3	15.1	19.0
Total public utilities	5.2	5.4	5.6	6.3	5.9
Transportation	[2] 4.2	4.5	6.0	5.4	5.6
Communication	[2] 6.9	7.0	6.5	6.8	5.4
Other public utilities	[2] 5.2	5.8	4.6	6.9	6.7
Total trade	8.9	9.3	10.0	19.7	19.0
Total wholesale	[2] 7.5	9.6	10.1	20.9	20.3
Total retail	[2] 8.1	8.9	10.0	19.2	18.4
General merchandise [3]	[2] 8.2	8.9	9.2	17.9	15.6
Food stores including milk	[2] 9.1	8.4	9.0	18.2	16.1
Apparel	[2] 8.7	10.0	13.3	20.7	16.7
Building materials, fuel, ice [4]	[2] 5.3	6.5	7.8	14.6	16.4
Total service	9.9	9.9	12.7	19.0	16.9
Hotels and lodging places	(5)	5.1	11.2	13.7	12.5
Business service	14.4	14.2	13.8	20.1	21.4
Motion pictures	(5)	9.9	13.1	20.8	16.9
Total finance, insurance, real estate, and lessors of real property	5.1	5.0	9.2	11.2	10.7
Total finance	[2] 4.2	5.1	5.7	7.7	6.5
Total insurance carriers, agents, etc	[2] 9.0	6.5	27.1	29.7	29.5
Real estate including lessors of buildings	[2] 3.5	3.7	5.9	10.3	9.7
Construction	10.6	13.9	10.9	18.9	20.6
Total agriculture, forestry, and fishery	5.6	5.7	8.0	13.6	14.9

[1] Including cotton manufactures.
[2] Average for years 1938 and 1939 only.
[3] Including department, general merchandise, and dry goods stores, limited-price variety stores, and mail-order houses.
[4] Figures for 1936–39 include lumber and coal yards and exclude fuel and ice.
[5] Not available.

Source: Statistics of Income, pt. 2.

TABLE VI.—*Rate of return on net worth before and after taxes, by assets size classes, 1947–50*

MANUFACTURING CORPORATIONS

Total assets classes (in thousands)	1947	1948	1949	1950 [1]
	Before taxes			
	Percent	*Percent*	*Percent*	*Percent*
Under $250	23.8	15.5	9.8	15.2
$250 to $1,000	29.6	23.8	14.1	21.2
$1,000 to $5,000	31.2	24.8	15.5	21.6
$5,000 to $100,000	28.4	26.4	17.7	23.6
$100,000 and over	20.9	26.1	23.2	27.2
Total	25.5	25.6	18.5	24.8
	After taxes			
Under $250	14.3	8.8	4.9	9.6
$250 to $1,000	17.0	14.2	7.8	12.8
$1,000 to $5,000	18.5	14.8	9.0	13.2
$5,000 to $100,000	17.2	16.1	10.8	14.8
$100,000 and over	13.3	16.9	13.5	17.2
Total	15.6	16.1	11.7	15.6

[1] Second quarter at annual rates.

Source: Federal Trade Commission and Securities and Exchange Commission, Quarterly Industrial Financial Report for all United States Manufacturing Corporations.

TABLE VII.—*Corporate net income before taxes, by industrial groups, 1946–49*

[Millions of dollars]

Industrial group	1946	1947	1948	1949	Averages: 1946–49	Averages: 3 best years	Averages: 3 best years as percent of 1946–49
							Percent
All industries, total	$23, 464	$30, 489	$33, 880	$27, 625	$28, 865	$30, 665	106. 2
Agriculture, forestry, and fisheries	171	199	194	151	179	188	105. 0
Mining	543	1, 123	1, 480	1, 008	1, 039	1, 204	115. 9
Contract construction	219	389	482	468	390	446	114. 4
Manufacturing	12, 046	17, 355	19, 081	14, 663	15, 786	17, 033	107. 9
Food	2, 106	1, 905	1, 422	1, 359	1, 698	1, 811	106. 7
Tobacco	180	200	289	277	237	255	107. 6
Textile-mill products	1, 462	1, 593	1, 745	762	1, 391	1, 600	115. 0
Apparel	512	466	330	218	382	436	114. 1
Lumber	273	534	516	254	394	441	111. 9
Furniture	243	287	289	159	245	273	111. 4
Paper	583	954	827	554	730	788	107. 9
Printing, publishing	673	635	484	401	548	597	108. 9
Chemicals	1, 474	1, 776	1, 927	1, 678	1, 714	1, 794	104. 7
Products of petroleum and coal	964	1, 708	2, 746	1, 727	1, 786	2, 060	115. 3
Rubber products	317	208	190	124	210	238	113. 3
Leather	244	226	169	102	185	213	115. 1
Stone, clay, and glass products	375	460	515	483	458	486	106. 1
Iron and steel	1, 059	1, 972	2, 434	1, 878	1, 836	2, 095	114. 1
Nonferrous metals	396	594	598	309	474	529	111. 6
Machinery, except electrical	736	1, 540	1, 709	1, 306	1, 323	1, 518	114. 7
Electrical machinery	144	796	790	678	602	755	125. 4
Transportation equipment, except automobiles	−34	−7	147	117	56	86	153. 6
Automobiles	103	1, 259	1, 710	2, 112	1, 296	1, 694	130. 7
Wholesale and retail trade	5, 748	6, 263	6, 606	5, 315	5, 983	6, 206	103. 7
Finance, insurance, and real estate	1, 723	1, 675	1, 948	2, 155	1, 875	1, 942	103. 6
Transportation	561	1, 199	1, 783	1, 317	1, 215	1, 433	117. 9
Railroads	123	751	1, 134	656	666	847	127. 2
Highway passenger transportation	148	86	80	51	91	105	115. 4
Highway freight transportation	93	123	231	206	163	187	114. 7
Water transportation	126	179	199	236	185	205	110. 8
Air transportation	−23	−40	4	31	−7	4	--- ----
Communication and public utilities	1, 569	1, 402	1, 520	1, 749	1, 560	1, 613	103. 4
Telephone and telegraph	338	232	326	400	324	355	109. 6
Radio, television	59	55	51	50	54	55	101. 9
Utilities	1, 172	1, 115	1, 143	1, 299	1, 182	1, 205	101. 9
Services	759	671	579	559	642	670	104. 4
Hotels	125	115	118	108	117	119	101. 7
Motion pictures	322	240	119	124	201	229	113. 9
Amusements	95	64	63	61	71	74	104. 2

Source: U. S. Department of Commerce Survey of Current Business.

TABLE VIII.—*Frequency distribution of returns on net worth before and after taxes of listed corporations, 1939 and 1947*

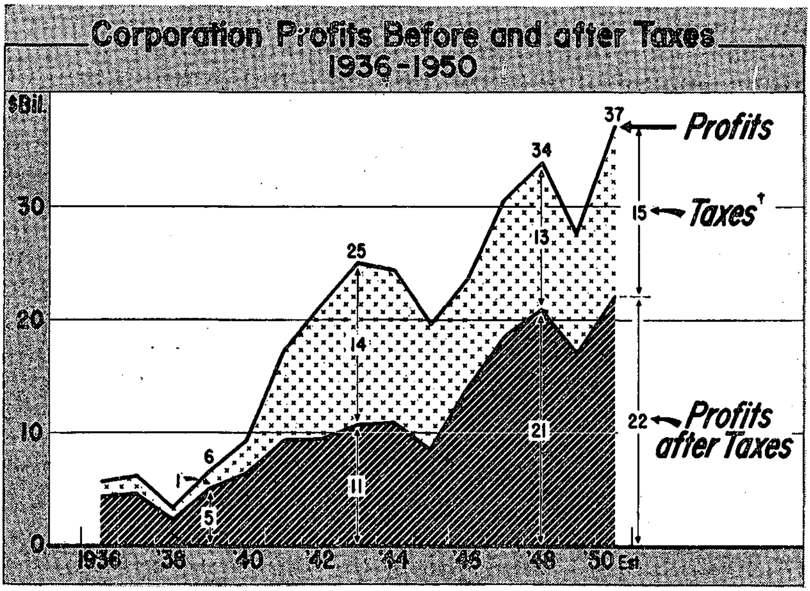
Percent of net profits to net worth [1]	1939		1947	
	Before tax	After tax	Before tax	After tax
	Number of corporations			
Under 5	312	357	203	248
5 to 10	206	253	86	227
10 to 15	174	166	159	308
15 to 25	192	171	371	486
25 to 50	129	83	637	468
50 and over	30	13	374	93
Total	1,043	1,043	1,830	1,830
	Percent of total			
Under 5	29.91	34.23	11.09	13.56
5 to 10	19.75	24.26	4.70	12.47
10 to 15	16.68	15.92	8.69	16.80
15 to 25	18.41	16.40	20.27	26.52
25 to 50	12.37	7.96	34.81	25.54
50 and over	2.88	1.25	20.44	5.11
Total	100.00	100.00	100.00	100.00

[1] Net worth taken as of beginning of year.

Source: Securities and Exchange Commission, Survey of American Listed Corporations.

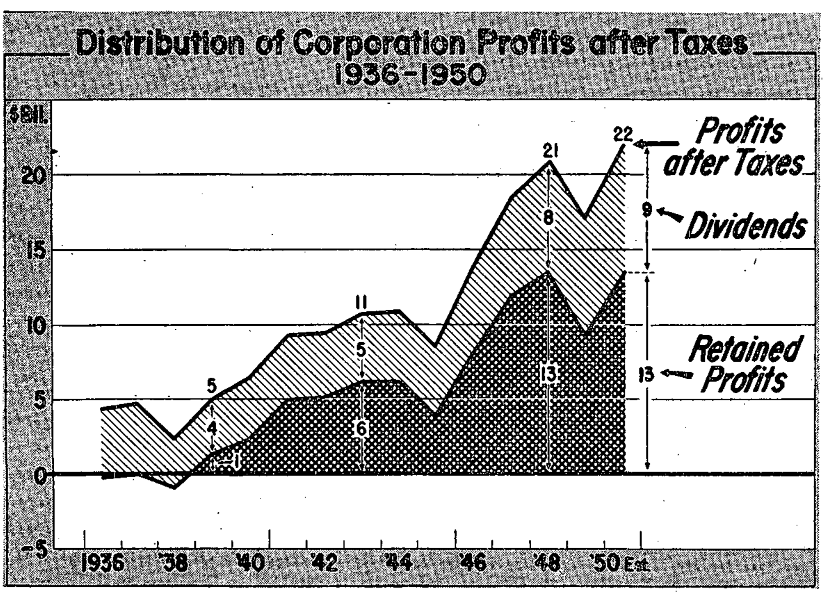
[The exhibit omitted in this exhibit is published in *Excess Profits Tax on Corporations, 1950*—Hearings before the Committee on Ways and Means, House of Representatives, 81st Cong., 2d sess.]

CHART A



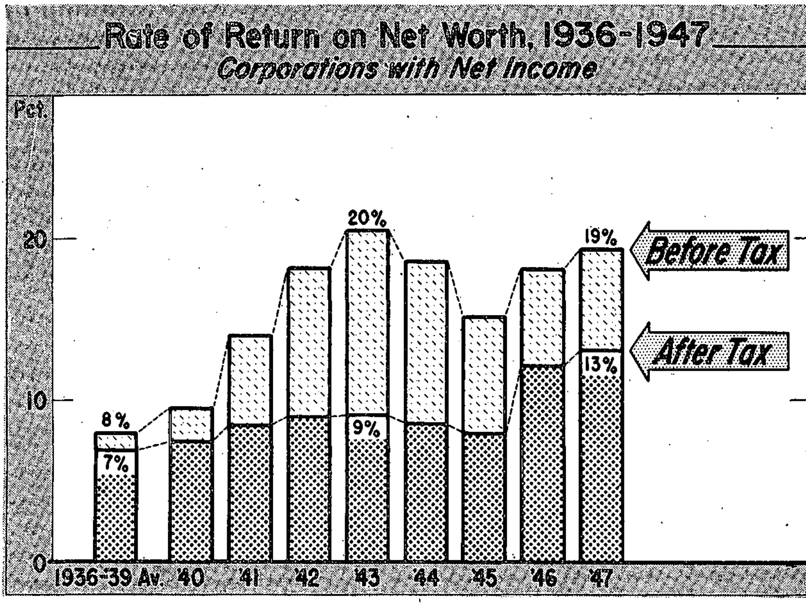
†Federal and State corporation income and profits taxes.
Source: Department of Commerce.

CHART B



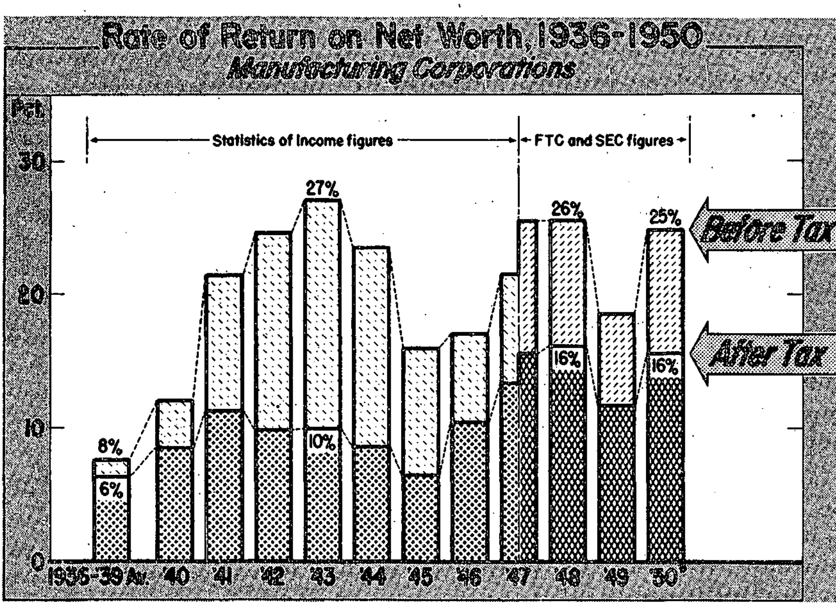
Source: Department of Commerce.

CHART C



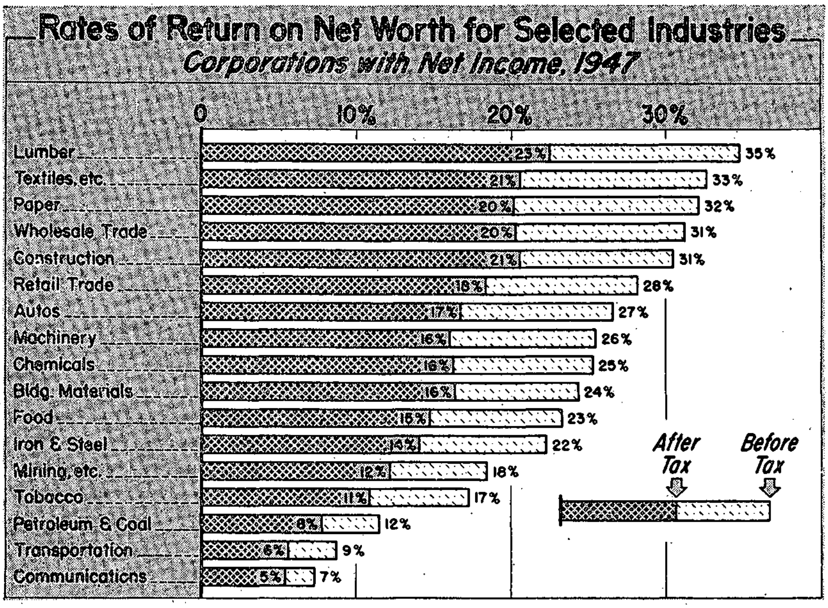
Source: Statistics of Income.

CHART D



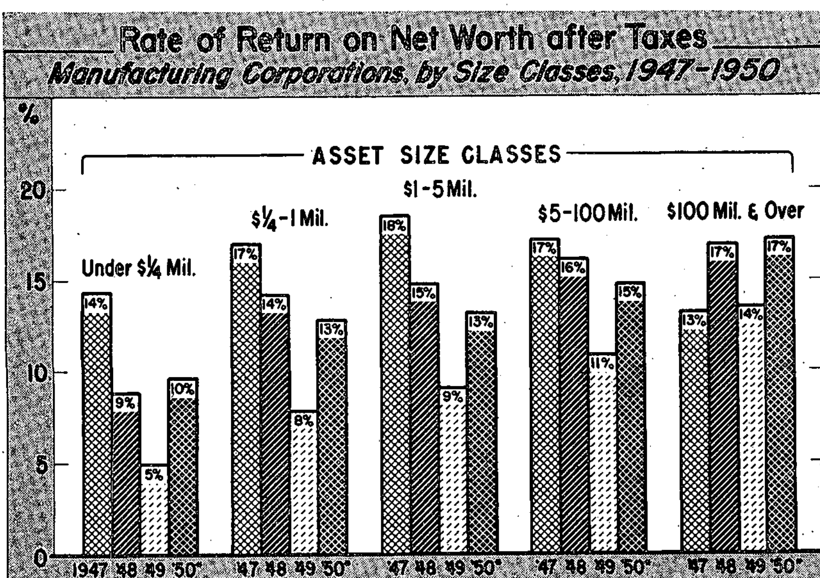
*Annual rate for 2nd quarter.

CHART E



Source: Statistics of Income.

CHART F



*Annual rate for 2nd quarter.
Source: FTC and SEC.

Exhibit 25.—Statement of Secretary of the Treasury Snyder before the Senate Finance Committee, December 4, 1950, on H. R. 9827, a bill imposing a corporate excess profits tax

I am glad to have an opportunity to discuss with you the bill H. R. 9827 providing for additional profits taxes, which is now under consideration in the House of Representatives.

In the Revenue Act of 1950 the Congress called for the consideration of excess-profits taxation at this session, and on November 14 last the President recommended new taxes in this area to raise about 4 billion dollars of revenue. The pending legislation is directed to this end.

At the outset I wish to express my gratification with your decision to adopt the unusual procedure of beginning public hearings before the House has completed action on the legislation. The events of the past few days in Korea and in other parts of the world testify to the compelling need for the enactment of additional profits taxes at this congressional session. Your resolution to complete this legislation promptly will contribute to our ability to meet the problems confronting us.

Since your schedule is tight, I shall limit my discussion to the essential points at issue. In order that you may have before you the necessary information, I desire, with your permission, to offer for the record the statement I made before the Committee on Ways and Means on November 15, 1950. (See exhibit 24.) Since that time additional profits taxation has received widespread public consideration, which has clarified the issues involved in the speedy enactment of this legislation.

NEED FOR MORE REVENUE

The over-riding consideration at this time is the Government's need for more revenue. Early in the Korean crisis the Congress, at the request of the President, appropriated 17 billion dollars for defense. These funds have been largely obligated, and last Friday the President asked the Congress to appropriate almost 18 billion dollars more.

No one can foretell how the international situation will develop. Unhappily it is all too clear that, under the best possible circumstances, we shall be confronted with vast defense expenditures for years to come.

The information available at the time of my appearance before the Committee on Ways and Means indicated a deficit for this fiscal year of about 2 billion dollars. In light of the events of the past few days, that estimate may prove to be too low.

The prospects for fiscal year 1952 and subsequent years are far more serious. The President's budget estimates for the coming year will not be completed for some time. As a result of the vast increases in defense costs, the level of governmental expenditures next year may be half again as large as this year. Very substantial tax increases will be required to carry out the essential policy of financing the greatest possible amount of these costs by taxation. The importance of sound national finance to an adequate defense effort leaves no room for hesitation. We have far too much at stake to risk the consequences of inadequate and tardy financial preparedness.

This Congress can make an important contribution to our national strength in the little time at its disposal by adding the profits tax to the Federal tax structure, to become effective July 1 of this year as recommended by the President and provided in the bill reported by the Committee on Ways and Means.

The enactment of this legislation will make a partial reduction in this year's deficit and make an important contribution toward meeting the defense costs ahead of us. Moreover, with this legislation completed, the new Congress will be free to turn its attention to increasing the over-all revenue strength of our tax system in the light of the enlarged 1952 budget requirements.

THE CASE FOR INCREASED PROFITS TAXES

The interim tax legislation enacted by the Congress earlier this year, with full appreciation by both the Senate and the House of the need for prompt action, added about 3 billion dollars' revenue from individual and 1.5 billion dollars from corporate income taxes. It was recognized at the time that in view of the trend in individual and corporate incomes these additions would leave the two taxes unbalanced. This contributed to the overwhelming endorsement the Congress gave to added profits taxation. The unprecedented and continued growth of corporation profits since then testifies to the wisdom of that action.

The increase in corporate profits this year is the largest in history. During the last quarter of 1949, corporation profits before income taxes were accruing at an annual rate of less than 28 billion dollars. They increased to 37 billion dolars in the second quarter of this year and to 42 billion dollars in the third quarter. For 1950 as a whole, corporate profits will probably aggregate 37 billion dollars, or almost 10 billion dollars more than last year.

The size of corporation profits confirms the President's conclusion that the 4-billion-dollar revenue objective can be met without imposing hardship on corporations. The data indicate also that, if equitably imposed, additional taxes of this magnitude would not interfere with the ability of corporations to maintain present rates of dividends to stockholders and retain record amounts of earnings for reinvestment. Even if corporation profits do not increase above the current level, the pending legislation would leave corporations in a position to devote more than 20 billion dollars to dividends and reinvestment—an amount which equals the 1948 record and exceeds all other years.

COMMENTS ON THE HOUSE BILL

The bill reported by the Committee on Ways and Means represents a major achievement in the short time that was available for its preparation. It contains, in my judgment, the essential features for needed taxation of defense profits.

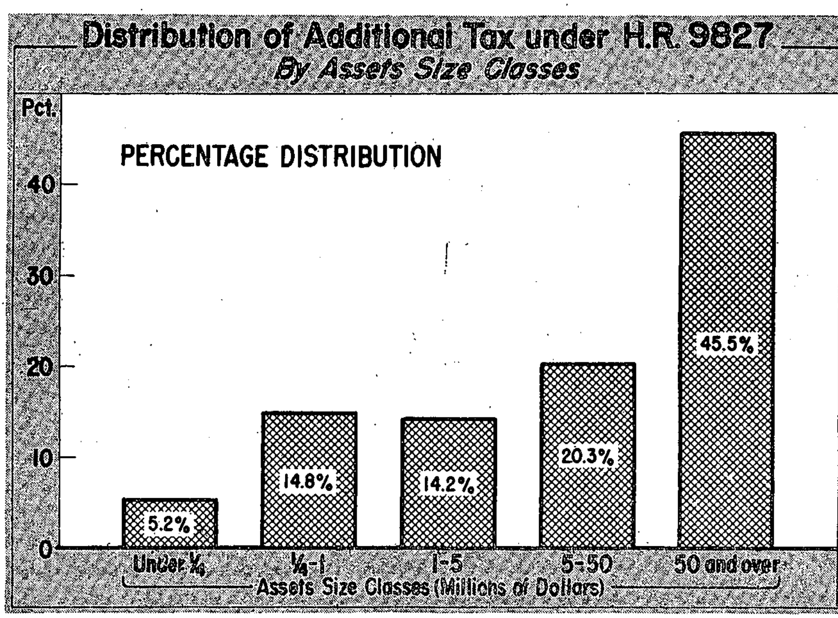
Critics of the effort to develop a tax on defense profits have pointed to the difficulties experienced under the World War II excess profits tax and have assumed that these difficulties could not be effectively met. When I appeared before the Committee on Ways and Means, I frankly recognized that the imposition of a special tax on defense profits is not without its difficulties. However, I pointed out that by benefiting from past experience substantial equity could be achieved and administrative burdens reduced.

The efforts of the staffs of the Joint Committee on Internal Revenue Taxation and the Treasury Department have been concentrated on this problem. The House bill, which has been developed on the basis of this work, demonstrates the practicability of profits taxation appropriate to our current requirements. It goes a long way toward meeting the criticisms that have been made of the World War II law.

In considering the improvements made in the structure of the World War II law, it may be helpful to your committee to have a brief review of the principal provisions of the bill now before the House. For your convenience, I am attaching a tabular exhibit which gives in some detail a comparision of the provisions of this bill and the World War II law. (See p. 436.)

In general, the House bill will exempt more small corporations, provide more liberal credits, and afford greater incentive for the investment of new capital and the organization of new businesses. At the same time it will greatly reduce the problems of administration and taxpayer compliance.

CHART A



Office of the Secretary of the Treasury.

Substitution of minimum credit for specific exemption

Under the House bill it is estimated that 82 percent of nonfinancial corporations will be exempted compared with 73 percent in 1944 under the World War II excess profits tax. Chart A shows the distribution of the additional tax liabilities under the bill by assets size classes.

The chart indicates that only a small part of the increased tax burden will fall on small corporations. Corporations with assets of less than one-quarter million dollars will pay about 5 percent of the additional tax, whereas those with assets above $50,000,000 will pay over 45 percent.

The reduction in the number of corporations subject to the profits tax is accomplished mainly because of the substitution of a minimum credit for the specific exemption allowed under the World War II law. Under the prior law the $10,000 specific exemption was granted to all corporations. The size of the exemption was necessarily limited by revenue considerations. The minimum credit of $25,000 provided under the House bill is operative only where the corporation's own excess profits credit under the bill is less than $25,000. It thus concentrates relief in the lower income corporations and provides a larger favorable area for development of small and new businesses. It also reduces substantially the possible burden of relief claims. A $25,000 minimum credit under the World War II tax would have eliminated about one-quarter of all relief claims.

Liberalization of credits

The House bill retains the optional use of a base period earnings credit or an invested capital credit as was provided in the World War II law. However, it makes substantial revisions in both of these credits.

Taxpayers are given greater leeway than under the World War II law in computing average base period earnings. The bill permits a corporation to take the best 3 of the 4 years 1946–49 and in addition to count as zero any remaining loss years. Under the World War II law taxpayers were required partially to include their worst year; net losses in any of the remaining 3 years were subtracted in full from profits of other years in computing the average.

A further important change is made in computing base period income. H. R. 9827 provides for an upward adjustment in the average earnings base to reflect one-half of the net additions to capital made in 1948 and all additions made in 1949, irrespective of whether the net additions were in the form of equity capital, retained earnings, or borrowed capital. This provision alone will accord very substantial benefits to a number of important industries which expanded steadily or at an increasing rate during the base period. In addition to reflecting actual changes in capital investment during the base period, this modification avoids the necessity for retaining the so-called growth formula of the old law. However, the bill does contain a restricted provision for recognizing growth of profits where this may not be adequately reflected through the allowance for capital additions in the base period.

Two important changes have been made in the invested capital credit. One has to do with the rate of return allowed in computing the credit and the other with the treatment of borrowed capital.

The House bill retains the principle of allowing higher rates of return for small corporations than for large corporations. As shown below, the rates under the bill are 12 percent on the first $5,000,000 of invested capital, 10 percent on the next $5,000,000, and 8 percent on the amount over $10,000,000. These rates exceed those allowed during World War II by 50 percent or more.

Invested capital brackets	Invested capital allowance		
	World War II law	H. R. 9827	Percent increase
	Percent	*Percent*	*Percent*
Under $5,000,000	8	12	50
$5,000,000 to $10,000,000	6	10	66⅔
Over $10,000,000	5	8	60

The borrowed capital allowance has been revised to provide a credit equal to 1⅓ of the interest paid. By making the allowance proportional to the actual interest obligations assumed by each corporation, a serious shortcoming of the old law is avoided. The World War II law provided for the inclusion of 50 percent of borrowed capital in invested capital, and at the same time disallowed 50 percent of the deduction for interest paid. In effect this rule gave taxpayers the benefit of one-half the difference between the statutory rate on invested capital and the rate of interest on borrowed capital. As a result, taxpayers borrowing at interest rates in excess of the statutory rates on invested capital were actually penalized. Those, on the other hand, with access to very low interest rates were given a relatively large advantage.

Under the prior law the maximum net benefit obtainable on borrowed capital for a corporation borrowing at 6 percent was 1 percent. Under the House bill the credit would be increased by one-third of 6 percent for all corporations borrowing at that rate, thus increasing the net benefit in such cases to 2 percent of the borrowed capital.

New capital allowance

The allowance for new capital invested after the base period has been basically revised by providing a uniform rate of return for all corporations regardless of the type of credit elected. The allowance is a flat 12 percent of new equity capital and retained earnings, plus 133⅓ percent of interest paid on additions to borrowed capital.

This treatment removes a serious defect in the old law. Under that law corporations electing the base period earnings credit received an allowance for capital added subsequent to the base period only if the addition took the form of new equity capital paid into the corporation. Under the revised treatment, no penalty is placed upon the election of the base period earnings credit.

Credit for new businesses

One of the most difficult problems arising from under the World War II tax, and one which resulted in a large number of claims for relief, was the treatment of firms beginning operations during or after the base period. Such firms were generally required to use the invested capital allowance or to apply for relief under section 722 (c), which provided for reconstruction of a hypothetical base-period experience.

The approach to this problem taken under H. R. 9827 is more logical and will simplify the development of an earnings credit where the taxpayer is classified in an industry which has experienced a rate of return higher than the statutory allowance on invested capital. The bill provides new corporations with an alternative credit equal to the average rate of return experienced by their respective industries in the base period. Under this formula most new firms will receive substantially more generous credits than they would under the invested capital method.

An alternative credit based on industry experience is provided also to corporations whose incomes increase substantially as a result of the introduction of new products.

The provisions will be of great importance in stimulating new business.

The committee may be interested at this point in what has been done about section 722 of the World War II law. This section specified in considerable detail the circumstances under which taxpayers would be entitled to relief. The law encouraged the filing of about 54,000 claims for relief and was difficult to administer.

As reported to the House, the bill contains no general relief provision comparable to the former section 722. It was considered desirable to avoid the difficulties created by the old provision by adopting the relatively more liberal credit provisions enumerated above. The Department shares the view of the Committee on Ways and Means that this is a desirable step and that it would remove the basis for much of the criticism directed at the old law.

Integration of income tax and excess-profits tax

Technical difficulties experienced in the administration of the prior excess-profits tax law will be largely avoided through the integration of the income and excess-profits taxes as provided in the bill. By imposing both taxes under chapter 1 of the Internal Revenue Code, and by assessing and collecting them as one tax, interest computations and the statutes of limitations would apply uniformly. For convenience in computing the taxes, the income tax would apply to the entire amount of net income. An additional surtax of 30 percentage points would apply to the adjusted excess-profits net income which together with the 45-percent normal tax and surtax would make a total rate of 75 percent on excess profits.

UNDESIRABLE FEATURES OF THE BILL

Although the liberalized features of the House bill generally accord with the views of the Department, the bill contains some provisions which tend to create, rather than alleviate, inequities.

A substantial amount of revenue is lost in the House bill by giving preferential treatment amounting to virtual exemption of certain types of businesses which are generally subject to public regulation. The bill would allow public utilities regulated by State authorities an alternative credit. It would permit them to receive, before the application of any profits tax, a net return after income taxes of 6 percent of their total investment, including capital stock, reinvested earnings, and borrowed capital. In the case of utilities subject to Federal regulation, notably railroads and other interstate carriers, the corresponding tax-free return is set at 5 percent.

The adoption of this provision would bring into question the underlying principles of the income tax. It would provide an exemption or exclusion from profits tax at a time when added burdens are imposed on others. If we should accept the principle of granting tax exemptions on the basis of net income after tax, the Federal tax system would lose its effectiveness for equitably distributing tax burdens.

This provision would discriminate among different utilities and bestow special benefits primarily on large companies, regardless of the fact that industry may be enjoying substantial increases in profits.

Another provision of the bill, section 448, would greatly enlarge the area of preferential treatment in the mining industry. I am fully aware of the importance of securing strategic minerals. However, it will require great care to formulate legislation in the interest of defense production without granting unjustified benefits or encouraging unproductive diversion of essential resources. When this matter receives your consideration, the staff will be prepared to place the pertinent facts before you.

The committee may also desire to give attention to restricting the credit for new investment to productive assets used in the business. It is the purpose of the credits for new capital additions, both in the base period and in the taxable years, to provide an additional credit for new investment which is presumed to be reflected in increased earnings of the corporations. If such credit is given for undue accumulations of cash and other nonproductive assets, this purpose will be defeated and unwarranted benefits and abuses will result.

In addition to the above provisions which raise questions of fundamental equity, there are various technical matters which the committee may also wish to consider. The staff will be available to discuss these at the convenience of the committee.

ENFORCEMENT PROBLEMS

It would be a grave omission for me to pass over one of the most pervasive criticisms which will confront you in considering this bill.

I refer to the view frequently expressed that this type of tax must inevitably encourage wasteful and extravagant expenditures and stimulate, rather than retard, inflation. This claim rests on the assumption that the profits tax will induce businessmen to make expenditures solely because most of the burden would be borne by the Government through a reduction in the revenue collected.

Whether this profits tax will encourage uneconomical spending will depend in part on the spirit with which business approaches its task in this emergency. Consideration of the argument cannot be limited to tax calculations alone. Clearly the entire range of principles governing business decisions is of more fundamental importance. No tax law, however carefully framed, can insure full cooperation by 100 percent of business in the national effort. But in my view the country can have confidence that the majority of businessmen, like all others, will shoulder the increased tax burden forced upon us and continue to do their part.

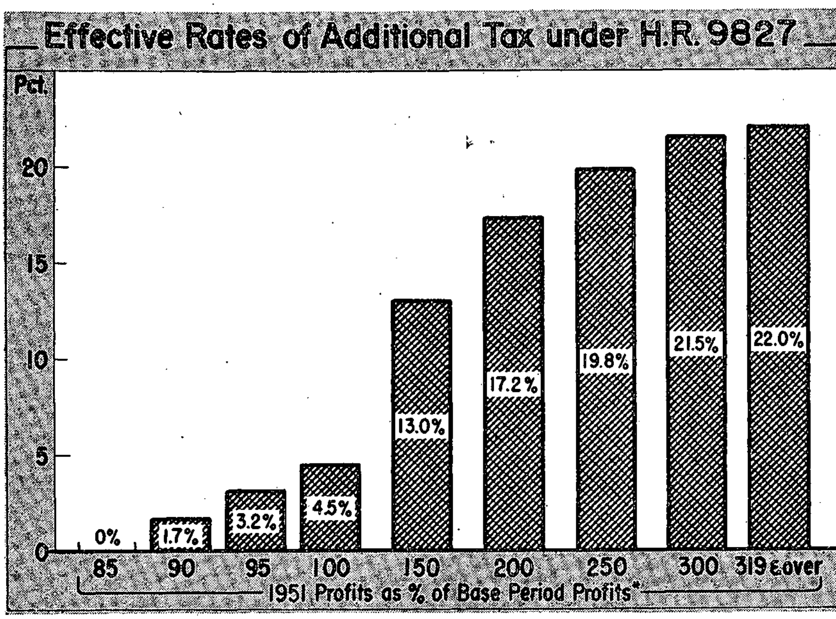
Our experience with the wartime law indicates that the practice of wasteful expenditures was less widespread than supposed. Established business organizations were generally more concerned with observing efficient and economical procedures essential to their continued success than with exploiting temporary wartime advantages. There were exceptions then, as there will be now, which tax administration must strive to prevent. The experience gained during the last war will enable the Bureau of Internal Revenue to segregate reasonable from unreasonable deductions more effectively. To support this effort, your committee may wish to consider the desirability of Congress making it clear that it intends unnecessary and unreasonable expenditures to be disallowed for tax purposes.

DISTRIBUTION OF TAX

Under the House bill the rate of tax on excess profits would be 75 percent, including the regular 45 percent normal tax and surtax.

Chart B shows the additional tax that would be imposed on corporations subject to this tax.

CHART B



Office of the Secretary of the Treasury.

*Base period profits equal average of 3 best out of 4 years 1946–49.

For corporations with current net income equal to their average base period earnings the tax would amount to 4.5 percent of total net income. The effective rate of tax would rise to 13 percent of total net income where current earnings are equal to 150 percent of the base period average and to approximately 17 percent where current earnings are twice the base period average. The maximum effective rate of 22 percent, making a total tax of 67 percent, would be reached at the point where current earnings are slightly more than three times the base period average.

REVENUE YIELD OF THE BILL

The revenue yield of the House bill is estimated to fall short of the President's recommendation by about 1 billion dollars. Part of this could be recovered by modifying the objectionable features of the bill to which I have referred.

An important reason for the reduced yield under the House bill is the adoption of a base period earnings credit equal to 85 percent of the average for the three best years instead of the 75-percent figure which I suggested to the Committee on Ways and Means.

Unless the bill is modified to increase its yield, it will not meet the objective set by the President before the recent deterioration in the international situation. The increase in corporation taxes provided in the bill is moderate in relation to the upward surge in profits. It should be remembered that all small corporations and corporations with current income not in excess of the allowed credits would be exempt.

In considering the effect of these increased taxes, it is important to have in mind the extremely liberal method provided for computing base period earnings. The allowance of the 3 best years out of 4 years yields a figure which would usually be substantially above the actual earnings in the extremely prosperous 4 years which followed World War II.

I urge your committee to review carefully the methods by which this bill can be amended to increase the yield from the taxation of corporation profits to meet the 4-billion-dollar goal set by the President. By adding 4 billion dollars to the revenue-producing strength of the tax system, this Congress will contribute substantially to our financial preparedness.

Exhibit to statement of Secretary Snyder—Comparison of House bill[1] with World War II tax under Revenue Act of 1942

A. MAJOR ITEMS

Subject	House bill	World War II treatment
1. Rate of tax	75 percent	95 percent (85.5 percent after postwar refund).
2. Over-all rate limitation on income and excess profits taxes.	67 percent	80 percent (72 percent after postwar refund).
3. Minimum credit or exemption	$25,000 minimum credit	$10,000 exemption.
4. Choice of earnings credit or invested capital credit, whichever produces lower tax.	Yes	Yes.
5. Base period	1946 through 1949	1936 through 1939.
6. Earnings credit—elimination of poor years in base period.	(a) Taxpayer may select best 3 out of 4 base period years. (b) Any deficits in 3 years chosen may be raised to zero.	No selection of years permitted. Taxpayer could raise the worst year to 75 percent of the average of the other 3 years, but could not adjust any remaining deficit year upward.
7. Earnings credit—adjustment in average base period earnings.	Reduced to 85 percent	Reduced to 95 percent.
8. Invested capital credit—rate of return on equity capital and retained earnings.		
$0-$5 million	12 percent	8 percent.
$5-$10 million	10 percent	6 percent.
Over $10 million	8 percent	5 percent.

[1] Including proposed Ways and Means Committee amendments.

Exhibit to statement of Secretary Snyder—Comparison of House bill[1] with World War II tax under Revenue Act of 1942—Continued

A. MAJOR ITEMS—Continued

Subject	House bill	World War II treatment
9. Invested capital credit—rate of return on borrowed capital:		
(*a*) Interest deduction	In full	Limited to ½.
(*b*) Additional allowance	⅓ of interest rate with a ceiling of 3 percent and, in the case of long-term obligations, a floor of 1 percent.	½ of above rates for equity capital.
(*c*) Total allowance	133 percent of interest payable (subject to floor and ceiling noted above).	From 2½ to 4 percent of borrowed capital, plus ½ the interest rate.
10. Earnings credit—additions to capital during base period.	(*a*) Upward adjustment in earnings credit permitted for any net additions to equity capital, retained earnings and borrowed capital in 1949 and for ½ of any such additions in 1948. (*b*) Rate of upward adjustment for such net additions to equity capital and retained earnings—12 percent. (*c*) Rate of upward adjustment for such net additions to borrowed capital—⅓ of the interest rate.	No adjustment in the earnings credit for such additions was allowed, except where taxpayer qualified for relief under sec. 722.
11. Earnings credit and invested capital credit—upward adjustment for net additions to equity capital and retained earnings after base period.	All taxpayers—allowance at rate of 12 percent on both new equity capital and new retained earnings.	(*a*) Taxpayers using earnings credit—allowance at rate of 8 percent on new equity capital but no allowance for new retained earnings. (*b*) Taxpayers using invested capital credit—allowance for new retained earnings at the applicable rates shown under item 6, and allowance for new equity capital at 125 percent of such rates.
12. Earnings credit—downward adjustment for net reductions in equity capital and retained earnings after base period.	At rate of 12 percent	At rate of 6 percent in case of equity capital; no downward adjustment for net reductions in retained earnings.
13. Earnings credit—additions or reductions in borrowed capital after base period.	Adjustment upward or downward equal to ⅓ of the interest rate.	No adjustment.
14. New corporations (organized after beginning of base period).	As an alternative to its usual credits, the taxpayer may apply to its invested capital after 3 years of growth (or at the end of the base period, if later) the average rate of return on invested capital for its industry in the base period.	(*a*) Taxpayers organized after the base period were required to use the invested capital credit unless they qualified for general relief. (*b*) Taxpayers organized in the base period could, in addition, compute an earnings credit; vacant years were filled in at 8 percent of invested capital at close of base period.
15. Substantial change during base period in product or services by corporation organized before 1946.	As an alternative credit, taxpayer may apply industry rates of return to its invested capital (as described under item 14).	Taxpayer could apply for general relief.
16. Smaller corporations (organized before beginning of base period) experiencing growth in the base period.	As an alternative credit, such a taxpayer meeting the following requirements may use 1949 earnings or the average of 1948 and 1949 earnings as its average base period earnings: (*a*) If in the last half of the base period its pay roll was 30 percent higher or its gross receipts were 50 percent higher than in the first half of the base period; and (*b*) Its assets do not exceed $20,000,000 (tax basis) as of the beginning of the base period.	Taxpayers whose average earnings in the last half of the base period exceeded their average earnings in the first half of the base period could use, as an alternative credit, the sum of (*a*) their average earnings in the last half of the base period and (*b*) one-half of the excess of that average over their average earnings in the first half of the base period. However, the credit so computed could in no event exceed their earnings in the best year of the base period.

[1] Including proposed Ways and Means Committee amendments.

Exhibit to statement of Secretary Snyder—Comparison of House bill[1] with World War II tax under Revenue Act of 1942—Continued

A. MAJOR ITEMS—Continued

Subject	House bill	World War II treatment
17. Exclusion of nonrecurrent items of income and deductions in computing excess profits net income.	Yes, with several changes in World War II law.	Yes.
18. Excess profits credit of public utilities.	Minimum credit of 5 percent (after taxes) on both equity and borrowed capital in case of airlines and railroads and 6 percent in case of most other public utilities.	No special treatment.
19. Carry-backs and carry-overs:		
(a) Net operating loss	1-year carry-back and 5-year carry-over.	2-year carry-back and 2-year carry-over.
(b) Unused excess profits credit.	1-year carry-back and 5-year carry-over.	2-year carry-back and 2-year carry-over.
20. Relationship of income and excess profits taxes.	To be integrated into a single tax for administrative purposes, with excess profits subject to both (1) the 45 percent income tax and (2) a 30 percent surtax.	Two separate taxes.

B. MINOR ITEMS

1. Option to file consolidated returns.	Yes	Yes.
2. Base period of fiscal year taxpayers.	Fiscal year taxpayers (other than those whose years end before April) would be required to use the 4 calendar years 1946–49 as their base period.	Since fiscal year taxpayers were not required to adjust to the 4 calendar years 1936–39, as much as 11 months of the first taxable year (1940) was sometimes included in the base period.
3. Exemption of personal service corporation whose stockholders elect to be taxable upon its income.	Yes	Yes.
4. Earnings credit-relief by disallowance of abnormal deductions in base period.	Yes	Yes.
5. Earnings credit-relief from abnormalities in base period.	Yes	Yes.
6. Earnings credit-relief from abnormalities in tax period.	Yes	Yes.
7. Earnings credit-allocation of earnings experience to successor corporations in case of corporate split-up.	Allocation permitted	Split-up corporations could not use prior earnings experience.
8. Exemption for strategic minerals (sec. 731).	Yes. (World War II list expanded to include uranium and others and Defense Minerals Administration authorized to expand further.)	Yes.
9. Special treatment for excess output of certain depletable resources (sec. 735).	Yes	Yes.
10. Relief for installment basis taxpayers.	Change to accrual basis permitted for both tax period and base period.	Change to accrual basis was permitted for tax period but not for base period.
11. Relief for taxpayers reporting income from long-term contracts upon the completed contract basis.	Yes	Yes.
12. Deferment of tax payment in case of abnormality.	Yes	Yes.
13. Railroad lessor-lessee corporations.	(a) Allocation of earnings credit permitted. (b) Payments by lessee of lessor's taxes excluded from lessor's income.	No special treatment.
14. Banks using reserve method of accounting for bad debts.	Permitted to abandon reserve method for excess profits tax purposes.	Banks did not use reserve method in 1940–45.
15. Invested capital credit-deficits in capital.	Recent deficits do not reduce invested capital.	Deficits did not reduce invested capital.

[1] Including proposed Ways and Means Committee amendments.

Exhibit 26.—Statement by the President, January 3, 1951, upon signing the Excess Profits Tax Act of 1950

The Excess Profits Tax Act of 1950, which I have signed today, is the second step the Congress has taken since the start of aggression in Korea to help meet the rapidly rising costs of national defense. The Congress and its committees have acted with commendable speed in completing this complex piece of legislation and thereby have provided evidence for all to see that we are determined to finance the defense program without jeopardy to the stability of our economic system or the soundness of the Government's finances.

The 1950 tax legislation has increased Federal revenues very substantially. However, the task ahead of us will require more and much heavier taxes. I shall, in due course, submit to the Congress recommendations for substantial tax increases.

We shall have to canvass and recanvass every revenue possibility, including the new excess profits tax. In developing this tax in the few weeks at its disposal, the Congress may have been overly liberal in its concern over some corporations in special circumstances. Some of the provisions of this bill will probably give an undue advantage to some corporations, especially in relation to the tax burdens necessarily borne by others. Excessive exemptions and relief provisions create inequities and reduce the Government's revenues needlessly. For this reason, I am requesting the Secretary of the Treasury to keep excess profits tax under continuous review so that if it develops that some of its provisions need revision, the facts can be placed before the congressional committees without delay.

Exhibit 27.—Message from the President, February 2, 1951, transmitting a request for increased taxation

[House Document No. 53, 82d Cong., 1st sess.]

To the Congress of the United States:

In the January messages to the Congress, I stated my intention of making further recommendations on a number of important matters. One of the most urgent of these is the need for increased taxation.

The budget for the fiscal year ending June 30, 1952, which was transmitted to the Congress, included estimated expenditures of 71.6 billion dollars, and estimated receipts under present tax laws of 55.1 billion dollars.

It is my firm conviction that we should pay for these expenditures as we go. A balanced budget now is just as important a mobilization measure as larger armed forces, allocations of basic materials, and controls over prices and wages.

This is true for three main reasons:

First, we should pay as we go because that is the way to keep the Government's finances on a sound footing.

We are now strengthening our national security, in order to increase our ability to meet whatever situation may arise in the future. Our Government financial policies, like every other part of our national effort, must be designed to leave us stronger, not weaker, as the years go by. If in this period we pay for our necessary expenditures as we go along, rather than adding to the public debt, we will obviously be better prepared to meet our future needs whatever they may be.

There is a question as to how high we can push taxes without having serious effects upon the productive growth of our economy. But I am sure that we could increase Federal revenues by considerably more than enough to cover the expenditures now anticipated without reaching those limits. During recent years we have taxed ourselves at high levels—and during those years our economy has bounded forward: incomes have risen rapidly, new plants and industries have sprung up, and the standard of living of our people has increased steadily. The growth in the strength of our economy that has occurred under these tax rates gives us confidence that we can safely pay the estimated expenditures for the next fiscal year out of taxes.

Second, we should pay for defense as we go because that is the way to distribute the cost of defense fairly.

We cannot escape paying the real cost of defense now—the cost in materials and days of work that are devoted to defense purposes. Whatever we do about taxes, the amount of goods available for consumers to buy is only going to be what is left over after defense needs are met.

We could try to escape the financial cost of defense by borrowing, but that would only transfer the financial problem to our children, and would increase the danger of inflation with its grossly unfair distribution of the burden.

The sensible and honest thing to do now is to tax ourselves enough, as we go along, to pay the financial costs of defense out of our current income.

Our Federal tax system can spread the cost of defense fairly among our people. There are many ways in which the fairness of the present tax system can and should be improved, but on the whole we have a good system. It recognizes differences in incomes and in family obligations. It protects incentives for initiative and effort. It takes account of the special needs of new undertakings and the expansion of existing businesses.

I am convinced, after studying the matter thoroughly, that the people of our country—and I am thinking primarily of the average family of modest income—will all be better off if everybody pays his fair share of the financial costs of defense in taxes now. If we don't do that, we will only be putting off the evil day and making matters worse for ourselves in the future.

Third, we should pay as we go to help prevent inflation.

If we do not tax ourselves enough to pay for defense expenditures, the Government will be spending more than it takes in, and the extra money it spends will add to total purchasing power and inflationary pressures.

Inflationary pressures will be strong, of course, even with the budget balanced. Military production results in wage payments, and buying of materials, long before the goods are produced and paid for by the Government. Businessmen who build new plants spend money well in advance of producing any goods for the Government or consumers to buy. Furthermore, consumers have accumulated large amounts of cash and other liquid assets which they are free to spend if they so choose.

Thus, inflationary pressures will be strong even after taxes are increased enough to balance the budget. We will still need direct controls over prices and wages. But it may not be possible to make those controls effective unless we tax ourselves enough. Certainly, those controls will be far more effective if we pay for expenditures through taxes as we go along.

During World War II, taxes were not high enough, and the Government was forced to borrow too much. As a result, when controls were taken off after the war, prices skyrocketed and we paid in inflation for our failure to tax enough. The value of people's savings was cut down by the higher prices they had to pay.

We must not let that happen now. We must have both an adequate tax program and proper controls on prices and wages if we are to prevent inflation and preserve the value of savings and fixed incomes.

For these reasons, the case for a pay-as-we-go tax program is conclusive at the present time, and I urge the Congress to continue to keep that goal before it.

I believe that the wisest and most practical approach to this goal is to enact the tax program we need this year in two parts rather than enacting the full tax program all at once.

Government expenditures will be increasing very rapidly during the next few months. We will have to act fast if our revenues are to keep pace with rising expenditures.

I recommend that as rapidly as possible the Congress enact revenue legislation to yield additional taxes of at least 10 billion dollars annually, and later in the year enact the remaining amounts needed to keep us on a pay-as-we-go basis.

If we follow this course, our revenues will keep pace with increasing expenditures, and we shall have some months in which to observe economic developments and to consider the several serious questions that will need to be resolved before all parts of this year's tax program are enacted.

For example, we will have better information on exactly how much we shall need to balance the budget. As I explained in the budget message, our estimates of military expenditures are still tentative. In particular, the amount we spend for military equipment will depend on how fast the production lines are geared up and the equipment is actually turned out. If our military production program can be got under way faster—as we hope it can—expenditures will, of course, be larger than the budget estimates.

Moreover, the Congress has not yet had an opportunity to act on the budget. I believe the Congress will find that the budget is sound, and provides only for the essential needs of our Nation in this time of world crisis. Nevertheless, the appropriations actually enacted by the Congress will, of course, control the actual expenditures.

Furthermore, the economic developments of the months ahead—the impact of the defense effort and of tighter controls on prices and wages and profits—should be considered before the balance of our tax program for the coming fiscal year is completed.

These uncertainties, however, do not affect our obvious need for much larger taxes—and our need for the bulk of them very soon. I am therefore transmitting for the consideration of the Congress at this time, my recommendations as to the best way to raise at least $10,000,000,000 now.

I know the Congress will want to consider these problems very carefully, and to review my recommendations in the light of their own independent analysis. The Secretary of the Treasury is prepared to discuss these matters in detail with the committees of Congress.

I believe we should meet our immediate objective by increasing existing taxes. The present Federal tax structure, while marred by imperfections, contains the most equitable types of taxes we have been able to devise. Under these taxes our economy has demonstrated a surge in productive power to increasingly higher levels.

I recommend an immediate increase in personal income taxes to bring in $4,000,000,000 in additional revenue.

The personal income tax is the mainstay of our Federal tax system. It should be the major source of the additional revenue we need.

This is true because it is the personal income tax that allows us the greatest opportunity to be fair. It is the personal income tax above all else which takes account of differences in ability to pay—both differences in income and differences in family obligations. It allows an exemption of $600 per person, and deductions for charitable contributions, extraordinary medical expenses, and other expenses as provided by law. Under present law, a single person earning a net income of $3,000 a year pays a tax of about 16 percent of his income, or $488, while a married person with two dependents and earning the same net income pays a 4-percent tax, or $120. The average rate of tax reaches 50 percent at about the $45,000 income level for a single person and the $90,000 income level for a family of four.

In increasing the yield of the personal income tax, everyone should realize that the higher taxes cannot be limited to the upper-income groups. To obtain revenue commensurate with our defense expenditures, all taxpayers must contribute, because the bulk of the income in this country is received by persons whose incomes are between $2,000 and $10,000 a year. We should tax the upper-income groups—and tax them heavily—but it will also be necessary to tax people with moderate incomes.

I do not believe that the personal exemption of $600 should be lowered at the present time. Although the exemption was $500 during World War II, the present $600 exemption is less generous, in terms of present costs of living, than was $500 6 or 8 years ago.

I recommend, second, an increase in corporation income taxes to yield an additional 3 billion dollars.

The corporation income tax is the major supplement to the personal income tax in our present Federal tax system. Basic corporation tax rates now begin at 25 percent on corporation profits less than $25,000, and increase to 47 percent for larger corporations. Those corporations covered by the excess profits tax pay more—up to a maximum set by law of 62 percent of net profits.

In the light of high and rising corporate profits, the increase in corporation taxes I propose will leave corporations generally able to maintain the dividend and reinvestment policies of recent years.

The first tax returns under the new excess-profits-tax law will be received later this spring. We shall then be in a position to consider what changes in the excess-profits-tax law are desirable to obtain more revenue from that source. I believe, therefore, we should defer this matter until later this year.

I recommend, third, increases in selective excise taxes to yield 3 billion dollars. Under present circumstances these increases should be concentrated upon less essential consumer goods, and upon goods which use materials that will be in short supply.

In addition to the tax increases recommended above, I recommend that the Congress carry further the program it started last year to close loopholes in the present tax laws.

The revenue to be gained by closing these loopholes is not large in comparison with our needs. But in terms of fairness, and willingness of people to pay their share of taxes, closing these loopholes is worth a very great deal.

Those required to bear higher taxes for defense are entitled to the assurance that others will not be permitted to avoid them. The last Congress closed several important loopholes. But a number remain.

I have previously called attention to the gross under-taxation of the oil and mining industries, to the broad loopholes in the estate and gift taxes, and to the undue preferential treatment granted to capital gains in comparison with ordinary income. I urge the Congress to examine these provisions of the law very carefully, together with those relating to life-insurance companies and to holders of securities now exempt from income taxes, and to review the tax status of organizations now exempt under present law. I do not believe any of us, in good conscience, can take action to increase taxes on the man, with a wife and two children, who earns $60 a week—an increase I am now recommending—without at the same time taking action to reduce the glaring inequities in present law—some of which permit a man with 100 times as much income to avoid paying any taxes at all.

In addition to the changes in the law that are needed to close loopholes, we shall continue to improve our enforcement efforts to make sure that the taxes which are due under present laws are actually paid.

The tax program I am proposing will require higher rates in some cases than those paid during the last war. I believe our people understand that if we had paid higher taxes then we would be better off today. I believe our people are ready and willing to pay the taxes needed to cover essential Government expenditures in this time of danger.

I am convinced that the average citizen in our country will be best served by fair tax laws which will balance the budget. He will be better off now, because he will pay his share of the cost of defense now, once and for all. He will be better off in the future, because his savings and his future income will not be dissipated by inflation.

The American people understand that the cost of freedom is high at a time when aggression has been loosed on the world. I urge the Congress to act rapidly so that we can pay that cost as we go.

HARRY S. TRUMAN.

THE WHITE HOUSE, *February 2, 1951.*

Exhibit 28.—Statement of Secretary of the Treasury Snyder before the House Ways and Means Committee, February 5, 1951, on the President's tax program

I appreciate this opportunity to discuss with you the President's tax program for this year. I believe that you share with me the President's conviction that the defense effort must be financed on a pay-as-we-go basis. A balanced budget policy is essential to our strength now and will contribute to our strength in the future.

Today our Nation is in a state of emergency. For the second time in less than a decade, we are called upon to marshall our strength in defense against the forces of aggression. This defense will impose great demands on all of us—and financial demands that can be met in full only by asking the American taxpayer to bear some of the heaviest burdens in our history.

The first and most urgent task is to build up our supplies of weapons, materials, and manpower as swiftly as possible. But this alone will not be enough. The essence of our problem now requires that we maintain our defensive strength over a long period of time. We must sustain productive capacity capable of outdistancing the enemy, year after year, in both quantity of output and quality of technological skill.

In a very real sense, we must match our program of military and economic preparedness with a comparable financial program. The inherent power of our democracy is measured not alone by our capacity to build military defenses but also by our willingness to accept the costs and to make the economic sacrifices which the defense effort will entail. The surest and the safest way to meet these costs is through current taxation.

The economic capacity of the Nation to stand this necessarily heavy tax load has fortunately never been greater. Public recognition of this fact has been a major influence in the demand for a pay-as-we-go program. We have just completed the most prosperous 5-year period in our history. Our capital equipment and productive capacity have been brought to record levels.

Fortified by an expanding economy, we can raise more revenue than we did in World War II and still maintain our national living standards—perhaps not at the levels of 1950, with its 1,500,000 new homes, 6,500,000 new automobiles, and 7,000,000 television sets, but at levels amply high to sustain the productive energy of the American people at full capacity.

The initial tax increase requested by the President—distributed among individuals, corporations, and other forms of taxation as he has recommended—is a burden well within the capacity of our economy to bear. It is, in fact, substantially below any danger line that might mean an impairment of the productive efficiency of our economy.

Our present tax system provides a strong foundation on which to build a fair and effective program of defense finance. Last year's tax legislation is making an important contribution through increased collections from the individual income and corporation taxes. A profits tax bill has been passed, and the Congress is now strengthening the laws for renegotiation of war contracts.

THE NEED FOR MORE TAXES

The President has indicated our tax goal for 1951. In the course of this year we must add sufficient strength to the Federal tax system to raise its revenue-producing capacity to the level of fiscal year 1952 expenditures.

The budget for fiscal year 1952 calls for expenditures of 71.6 billion dollars. Revenues at present tax levels are estimated at 55.1 billion dollars. This leaves a deficit of 16.5 billion dollars to be covered by increased taxation.

A developing military program necessarily takes time before it is fully reflected in actual expenditures. In the early months, when plans are being made and contracts are being let, the program makes relatively small demands on the Treasury. But after this preliminary phase has been passed an upsurge of military expenditures can be expected. These expenditures are the measure of manpower and fighting power being added to our Armed Forces.

Our military spending is already rising at a rate which will result in a budget deficit of several billion dollars by the last quarter of this fiscal year. The deficit will continue to grow during July–December 1951. For the 9 months from the first of April to the end of this calendar year the deficit may well exceed $15,000,000,000. Our tax needs, therefore, are immediate and not postponable.

I recognize that there are many uncertainties which complicate the planning of our tax program. We know that the ultimate demands of our military program will be heavy. They may unfold more rapidly than now anticipated. We do not know, therefore, how fast Federal expenditures will expand or when and where they will level off.

The fact that it is far more difficult than usual to anticipate the precise unfolding of our tax needs for the coming fiscal year in no way reduces the size of the job that has to be done. In fact, as the President has indicated, the projected 16.5-billion-dollar deficit may actually understate the need, if our defense program develops as rapidly as is desirable. Clearly, taxes can keep pace with expenditures only if the major part of the President's program is put into effect promptly.

As Secretary of the Treasury, I have consistently supported an adequate tax program for the preservation of our public credit by attaining a balanced budget.

Most of the present Federal debt was accumulated during the last war when taxes provided less than half of war-financing needs. No responsibility presses upon me more constantly than the proper management of this public debt. Our ability to support this debt on a sound basis rests, in the last analysis, on adequate taxation. Deficit financing at this time would increase the public debt, and would feed inflation. A strong tax policy holds down the size and cost of the debt and helps protect our savings.

Taxes and savings must go hand in hand. Although much depends upon a strong tax program, taxes cannot do the job alone. Every effort must be made to preserve confidence in the future purchasing power of savings in order to discourage the spending of accumulated savings and to stimulate new savings. More than on anything else, the confidence essential to a successful voluntary savings program depends on a firm tax policy at this time.

Moreover, by meeting our revenue needs on a current basis, we strongly contribute to the objective of dampening inflation. A large excess of consumer demand over the available supplies will continually threaten the newly established price and wage controls. If an effective fiscal program accompanies direct controls, the taxpayers of this country will not be required to bear at one and the same time the heavy burden of increased taxes and the uneven costs of inflation.

SOURCES OF ADDITIONAL REVENUE

The President has indicated the areas from which $10,000,000,000 of the additional revenue requirements can be obtained. These include about $3,000,000,000 from selective increases in excise tax rates, $3,000,000,000 from the corporation income tax, and $4,000,000,000 from the individual income tax (table 1*).

*Omitted. See revised tables in exhibit 30.

Further rate increases and structural adjustments will be necessary as part of this program to bring the strength of the revenue system up to the levels required by our pay-as-we-go policy.

It is with full confidence in the determination of the American people to take whatever steps are necessary to finance the defense of their Nation that I urge the adoption of measures embodying the President's program for increased revenues at the earliest possible date. The additional $10,000,000,000 of revenue now requested by the President will not be enough to put the Government on a pay-as-we-go basis after defense expenditures get fully underway in the fiscal year 1952. It will, however, help to cover our immediate needs and make it possible for the Congress to give full consideration to further tax measures which will provide the needed revenues in the future, and which will at the same time distribute the burden fairly and equitably among all of our citizens.

I should like to turn now to the details of the program.

Excise taxes

The President recommended that $3,000,000,000 additional revenue be raised from excise taxes on those consumer goods which are less essential or which use materials that will be in short supply.

I know the committee has special reason to regret the necessity for this action. Only a year ago you were considering the President's recommendation for excise-tax reductions. This reversal of the situation is one more measure of the price we must pay for our defense requirements.

In preparing this part of the President's program all of the existing excise taxes have been carefully reexamined. This list is long, as is shown in table I.

The committee will recall that on previous appearances I have expressed the view that some of the existing excise taxes, most of which remain at their wartime levels, are not desirable in a peacetime tax system. I am sure you will agree that some of these taxes can be justified only in the light of pressing budget demands and should not be raised further at this time to meet our present revenue needs.

The $3,000,000,000 revenue objective from excise taxes can be met by an increase in a limited group of existing excise taxes.

About 1.1 billion dollars can be raised by increasing the tax on passenger automobiles from 7 percent to 20 percent of the manufacturers' price and increasing the rate of a number of other manufacturers' excises on durable goods from 10 percent to 25 percent. In the interest of equity some electrical appliances not now taxed should be brought into the base of this tax.

An increase of one-third to one-half in the tax rates on alcoholic beverages, cigarettes, and cigars would raise over 1.2 billion dollars. The yield of the gasoline tax can be increased $580,000,000 by raising the present tax of 1½ cents per gallon to 3 cents.

The increases for the principal items are as follows:

Item	Proposed increases in rates	Estimated additional revenue in a full year
		(Millions)
Passenger automobiles	From 7 percent to 20 percent of manufacturers' price.	$685
Refrigerators, television sets, radios, phonographs, electric, gas and oil appliances, and other consumer durables.	From 10 percent to 25 percent of manufacturerers' price.	425
Alcoholic beverages:		
Distilled spirits	From $9 to $12 per gallon	710
Beer	From $8 to $12 per barrel	
Wines	Various	
Cigarettes	From 7 cents to 10 cents per pack	525
Cigars	Various	
Gasoline	From 1½ cents to 3 cents per gallon	580
Miscellaneous revisions		110
Total		3,035

NOTE.—The rates are presented in greater detail in table 3*.

The present rate of tax on most of the consumer durable goods is 10 percent or less of the manufacturers' price. In terms of retail prices, the effective rates of these taxes are low compared with most of the other excise taxes. The manufacturers' prices of consumer durable goods are generally about 60 percent of the retail price. The retail taxes and the taxes on amusements which are now in effect are 20 percent of the retail price and some other excise rates are even higher in relation to the price paid by consumers. The increased rates proposed, which would be at the manufacturers' level, would average less than 15 percent of the retail prices (table 4*).

The taxes on tobacco, liquor, and gasoline are the most productive of our excises. These items provide a basis for substantial additional revenue.

The suggested excise-tax increases will meet the President's recommendation with minimum disturbance to the defense economy. They will result in little pressure on price ceilings because they will not add much to business costs or push up the cost of living materially. None of the increases proposed is expected to add substantially to present administrative or enforcement problems. The increases which are proposed will be helpful in relieving the load to be carried by taxes that might either impair incentives or burden basic items in consumer budgets.

In view of the committee's possible interest in considering new excise taxes, I believe you would like to have some of the facts which have led to the suggestion that the President's excise recommendations be met from existing revenue sources.

Present Federal excise taxes reach a substantial proportion of all consumer expenditures. For certain classes of expenditures, the proportion is relatively high. The excise taxes as a whole apply directly to about 25 percent of total consumer expenditures. The remaining 75 percent of consumer purchases, which are outside of the excise-tax base, do not on the whole represent a promising source for additional excise-tax revenue.

*Omitted. See revised tables in exhibit 30.

Table II, based on consumer expenditures for 1949, shows that present excise taxes now reach more than 60 percent of consumer expenditures for durable goods. The untaxed portion is composed largely of such household items as rugs, furniture, and so forth. On the other hand, present excise taxes apply to less than 20 percent of the amount spent for nondurable goods and services. The ratio is low for these last groups because they are composed principally of food, rent, and clothing which the Federal Government has generally refrained from taxing. Extension of excise taxes in these areas would involve a departure from established policy.

When the committee takes up the balance of the President's program, the pressure for revenue may require further examination of new excise-tax sources. The possibility of selective additions to the present list is being given further study with the Joint Committee staff.

Corporation taxes

The President's recommendation that $3,000,000,000 additional be raised from the income tax on corporations will require an increase of 8 percentage points in the corporate normal tax.

This change would raise the rate on the first $25,000 of corporate income from 25 to 33 percent and the general rate applicable to income in excess of $25,000 from 47 to 55 percent. On income subject to the excess-profits tax, the combined maximum rate would rise from 77 to 85 percent. The ceiling rate now imposed at 62 percent would have to be raised to 70 percent to obtain the full revenue effect of an 8-percentage-point corporation-income-tax increase.

The tax liabilities under the proposed corporation-income-tax rates may be compared with those under present rates by reference to chart A and table 6*. The chart shows for corporations of different sizes how the change in rates would affect those subject only to the income tax. Table 7* illustrates the effective rates of the combined income and excess-profits taxes under the proposal.

The additional revenue to be obtained from the increase of 8 percentage points in the corporate tax would come mostly from the large corporations. The 281,000 corporations with profits of less than $25,000 would pay only 3 percent of the proposed total liability, while the 42,000 corporations with profits over $100,000 would pay 90 percent of the total (chart B and table 8*).

The level of corporation taxes proposed is dictated by the need for an equitable distribution of the burdens of defense consistent with the continued growth of industry. As shown in chart C, corporation profits have continued to expand. On the basis of conservative estimates, which allow for no appreciable amount of inventory profits, they are expected to reach at least 43 billion dollars in 1951. The 43-billion dollar estimate for 1951 compares with 40.2 billion dollars in 1950 and the previous peak of 33.9 billion dollars in 1948 (table 9*).

Under the proposed rates, Federal income and excess-profits-tax liabilities would be increased to 24.5 billion dollars, or about 57 percent of estimated profits. Even on the basis of conservative profit estimates, and taking full account of State corporation-tax requirements, this would leave corporations with 17-billion-dollar income

*Omitted. See revised tables in exhibit 30.

available for dividends and expansion, or approximately the same as the average for 1946–49, a period of unusual and sustained prosperity.

I am aware that a corporate rate of 55 percent would raise serious equity and incentive considerations in a normal and stable peacetime economy. However, corporation-tax rates requested during the present emergency cannot be judged by normal standards.

Opportunities for profit in the years ahead, even under price and wage ceilings, are great. The defense orders placed and yet to be placed—added to the large unsatisfied demand for industrial plant, housing, consumer durable goods, and most articles of current consumption—assure producers of a sellers' market in nearly every field of business activity during the mobilization period. In spite of problems of securing the materials and labor for their production, business will have adequate incentives even under higher taxes to go forward with the job of production. An important part of our reassurance on this score is the wholehearted and realistic appraisal by business management of its full responsibility in the national effort.

The appropriate level of any one tax is determined largely by the necessity of balancing the contributions from each tax source in a way which will best meet the total demands upon the tax system. In the present circumstances the increases in corporate rates proposed can be regarded as a necessary counterpart of increased taxes on individual incomes and consumers of taxed commodities.

Individual income tax

In order to meet the large revenue goal confronting us, it will be necessary to rely on the individual-income tax—the backbone of our revenue system—for a very large share of the additional revenues. The $4,000,000,000 increase recommended by the President can be provided by raising all income-tax-bracket rates by 4 percentage points and by an upward adjustment of the taxes on capital gains.

A 4-percentage-point-rate increase would raise the starting rate, applicable to the first $2,000 of taxable net income for a single person and $4,000 for a married couple, to 24 percent (table 10*). The increases in tax liabilities for various net incomes before exemptions are shown in chart D. A married person with two dependents and with a net income of $3,000 now pays $120 or 4.0 percent of his income in tax. The proposed rates would increase his tax liability to $144 or 4.8 percent of his net income. At the $25,000 level, the tax would be increased from $6,268, or 25.1 percent, to $7,172, or 28.7 percent of net income (table 11*).

In examining the possible methods of raising individual-income-tax yield, consideration was given to reducing exemptions. The President did not recommend this change because at current levels of income his revenue objective can be met by confining the income-tax increases mainly to those now taxable.

The bulk of any major increase in individual-income-tax revenues will nevertheless come from the lower taxable brackets. Charts E and F, which show the distribution of income by size classes of adjusted gross income and taxable income, respectively, indicate that most of

*Omitted. See revised tables in exhibit 30.

the tax base is in the lower end of the income scale (tables 12* and 13*). It is estimated that 83 percent of all taxpayers and 58 percent of their taxable income is accounted for by the income groups below $5,000. This concentration of income must be tapped if the tax is to raise enough revenue.

One important feature of the individual-income-tax structure is the method of taxing family income. You will recall that in 1948 Congress adopted universal income splitting in order to correct tax discrimination between residents of community- and noncommunity-property States.

Chart G demonstrates some of the effects of income splitting on the relative tax liabilities of single persons and married couples. Single persons with income in excess of $3,100 will pay more tax under the proposed rate schedule than they paid during the war. On the other hand, married people in the middle brackets who benefit from the income-splitting provisions will pay substantially less than they did during World War II (table 14*).

There are differences of opinion about the fairness of the present tax treatment of family income and about the methods that might be adopted to modify the results of income splitting. Several possible courses of action are being studied by the Treasury and Joint Committee staffs. The committee will undoubtedly want to examine this problem in all its implications before completing this year's tax legislative program.

Increases in income-tax rates raise another important structural problem; one that requires more immediate action. I refer to the preferential treatment of capital gains. Gains from sale of capital assets held more than 6 months are now included to the extent of 50 percent in taxable income and subjected to the regular rates. The taxpayer has the option to pay a flat 25-percent rate on long-term capital gains if this will result in a lower tax.

The starting rate of the individual-income tax has risen from 16.6 percent in 1948 to 20 percent in 1951. If another 4 percentage points are added to the initial rate, the tax on both ordinary income and on long-term capital gains realized by taxpayers in the lowest tax bracket will have been increased 45 percent over the 1948 level. Under the circumstances, it would be inequitable to leave the maximum effective rate of tax on capital gains unchanged at 25 percent, or only 1 percentage point higher than the recommended rate in the first bracket. This maximum rate affects only about 5 percent of the taxpayers having long-term capital gains, but this small group accounts for more than half the capital-gains tax collected from individuals.

The capital-gains tax could appropriately be increased by raising the alternative tax rate from 50 to 75 percent. This rate, combined with the 50-percent inclusion, would result in a maximum effective rate of 37½ percent. This increase over the present 25-percent tax rate would be in line with the 45-percent increase in income-tax rates adopted last year and proposed now. A corresponding increase to 37½ percent should be made in the rate of tax applicable to capital gains of corporations.

*Omitted. See revised tables in exhibit 30.

Lengthening the 6 months' holding period now separating long- from short-term capital gains would provide more effective taxation of speculative profits. As a minimum, the holding period should be increased to 1 year.

By this strengthening of the tax rates on capital gains, the individual-income tax will be made more equitable. This tax conforms most closely to concepts of fairness in taxation. It allows for variations in income, deductible expenses, and family status. It is the fairest method of distributing the cost of the defense program. It is also less likely than other taxes to inflate the cost structure. As a result of the current payment system introduced during the war, this tax is especially well-suited for quick adjustment to changed financial requirements. With proper adjustments in its structure, the individual-income tax can and should contribute greatly to our revenue objective in the defense period.

Structural revision and enforcement

As the President has indicated, those who bear heavy tax burdens are entitled to the assurance that others will not be permitted to avoid them. The last Congress provided part of this assurance by closing several important loopholes. But a number of other important areas remain.

Every effort should be made to correct inequalities in the enforcement of the individual-income tax. The Bureau of Internal Revenue began a study of this problem with the 1948 tax returns on the basis of sampling methods which are unprecedented in this field. The information obtained from this investigation has enabled the Bureau to improve its procedures and to make more effective use of its limited enforcement staff.

To obtain maximum compliance requires more than improvement in auditing procedures. A tax system which reaches the great majority of income recipients must employ mass enforcement methods which are as nearly automatic in their application as possible. The wage withholding system, for example—now the cornerstone of individual-income-tax administration—has made a major contribution in improving compliance and enabling the individual to budget his taxes.

During the last session your committee explored the possibility of applying the withholding principle to dividend distributions by corporations. I urge you to again explore this field. I would suggest that its application to payments of interest to individuals also be considered.

Fully as important as improved enforcement is the need for improving the tax structure in those areas which enable favored taxpayers to escape their fair share of the burden.

One of the major structural defects is percentage depletion available to oil and mineral producers. This is costing the Government and, therefore, taxpayers in general hundreds of millions of dollars each year.

Under the percentage depletion provisions, owners of mines and oil wells are allowed to deduct a specified percentage of their gross income without regard to the capital cost of the property. These arbitrary rates of deduction range as high as 27½ percent of gross income in the case of oil and may amount to 50 percent of the net income. Unlike other capital-recovery allowances, percentage depletion continues to be deductible even after 100 percent of the investment has been recovered tax free. Thus total deductions may eventually amount to many times the taxpayer's actual investment.

In addition to the highly favorable depletion allowances, oil producers can immediately deduct for tax purposes a substantial part of their outlays for drilling and development. The amounts of capital investment thus written off at the outset have no effect on the future percentage depletion deductions. This results in a double deduction with respect to the same capital investment. The combined impact of percentage depletion and the privilege of deducting drilling and development costs as a current expense is to wipe out the tax liability on incomes running into millions of dollars.

The Treasury discussed this problem at some length with your committee last year. The urgency of remedial legislation in this area is even greater at the present time. I urge the committee to give earnest consideration to the previous Treasury suggestion that the rates of percentage depletion be reduced to 15 percent of gross income for oil, gas, and sulfur, and to 5 percent for nonmetallic minerals. In addition, oil and gas operators who elect to expense intangible drilling and development costs should be required to make corresponding adjustments in the basis for computing their percentage depletion. This would mitigate the double deduction which compounds the potentialities for tax reduction under the present treatment.

Another type of structural revision relates to the treatment of business organizations now exempt from tax, including cooperatives and other mutual enterprises. This committee is familiar with the difficult and controversial problems in this area, having conducted extensive hearings on this subject in recent years.

During the last session, your committee found a solution for some of these problems, such as the unrelated business income of charitable and educational institutions. The possibility of taxing the cooperative and other mutual enterprises was also then explored. I would suggest that this examination be continued with reference to cooperatives, mutual savings banks, and building and loan associations.

To the extent that collective buying and selling results in lower buying prices or larger incomes to patrons or members, these savings enter into their taxable income as individuals. However, funds which are not returned to members of these mutual enterprises are available tax free for expansion in competition with other taxable businesses. We should seek to apply the corporation-income tax to such retained funds. This would not impair the ability of cooperatives and mutual savings and credit institutions to perform their traditional functions of collective buying and selling or pooling of savings for investment.

The taxation of life-insurance companies is another important structural revision cited by the President to which your committee will wish to give careful attention. For many years life-insurance companies have had special treatment which has enabled them to be taxed on a limited portion of their investment income only. The breakdown of the taxing formula in 1947 led to the development of a special stop-gap provision governing the treatment of these companies for the year 1949 and 1950. No one can be more familiar with the difficult and complex issues in this area than the members of this committee who assisted in the formulation of these temporary provisions. Development of a more satisfactory permanent solution is another task of structural revision which will add to the strength of the revenue system.

The present provisions extending preferential capital-gain treatment to profits realized from the sale of business property should be revised to meet the growing technical problems and tax-avoidance opportunities that have arisen in this area. These provisions are being systematically exploited for the conversion of what is, in reality, business income, to capital gains. A redefinition of the income base to include these gains merits your careful consideration.

The treatment of tax-exempt securities also merits attention in the present situation. The exemption of State and municipal securities from Federal taxation is a long-standing barrier to the achievement of equity in the distribution of the individual-income-tax burden. The removal of the exemption privilege is made more difficult by the fact that it would increase to some degree the cost of future State and local borrowing. A reasonable basis can be developed for the taxation of future issues of State and local securities without burdening States and localities excessively.

The estate and gift taxes are also in need of revision and would contribute to our revenues. In my appearance before your committee last year I presented the results of a detailed analysis of these taxes. I explained at that time that the weakness of the present estate and gift taxes results from (1) the overly favorable treatment of property placed in trust for several generations, (2) the opportunity to escape the higher estate-tax rates by making gifts subject to lower tax rates, (3) the large exemptions, and (4) the ineffectiveness of the present rate schedule. The last two weaknesses were greatly magnified by the estate and gift splitting provisions introduced by the 1948 act.

In the course of this year's program, the committee may also want to consider changes in the structure of the excess-profits tax, as suggested in the President's message. Combined with legislation on the renegotiation of war contracts, which is now under consideration in the Senate, an effective excess-profits tax can prevent profiteering and contribute to a more equitable distribution of the tax burden. It can also be relied on to make a substantial revenue contribution.

The proper treatment of these areas of structural revision is fairly clear in some cases. In others, the general approach to a desirable solution has previously been submitted to your committee although the detailed formulation of revised treatment would require further technical study. In still others, the development of a satisfactory approach must face up to difficult and far-reaching considerations transcending the revenue factor.

The several tax areas to which I have referred, and such other revenue possibilities as will be developed in the course of your hearings, will all need to be fully explored in rounding out the revenue program for this year.

In meeting the costs of defense by current taxation we are fortunate in the basic willingness of American taxpayers to pay for national defense and their ability to do so. It is essential, however, to the preservation of these assets that we take care to remove the imperfections in the tax laws which provide means of escape for some and create unnecessary hardships for others.

May I, in conclusion, assure you of the President's appreciation of the vastness and complexity of the task which the present situation compels him to place in your hands. I hope that the people throughout the country are aware of the pace which your committee and the Senate Finance Committee have had to set under the force of events during the past 7 months. The Treasury Department stands ready with all its facilities to supply you with information and provide such other assistance as may be helpful in this difficult task. I am sure that you also have the support and understanding of the American people in this undertaking.

[The tables omitted in this exhibit are published in *Revenue Revision of 1951*—Hearings before the Committee on Ways and Means, House of Representatives, 82d Cong., 1st sess., Part 1.]

TABLE I.—*Rates of principal excise taxes, 1939–51*

Item	Rates in effect Dec. 31, 1939	Revenue Act of 1940	Revenue Act of 1941	Revenue Act of 1942	Revenue Act of 1943 and subsequent acts [1]
Admissions	1 cent per 10 cents or fraction if 41 cents or more.	1 cent per 10 cents or fraction if 21 cents or more.	1 cent per 10 cents or fraction.	No change	1 cent per 5 cents or major fraction.
Alcoholic beverages:					
Distilled spirits	$2.25 per proof gallon	$3 per proof gallon	$4 per proof gallon	$6 per proof gallon	$9 per proof gallon.
Rectification	30 cents per proof gallon	No change	No change	No change	No change.
Fermented malt liquor	$5 per barrel	$6 per barrel	No change	$7 per barrel	$8 per barrel.
Still wines	5 cents, 10 cents, 20 cents per gallon.	6 cents, 18 cents, 30 cents per gallon.	8 cents, 30 cents, 65 cents per gallon.	10 cents, 40 cents, $1 per gallon.	15 cents, 60 cents, $2 per gallon.
Sparkling wines	2½ cents per ½ pint	3 cents per ½ pint	7 cents per ½ pint	10 cents per ½ pint	15 cents per ½ pint.
Automobiles:					
Passenger automobiles	3 percent of manufacturers' price.	3½ percent of manufacturers' price.	7 percent of manufacturers' price.	No change	No change.
Trucks and busses	2 percent of manufacturers' price.	2½ percent of manufacturers' price.	5 percent of manufacturers' price.	No change.	No change.
Parts and accessories	2 percent of manufacturers' price.	2½ percent of manufacturers' price.	5 percent of manufacturers' price.	No change	No change.
Use of automobiles			$5 per year	No change	Repealed.[2]
Billiard and bowling			$10 per year per unit	No change	$20 per year per unit.
Business and store machines			10 percent of manufacturers' price.	No change	No change.
Cabarets	1½ cents per 10 cents or fraction on 20 percent of charge.	2 cents per 10 cents or fraction on 20 percent of charge.	5 percent of total charge	No change	20 percent of total charge.[3]
Coin-operated devices [4]			$10 and $50 per year per machine.	$10 and $100 per year per machine.	$10 and $150 per year per machine.[5]
Documentary stamps:					
Deeds of conveyance	50 cents per $500 or fraction if value is over $100.	55 cents per $500 or fraction if value is over $100.	No change	No change	No change.
Issues of stocks and bonds [6]	10 cents per $100	11 cents per $100	No change	No change	No change.
Transfers of stocks and bonds [7]	4 cents per $100	5 cents per $100	No change	No change	No change.
Dues and initiation fees	10 percent of amount paid.	11 percent of amount paid.	No change	No change	20 percent of amount paid.
Electric, gas, and oil appliances			10 percent of manufacturers' price.	No change	No change.[8]
Electric light bulbs			5 percent of manufacturers' price.	No change	20 percent of manufacturers' price.
Electric signs			10 percent of manufacturers' price.	Repealed	
Electrical energy	3 percent of sale price	3⅓ percent of sale price	No change	No change	No change.
Firearms, shells, cartridges	10 percent of manufacturers' price.	11 percent of manufacturers' price.	No change	No change	No change.
Fur articles			10 percent of retail price	No change	20 percent of retail price.[9]
Gasoline	1 cent per gallon	1½ cents per gallon	No change	No change	No change.
Jewelry			10 percent of retail price	No change	20 percent of retail price.[10]
Leases of safe deposit boxes	10 percent of amount collected.	11 percent of amount collected.	20 percent of amount collected.	No change	No change.

Lubricating oils	4 cents per gallon	4½ cents per gallon	No change	6 cents per gallon	No change.
Luggage			10 percent of manufacturers' price.	No change	20 percent of retail price.[11]
Matches			2 cents per M	No change	No change.
Musical instruments			10 percent of manufacturers' price.	No change	No change.
Optical equipment			10 percent of manufacturers' price.	Repealed	
Phonographs and phonograph records.			10 percent of manufacturers' price.	No change	No change.
Photographic apparatus			10 percent of manufacturers' price.	25 percent of manufacturers' price.	No change.
Photographic film			10 percent of manufacturers' price.	15 percent of manufacturers' price.	No change.
Pistols and revolvers	10 percent of manufacturers' price.	11 percent of manufacturers' price.	No change	No change	No change.
Playing cards	10 cents per package	11 cents per package	13 cents per package	No change	No change.
Radios	5 percent of manufacturers' price.	5½ percent of manufacturers' price.	10 percent of manufacturers' price.	No change	No change.[12]
Refrigerating equipment:					
Household refrigerators	5 percent of manufacturers' price.	5½ percent of manufacturers' price.	10 percent of manufacturers' price.	No change	No change.[13]
Commercial refrigerating equipment.			10 percent of manufacturers' price.	Repealed	
Air conditioning units			10 percent of manufacturers' price.	No change	No change.
Rubber articles			10 percent of manufacturers' price.	Repealed	
Sporting goods			10 percent of manufacturers' price.	No change	No change.
Sugar	Approximately ½ cent per pound.	No change	No change	No change	No change.
Telephone and telegraph:					
Domestic telegraph, cable and radio; leased wires.	5 percent of amount charged.[14]	No change	10 percent of amount charged.	15 percent of amount charged.	25 percent of amount charged.
International telegraph, cable and radio.	5 percent of amount charged.[14]	No change	10 percent of amount charged.	No change	No change.
Toll telephone	10 cents, 15 cents, 20 cents	No change	5 cents per 50 cents or fraction thereof if over 24 cents.	20 percent if charge is over 24 cents.	25 percent if charge is over 24 cents.
Local telephone			6 percent of amount charged.	10 percent of amount charged.	15 percent of amount charged.
Wire and equipment service	5 percent of amount charged.	No change	No change	No change	8 percent of amount charged.
Tires	2¼ cents per pound	2½ cents per pound	5 cents per pound	No change	No change.
Tubes	4 cents per pound	4½ cents per pound	9 cents per pound	No change	No change.
Tobacco:					
Cigarettes (small)	$3 per M	$3.25 per M	No change	$3.50 per M	No change.
Cigars (large)	$2–$13.50 per M	No change	No change	$2.50–$20 per M	No change.
Tobacco and snuff	18 cents per pound	No change	No change	No change	No change.

Footnotes at end of table.

TABLE I.—*Rates of principal excise taxes, 1939–51*—Continued

Item	Rates in effect Dec. 31, 1939	Revenue Act of 1940	Revenue Act of 1941	Revenue Act of 1942	Revenue Act of 1943 and subsequent acts [1]
Toilet preparations	10 percent of manufacturers' price.	11 percent of manufacturers' price.	10 percent of retail price.	No change.	20 percent of retail price.
Transportation:					
Persons			5 percent of amount paid.	10 percent of amount paid.	15 percent of amount paid. [15]
Property				3 percent of amount paid (coal 4 cents per short ton).	No change.
Transportation of oil by pipeline	4 percent of amount paid.	4½ percent of amount paid.	No change.	No change.	No change.
Washing machines (commercial)			10 percent of manufacturers' price.	Repealed.	

[1] Rates effective Jan. 1, 1951. Except where otherwise specified, these rates were imposed by the Revenue Act of 1943.

[2] Repealed by the Revenue Act of 1945.

[3] Rate raised to 30 percent by the Revenue Act of 1943 and reduced to 20 percent by the Public Debt Act of 1944.

[4] Lower rate for amusement devices, higher rate for gambling devices.

[5] Tax on gaming machines increased from $100 to $150 by the Revenue Act of 1950.

[6] For stock without par or face value: (*a*) if actual value is less than $100, 2 cents per $20 or fraction in 1939 and 3 cents in 1940; (*b*) if actual value is more than $100, 10 cents per $100 or fraction in 1939 and 11 cents in 1940.

[7] For stock without par or face value: 4 cents per share in 1939 and 5 cents in 1940. If selling price is $20 or over, whether with or without par or face value rate was 5 cents in 1939 and 6 cents in 1940.

[8] Vacuum cleaners exempted.

[9] The Revenue Act of 1947 provided that articles made of fur are taxable only if the value of the fur is more than 3 times the value of the next most valuable component.

[10] Watches retailing for not more than $65 and alarm clocks retailing for not more than $5 taxed at 10 percent. Silver-plated flatware exempted.

[11] Handbags, wallets, etc., added to tax base.

[12] Tax extended to television sets by the Revenue Act of 1950.

[13] Tax extended to household units for the quick freezing or frozen storage of foods by the Revenue Act of 1950.

[14] 10 cents per message for cable and radio messages.

[15] The Excise Tax Act of 1947 exempted payments for transportation, any part of which is outside the northern portion of the Western Hemisphere, except with respect to any part of such transportation which is from any port or station within the United States, Canada, or Mexico to any other port or station within the United States, Canada, or Mexico.

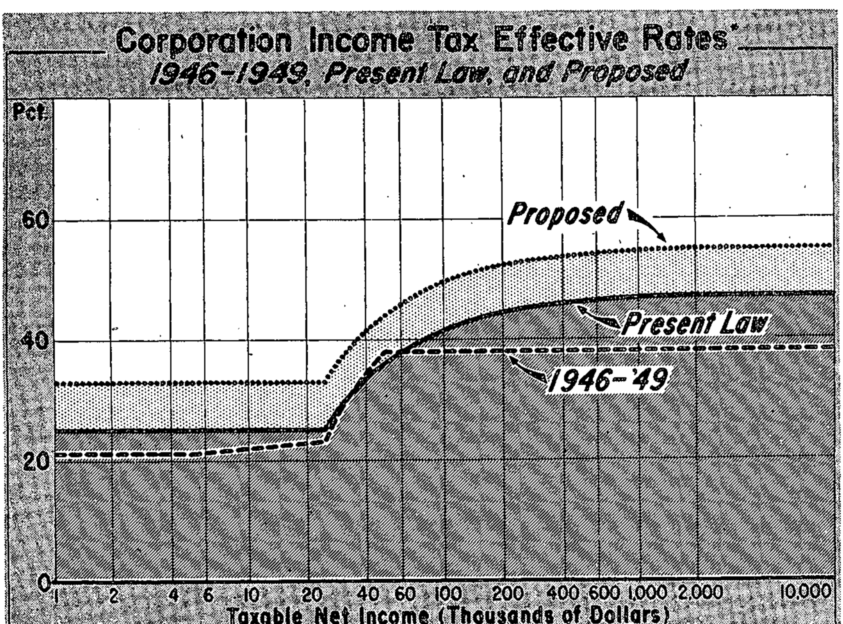
TABLE II.—*Amount and proportion of consumer expenditures directly subject to Federal excises, 1949*

[Dollar amounts in millions]

	Total	Amount subject to tax	Percent subject to tax
Consumer expenditures	$178,832	$40,609	22.7
Food and tobacco	62,890	13,086	20.8
Clothing, accessories, and jewelry	22,620	1,549	6.8
Personal care	2,200	565	25.7
Housing	17,203	0	0
Household operation	23,531	5,129	21.8
Medical care and death expenses	8,990	0	0
Personal business	7,447	49	.1
Transportation	19,373	14,930	77.1
Recreation	10,184	5,301	52.1
Private education and research	1,566	0	0
Religious and welfare activities	1,777	0	0
Foreign travel and remittances	1,051	0	0
Total expenditures for durable commodities	23,841	14,719	61.7
Total expenditures for nondurable commodities	98,541	18,306	18.6
Services	56,450	7,584	13.4

Source: Survey of Current Business, Department of Commerce, July 1950.

CHART A



*Does not include excess profits tax liability.

CHART B

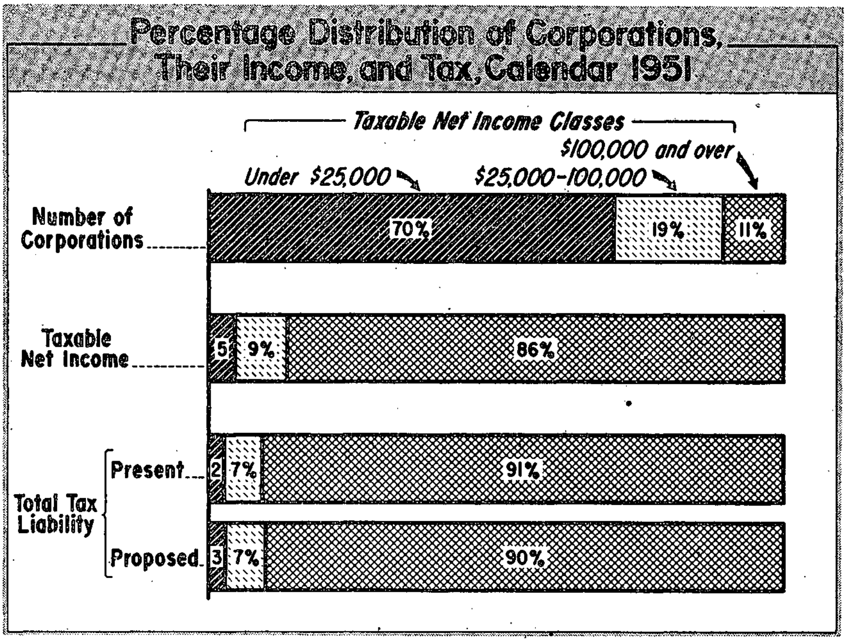
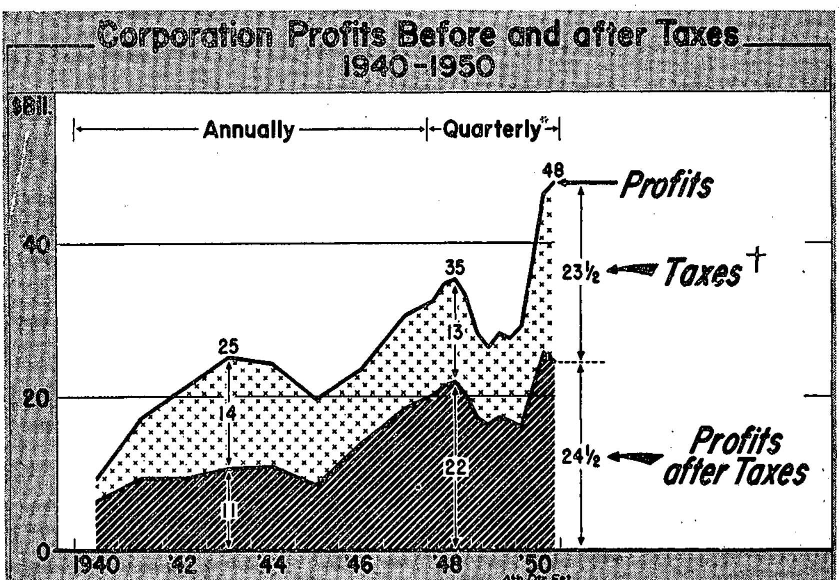


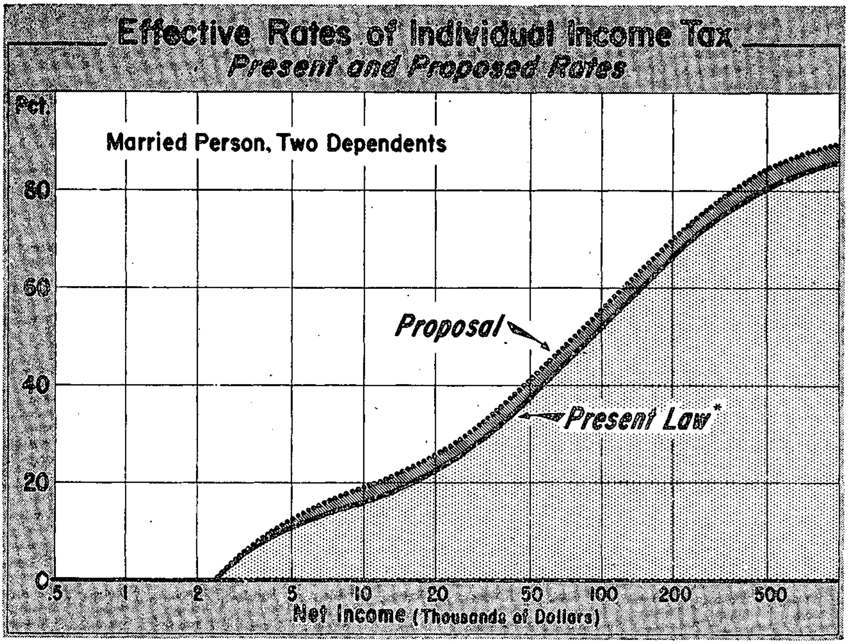
CHART C



*Annual rates seasonally adjusted.
†Federal and State corporation income and profits taxes.

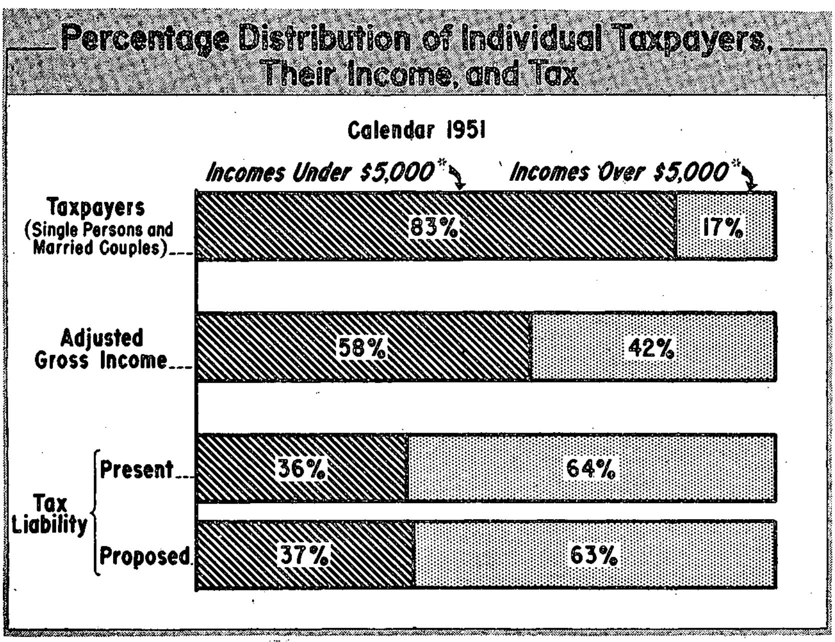
Source: Department of Commerce.

CHART D



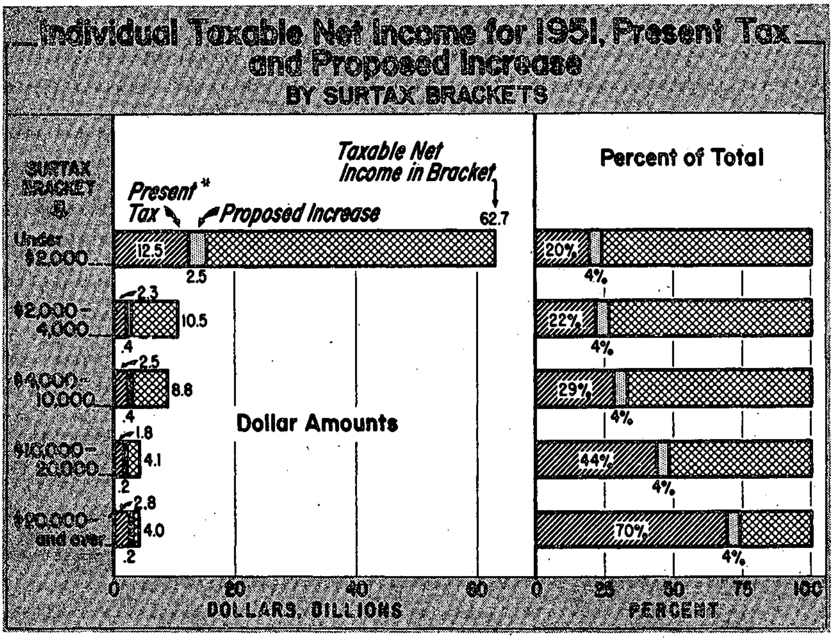
*Revenue Act of 1950 applicable to 1951 incomes.

CHART E



*Adjusted gross incomes.

CHART F



*Combined normal and surtax.

CHART G

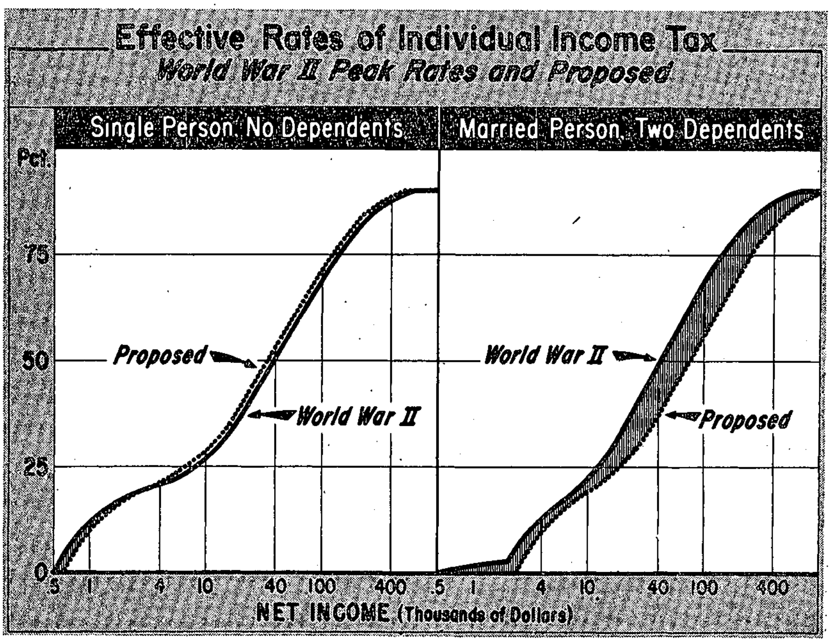


Exhibit 29.—Statement of Secretary of the Treasury Snyder before the House Ways and Means Committee, April 2, 1951, on the President's tax program

Mr. Chairman and members of the committee, I appreciate your giving me an opportunity at the conclusion of your public hearings to review the President's 1951 tax program in the light of recent developments.

The President's financial preparedness program, which I discussed with your committee on February 5, calls for a balanced budget policy. The objective of the President's program is to finance the Government's regular and emergency activities from current revenues, without adding to the public debt and with full support to economic stabilization. This requires that the Congress strengthen the revenue-producing capacity of the Federal tax system to keep pace with rising defense expenditures.

During the past 2 months your committee has taken a large volume of testimony which has brought out varying approaches to the problem of financing the defense program. In this testimony one fact stands out: The popular endorsement of the President's pay-as-we-go policy. The people of the country generally are convinced that this is the only sound course consistent with fortifying the Nation's defenses, increasing our productive capacity, and maintaining our economic health.

As I stated previously, I recognize that your committee has a difficult task. It is always difficult to anticipate the Government's financial needs and to take into account all of the considerations of national economic policy. In the present situation it is doubly difficult, because we are confronted with far-reaching economic adjustments.

The committee will recall that this outlook prompted the President to recommend a flexible tax program. He urged the Congress to proceed as rapidly as possible with the basic minimum portions of the revenue program and to defer action with respect to the remainder until further economic and budgetary developments could be observed and a variety of related problems resolved.

We have carefully reviewed the events of the past 2 months to determine their bearing on the requirements of the policy of paying for expenditures as we go. There are a number of developments, especially with respect to the estimated budget position for the current fiscal year, which are important to the committee's deliberations.

Internal-revenue collections associated with the filing of income-tax returns on March 15 indicate that the Government's revenues for this fiscal year will be about $2.7 billion higher than anticipated in the January budget.

The indicated increase in revenues is due primarily to higher receipts than expected from individual and corporate income taxes, which provide the largest part of total receipts. However, a significant part of the increase is attributable to greater-than-expected collections from excise taxes, especially liquor taxes and manufacturers' excises, caused by an unusual expansion of dealers' inventories as well as increased consumer buying partly in anticipation of prospective tax increases. In other words, part of the unanticipated revenue is the result of scare buying and rising prices which are reflected not only in higher living costs but in higher defense costs as well.

In addition to the usual problem of appraising the effects of recent tax legislation, revenue estimating is complicated by the basic changes now taking place in the economy. When the economy functions under strong pressure, when resources are being reallocated between civilian and military needs, and when the results of stabilization measures are not clear, important changes in tax collections may occur in relatively short periods.

It is currently estimated that actual expenditures during this fiscal year probably will be about $3 billion less than those projected in the budget. The reduction in expenditures this fiscal year is partly accounted for by savings in the civilian programs and partly by the fact that financial settlements on military deliveries have accelerated less than anticipated. Some of the civilian reductions are in programs such as those administered by the Veterans' Administration and the Commodity Credit Corporation, which are affected by changes in economic conditions. The degree to which veterans draw on readjustment benefits, for example, depends in part on employment opportunities. Funds required by the CCC fluctuate with farm prices and farm loan practices under the price-support program.

With respect to the timing of defense spending, I am advised by those charged with procurement activities that it is not possible at this date to predict how promptly the obligation of funds for defense contracts will be followed by actual expenditures. Moreover, contractors are revealing an ability to operate for relatively longer periods with their own financial resources and with less recourse to the Government for payments on account than was the case during World War II. In other words, military production and the preparation for it precede by many months actual financial demands on the Treasury.

The increased revenues and the lower rate of expenditures combine to bring about an estimated surplus of about $3 billion for this fiscal year compared with the anticipated deficit of $2.7 billion presented in the January budget. I cannot emphasize too strongly, however, that the current budget surplus is temporary and that we must guard against the unwarranted conclusion that it will be maintained in the future.

The extent to which recent revenue developments will carry over to raise fiscal year 1952 revenues is not yet clear. In the absence of unexpected developments, fiscal 1952 revenues are at present estimated to be about $3 billion higher than anticipated in the budget.

While the slower unfolding of the defense program may somewhat retard the rate of increase in expenditures, the total cost of the program is not thereby decreased and as a result of higher prices may actually be increased.

Let me say as emphatically as I know how that the fiscal problems facing us now are as grave as any which have confronted this country in recent years and can be resolved only by forceful and timely revenue legislation.

While the current fiscal situation is encouraging, this should not be allowed to postpone adequate financial preparedness. We must not fail to provide for the proper financing of our steadily increasing defense production.

What we should recognize is that we have most of the financial problems of a full-scale war without the emotional stimulation of a wartime emergency to impel us to take the necessary action. The lack of this stimulus must be compensated for by sober calculation for our future welfare. We shall be gravely misled if we view our problems and judge our needs in the light of day-to-day variations in reports from trouble spots throughout the world.

Since Korea, the increase in defense expenditures has been largely for the purpose of adding manpower to the Armed Forces. Expenditures will increasingly shift to payments for heavy equipment and facilities for additional output. Over three-fourths of the defense orders already placed are for costly fighting equipment and for facilities to expand its production. As has been made evident to the Armed Forces Committees of the Congress, the steadily mounting financial drain of defense orders will not reach its peak in Government expenditures for more than a year. Before that peak is reached, defense expenditures are expected to more than double.

The available information is not sufficient to permit a forecast of just what the deficit under present taxes will be month by month or precisely when the maximum level of expenditures will be reached. In his budget message the President emphasized that our expenditures for national security might be subject to substantial adjustments as the program advanced. This caution must be continued. It is possible, but by no means certain, that actual fiscal year 1952 expenditures may be less than estimated in January.

The Government agencies concerned assure me of three compelling facts: (1) That the reduction in 1951 defense expenditures below January budget projections is the result of changed timing of payments and not due to any reduction in the program to which our revenue planning must be geared; (2) that from now on the Government will be spending at a faster rate than it will be collecting unless its revenues are increased by additional tax legislation; and (3) that defense costs in fiscal 1952 will be far greater than those for 1951 and that they will not reach their peak before some time in fiscal year 1953. These growing expenditures will generate inflationary pressures which an adequate tax policy can help to restrain.

The tax legislation required now should provide for the needs that are unfolding. The full needs were not known on February 5 and they are not known today. The over-all requirements for additional taxes under the defense program can be determined only as time goes on. Our financial preparedness, however, must go forward and the tax legislation required now should not be postponed.

This committee is well aware of the emphasis I have placed on the financial strength of the Government during my period of service in the Treasury. A combination of circumstances has enabled the Government on net balance to have collected enough to cover its disbursements since the end of the war. Much is at stake in continuing this policy through the mobilization period. Timely and adequate taxation lies at the heart of the economic stabilization program.

Our present situation calls for foresight and determination of the kind demonstrated by your committee and the Congress last year in adopting two revenue measures in the months immediately following the Korean aggression.

The prudent course now is the prompt enactment of the tax-rate increases already recommended by the President. The increases in the corporation and individual income taxes and the excise taxes which I discussed with you on February 5 represent the basic changes in the tax structure that are now desirable.

In my previous statement I also discussed a number of structural improvements in the tax system which are desirable in the interest of equity and which would provide additional revenue. The committee may be ready to act on some of these, and I urge you to include in your revenue bill as many of these revisions as can be handled without unduly delaying the legislation.

The Treasury and Joint Committee staffs have been working continuously on these matters and will be prepared to present the results of their studies to the committee.

On the basis of an evaluation of all the information now at hand, it is my view that, barring a major change in the defense program, action on the second part of the revenue program can now be postponed until next January when we will have a firmer basis for determining defense costs.

I know, gentlemen, that you are in complete sympathy with my desire that our financial stability be protected. Your timely action last year is proof of this. My considered judgment can be stated briefly: Defense expenditures will increase so rapidly in the period ahead that the Treasury's present budgetary surplus will disappear quickly. While the exact course of defense spending cannot now be blueprinted, it is all too clear already that within the coming fiscal year we shall need at least the $10 billion minimum program recommended by the President. No one can know what lies ahead, and it would be most imprudent to delay the legislation required now for our financial preparedness.

Exhibit 30.—Statement of Secretary of the Treasury Snyder before the Senate Finance Committee, June 28, 1951, on H. R. 4473, a bill to provide revenue, and for other purposes

I am glad to have an opportunity to discuss with you the revenue needs of the Federal Government in connection with your consideration of the tax bill H. R. 4473, which passed the House on June 22.

This committee has fundamental responsibilities with respect to the financial affairs of the Government, and I feel that it is my duty to keep the members of the committee informed on current fiscal developments and the future prospects of the Nation's finances.

I am here to join you in the difficult task of development of the necessary measures for the preservation of our Government's credit. I know you realize that this problem must be faced squarely. In order to assist you, I want to provide as clear a picture as possible of the measures required to support the Government's fiscal operations during this national emergency and the reasons why these measures are necessary.

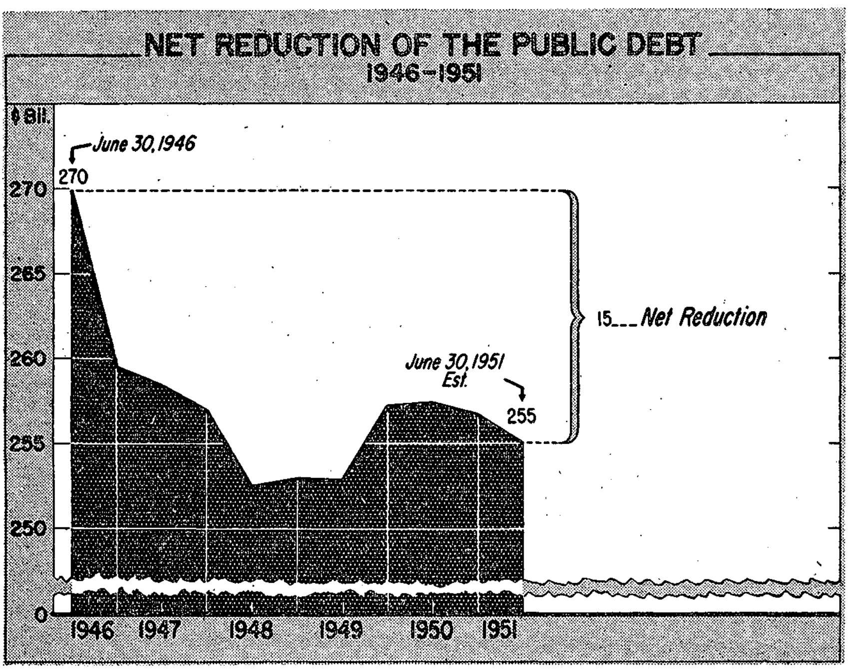
As you know, I appeared before the House Committee on Ways and Means twice during the hearings on the current tax bill. On both of those occasions I stressed the vital importance of financing the defense effort on a sound basis. You may recall that I also discussed this matter with you when you were considering increased taxation after the start of the Korean aggression.

It is my firm conviction that a soundly financed defense program must be based on a pay-as-we-go policy. As the President said when he presented his tax program to the Congress:

> A balanced budget now is just as important a mobilization measure as larger Armed Forces, allocations of basic materials, and controls over prices and wages.

The present fiscal year, closing on June 30, is expected to end with a budget surplus of over $3 billion. This should be particularly gratifying to the members of this committee, since you initiated the unusual legislative step which converted a tax-reduction bill into a substantial revenue producer to meet the crisis created by the aggression in Korea. This fiscal year's surplus has enabled us to make some further reduction in the public debt. As can be seen by reference to chart A, the Federal debt now stands at $255 billion compared with $270 billion in June 1946, when I became the Secretary of the Treasury.

CHART A



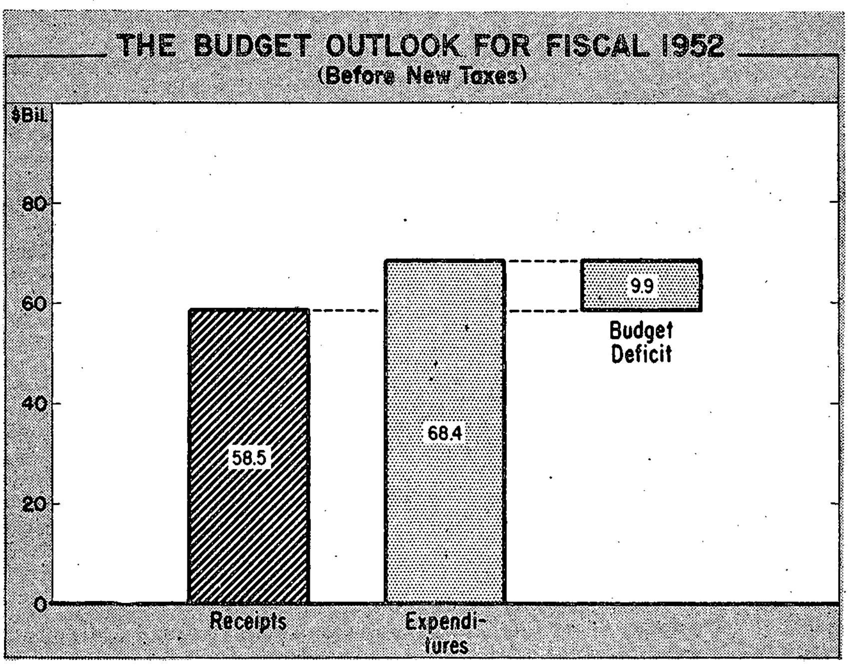
This debt reduction was in part accomplished by using funds from the large cash balance which remained at the end of the war-finance period. However, about half of the debt reduction is the result of the surplus of receipts over expenditures during the past 5 years.

The American people can justly take some satisfaction in this record. However, this past achievement affords little comfort for the future. The facts underlying the defense program make it very clear that we shall need substantial amounts of additional revenue to pay for it.

Last September, you may recall, the President indicated that defense spending would double by June 1951, reaching a rate of at least $30 billion a year. This has happened, and expenditures for national security are continuing to rise.

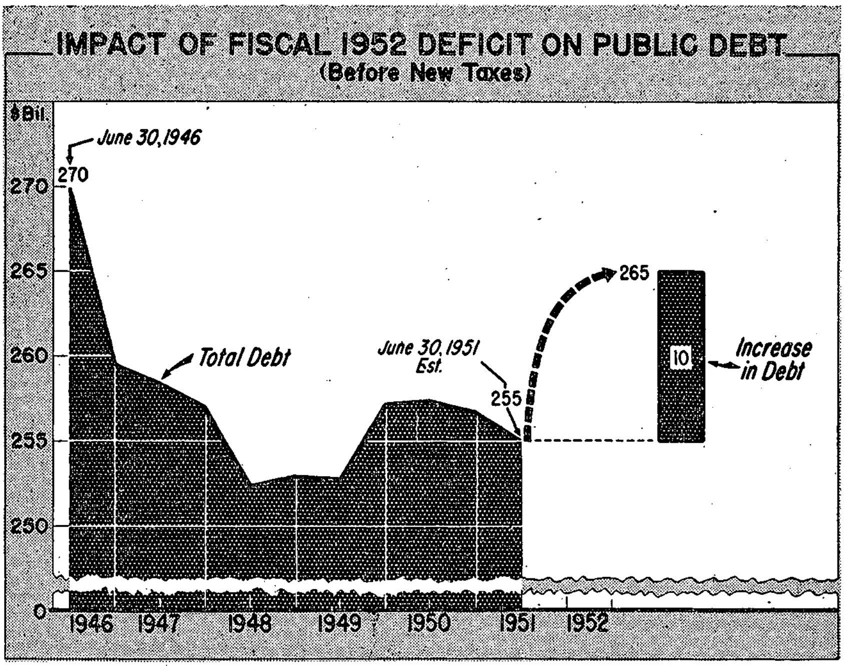
The outlook for fiscal year 1952 indicates that total expenditures will be less than the $71.6 billion estimate of last January. At the present time the best judgment is that the total will be $68.4 billion. As is shown in chart B, the revenues from present taxes will fall short

CHART B



of this by about $10 billion. The point that needs emphasis is that, without new tax increases, two-thirds of the debt reduction effected in the past 5 years would be wiped out by the end of the next fiscal year and the national debt correspondingly increased. This is shown by chart C.

CHART C



In the 5 months since the President first recommended additional tax legislation, defense expenditures have increased rapidly. Government expenditures are already exceeding tax revenues. The fact is that right now—during the last quarter of this current fiscal year—the Government is running a deficit of over $1 billion for the quarter. This means that the cash balance is being drawn down and it will be necessary next month to start a new money-borrowing program.

Over the next 6 months the Government will have to borrow several billion dollars. The extent to which there will be a deficit for the fiscal year 1952 as a whole and a permanent increase in the public debt will depend upon the amount and timing of the tax legislation which your committee is now considering. The earlier this bill is enacted the more nearly will it provide the necessary revenues needed to match our expenditures. We cannot afford to get behind, for this would only make the problem of restoring a budget balance later much more difficult.

The prospect of a deficit for 1952 should give us particular concern, since we know that in the following fiscal year, that is, 1953, our expenditures for defense will be much higher. Military expenditures will necessarily continue to rise for some time under the present program.

I would be lacking in candor if I did not convey to you my grave concern about the serious implications of an inadequately financed defense program. Courage and wisdom will be required to take the steps necessary to fortify our Government's finances for the strains which lie ahead.

The present state of emergency imposes great demands upon all of us. As I have stated on so many occasions, ours is a peace-loving Nation; but, to keep the peace, we must be strong. We must have the weapons and all of the other materials necessary to defend ourselves successfully against the present or any future Communist aggressors.

Our productive capacity must be capable of meeting all of the needs of a powerful Defense Establishment while at the same time supplying the essential requirements of the civilian economy. To this end it is urgent to mobilize not only the material and manpower resources of the Nation but also our financial resources.

In some respects mobilization of financial resources is even more difficult than the mobilization of material resources. Adequate financial support of the defense program requires that individuals accept heavier tax burdens, save more, and generally place the community's needs above their own immediate interests. Each of us must be made fully aware of his necessary contribution and encouraged to participate fully in the responsibilities the country has assumed.

When our country's existence is challenged, it habitually responds with a demonstration of tremendous productive power. We as a people have come to take it for granted that the economy will surpass all production records. We pride ourselves on this economic strength, to the point, perhaps, of expecting too much of it—expecting it to solve all our preparedness problems.

We must be mindful that the fiscal policies of the Government can make an effective contribution toward keeping the economy in a sound and healthy condition when this strain on our resources is intensified. Production will thrive only in economic stability, and that requires a sound financial policy.

Under present prospects we shall need to remain in military readiness for some time. Throughout this effort the economy will have to be kept in balance to provide both civilian and defense production. If an expanding military conflict is forced upon us, a basically balanced economy will be one of the strongest weapons in our arsenal.

The first year of the defense program, which is about to close, has been devoted largely to tooling up for military production. The economic pressures which developed during this period were due less to actual Government expenditures than to business expansion stimulated by prospective military production and by the unusual consumer demand for products that might become scarce.

This preliminary activity brought about a tightening of the economy. Since Korea the Federal Reserve index of production has risen from 199 to 223; civilian employment has risen by more than a million, despite the growth of our Armed Forces; and average hours of work have increased. Unemployment has been reduced to 1.6 million, the lowest figure since October 1945.

The expansion in production accompanied by higher prices has resulted in large increases in income. Total personal income is now close to $245 billion, or 13 percent higher than last June. Corporate profits before taxes are at an all-time high.

This economic growth provides the basis for increased military production. The next phase will be marked by heavy delivery of goods to the military services. It will call for Government expenditures substantially above the present level. In the period we are now entering, sound fiscal management will be critically important. In its absence, increasing governmental deficits will develop an explosive inflationary potential.

The Government's current defense expenditures taken alone fall short of indicating the problem we face. As you know, one of the major elements in the present defense program is the construction of basic industrial capacity to place the economy in a state of readiness for greater production of military equipment in case it is required.

In World War II, when the Government itself built many defense plants, the cost was reflected in direct Government expenditures. The basic facilities for the present defense program, however, are being built almost entirely through the effort of private industry, aided by special tax amortization and direct financial assistance from the Government. This important expansion must be considered in conjunction with the Government's defense expenditures because it draws on scarce supplies and labor required for military production.

It is true that we are now experiencing a lull. However, we must not conclude from the developments of recent months that the inflationary dangers have passed. This is far from the truth.

The recent resistance to the upward sweep in prices could end within a short time. Consumer markets are now well stocked due to a large extent to overbuying stimulated by the expectation that shortages of the type experienced during the last war would recur. It is due also to the failure of both consumers and merchandisers in the early days after the invasion of the Republic of Korea to recognize the potential production of our industries. The overbought situation, however, may take only a short time to correct itself.

We should be gratified for this breathing spell in the development of inflationary pressures. The real question now is whether we will be able to meet the new and greater pressure just ahead. The increased restrictions on civilian use of scarce materials already announced foreshadow what is to come. These restrictions will reduce production of consumer durable goods in the very areas which are now overstocked. They will have their counterpart in the expanded output of planes, tanks, electronic equipment, and other military goods. The increased incomes resulting from higher military production will be competing for a limited volume of goods available to civilians.

The evils of inflation extend far beyond the immediately visible economic consequences, but these alone are sufficiently alarming. We have already seen how inflation increases defense costs. Moreover, the uneven effect of inflation makes the task of devising equitable tax measures much more difficult. The less inflation is permitted to take hold, the more tolerable are tax increases and the more equitable the distribution of the burden of defense.

These are the considerations we must keep before us in appraising the adequacy of tax legislation. I am sure that you share my feeling of responsibility for seeing that we not only produce the necessary equipment to give us military strength, but also zealously guard the financial stability which is indispensable to maximum production.

While I want to place the utmost emphasis upon an adequate tax policy, it is not my intention to suggest that taxation alone will do the whole stabilization job. We must use all the tools which can be helpful in counteracting the forces stimulated by military expenditures. These include price, wage, rent, and credit controls as well as priorities and allocations under the stabilization program.

High on the list of essentials is increased savings. Incomes, even after new taxes, will continue high. The liquid assets of both individuals and corporations are at record levels. It is clear that greatly increased savings are required if we are to succeed in keeping available funds from exercising their full force on the price level. The savings-bond program is being further developed to play its part in this job.

Unnecessary and postponable Federal expenditures must be avoided. We should also seek the cooperation of the State and local governments, as was done during the last war. The fiscal policies of these governments can give effective support to the Federal Government's programs.

The President has recently told the people of this country that the full force of inflationary pressure is still to come. In order to be forearmed, we must take adequate and timely tax action.

PROVISIONS OF THE HOUSE BILL

I turn now to a discussion of the principal provisions of the House bill.

The tax increases in the House bill aggregate $7.4 billion, or roughly $3 billion less than the $10-billion tax legislation goal set by the President for the year. The bill also includes revenue-losing provisions which total about $550 million. The net yield of the bill is about $7 billion.

The principal differences in revenue yield between the House bill and revised estimates under the present program presented to the Committee on Ways and Means on April 2, are indicated in the following tabulation:

Annual yield of House bill and Treasury proposals

[In millions of dollars]

	House bill	Treasury proposals	Difference
Revenue-raising provisions:			
Individual income tax	$2,895	$3,800	−$905
Corporation taxes	2,700	3,230	−530
Capital gains	80	440	−360
Excise taxes	990	3,250	−2,260
Wagering tax	300		+300
Miscellaneous	410		+410
Total	7,375	10,720	−3,345
Revenue-losing provisions	−545		−545
Net yield	6,830	10,720	−3,890

NOTE.—Details are shown in table I.

The revenue yield of this bill should be increased and its contribution to fiscal year 1952 collections be maximized by speedy enactment. The increases in the House bill required to meet the President's program can be obtained from two general areas, selective excises and the individual income tax.

EXCISE TAXES

As already indicated, the President recommended raising $3 billion additional revenue from selected excise taxes, while the House bill would raise about $1 billion from this source.

The bill would add about $290 million revenue from excise taxes on durable goods compared with proposals aggregating $1.3 billion. It would increase liquor taxes to yield $230 million additional revenue compared with about $670 million proposed under the President's program. The increase in gasoline tax would raise $200 million instead of $600 million. About $175 million in revenue would be secured from increasing the tax on cigarettes while the proposed rates would produce about $520 million. (The excise tax yields under present law and the increases under the provisions of the House bill and under the President's program are shown in tables II–IV.)

In developing the excise tax proposals made to the Committee on Ways and Means, the Treasury carefully reviewed all existing excise taxes and also examined a large number of possible new sources of excise tax revenue. No new excise taxes were proposed because all those considered would have resulted in substantial additions to administrative and compliance costs, or would involve technical problems which would have interfered with equitable taxation.

The House bill generally follows the Treasury proposals as to the sources of additional excise revenue but does not raise the rates as much as proposed. Additional revenue could be obtained, particularly from the liquor and tobacco taxes and a number of consumer durable goods.

Liquor and tobacco taxes have long been a basic source of Federal excise revenue. The increases made in these taxes under the House bill are generally less than half of those proposed. Further increases in these taxes will be helpful in relieving the load to be carried by other components of the tax system.

The present taxes on most consumer durable goods are comparatively low in relation to the level of other excise taxes, particularly in light of pressing revenue demands. For example, the present excise taxes on such articles as television, radio, and a number of electrical appliances amount to only about 6 percent of the retail price compared with 17 percent for such items as admissions, toilet preparations, luggage, and other articles (table V). In view of the special circumstances of the defense program, which require reduced production of consumer durable goods, the increases in these taxes can be considered an especially appropriate source for emergency revenue.

INDIVIDUAL INCOME TAX

The action taken by the Congress on the proposed excise tax increases will have a bearing on how much will need to be raised from the individual income tax. To the extent that excise tax increases fall short of the additional revenue from this source recommended by the President, I would urge that the difference be made up from higher individual income taxes.

The individual income tax increase under the House bill would raise $2.9 billion on an annual basis (table VI).

The individual income tax should continue to provide our principal source of revenue. Even after the increased taxes recommended by the President, consumers' disposable incomes would be large in relation to the goods and services which will be available for consumption when the defense production rolls into high gear.

There are certain problems which I believe the members of the committee will want to keep in mind in considering increases in individual income taxes. One of the problems concerns the manner in which the individual income tax increases are distributed among the several income groups.

The Treasury proposed a flat 4-percentage-point increase in all rate brackets. The House bill, on the other hand, adds 12½ percent to the tax liability under present law, except in the highest income brackets. The total yield of the House increase is equivalent in revenue yield to a 3-percentage-point addition to all of the rates throughout the income scale. However, as shown in table VIII, the method employed in the House bill would raise relatively more from incomes above $15,000 and relatively less from incomes below $15,000 than a flat 3-percentage-point increase in all rates. The burden of a given amount of additional revenue can be distributed in different ways, depending upon the considerations the Congress desires to emphasize. For example, a 1-percentage-point increase in addition to the increase provided in the House bill would achieve the President's revenue goal from this tax.

The 12½ percent increase in tax liability has necessarily required special treatment in the upper part of the rate schedule. The highest individual income-tax rate, which is now 91 percent, is set at 94.5 percent under the House bill. However, the highest rate in the tax schedule is reached at $80,000 and applies to all income above this amount instead of the $200,000 level under present law. These levels are twice as high for married couples filing joint returns.

The House bill adopts the maximum effective rate limitation of 90 percent proposed by the Treasury. (The rate schedules and liabilities at selected net income levels under present law, the House bill and Treasury proposals are given in tables VII–XII.)

In making changes in the individual income taxes, consideration also needs to be given to the alternative rate on long-term capital gains. The House bill provides for increasing the liability under the present 25-percent rate by 12½ percent. This raises the alternative rate to 28.1 percent, and gives partial recognition to the need for strengthening the capital gains tax and for adjusting the alternative rate when individual income tax rates are increased.

When the individual income tax rates were raised by the Revenue Act of 1950, no change was made in the alternative capital gains rate. However, taxpayers in the lower income brackets not affected by the alternative rate, who include half of their long-term gains in ordinary income have had to pay increased taxes on their long-term capital gains. The 24-percent first bracket rate which would result from the

4-percentage-point increase proposed by the Treasury would represent nearly a 50-percent increase in the first bracket rate in effect prior to the Revenue Act of 1950. Accordingly, the Treasury proposed to the Committee on Ways and Means a corresponding revision in the alternative capital gains rate to increase it from 25 to 37½ percent.

The higher capital gains tax rate would reduce the present large discrepancy in the upper brackets between the alternative tax and the regular income tax. This discrepancy has resulted in increasing use of methods to convert ordinary income into capital gains. Moreover, it has stimulated efforts to obtain legislation broadening the area of capital gains.

In addition to increasing the alternative tax rate, the present unduly short holding period of 6 months should be lengthened to 1 year. The present holding period leaves little distinction between gains which accrue to investors as distinguished from speculative type of gains.

These suggested changes in the capital gains tax would raise about $440 million from corporations and individuals, compared with an estimated $80 million from the rate increase in the House bill.

CORPORATION TAXES

Last year the Congress raised the general corporate rate to 42 percent for 1950 incomes and to 47 percent for 1951. The Excess Profits Tax Act imposed a tax of 15 percent on 1950 excess profits income, or a rate of 30 percent for one-half of the year. Corporations with less than $25,000 of net income were exempt from the excess profits tax and subjected to smaller rate increases under the corporation income tax.

The present House bill establishes a general corporate rate on 1951 incomes of 52 percent. This represents a 5-percentage-point increase over present law. Since the increase is entirely in the normal tax, the tax rate applicable to the first $25,000 of corporation income is increased from 25 to 30 percent under the bill. In addition, the House bill reduces the earnings credit under the excess profits tax from 85 to 75 percent of the base period average and raises the maximum rate limitation from 62 to 70 percent.

Corporation taxes must necessarily play an important part in financing the defense program. As a result of defense preparations, business profits have experienced the sharpest rise of any type of income. This was recognized by the Congress when it enacted the excess profits tax.

The adequacy of corporation taxes cannot be measured by comparing changes in tax rates alone because of changes in the rate structure in recent years. More important, however, is the large change which has taken place in the level of corporate profits. During the 3-year period, 1948–50, corporate profits before taxes rose to an all-time high, averaging $34 billion a year. The upward trend of corporate profits continued into 1951. It is now estimated that corporation profits before taxes this year will reach $45 billion and exceed the 1950 record by about $4 billion (table XIII).

The House bill would raise from corporations substantially the amount recommended by the President. (Corporate income and excess-profits-tax liabilities under the House bill and the Treasury proposals are compared in tables XIV–XVI.) Part of the additional revenue in the House bill would be obtained from reducing the earnings credit of the excess-profits tax from 85 to 75 percent of the base-period average and raising the maximum effective-rate limitation to 70 percent. The reduced base-period credit conforms to the Treasury proposal made last year. As the President has previously pointed out, however, there are several areas in the excess-profits-tax law which will need attention when the 1950 tax returns become available for examination and the operation of the present law can be scrutinized.

OTHER PROVISIONS IN THE BILL

Last year the Congress adopted some important structural improvements in the tax law. However, as indicated by the President in his special tax message this year, a number of important loophole areas remain.

The House bill has made some further progress and incorporated several important provisions in the pending bill. I want to repeat the recommendation made to the House Committee on Ways and Means that this effort be carried forward to the extent consistent with the prompt enactment of this legislation.

There may be some disposition to postpone the closing of loopholes under the existing high tax rates, because it would be easier to adjust to doing without preferential status when tax rates are lower. That is doubtless true. However, increasing tax rates strengthen rather than weaken the case for closing loopholes, because inequities are automatically less tolerable when the taxpaying public generally is asked to bear especially high taxes. Higher tax rates increase the tax-saving value of loopholes and make it more difficult to deal with the problem in the future. Surely, the public's defense-tax burdens will be heavy enough without adding to them the equivalent of increased subsidies for those escaping their share of taxes.

The yield of the House bill would be almost $550 million larger if it were not for the revenue-reduction provisions it contains. In considering these provisions, it is important to weigh carefully their effects on the equity of the tax structure as well as the yield of the bill. Some of the provisions—such as the additional percentage depletion allowances, the application of low capital-gains rates to coal royalties, and the validation of family partnerships for tax purposes—open more widely the very loopholes which the administration has long been striving to have closed. Certainly, the adoption of such provisions would not contribute to the willingness of our people to bear necessarily high taxes. I, therefore, strongly urge you to hold the line against such provisions.

On a different plane are the provisions which concern themselves with bringing about greater equity among existing taxpayers. The principal difficulty raised by these provisions is the pressing need for revenue. As you know, I have long recognized the desirability of removing inequities in the tax laws as rapidly as revenue conditions permitted. I, therefore, appreciate the problem you face in deciding whether these changes should be adopted now. In view of our large revenue needs and the task ahead of us next year, you may wish to continue the general policy adopted in the Revenue Act of 1950 of deferring revenue-losing legislation, unless the case for it is compelling on ground of equity.

The House bill provides for withholding of individual income tax on dividends, limited types of interest payments, and royalties. This provision will greatly improve the enforcement of the tax laws in these areas. It is estimated that this provision will increase revenues by about $250 million annually.

The withholding provision incorporated in the House bill is much more practical than the method considered by your committee last year and is designed to meet the principal objections raised at that time. I realize that the application of withholding encounters more difficult considerations in some areas than in others.

I have not previously made reference to the special tax on wagering included in the bill, since the considerations underlying this tax fall largely outside of the revenue field. The yield of the tax has been variously estimated and would depend to a high degree upon manpower and other resources devoted to its enforcement. The administrative staff will be available to lay before you the considerations involved in such a tax and its implication with respect to the present program of tax investigation in the area of crime.

TIMING OF THE LEGISLATION

As I indicated in the earlier part of this statement, we shall shortly have to undertake a substantial volume of new financing, the amount of which will depend in part on the contribution this revenue bill makes to fiscal year 1952 collections. For this reason the completion date of this legislation and the effective dates provided for the several tax increases are vitally important. The early passage of this legislation is particularly important in the case of the excise and individual income-tax increases since these increases take effect after the passage of the bill.

The House bill provides for the individual income-tax increases to take effect September 1, 1951. This would permit one-third of the rate increase to apply to this year's income. An earlier effective date would be desirable. However, since a large majority of individuals pay their income taxes through withholding, an increase in these taxes is dependent upon the increase in the withholding rate. A September 1 effective date would enable us to collect about two-thirds of the increased annual yield of the individual income tax in the fiscal year 1952. About 10 percent of this would be lost for each month's delay beyond that date.

Similar considerations apply to excise taxes. Since these taxes can be increased only prospectively, and since at least part of the month after the passage of legislation is required to put the increased rates into effect, the contributions of these taxes to fiscal 1952 revenues are reduced by any delay in the passage of the legislation.

It is essential that the January 1, 1951, effective date for the corporate tax increases provided in the House bill be retained. Last year, as a result of special circumstances, the Congress departed from the long-established practice of applying corporation tax increases to the full calendar year.

The preservation of the principle of applying corporation tax increases for the full year has an important bearing on the fiscal position of the Government. Under the present quarterly system of corporate tax payment, even with the speed-up in payments adopted last year, less than two-thirds of the corporate tax increases will be collected during the coming fiscal year. On the basis of the House bill this would amount to $1.6 billion, leaving $1.2 billion to be collected after fiscal year 1952.

Since any lag in the effective date for the corporate tax increases would weaken the Treasury's position for the next two fiscal years, I strongly urge you to adhere to a January 1, 1951, effective date. As you know, corporations have been on notice since early this year of the contemplated tax increases.

When I discussed the President's program with the Committee on Ways and Means on April 2, I proposed effective dates for the several components of the $10 billion program which would have produced over $8 billion in the fiscal year 1952. In its present form the House bill will add only about $4½ billion to the next fiscal year's collection.

There is no escaping the conclusion that we will not be able to stay within reach of a pay-as-we-go policy unless the yield of this bill is raised and the legislation is completed quickly so that the increased taxes can be made effective as early as possible.

I want to say in conclusion that I am mindful, as I hope the people are, of the burden placed on each member of this committee by the need for completing this legislation promptly. Circumstances beyond our control leave no alternative.

The two revenue measures developed by your committee and the Committee on Ways and Means last year were major accomplishments. They demonstrated to our people that they can have a defense program and pay for it as it develops. However, the problem in your hands now is even greater. I am hopeful that in view of the size and gravity of that problem, your Committee will be able to proceed with the necessary revenue legislation promptly. This will enable our country to go forward with the production part of our vast defense effort, in the knowledge that it will be fully supported by adequate financial measures.

TABLE I.—*Estimated revenue effect of House bill (H. R. 4473)*

[Figures are rounded and will not necessarily add to totals]

	Estimated increase, or decrease (—)	
	Full year effect [1]	Fiscal year 1952 effect [2]
	Millions	*Millions*
Revenue raising provisions:		
Individual income tax	$2,893	$1,950
Corporation taxes	2,699	1,549
Capital gains	79	25
Excise taxes	989	834
Wagering tax [3]	300	50
Miscellaneous:		
Withholding on dividends, interest and royalties	253	280
Continuation of stop-gap legislation for life insurance companies	58	41
Multiple surtax exemptions and minimum excess profits credits	70	42
Eliminate two for one offset of short-term capital losses against long-term capital gains	25	
Other [4]	5	5
Total	7,371	4,775
Revenue losing provisions:		
Capitalization of preproduction development costs	—20	
Percentage depletion	—59	—38
Deferment of capital gains tax on sale of personal residences	—113	—104
Sales of livestock	—15	—15
Family partnerships	—100	—100
Treat coal royalties as capital gains	—10	—6
Head of household	—45	—5
Excise-tax reductions:		
Repeal of electrical energy tax	—103	—71
Increase in drawback on distilled spirits	—17	—15
Photographic apparatus: Reduce 25-percent rate on photographic apparatus to 20 percent; increase 15-percent rate on film to 20 percent; exempt from tax business cost items	—22	—14
Admissions: Exempt certain nonprofit organizations; tax actual admission charge only	—23	—15
Other excise-tax reductions [5]	—18	—12
Total	—545	—395
Net yield	6,826	4,379

[1] Income-tax estimates are based on calendar year 1951 levels of income; excise-tax estimates are based on fiscal year 1952 levels of income.

[2] Effective date is assumed to be Sept. 1, 1951, for excise-tax changes with minor exceptions.

[3] In view of the unusual and unforeseeable problems presented in enforcing this tax, the estimate will vary widely depending on the assumptions made.

[4] Includes the following provisions: (1) Require dealers in securities to distinguish between investment securities and resale securities; (2) include corporations organized to convert inventory profits into capital gains in the definition of collapsible corporations; (3) exclude depreciable assets sold by owners of closely held corporations to the corporation from capital asset definition; (4) include U. S. Government bonds in taxable estate of nonresident alien individuals not engaged in business in the United States.

[5] Includes the following provisions: (1) Exemption from tax of tires and tubes under 20 inches in diameter used on lawn mowers, toys, etc.; (2) net effect of increase in tax from 10 percent to 15 percent and exemption from tax base of sporting goods primarily used in schools and by youth; (3) exemption from tax on toilet preparations of baby oil, powders and lotions, and preparations used in barber shops and beauty parlors; (4) reduction of tax on domestic telegraph, cable and radio services from 25 percent to 20 percent; (5) exemption from cabaret tax of food and drink served in ballrooms.

TABLE II.—*Estimated excise tax revenues classified by size of yield at present rates, fiscal year 1952*

Size of yield	Estimated revenues [1]	Percent of total
	Millions	
Over $1 billion	$2,925	34.9
Distilled spirits	1,565	18.7
Cigarettes	1,360	16.2
$500 million to $1 billion	1,295	15.5
Fermented malt liquors	670	8.0
Gasoline	625	7.5
$300 to $500 million	1,900	22.7
Transportation of property	420	5.0
Passenger automobiles	415	5.0
Long-distance telephone	390	4.7
Admissions, exclusive of cabarets	350	4.2
Local telephone service	325	3.9
$100 to $300 million	1,176	14.0
Transportation of persons	230	2.7
Jewelry	222	2.6
Tires and inner tubes	175	2.1
Toilet preparations	121	1.4
Automobile trucks	115	1.4
Lubricating oils	110	1.3
Electrical energy	103	1.2
Radio, television, phonographs, phonograph records, and musical instruments	100	1.2
Under $100 million	1,084	12.9
Total	8,380	100.0

[1] April revisions of 1952 budget estimates.

Note: Percentages are rounded and will not necessarily add to totals.

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TABLE III.—*Changes in excise tax rates and estimated increases in revenue under the House bill (H. R. 4473)*

Item	Tax base	Present rate	Rate under House bill	Estimated revenue [1]	
				Present law	Increase under House bill
				Millions	*Millions*
I. Alcoholic beverages:					
Distilled spirits	Proof gallon	$9	$10.50	$1,565.0	$155.6
Draw-back when used in medicines and food products	do	$6	$9.50		−17.0
Beer	Barrel	$8	$9	670.0	74.3
Still wines	Gallon	15 cents, 60 cents, $2	17 cents, 67 cents, $2.25	80.0	8.5
Sparkling wines	Half pint	10 cents, 15 cents	12 cents, 17 cents		
Retail dealers in liquor	Annual fee	$27.50	$50	10.0	8.0
Wholesale dealers in liquor	do	$110	$200		
Wholesale dealers in malt liquors	do	$55	$100		
Total, alcoholic beverages				2,325.0	229.4
II. Tobacco: Cigarettes	Thousand	$3.50	$4	1,360.0	176.7
III. Manufacturers' excises:					
Gasoline	Gallon	1½ cents	2 cents	625.0	203.8
Automobiles	Manufacturers' price	7 percent	10 percent [2]	415.0	174.2
Auto parts and accessories	do	5 percent	8 percent [3]	95.0	56.0
Trucks and busses	do	do	do	115.0	69.0
Tires and tubes	Pound	5 cents and 9 cents	No change [4]	175.0	−1.0
Electric, gas, and oil appliances	Manufacturers' price	10 percent	do. [5]	75.0	17.9
Electrical energy	Charge	3⅓ percent	Repealed	103.0	−103.0
Fountain pens and pencils	Manufacturers' price	No tax [6]	20 percent [6]	0	17.6
Radios and television sets	do	10 percent	No change [7]	83.0	Negligible
Photographic apparatus and film	do	25 and 15 percent	20 percent [8]	38.0	−22.0
Sporting goods	do	10 percent	15 percent [9]	[10] 11.5	[10] −1.3
Total, manufacturers' excises				1,735.5	411.2
IV. Retailers' excises:					
Jewelry	Retail price	20 percent	No change [11]	222.0	2.0
Diesel oil used for highway transportation	Gallon	No tax	2 cents	0	11.5
Toilet preparations	Retail price	20 percent	No change [12]	121.0	−6.5
Total, retailers' excises				343.0	7.0

Footnotes at end of table.

TABLE III.—*Changes in excise tax rates and estimated increases in revenue under the House bill (H. R. 4473)*—Continued

Item	Tax base	Present rate	Rate under House bill	Estimated revenue [1]	
				Present law	Increase under House bill
V. Services:				*Millions*	*Millions*
Admissions	Charge	1 cent per 5 cents or major fraction.	No change [13]	350.0	−23.2
Cabarets	do	20 percent	do. [14]	40.0	−1.0
Coin-operated gaming devices	Annual charge per machine.	$150	$250	15.6	10.4
Bowling and billiards	Annual charge per table or alley.	$20	$25	3.5	.9
Transportation of property	Charge	3 percent	No change [15]	420.0	3.0
Transportation of persons	do	15 percent	do. [16]	230.0	Negligible
Domestic telegraph, cable and radio messages	do	25 percent	20 percent	42.5	−8.3
Total, excises on services				1,101.6	−18.2
VI. Excises for which no change was made				1,514.9	0
Subtotal				8,380.0	806.1
VII. Wagering:					
Wagers (except parimutuel)	Amount wagered	No tax	10 percent	0	[17] 300.0
Persons taking wagers for profit	Annual fee	do	$50		
Grand total				8,380.0	1,106.1

[1] Full year effect at estimated fiscal 1952 levels of income.
[2] Tax on house trailers retained at 7 percent of manufacturers' price.
[3] Credit or refund of tax granted for certain replacement parts if sold for use on farm equipment and tractors. Excludes from tax the fair market value of parts traded in for rebuilt parts.
[4] Exempts tires with internal wire fasteners and all-rubber tires if not more than 20 inches in diameter and 1¾ inches in cross section.
[5] Includes the following household types of appliances: power lawn mowers, electric or gas clothes driers, and electric belt-driven fans, door chimes, dehumidifiers, dishwashers, floor polishers and waxers, food choppers and grinders, hedge trimmers, ice cream freezers, mangles, motion picture and slide projectors, pants pressers, and shavers. Exempts heating pads and includes electric sheets and spreads.
[6] Pens and pencils ornamented with precious metals are currently subject to the 20 percent retail tax on jewelry. Under the proposal they would continue to be taxed at the retail level.
[7] Exempts communication and navigation receivers of the type used in commercial, military, or marine installations when sold to the United States for its exclusive use.
[8] Exempts business type photographic apparatus and film.
[9] Exempts basketballs, boxing gloves and other boxing equipment, footballs and other football equipment, cricket balls and bats, fencing equipment, gymnasium equipment and apparatus, hockey equipment, lacrosse equipment, mass balls, push balls, skates, snow toboggans and sleds, soccer balls, soft balls and other softball equipment, track hurdles, vaulting equipment, volley balls and other volley ball equipment, water polo equipment, indoor baseballs and other indoor baseball equipment, and wrestling head harness.
[10] Excludes collections from the tax on fishing equipment.
[11] Extends tax to all lighters.
[12] Exempts baby oils, powders, and lotions and purchases for use by beauty and barber shops.
[13] Exempts most admissions accruing to (1) nonprofit religious, educational or charitable institutions, including societies for the prevention of cruelty to children and animals, and symphony orchestras, and (2) specified nonprofit institutions such as agricultural fairs, municipal police and fire department benefit funds, National Guard, veterans and Reserve Officers associations. Exempts admissions to swimming pools, skating rinks and other places providing facilities for physical exercise, which are operated by Federal, State or local governments. Exempts free admissions and applies tax to actual amount paid in case of reduced rates.
[14] Exempts ballrooms and dance halls where serving of food, etc., is incidental to furnishing music and dancing privileges.
[15] Extends tax to transportation of oil by barge or tanker where shippers transport their own oil.
[16] Exempts fishing boat trips.
[17] In view of the unusual and unforeseeable problems presented in enforcing this tax, the estimate will vary widely, depending on the assumptions made.

TABLE IV.—*Changes in excise tax rates proposed by Treasury and estimated increases in revenue*

Item	Tax base	Present rate	Proposed rate	Estimated revenue [1]	
				Present law	Increase under proposal
				Millions	*Millions*
Alcoholic beverages:					
Distilled spirits	Proof gallon	$9	$12	$1,565	$294
Beer	Barrel	$8	$12	670	287
Still wines	Gallon	15 cents, 60 cents, $2.	50 cents, $1.50, $3.	80	90
Sparkling wines	Half pint	10 cents, 15 cents.	15 cents, 22 cents.		
Total				2,315	671
Tobacco:					
Cigarettes	Thousand	$3.50	$5	1,360	522
Cigars (see schedule A)	do	$2.50 to $20	$3 to $32	43	25
Total				1,403	547
Manufacturers' excises:					
Gasoline	Gallon	1½ cents	3 cents	625	606
Automobiles	Manufacturers' price.	7 percent	20 percent	415	771
Electric, gas, and oil appliances	do	10 percent	25 percent [2]	75	286
Refrigerators	do	do	do	75	113
Radios, television sets, phonographs, phonograph records, musical instruments.	do	do	do	100	150
Total				1,290	1,926
Miscellaneous (see schedule B)				409	108
Total, all items				5,417	3,252

SCHEDULE A: CIGAR TAX SCHEDULE

Intended retail price (cents per cigar)		Present rate	Proposed rate
Over—	Not over—		
		Thousands	*Thousands*
0	2.5	$2.50	$3.00
2.5	4.0	3.00	3.00
4.0	6.0	4.00	5.50
6.0	8.0	7.00	9.00
8.0	10.0	10.00	12.00
10.0	12.0	10.00	15.00
12.0	14.0	10.00	18.00
14.0	15.0	10.00	21.00
15.0	16.0	15.00	21.00
16.0	18.0	15.00	24.00
18.0	20.0	15.00	27.00
20.0		20.00	32.00

[1] Full-year effect at estimated fiscal year 1952 levels of income.
[2] Tax to include the following household type of electrical appliances: Vacuum cleaners, washing machines, mangles, dishwashers, dryers, sewing machines, floor polishers and waxers, garbage disposal units, and razors.

TABLE IV.—*Changes in excise tax rates proposed by Treasury and estimated increases in revenue*—Continued

SCHEDULE B: MISCELLANEOUS EXCISE-TAX PROPOSALS

Item	Rate: Present law	Rate: Proposal	Estimated revenue [1]: Present law	Estimated revenue [1]: Increase under proposal
			Millions	*Millions*
Bowling alleys and billiard tables.	$20 per year per table or alley.	20 percent of charge for use.	$4	$20
Furs	20 percent of retail price if fur is valued at more than 3 times the next most important component.	20 percent of retail price if fur is component of chief value.	62	25
Golf-green fees	No tax	20 percent of charge	0	6
Jewelry	20 percent of retail price; 10 percent for watches selling for not more than $65 and alarm clocks for not more than $5.	Extend tax to silver-plated flatware, certain fountain pens, and make rate 20 percent on clocks and watches now taxed at 10 percent.	222	54
Toilet preparations	20 percent of retail price	Extend to shampoos containing more than 5 percent of saponaceous matter.	121	3
Total			409	108

[1] Full year effect at estimated fiscal 1952 levels of income.

TABLE V.—*Excise taxes on selected items as percent of retail price including tax under present law, House bill (H. R. 4473) and Treasury proposal* [1]

EXCISES FOR WHICH RATE CHANGES ARE PROPOSED

Item	Present law	House bill	Treasury proposal
	Percent	*Percent*	*Percent*
Distilled spirits	40	43	46
Cigarettes	34	37	43
Sweet wine	15	17	31
Beer	15	17	21
Domestic telegraph, cable, and radio messages	20	17	20
Bowling alley and billiard charges	(2)	(2)	17
Passenger automobiles	5	8	15
Electric, gas, and oil appliances	6	6	15
Refrigerators	6	6	15
Radios, phonographs, and television sets	6	6	15
Musical instruments	6	6	15
Cigars	9	9	14
Phonograph records	5	5	13
Table wine	4	5	13
Photographic apparatus	13	10	13
Gasoline	6	8	11
Photographic film	9	12	9
Sporting goods	6	9	6
Auto parts and accessories	3	4	3
Trucks and buses	3	5	3
Electrical energy	3	0	3
Fountain pens and pencils not ornamented with precious metals	0	12	0
Diesel fuel	0	10	0
Wagers	0	9	0

Footnotes at end of table.

TABLE V.—*Excise taxes on selected items as percent of retail price including tax under present law, House bill (H. R. 4473) and Treasury proposal*[1]—Continued

EXCISES FOR WHICH NO RATE CHANGES ARE PROPOSED

Item	Present law	House bill	Treasury proposal
	Percent	*Percent*	*Percent*
Toll telephone	20		
Admissions and cabarets	17		
Retailers' excises (furs, etc.)	17		
Leases of safe-deposit boxes	17		
Club dues	17		
Local telephone service	13		
Manufactured tobacco	13		
Transportation of persons	13		
Electric light bulbs	9		
Matches	9		
Tubes	8		
Tires	7		
Firearms	6		
Lubricating oil	5		

[1] Assuming no pyramiding of proposed tax increases.
[2] Tax is in the form of an annual charge per unit which cannot be expressed as a percent of charge for use of facilities.

NOTE.—Table does not reflect changes in the tax base or occupational taxes and annual fees which cannot be expressed as a percent of retail price.

TABLE VI.—*Estimated distribution of taxable individual income tax returns, income and tax liability under present law, House bill (H. R. 4473), and Treasury proposal at calendar year 1951 levels of income.*

[Money amounts in millions]

Adjusted gross income class [1] ($000)	Number of taxable returns (000)	Adjusted gross income [1]	Surtax net income [2]	Total tax [3]: Amounts of tax: Present law [4]	Total tax [3]: Amounts of tax: House bill [5]	Total tax [3]: Amounts of tax: Treasury proposal [5]	Total tax [3]: Increase over present law: House bill	Total tax [3]: Increase over present law: Treasury proposal
Under 1	1,526.2	$1,243.8	$190.6	$38.1	$42.9	$45.7	$4.8	$7.6
1 to 2	5,899.6	9,227.0	3,561.2	712.2	801.2	854.7	89.0	142.4
2 to 3	9,453.2	23,850.5	9,138.9	1,828.7	2,057.3	2,194.2	228.6	365.6
3 to 4	9,943.3	34,622.5	13,862.6	2,783.6	3,131.0	3,338.1	347.4	554.5
4 to 5	7,103.8	31,576.5	14,472.1	2,913.2	3,275.1	3,492.1	361.9	578.9
Under 5	33,926.1	100,520.3	41,225.3	8,275.9	9,307.5	9,924.9	1,031.7	1,649.0
5 to 10	6,301.0	41,252.9	24,176.1	5,004.5	5,624.4	5,971.5	619.9	967.0
10 to 25	1,501.1	21,847.5	16,561.8	3,992.3	4,476.6	4,654.8	484.3	662.5
25 to 50	244.3	8,169.7	6,874.6	2,308.0	2,586.2	2,583.0	278.2	275.0
50 to 100	72.2	4,871.4	3,984.1	1,940.9	2,176.8	2,100.3	235.9	159.4
100 to 250	20.2	2,892.6	2,245.3	1,464.5	1,639.0	1,554.3	174.5	89.8
250 to 500	2.4	818.0	548.1	473.4	520.5	495.4	47.1	21.9
500 to 1,000	.6	430.1	252.3	256.8	276.8	266.9	20.0	10.1
1,000 and over	.2	392.8	247.3	254.4	264.9	264.3	10.5	9.9
5 and over	8,142.2	80,675.2	54,889.7	15,694.8	17,565.3	17,890.4	1,870.5	2,195.6
Total	42,068.3	181,195.6	96,114.9	23,970.7	26,872.8	27,815.2	2,902.1	3,844.6

[1] Returns of estates and trusts are classified by size of total income before deduction of amounts distributable to beneficiaries.
[2] Excludes amounts subject to the 50 percent alternative rate on long-term capital gains.
[3] Includes surtax, normal tax, and alternative tax.
[4] Revenue Act of 1950, rates applicable to 1951 incomes.
[5] Full year effect.

NOTE.—Figures are rounded and will not necessarily add to totals.

TABLE VII.—*Comparison of individual income tax liabilities under present law,*[1] *House bill*[2] *(H. R. 4473), and Treasury proposal*

SINGLE PERSON—NO DEPENDENTS

Net income before exemption	Amounts of tax			Effective rates			Increase over present law				Tax increase as a percent of			
							Amounts		Effective rates		Present law tax		Net income after present law tax	
	Present law	House bill	Treasury proposal	Present law	House bill	Treasury proposal	House bill	Treasury proposal	House bill	Treasury proposal	House bill	Treasury proposal	House bill	Treasury proposal
				Percent	*Percent*	*Percent*			*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
$600														
$800	$40	$45	$48	5.0	5.6	6.0	$5	$8	0.6	1.0	12.5	20.0	0.7	1.1
$1,000	80	90	96	8.0	9.0	9.6	10	16	1.0	1.6	12.5	20.0	1.1	1.7
$1,500	180	203	216	12.0	13.5	14.4	23	36	1.5	2.4	12.5	20.0	1.7	2.7
$2,000	280	315	336	14.0	15.8	16.8	35	56	1.8	2.8	12.5	20.0	2.0	3.3
$3,000	488	549	584	16.3	18.3	19.5	61	96	2.0	3.2	12.5	19.7	2.4	3.8
$5,000	944	1,062	1,120	18.9	21.2	22.4	118	176	2.4	3.5	12.5	18.6	2.9	4.3
$8,000	1,780	2,003	2,076	22.3	25.0	26.0	223	296	2.8	3.7	12.5	16.6	3.6	4.8
$10,000	2,436	2,741	2,812	24.4	27.4	28.1	305	376	3.0	3.8	12.5	15.4	4.0	5.0
$15,000	4,448	5,004	5,024	29.7	33.4	33.5	556	576	3.7	3.8	12.5	12.9	5.3	5.5
$20,000	6,942	7,810	7,718	34.7	39.0	38.6	868	776	4.3	3.9	12.5	11.2	6.6	5.9
$25,000	9,796	11,021	10,772	39.2	44.1	43.1	1,225	976	4.9	3.9	12.5	10.0	8.1	6.4
$50,000	26,388	29,678	28,364	52.8	59.4	56.7	3,299	1,976	6.6	4.0	12.5	7.5	14.0	8.4
$100,000	66,798	74,831	70,774	66.8	74.8	70.8	8,033	3,976	8.0	4.0	12.0	6.0	24.2	12.0
$500,000 [3]	429,274	450,000	449,250	85.9	90.0	89.9	20,726	19,976	4.1	4.0	4.8	4.7	29.3	28.2
$1,000,000 [3]	870,000	900,000	900,000	87.0	90.0	90.0	30,000	30,000	3.0	3.0	3.4	3.4	23.1	23.1

MARRIED PERSON—NO DEPENDENTS

Net income before exemption	Present law	House bill	Treasury proposal	Present law	House bill	Treasury proposal	House bill	Treasury proposal	House bill	Treasury proposal	House bill	Treasury proposal	House bill	Treasury proposal
$1,200														
$1,500	$60	$68	$72	4.0	4.5	4.8	$8	$12	0.5	0.8	12.5	20.0	0.5	0.8
$2,000	160	180	192	8.0	9.0	9.6	20	32	1.0	1.6	12.5	20.0	1.1	1.7
$3,000	360	405	432	12.0	13.5	14.4	45	72	1.5	2.4	12.5	20.0	1.7	2.7
$5,000	760	855	912	15.2	17.1	18.2	95	152	1.9	3.0	12.5	20.0	2.2	3.6
$8,000	1,416	1,593	1,688	17.7	19.9	21.1	177	272	2.2	3.4	12.5	19.2	2.7	4.1
$10,000	1,888	2,124	2,240	18.9	21.2	22.4	236	352	2.4	3.5	12.5	18.6	2.9	4.3
$15,000	3,260	3,668	3,812	21.7	24.5	25.4	408	552	2.7	3.7	12.5	16.9	3.5	4.7
$20,000	4,872	5,481	5,624	24.4	27.4	28.1	609	752	3.0	3.8	12.5	15.4	4.0	5.0
$25,000	6,724	7,565	7,676	26.9	30.3	30.7	841	952	3.4	3.8	12.5	14.2	4.6	5.2
$50,000	19,592	22,041	21,544	39.2	44.1	43.1	2,449	1,952	4.9	3.9	12.5	10.0	8.1	6.4
$100,000	52,776	59,373	56,728	52.8	59.4	56.7	6,597	3,952	6.6	4.0	12.5	7.5	14.0	8.4
$500,000	403,548	433,161	423,500	80.7	86.6	84.7	29,613	19,952	5.9	4.0	7.3	4.9	30.7	20.7
$1,000,000 [3]	858,548	900,000	898,500	85.9	90.0	89.9	41,452	39,952	4.1	4.0	4.8	4.7	29.3	28.2

MARRIED PERSON—TWO DEPENDENTS

$2,400														
$3,000	$120	$135	$144	4.0	4.5	4.8	$15	$24	0.5	0.8	12.5	20.0	0.5	0.8
$5,000	520	585	624	10.4	11.7	12.5	65	104	1.3	2.1	12.5	20.0	1.5	2.3
$8,000	1,152	1,296	1,376	14.4	16.2	17.2	144	224	1.8	2.8	12.5	19.4	2.1	3.3
$10,000	1,592	1,791	1,896	15.9	17.9	19.0	199	304	2.0	3.0	12.5	19.1	2.4	3.6
$15,000	2,900	3,263	3,404	19.3	21.8	22.7	363	501	2.4	3.4	12.5	17.4	3.0	4.2
$20,000	4,464	5,022	5,168	22.3	25.1	25.8	558	704	2.8	3.5	12.5	15.8	3.6	4.5
$25,000	6,268	7,052	7,172	25.1	28.2	28.7	784	904	3.1	3.6	12.5	14.4	4.2	4.8
$50,000	18,884	21,245	20,788	37.8	42.5	41.6	2,361	1,904	4.7	3.8	12.5	10.1	7.6	6.1
$100,000	51,912	58,401	55,816	51.9	58.4	55.8	6,489	3,904	6.5	3.9	12.5	7.5	13.5	8.1
$500,000	402,456	432,027	422,360	80.5	86.4	84.5	29,571	19,904	5.9	4.0	7.3	4.9	30.3	20.4
$1,000,000 [3]	857,456	900,000	897,360	85.7	90.0	89.7	42,544	39,904	4.3	4.0	5.0	4.7	29.8	28.0

[1] Revenue Act of 1950, rates applicable to 1951 incomes.
[2] Rates applicable to 1952 incomes.
[3] Taking into account the following maximum effective rate limitations: Present law, 87 percent; House bill and Treasury proposal, 90 percent.

TABLE VIII.—*Comparison of effective rates of individual income tax under House bill (H. R. 4473), and 3-percentage-point increase in rates over present law*

Net income before exemption	Single person—no dependents		Married person—no dependents		Married person—2 dependents	
	House bill	3-percentage-point increase in rates	House bill	3-percentage-point increase in rates	House bill	3-percentage-point increase in rates
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
$600						
$800	5.6	5.8				
$1,000	9.0	9.2				
$1,500	13.5	13.8	4.5	4.6		
$2,000	15.8	16.1	9.0	9.2		
$3,000	18.3	18.7	13.5	13.8	4.5	4.6
$5,000	21.2	21.5	17.1	17.5	11.7	12.0
$8,000	25.0	25.0	19.9	20.3	16.2	16.5
$10,000	27.4	27.2	21.2	21.5	17.9	18.2
$15,000	33.4	32.5	24.5	24.5	21.8	21.9
$20,000	39.0	37.6	27.4	27.2	25.1	25.0
$25,000	44.1	42.1	30.3	29.8	28.2	27.8
$50,000	59.4	55.7	44.1	42.1	42.5	40.6
$100,000	74.8	69.8	59.4	55.7	58.4	54.8
$500,000	[1] 90.0	88.9	86.6	83.7	86.4	83.5
$1,000,000	[1] 90.0	[1] 90.0	[1] 90.0	88.9	[1] 90.0	88.7

[1] Taking into account maximum effective rate limitation of 90 percent.

TABLE IX.—*Comparison of individual income tax liabilities for single persons with 1 dependent, heads of households with 1 dependent, and married couples filing joint returns, under the House bill (H. R. 4473) for 1952 and subsequent years*

Net income before exemption	Amounts of tax			Amount of tax difference between single person with 1 dependent and—		Tax difference of head of household as percent of tax difference of married couple
	Single person—1 dependent	Head of household—1 dependent	Married couple filing joint return	Head of household	Married couple	
						Percent
$1,500	$68	$68	$68			
$2,000	180	180	180			
$3,000	405	405	405			
$5,000	896	875	855	$21	$41	51.2
$8,000	1,800	1,697	1,593	103	207	49.8
$10,000	2,511	2,318	2,124	193	387	49.9
$15,000	4,696	4,172	3,668	524	1,028	51.0
$20,000	7,452	6,462	5,481	990	1,971	50.2
$25,000	10,622	9,092	7,565	1,530	3,057	50.0
$50,000	29,201	25,605	22,041	3,596	7,160	50.2
$100,000	74,264	66,830	59,373	7,434	14,891	49.9
$500,000	[1] 450,000	442,724	433,161	7,276	16,839	43.2
$1,000,000	[1] 900,000	[1] 900,000	[1] 900,000			

Maximum effective rate limitation of 90 percent.

TABLE X.—*Comparison of effective individual income tax rates for single persons with 1 dependent, heads of households with 1 dependent, and married couples filing joint returns, under the House bill (H. R. 4473), for 1952 and subsequent years*

Net income before exemption	Single person—1 dependent	Head of household—1 dependent	Married couple filing joint return
	Percent	*Percent*	*Percent*
$1,500	4.5	4.5	4.5
$2,000	9.0	9.0	9.0
$3,000	13.5	13.5	13.5
$5,000	17.9	17.5	17.1
$8,000	22.5	21.2	19.9
$10,000	25.1	23.2	21.2
$15,000	31.3	27.8	24.5
$20,000	37.3	32.3	27.4
$25,000	42.5	36.4	30.3
$50,000	58.4	51.2	44.1
$100,000	74.3	66.8	59.4
$500,000	[1] 90.0	88.5	86.6
$1,000,000	[1] 90.0	[1] 90.0	[1] 90.0

[1] Maximum effective rate limitation of 90 percent.

TABLE XI.—*Individual income tax rate schedules: Present law, House bill (H. R. 4473), and Treasury proposal*

A. SINGLE PERSONS AND MARRIED PERSONS FILING SEPARATE RETURNS

Surtax net income	1950 act [1] (present rates)	House bill [2]	Treasury proposal	Surtax net income	1950 act [1] (present rates)	House bill [2]	Treasury proposal
	Percent	*Percent*	*Percent*		*Percent*	*Percent*	*Percent*
0 to $2,000	20	22.5	24	$26,000 to $32,000	62	69.8	66
$2,000 to $4,000	22	24.8	26	$32,000 to $38,000	65	73.1	69
$4,000 to $6,000	26	29.3	30	$38,000 to $44,000	69	77.6	73
$6,000 to $8,000	30	33.8	34	$44,000 to $50,000	72	81.0	76
$8,000 to $10,000	34	38.3	38	$50,000 to $60,000	75	84.4	79
$10,000 to $12,000	38	42.8	42	$60,000 to $70,000	78	87.8	82
$12,000 to $14,000	43	48.4	47	$70,000 to $80,000	81	91.1	85
$14,000 to $16,000	47	52.9	51	$80,000 to $90,000	84	94.5	88
$16,000 to $18,000	50	56.3	54	$90,000 to $100,000	87	94.5	91
$18,000 to $20,000	53	59.6	57	$100,000 to $150,000	89	94.5	93
$20,000 to $22,000	56	63.0	60	$150,000 to $200,000	90	94.5	94
$22,000 to $26,000	59	66.4	63	$200,000 and over [3]	91	94.5	95

[1] Revenue Act of 1950, rates applicable to 1951 incomes.
[2] A special rate schedule will apply to single persons who are heads of households for taxable years beginning after Aug. 31, 1951, designed to accord to such taxpayers 50 percent of the benefits of income splitting. (See table XII.)
[3] Subject to the following maximum effective rate limitations: Revenue Act of 1950, 87 percent; House bill and Treasury proposal, 90 percent.

B. MARRIED PERSONS FILING JOINT RETURNS

Surtax net income	1950 act [1] (present rates)	House bill	Treasury proposal	Surtax net income	1950 act [1] (present rates)	House bill	Treasury proposal
	Percent	*Percent*	*Percent*		*Percent*	*Percent*	*Percent*
0 to $4,000	20	22.5	24	$52,000 to $64,000	62	69.8	66
$4,000 to $8,000	22	24.8	26	$64,000 to $76,000	65	73.1	69
$8,000 to $12,000	26	29.3	30	$76,000 to $88,000	69	77.6	73
$12,000 to $16,000	30	33.8	34	$88,000 to $100,000	72	81.0	76
$16,000 to $20,000	34	38.3	38	$100,000 to $120,000	75	84.4	79
$20,000 to $24,000	38	42.8	42	$120,000 to $140,000	78	87.8	82
$24,000 to $28,000	43	48.4	47	$140,000 to $160,000	81	91.1	85
$28,000 to $32,000	47	52.9	51	$160,000 to $180,000	84	94.5	88
$32,000 to $36,000	50	56.3	54	$180,000 to $200,000	87	94.5	91
$36,000 to $40,000	53	59.6	57	$200,000 to $300,000	89	94.5	93
$40,000 to $44,000	56	63.0	60	$300,000 to $400,000	90	94.5	94
$44,000 to $52,000	59	66.4	63	$400,000 and over [2]	91	94.5	95

[1] Revenue Act of 1950, rates applicable to 1951 incomes.
[2] Subject to the following maximum effective rate limitations: Revenue Act of 1950, 87 percent; House bill and Treasury proposal, 90 percent.

TABLE XII.—*Individual income tax rate schedules: Single persons, heads of households, and married couples filing joint returns under the House bill (H. R. 4473) for 1952 and subsequent years*

Surtax net income (000)	Single person	Head of household [1]	Married couple filing joint return	Surtax net income (000)	Single person	Head of household [1]	Married couple filing joint return
	Percent	*Percent*	*Percent*		*Percent*	*Percent*	*Percent*
0 to $2	22.5	22.5	22.5	$38 to $40	77.6	67.5	59.6
$2 to $4	24.8	23.6	22.5	$40 to $44	77.6	70.9	63.0
$4 to $6	29.3	27.0	24.8	$44 to $50	81.0	73.1	66.4
$6 to $8	33.8	29.3	24.8	$50 to $52	84.4	76.5	66.4
$8 to $10	38.3	33.8	29.3	$52 to $60	84.4	76.5	69.8
$10 to $12	42.8	36.0	29.3	$60 to $64	87.8	79.9	69.8
$12 to $14	48.4	40.5	33.8	$64 to $70	87.8	79.9	73.1
$14 to $16	52.9	43.9	33.8	$70 to $76	91.1	83.3	73.1
$16 to $18	56.3	47.3	38.3	$76 to $80	91.1	83.3	77.6
$18 to $20	59.6	48.4	38.3	$80 to $88	94.5	86.6	77.6
$20 to $22	63.0	52.9	42.8	$88 to $90	94.5	86.6	81.0
$22 to $24	66.4	55.1	42.8	$90 to $100	94.5	87.8	81.0
$24 to $26	66.4	57.4	48.4	$100 to $120	94.5	88.9	84.4
$26 to $28	69.8	58.5	48.4	$120 to $140	94.5	91.1	87.8
$28 to $32	69.8	61.9	52.9	$140 to $160	94.5	93.4	91.1
$32 to $36	73.1	64.1	56.3	$160 and over [2]	94.5	94.5	94.5
$36 to $38	73.1	67.5	59.6				

[1] The schedule of rates for heads of households was designed to accord to taxpayers approximately ½ of the benefit of income splitting.
[2] Subject to maximum effective rate limitation of 90 percent.

TABLE XIII.—*Corporate profits before and after taxes, dividends, and undistributed profits, 1929, 1932, 1939–51*

[In billions]

Year	Corporate profits before taxes	Taxes [1]	Corporate profits after taxes	Dividends	Undistributed profits
1929	$9.8	$1.4	$8.4	$5.8	$2.6
1932	−3.0	.4	−3.4	2.6	−6.0
1939	6.5	1.5	5.0	3.8	1.2
1940	9.3	2.9	6.4	4.0	2.4
1941	17.2	7.8	9.4	4.5	4.9
1942	21.1	11.7	9.4	4.3	5.1
1943	25.1	14.4	10.6	4.5	6.2
1944	24.3	13.5	10.8	4.7	6.1
1945	19.7	11.2	8.5	4.7	3.8
1946	23.5	9.6	13.9	5.8	8.1
1947	30.5	11.9	18.5	6.6	12.0
1948	33.9	13.0	20.9	7.5	13.4
1949	27.6	10.6	17.0	7.8	9.2
1950	41.0	18.2	22.8	9.4	13.5
1951: [2]					
Present tax rates	45.0	23.5	21.5	9.5	12.0
Rates under House bill	45.0	26.5	18.5	9.1	9.4

[1] Includes Federal and State income and excess profits tax liabilities.
[2] Estimated.

Source: Department of Commerce.

TABLE XIV.—*Estimated distribution of taxable corporations, net income, and tax liabilities under present law, House bill (H. R. 4473), and Treasury proposal, for calendar year 1951*

Taxable net income class	Number of corporations	Taxable net income [1]	Tax liabilities [2]			Increase over present law [3]	
			Present law rates	House bill	Treasury proposal	House bill [4]	Treasury proposal [4]
		Millions	*Millions*	*Millions*	*Millions*	*Millions*	*Millions*
0 to $25,000	288,300	$2,002	$500	$600	$660	$100	$160
$25,000 to $50,000	50,600	1,736	580	676	719	96	139
$50,000 to $100,000	28,400	2,007	903	1,028	1,064	125	161
$100,000 and over	42,700	37,015	20,372	22,905	23,333	2,533	2,961
Total	410,000	42,760	22,355	25,208	25,776	2,853	3,421
PERCENT DISTRIBUTION							
0 to $25,000	70.3	4.7	2.2	2.4	2.6	3.5	4.7
$25,000 to $50,000	12.3	4.1	2.6	2.7	2.8	3.4	4.1
$50,000 to $100,000	6.9	4.7	4.0	4.1	4.1	4.4	4.7
$100,000 and over	10.4	86.6	91.1	90.9	90.5	88.8	86.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Excludes capital gains subject to alternative tax, amounting to $800 million.
[2] Federal taxes only. Excludes alternative tax on capital gains.
[3] Does not include $25 million from the higher alternative rate under the House bill and $110 million under the Treasury proposals to lengthen the holding period and increase the alternative rate.
[4] Does not take account of decrease in the yield of the individual income tax resulting from decreased dividend payments in the short run because of the increase in corporation taxes, amounting to $155 million under the House bill, and $190 million under the Treasury proposal.

NOTE.—Figures are rounded and will not necessarily add to totals.

TABLE XV.—*Corporation income tax liabilities under 1946–49 rates, present law rates, the House bill (H. R. 4473), and Treasury proposal*

Net income	Income tax liabilities [1]				Effective income-tax rates			
	1946–49	Present law [2]	House bill [3]	Treasury proposal [4]	1946–49	Present law	House bill	Treasury proposal
					Percent	*Percent*	*Percent*	*Percent*
$5,000	$1,050	$1,250	$1,500	$1,650	21.00	25.00	30.00	33.00
$10,000	2,200	2,500	3,000	3,300	22.00	25.00	30.00	33.00
$25,000	5,750	6,250	7,500	8,250	23.00	25.00	30.00	33.00
$30,000	8,400	8,600	10,100	11,000	28.00	28.67	33.67	36.67
$40,000	13,700	13,300	15,300	16,500	34.25	33.25	38.25	41.25
$50,000	19,000	18,000	20,500	22,000	38.00	36.00	41.00	44.00
$60,000	22,800	22,700	25,700	27,500	38.00	37.83	42.83	45.83
$75,000	28,500	29,750	33,500	35,750	38.00	39.67	44.67	47.67
$100,000	38,000	41,500	46,500	49,500	38.00	41.50	46.50	49.50
$200,000	76,000	88,500	98,500	104,500	38.00	44.25	49.25	52.25
$500,000	190,000	229,500	254,500	269,500	38.00	45.90	50.90	53.90
$1,000,000	380,000	464,500	514,500	544,500	38.00	46.45	51.45	54.45
$10,000,000	3,800,000	4,694,500	5,194,500	5,494,500	38.00	46.95	51.95	54.95
$100,000,000	38,000,000	46,994,500	51,994,500	54,994,500	38.00	46.99	51.99	54.99

[1] Liabilities under present law, House bill, and Treasury proposal do not include 30-percent tax on excess profits.
[2] Normal tax, 25 percent on all income; surtax, 22 percent on income over $25,000.
[3] Normal tax, 30 percent on all income; surtax, 22 percent on income over $25,000.
[4] Normal tax, 33 percent on all income; surtax, 22 percent on income over $25,000.

TABLE XVI.—*Effective rates of total income and excess profits taxes under present law, House bill (H. R. 4473), and Treasury proposal, for corporations with current incomes of $100,000 and $10,000,000*

Current net income as a percent of base period	Current net income: $100,000					Current net income: $10,000,000				
	Effective rates			Increase over present law		Effective rates			Increase over present law	
	Present law [1]	House bill [2]	Treasury proposal [3]	House bill	Treasury proposal	Present law [1]	House bill [2]	Treasury proposal [3]	House bill	Treasury proposal
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
60 percent	41.5	46.5	49.5	5.0	8.0	46.9	51.9	54.9	5.0	8.0
70 percent	41.5	46.5	49.5	5.0	8.0	46.9	51.9	54.9	5.0	8.0
75 percent	41.5	46.5	49.5	5.0	8.0	46.9	51.9	54.9	5.0	8.0
80 percent	41.5	48.4	49.5	6.9	8.0	46.9	53.8	54.9	6.9	8.0
85 percent	41.5	50.0	49.5	8.5	8.0	46.9	55.5	54.9	8.6	8.0
90 percent	43.2	51.5	51.2	8.3	8.0	48.6	56.9	56.6	8.3	8.0
100 percent	46.0	54.0	54.0	8.0	8.0	51.4	59.4	59.4	8.0	8.0
110 percent	48.3	56.0	56.3	7.7	8.0	53.8	61.5	61.8	7.7	8.0
120 percent	50.3	57.8	58.3	7.5	8.0	55.7	63.2	63.7	7.5	8.0
130 percent	51.9	59.2	59.9	7.3	8.0	57.3	64.6	65.3	7.3	8.0
140 percent	53.3	60.4	61.3	7.1	8.0	58.7	65.9	66.7	7.2	8.0
150 percent	54.5	61.5	62.5	7.0	8.0	59.9	66.9	67.9	7.0	8.0
160 percent	55.6	62.4	63.6	6.8	8.0	61.0	67.9	69.0	6.9	8.0
170 percent	56.5	63.3	64.5	6.8	8.0	61.9	68.7	69.9	6.8	8.0
170.6 percent	56.6	63.3	64.6	6.7	8.0	62.0	68.8	70.0	6.8	8.0
180 percent	57.3	64.0	65.3	6.7	8.0	62.0	69.4	70.0	7.4	8.0
188.4 percent	58.0	64.6	66.0	6.6	8.0	62.0	70.0	70.0	8.0	8.0
190 percent	58.1	64.7	66.1	6.6	8.0	62.0	70.0	70.0	8.0	8.0
200 percent	58.8	65.3	66.8	6.5	8.0	62.0	70.0	70.0	8.0	8.0
268.4 percent	62.0	68.1	70.0	6.1	8.0	62.0	70.0	70.0	8.0	8.0
300 percent	62.0	[4] 69.0	70.0	7.0	8.0	62.0	70.0	70.0	8.0	8.0

[1] Normal tax, 25 percent on all income; surtax, 22 percent on income above $25,000; excess profits tax, 30 percent on income in excess of 85 percent of average base-period income; maximum effective rate limitation, 62 percent of all income.
[2] Normal tax, 30 percent on all income; surtax, 22 percent on income above $25,000; excess profits tax, 30 percent on income in excess of 75 percent of average base-period income; maximum effective rate limitation, 70 percent of all income.
[3] Normal tax, 33 percent on all income; surtax, 22 percent on income above $25,000; excess profits tax, 30 percent on income in excess of 85 percent of average base-period income; maximum effective rate limitation, 70 percent of all income.
[4] The maximum effective rate is 69 percent due to the $25,000 minimum excess profits credit.

Exhibit 31.—Letter of the President to the Vice President, September 20, 1951, relative to the revenue bill (H. R. 4473) under consideration by the Senate

MY DEAR MR. VICE PRESIDENT: As the Senate begins debate on the 1951 tax legislation, I wish to emphasize the urgency of keeping the Government's finances on a sound basis. In particular, I wish to urge that the tax increases be large enough to meet the need for higher revenues, and that they be distributed fairly among the taxpayers.

Although the Congress has not yet completed action on all appropriation bills, it is already apparent that the costs associated with the defense program will exceed our expectations at the time the budget was prepared for the fiscal year ending June 30, 1952. Only last week, the Senate raised total appropriations for the military functions of the Defense Department by nearly 2 billion dollars over the budget requests. Since the beginning of this fiscal year, the Government's receipts have not kept pace with expenditures. Without new revenue legislation, the deficit for the year will be in the neighborhood of 10 billion dollars.

The prospect of a sizable deficit under present conditions is cause for grave concern. As I have indicated on several occasions, adequate taxes are necessary to preserve confidence in the integrity of the Government's finances, to distribute the heavy defense costs fairly among our people, and to restrain inflationary pressures.

In the face of an indicated 10 billion dollar deficit, the bill which the Senate is about to consider would produce only 5.2 billion dollars in a full year and only about 2.5 billion dollars in the current fiscal year. It would yield about 1.5 billion dollars less in a full year than the bill passed by the House of Representatives.

I earnestly believe that these amounts are not sufficient. The Government's revenues should be increased by an amount that approaches as nearly as possible the 10 billion dollars I recommended. Toward this end, I suggest that the legislation now before the Senate be strengthened in several respects.

First, the tax yields under the bill from individual income and corporate profits taxes should be increased. Personal incomes and corporate profits are at record levels. The interest of those who receive this income will be best served by paying taxes at this time sufficient to maintain the stability of our economy.

Furthermore, corporation tax increases should be made applicable to all profits for the current year. Postponement of the effective date until April 1, 1951, as provided in the bill before the Senate, would result in the loss of $500 million in revenue.

In addition, the bill now before the Senate contains many changes which would impair the effectiveness of the income and profits taxes. For example, the bill would enlarge the special classes of taxpayers benefiting from the overly generous capital gains tax provisions. It would further widen the tax loopholes benefiting various mining enterprises. It would give certain corporations unwarranted relief from excess profits taxes. At a time of great national need, when everyone's tax load must be increased substantially, I feel strongly that we should not adopt provisions which weaken our tax structure for the benefit of special groups.

The revenue bill which the committees of Congress have developed after many months of arduous work provides the basis for legislation appropriate to our present requirements. I urge the Congress to build on this foundation by strengthening its revenue yield and bringing it more in accord with the principles of fairness which must underlie our tax laws. A strong revenue system is as vital to the defense of this country as strong military forces.

Very sincerely yours,

HARRY S. TRUMAN.

Exhibit 32.—Statement by the President, October 20, 1951, upon signing H. R. 4473, the Revenue Act of 1951

I have today signed H. R. 4473, the Revenue Act of 1951. This act will raise about 5.5 billion dollars in additional revenues in a full year—the bulk of it from taxes on individual and corporate incomes. It will raise about 2.5 billion dollars in the remaining months of the current fiscal year.

I have signed this act because we badly need these revenues to help pay for the strong defenses we are building. At the same time, there are certain features of this legislation which are unfortunate from the standpoint of a sound, fair tax system.

I know there are many members of the Congress who feel as I do about these features of the act. I appreciate the fact that they voted for the bill, in its present form, for the same reasons that I have signed it, namely, because of the immediate need for revenue and because there was no possibility at this late point in the Congressional session of making major improvements.

I do not believe, however, that we should be satisfied with the unfortunate features of this act.

This legislation will not raise enough revenue to enable us to keep on paying as we go for our defenses in this emergency period; this is a serious departure from the standards of sound government finance.

Furthermore, this legislation does little to close the loopholes in present tax laws, and in some respects provides additional means by which wealthy individuals can escape paying their proper share of the national tax load through such devices as excessively liberal "capital gains" provisions, family partnerships, and excessive depletion allowances on oil and gas and certain minerals properties.

In addition, the act contains a "rider"—the so-called Jenner amendment—which is quite unrelated to the purpose of raising revenue, and which may well result in unwarranted publicity, and personal indignity and unhappiness, for aged people and others receiving public assistance.

If we did not need the revenue from this act so badly, I would not have approved provisions such as these. As it is, I feel that I must sign this legislation, but I shall urge the Congress at its next session to give major attention to legislation improving our tax laws.

Exhibit 33.—Summary of the Revenue Act of 1951

The Revenue Act of 1951 was approved by the President on October 20, 1951. It is estimated that the act will increase revenues by $5,438 million in a full year of operation (table I). Collections in the fiscal year ending June 30, 1952, will increase by an estimated $2,455 million.

The following is a summary of the most important provisions of the act:

1. *Individual income tax rates.*—The Revenue Act of 1951 increased the individual income tax rates by 11 percent in the first surtax net income bracket (i. e., taxable incomes up to $2,000), by about 11¾ percent in the brackets up to $26,000; for all brackets above $26,000, the increase was 9 percent of the surtax net income remaining after the prior-law tax. A new surtax rate schedule which closely approximates these percentage increases was adopted for the convenience of the taxpayer (table II). The new combined normal tax and surtax rates range from 22.2 percent in the first surtax net income bracket to 92 percent in the highest bracket. The maximum effective rate limitation was increased from 87 percent to 88 percent.

The full increase in rates applies to incomes in calendar years 1952 and 1953. Approximately one-sixth of the increase is applicable to calendar year 1951 incomes. The act also provides that the rates under the Revenue Act of 1950 for 1951 incomes be restored in 1954.

Consistent with the increase in tax liabilities, the act increased the withholding rate applicable to wages and salaries in excess of personal exemptions from 18 to 20 percent, beginning with November 1, 1951. As under prior law, the withholding rate, after allowing for the standard deduction, roughly accounts for the final liabilities of taxpayers in the first surtax net income bracket whose incomes are entirely subject to withholding.

The tax liabilities under the new act are compared with liabilities under the Revenue Act of 1950 in table III. For a single person with a net income of $5,000, the effective rate of tax was increased from 18.9 percent to 21.0 percent in 1952; at the $25,000 level, the effective rate was raised from 39.2 percent to 43.8 percent. For a married person with two dependents and a net income of $5,000, the effective rate of tax was increased from 10.4 percent to 11.5 percent for 1952; at $25,000, the increase was from 25.1 percent to 28.0 percent.

The split-income provisions for married persons filing joint returns were retained. In addition, a new surtax rate schedule which provides approximately one-half the benefits of income-splitting for single persons qualifying as "heads of households" was adopted. A single person qualifies as a head of household if he furnishes over one-half the maintenance of a home which is his principal residence and which he shares with an unmarried child or grandchild or with any other relative whose exemption he is entitled to claim.

The rates applying to heads of households for the calendar year 1952 are compared to the rates applying to single persons and to married persons in table IV and the tax liabilities are compared in table V.

The special tax treatment provided for heads of households was made a permanent part of the income tax structure, even though the increases in rates under the act terminate at the end of 1953.

A further change made by the act in the tax rates applicable to individuals was an increase in the maximum rate of tax on long-term capital gains from 25 to 26 percent.

In total, the act increased tax liabilities of individuals in a full year by an estimated $2,456 million at calendar year 1951 income levels. The estimated distribution of the additional revenue by adjusted gross income classes is given in table VI.

2. *Corporation tax rates.*—The Revenue Act of 1951 increased the normal tax rate applicable to the profits of all corporations from 25 to 30 percent. The surtax rate of 22 percent was left unchanged. The new rates apply to all corporations with taxable years beginning after March 31, 1951. For calendar year corporations, the act provided an intermediate rate schedule designed to simplify the computation of tax liabilities in the calendar year 1951 and to produce approximately the same tax as though the new rates were applied to three-quarters of the calendar year income. Fiscal year corporations, whose taxable year includes months beginning before and after March 31, 1951, are subject to the old and new rates in proportion to the number of days falling into each period. The increase in the normal tax rate will be effective through March 31, 1954.

The excess profits credit of corporations using the base-period earnings method was reduced from 85 percent to 83 percent of average base-period net income for the period July 1, 1951, through March 31, 1954. For calendar year corporations, the credit will be 84 percent of average base-period net income in calendar year 1951 and 83 percent in calendar years 1952 and 1953. Fiscal year corporations will use an average of the 85 and 83 percent credits based on the number of days in the taxable year before and after July 1, 1951.

The act increased the maximum effective rate limitation for corporation taxes and also revised the method used to compute the limitation. Under the old law, total income, excess profits, and consolidated returns tax was limited to 62 percent. The new law provides an 18 percent maximum effective rate for the combined excess profits and consolidated returns tax. Thus, for a corporation subject to a normal tax and surtax of 40 percent, the maximum rate of tax inclusive of the excess profits tax would be 58 percent. For larger corporations subject to the general combined normal tax and surtax rate of almost 52 percent, the new ceiling amounts to approximately 70 percent. The difference between the method of computing the maximum effective rate under prior law and under the substitute method provided by the Revenue Act of 1951 is illustrated in table VII.

As in the case of individuals, the maximum tax on long-term capital gains was raised for corporations from 25 to 26 percent.

The total increase in corporation tax liabilities under the act will amount to an estimated $2,287 million in a full year.

Corporation income tax liabilities under the new rates at selected levels of net income are shown in table VIII. The effective rates of total income and excess profits tax for corporations with current incomes of $100,000 and $10,000,000 under the new law are shown in table IX.

3. *Excise taxes.*—The increases and revisions in excise taxes under the act will provide an estimated net increase in revenue of $1,061 million in a full year (table X). About $1,194 million would be raised by increases on alcoholic beverages, tobacco, gasoline, automobiles and related products, and the new taxes on diesel fuel and wagering. Additional revenue from other less important sources is more than offset by the loss of revenue from tax reduction and exemptions. The most important losses of revenues come from the repeal of the tax on electrical energy ($103 million), exemptions from admissions tax ($22 million), exemptions for photographic apparatus and film ($22 million), and reductions in the taxes on manufactured tobacco ($18 million) and telegraph messages ($17 million).

The tax on distilled spirits was increased from $9 to $10.50 per gallon, beer from $8 to $9 a barrel, and still wine from a range of 15 cents to $2 per gallon to 17 cents to $2.25 per gallon, depending on the alcoholic content. Sparkling wines were taxed at increased rates proportionate to the increases for still wines. Annual occupational taxes were increased on certain dealers, and the net tax on alcohol used in medicines and certain foods was reduced from $3 to $1 a gallon.

The cigarette tax was raised from 7 cents to 8 cents a pack. The tax on smoking tobacco, chewing tobacco, and snuff was cut from 18 cents to 10 cents a pound.

The gasoline tax was increased from 1½ cents a gallon to 2 cents a gallon. A comparable retail tax of 2 cents per gallon was imposed on diesel oil used in highway vehicles.

The tax on passenger automobiles was increased from 7 percent to 10 percent of manufacturers' price. House trailers, which were previously covered by the tax on passenger automobiles, were exempted. The taxes on trucks and busses and auto parts and accessories were increased from 5 percent to 8 percent of manufacturers' price. Exemption was extended to tires for toys and certain auto parts and accessories used for repairs of farm equipment.

A new tax of 10 percent was imposed on wagers placed with bookmakers and lottery operators, and a $50 per year occupational tax was levied on persons engaged in accepting such wagers. The annual occupational tax on coin-operated gaming devices was raised from $150 to $250.

A new tax of 15 percent of manufacturers' price was imposed on fountain pens, mechanical pencils, and cigarette and cigar lighters. Where these articles qualify for the 20 percent retail jewelry tax, they will be subject to the higher of the two taxes.

The present 10 percent tax on electric, gas, and oil appliances was expanded to cover many items previously exempt, including power lawn mowers, motion picture projectors, electric dishwashers, and electric and gas clothes driers.

Electric heating pads and nonhousehold types of appliances previously subject to the tax were removed from the tax base.

A uniform tax of 20 percent of manufacturers' price was imposed on cameras and film to replace the prior-law tax of 25 percent on photographic apparatus and 15 percent on film. Industrial and commercial types of film and apparatus were exempted from tax.

Baseball equipment, basketballs, skates, and other items which are purchased by schools and by children were removed from the tax base of sporting goods. However, the tax on the items remaining in the tax base was increased from 10 percent to 15 percent of manufacturers' price, with the exception of fishing equipment which remains subject to a 10 percent tax.

The 3⅓ percent tax on sales of electrical energy for commercial and household purposes was repealed. The tax on domestic telegrams was cut from 25 percent to 15 percent of the charge. An exemption from the 25 percent tax on long-distance telephone messages was allowed for calls originating from servicemen in combat areas. Fishing trips were exempted from the 15 percent tax on transportation of persons. Other minor changes were made in the definition of taxable transportation of persons and property.

The 20 percent retail tax on toilet preparations was removed from baby oils, powders, and lotions, miniature cosmetic samples used by door-to-door salesmen, and toilet preparations purchased by beauty parlors and barber shops for use in the operation of these establishments.

The admissions tax was removed from free admissions and the tax on reduced-rate admissions will be based on the actual price paid instead of, as previously, on the regular admission charge. In addition, exemption was granted to admissions to symphonies and operas and other specified educational, religious, and charitable institutions operated on a nonprofit basis. The definition of a cabaret was restricted so as to exclude ordinary dance halls and ballrooms.

With certain exceptions, the increases in excise tax rates were made effective November 1, 1951, with an automatic expiration date of April 1, 1954. However, the expiration date does not apply to the new taxes and items added to the base of prior-law excises. In connection with the increases in tax rates, floor stock taxes were imposed on tax-paid stocks of distilled spirits, beer, wine, cigarettes, and gasoline held by wholesalers and by retailers at places other than at the retail establishment. Provision was also made for floor stock refunds for tax-paid stocks of these items on hand on April 1, 1954, when the tax increases expire automatically. A refund of tax is to be made on tax-paid floor stocks of photoflash bulbs on hand on November 1, 1951.

4. *Excess profits tax provisions.*—The act made a number of important structural changes in the excess profits tax, all but one of which were made retroactive to the effective date of the excess profits tax. These changes will reduce revenues by an estimated $102 million in a full year.

For the benefit of new businesses, reduced ceiling rates were provided for the first five years after a corporation's commencement of business, applicable to the first $300,000 of excess profits net income. These ceiling rates were set at 5 percent of excess profits net income in the first and second taxable years, 8 percent in the third year, 11 percent in the fourth year, and 14 percent in the fifth year. Beginning in the sixth year, the generally applicable ceiling rate of 18 percent will apply. The benefits of the reduced ceiling rates were denied to new corporations deriving more than 50 percent of their gross income from contracts subject to renegotiation and to certain new corporations acquiring properties from an old corporation.

The benefits of the growth formula were granted to new corporations formed since the beginning of the base period.

Corporations meeting the growth requirement pertaining to new products were allowed a credit based on 1948 and 1950 earnings, in certain cases. A corporation which increased its capacity during the base period shifting from wartime production to peacetime production will be permitted, under certain conditions, to use an excess profits credit based on 1948 and 1950 earnings.

A corporation whose income in the third best year of the base period was less than 35 percent of the average for the two best years will be permitted, under certain conditions, to substitute the industry rate of return for its third best year, with the limitation that the reconstructed income for the third year cannot exceed the average income in the two best years. Substitution of the industry rate of return was also allowed where capacity was increased pursuant to a commitment entered into during the base period, if more than 40 percent of construction work was completed prior to the end of the base period and 100 percent was completed by the close of the first taxable year ending after June 30, 1950.

Television broadcasting companies were granted the option to compute a separate credit on their television assets by use of either the radio industry rate of return or their own individual rates of return from radio broadcasting during the base period.

Corporations introducing a new product after the end of the base period were also permitted to use the industry rate of return if construction of facilities for the new product was commenced before July 1, 1950, in pursuance of a license contract executed in the base period.

The act also corrected a drafting error so as to permit 100 percent of borrowed capital to be used by a new corporation beginning business during or after the base period in determining its total assets for purposes of computing its credit for the best three years on the basis of the industry rate of return. Funds borrowed on open accounts from a related corporation were excluded from a corporation's total assets used in computing an excess profits credit on the basis of its industry rate of return.

The act permitted corporations with a fiscal year ending in any month from April through November of 1950 to compute their average base period net income under the general average method by substituting their income for the first three months of 1950 for the first three months of 1946. The income of the 1950 fiscal year will be reduced to 90 percent if the year ended with July, August, or September and to 80 percent if the year ended with October or November.

Various adjustments were made for inadmissible assets. Banks will be permitted to allocate inadmissible assets ratably to equity and borrowed capital and deposits so that changes in only the former will be reflected in computing capital changes. Corporations using the income method were allowed to treat as a net capital addition any decrease in inadmissible assets after the base period which is accompanied by a comparable increase in operating assets. Dealers in tax-exempt bonds were granted an election to include such bonds in invested capital in computing their excess profits credit if the interest thereon is included in excess profits net income.

The law permits the treatment of intrastate oil pipelines as regulated public utilities where subject to rate regulation by local public utility commissions, and permits a railroad lessor corporation to file a consolidated return with its railroad lessee for the purpose of qualifying for the regulated public utility credit.

A corporation suffering a catastrophe during its base period affecting 15 percent or more of its production facilities was granted the use of a credit based on either a fill-in of the disaster year with its previous base period earnings experience or a combination of 50 percent of 1948 earnings and 40 percent of 1950 earnings.

Newspapers which consolidated their operations during the latter half of the base period or the first half of 1950, and which meet certain requirements, were permitted to adjust their average base period net income by the excess of one-half their operational expenses in the two years preceding the consolidation over such expenses for the year following the consolidation, adjusted for increases in cost of labor and newsprint.

The act exempts from excess profits tax income earned abroad by a domestic corporation for technical and similar assistance rendered to a foreign corporation relating to the same type of product manufactured by the domestic corporation, in cases where at least 10 percent of the stock of the foreign corporation is owned by the domestic corporation.

Sulfur, potash, and chemical or metallurgical grade limestone were added to the list of minerals the income from which is partially exempt from excess profits tax. Bauxite was added to the list of strategic minerals, the income from which is exempt from excess profits tax.

The act also provided for the use of the earnings experience of a purchased business by the acquiring corporation where the assets were purchased prior to December 31, 1950, and the selling corporation immediately liquidated.

5. *Capital gains and losses.*—Aside from the increase in the maximum rate on long-term capital gains from 25 percent to 26 percent for individuals and corporations, which has already been mentioned, the act contains the following provisions relating to capital gains and losses:

The tax on capital gains from the sale of a personal residence will be deferred if the taxpayer sells his old house within 1 year before or after the purchase and use of the new one. In cases where the taxpayer constructs a new house, the 1-year period following the sale of the old house was extended to 18 months.

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However, the gain will be taxable immediately to the extent that the selling price of the old house exceeds the cost of the new house. This provision is applicable to residences sold after December 31, 1950.

Under prior law, short-term capital gains and losses were fully taken into account in taxable income and only 50 percent of long-term capital gains or losses were taken into account. As a result, an individual realizing a short-term loss was able to offset twice the amount of long-term gain. The act eliminated this "two-for-one" offset by requiring the inclusion of 100 percent of long-term capital gains in gross income and allowing a deduction from gross income for 50 percent of the amount by which the taxpayer's net long-term capital gain exceeds his net short-term loss.

Long-term capital losses will be taken into account in full, whereas formerly they were reduced by 50 percent. Thus, long-term losses will offset short-term gains on a dollar-for-dollar basis just as short-term losses will offset long-term gains. If the net capital loss exceeds the net capital gain, the excess will be offset against other income up to $1,000. Any remaining net loss will be carried forward for 5 years as a short-term capital loss whether arising out of short- or long-term capital transactions.

The act denies the tax benefits which were formerly available to an individual who sold depreciable assets to his spouse or to a corporation controlled by him. Under the new provision, any gain made by a taxpayer on such sales will be recognized as ordinary income and not as capital gain if the sale is made directly or indirectly between husband and wife or between an individual and a corporation in which he, his spouse, minor children, or minor grandchildren own more than 80 percent of the value of the outstanding stock.

Dealers in securities will be required to earmark securities as held for investment in order to be eligible for capital gains treatment on sale of such securities; on the other hand, ordinary loss treatment will not apply where the security sold is clearly identified as a security held for investment.

The provisions of the Internal Revenue Code which were adopted under the Revenue Act of 1950 to prevent the use of collapsible corporations for purposes of tax avoidance, by taxing gain on the sale or exchange of the stock of such a corporation as ordinary income, were extended to cases where the corporation is used as a device to convert inventory profits into capital gains.

The preferential rate on long-term capital gains was extended to: (1) coal royalties received as a result of the disposal of coal owned by the taxpayer for more than 6 months; (2) livestock held by a taxpayer for 12 months or more for draft, breeding, or dairy purposes; (3) gains attributable to an unharvested crop growing on land which is sold; (4) termination payments of an employee receiving a lump-sum payment for release of rights to receive a percentage of the future profits of an employer, if the taxpayer has been employed for more than 20 years, has held the right to future profits for at least 12 years, and is entitled to such profits either for the duration of his life or for at least 5 years after his retirement. The provision with respect to livestock was extended retroactively to taxable years beginning after December 31, 1941; the extension of the holding period begins after December 31, 1950.

The definition of "section 102 income" for purposes of computing the additional tax imposed on corporations under section 102 of the Code for improperly accumulating surplus was amended to exclude long-term capital gains.

Stock distributions to an employee from a pension trust will be excluded from the employee's income in the year of distribution and the gain from such stock will be taxed as a capital gain only when the securities are sold.

6. *Income taxes of members of the armed forces.*—The expiration date of the provision excluding from gross income the compensation of members of the armed forces for active service in combat areas was extended from January 1, 1952, to January 1, 1954. Compensation of military personnel received while hospitalized as a result of wounds, disease, or injury incurred while serving in a combat zone will also be excluded from gross income.

The following income taxes were forgiven for a member of the armed forces who dies while serving in a combat zone, or who dies at any place as a result of wounds, disease, or injury incurred while so serving: (1) the tax for the year in which he dies; (2) the tax for any prior taxable year which ended on or after the first day he was serving in a combat zone after June 24, 1950; and (3) the tax for any other year (prior to the years of his service in a combat zone) which was unpaid at the date of his death.

Refunds will be granted for income taxes paid on income accumulated in a trust for a member of the armed services who died between December 7, 1941, and January 1, 1948. This treatment is substantially similar to the abatement provided under prior law for income received directly by such an individual.

7. *Medical expenses.*—The 5 percent limitation with respect to the deduction of medical expenses paid during the taxable year was eliminated in cases where the taxpayer or his spouse attains the age of 65 before the close of the taxable year. Under prior law, only that amount of medical expenses which is in excess of 5 percent of the taxpayer's adjusted gross income qualified for a deduction. The 5 percent limitation for taxpayers under 65 years of age remains unchanged.

8. *Elections to use the standard deduction and joint returns.*—A taxpayer will be permitted to change the election to take or not to take the standard deduction after the time for filing his income tax return.

A taxpayer will also be permitted to elect to file a joint return with his spouse for a taxable year even though he already had filed a separate return for that year.

9. *Gross income limitation for dependents.*—The gross income which a person may receive and still qualify as a dependent of a taxpayer was raised from $500 to $600.

10. *Carry-over of nonbusiness casualty losses.*—Taxpayers will be permitted to carry back one year and carry forward five years losses arising from fire, storm, shipwreck, or other casualty, or from theft, if sustained after December 31, 1950, even though such losses are on nonbusiness property. The amendment is applicable in computing the net operating loss deduction for taxable years ending after December 31, 1948.

11. *Life insurance companies.*—The act substituted a new formula for the stopgap legislation applicable to life insurance companies. Under the new formula, which is applicable only for the year 1951, insurance companies will be taxed at 3¾ percent of their first $200,000 of net investment income and at 6½ percent of amounts in excess of $200,000. The substitute method is expected to produce substantially the same revenue for the year 1951 as would be obtained by an extension of the prior-law stopgap provision.

12. *Venture capital companies.*—Investment companies which are certified by the Securities and Exchange Commission as principally engaged in furnishing capital to corporations developing or exploiting inventions, technological improvements, new processes or products, were granted the benefits of the tax treatment of regulated investment companies. Such companies are not subject to taxation on amounts currently paid to stockholders and the capital gains they receive are treated as capital gains of the stockholders if such gains are distributed.

13. *Mutual savings banks and building and loan associations.*—Effective as of January 1, 1952, mutual savings banks and building and loan associations will be subject to the corporate income tax with the usual business expense deductions, including a deduction for dividends and/or interest paid to shareholders or depositors and a deduction for repayments of certain loans made by the United States and by mutual deposit insurance funds established in the various States. They will be allowed to deduct any amount they deem necessary to be added to their loss reserves, except that if their surplus and undivided profits equal or exceed 12 percent of their total deposits they will be limited to a reasonable addition, as in the case of commercial banks. The life insurance department of a mutual savings bank will be taxed as a life insurance company if its accounts are maintained separately from the accounts of the mutual savings bank.

14. *Exempt farm cooperatives.*—Farmers' marketing and purchasing cooperatives, which are exempt under section 101 (12) of the Code, will be taxed on earnings which are not paid in cash or merchandise or allocated to their patrons. In all other respects these cooperatives will remain exempt.

All cooperatives, nonexempt as well as exempt, will be required to file information returns with the Bureau of Internal Revenue with respect to patronage dividends paid or allocated in amounts of $100 or more. This requirement will not apply to rural electrification cooperatives and certain mutual insurance companies exempt under section 101 (10) or (11), or to any insurance company taxable under Supplement G.

15. *Mining development and exploration expenditures.*—A current deduction will be allowed for expenditures incurred in the development of a mine or other natural deposit, or, at the election of the taxpayer, such expenditures will be allowed to be deducted ratably over the period during which the ores or minerals obtained as a result of such expenditures are sold.

Similar treatment will be granted for mine exploration expenditures paid or incurred by a taxpayer up to $75,000 in any one taxable year. However, this benefit will be available to any one taxpayer for four years only (giving a maximum deduction of $300,000).

16. *Percentage depletion.*—The act added a number of items to the list of minerals receiving percentage depletion and increased the rate for others already receiving such treatment.

The most important change was an increase in the rate for coal from 5 percent to 10 percent.

A 5 percent rate was extended to sand, gravel, slate, stone (including pumice and scoria), brick and tile clay, shale, oyster shells, clam shells, granite, marble, salt, and if from brine wells, calcium chloride, magnesium chloride, and bromine.

A 10 percent rate was extended to wollastonite, asbestos, calcium carbonates (other than marble and oyster and clam shells), perlite, and the magnesium compounds (dolomite, brucite, and magnesite or magnesium carbonate).

A 15 percent rate was extended to borax, fuller's earth, tripoli, refractory and fire clay, quartzite, aplite, garnet, diatomaceous earth, and metallurgical and chemical grade limestone.

17. *Family partnerships.*—The rules for determining the validity of family partnerships were changed. Under the new rules, if a bona fide gift of a partnership interest in a partnership in which capital is a material income-producing factor has been made to a family member, the partnership will be recognized as valid for income tax purposes.

18. *Treatment of foreign income.*—A domestic corporation receiving dividends from a foreign corporation will receive a tax credit for (a) foreign taxes paid by the foreign corporation, if at least 10 percent of the stock of the foreign corporation is owned by the domestic corporation, and (b) foreign taxes paid by a subsidiary of the foreign corporation, more than 50 percent of whose stock is owned by the first foreign corporation.

The 85 percent dividends received credit was made available to corporations receiving dividends from a foreign corporation doing a substantial volume of business in the United States. The credit applies only to the portion of the dividends which relate to earnings derived from United States sources.

The requirements for the exemption from taxation of income earned by a United States citizen for personal services rendered in a foreign country were liberalized. In the case of persons who establish bona fide residence abroad for at least a full taxable year, the exemption was extended so as to apply to earnings received during the entire period of residence abroad. In addition, persons who are abroad for a period of 17 out of 18 consecutive months (although not becoming bona fide residents abroad) will qualify for the exemption.

The due date for the filing of returns by China Trade Act Corporations was extended to December 31, 1953, in cases where the Secretary of the Treasury determines that such extension of time is reasonable under the circumstances existing in China.

19. *Corporate spin-offs.*—Distributions of stock incident to certain corporate "spin-offs" will not be taxable to the stockholder as dividends.

20. *Redemption of stock to pay death taxes.*—Amounts received in redemption of stock in a closely held corporation for the purpose of paying estate tax will not be taxable as dividends if the stock comprises more than 35 percent of the value of the gross estate of the decedent. Under prior law, such redemptions were exempt if the stock comprised more than 50 percent of the net estate.

21. *Unrelated business income of tax-exempt organizations.*—Government colleges and universities and corporations wholly owned by them will be subject to the tax on unrelated business income which was imposed on other colleges and universities by the Revenue Act of 1950, effective for taxable years beginning after December 31, 1951.

The income from a publishing business owned by a college or university during 1951–53 will not be taxed as unrelated business income during those years if within three years the business becomes substantially related to the educational purposes of the organization.

When a college is a member with other exempt colleges of a partnership carrying on an unrelated trade or business, a deduction will be allowed during the years

1951–53 for amounts used to pay indebtedness incurred by the organization in purchasing the unrelated business.

"Feeder" corporations engaged in business and whose profits inure to the benefit of an exempt college or university or to the benefit of a hospital or an institution for the rehabilitation of physically handicapped persons were granted an exemption for taxable years beginning prior to January 1, 1951.

22. *Estate and gift taxes.*—For the first time, a tax credit against the United States Federal estate tax will be permitted for estate taxes paid to a foreign country on property situated in that foreign country.

Obligations issued by the United States on or after March 1, 1941, will be included in the gross estate of a nonresident alien dying after the enactment of the act. These obligations will also be subject to the gift tax.

Works of art loaned to the National Gallery of Art and other public galleries or museums for exhibition purposes in cases where the owner is a nonresident alien will be exempt from the Federal estate tax. Under prior law, this exemption applied only to works of art loaned to the National Gallery of Art, Washington, D. C.

The additional estate tax will not apply to the transfer of the net estate of a member of the armed forces of the United States dying after June 24, 1950, and before January 1, 1954, if the decedent is killed in action while serving in combat or if he dies as a result of wounds therefrom.

In the case of decedents dying after March 18, 1937, and before February 11, 1939, the determination as to whether the estate tax applies to certain transfers intended to take effect at death will be made on the basis of the estate tax regulations issued on March 18, 1937 (and revoked after the *Hallock* decision in January 1940).

The period within which the death of a decedent may occur without subjecting a pre-1931 retained life estate to the estate tax was extended from January 1, 1950, to January 1, 1951. The Technical Changes Act of 1949 provided that such a retained interest might be released free of gift or estate tax in 1949 or 1950.

The provisions of the Technical Changes Act of 1949, subjecting to the estate tax transfers in which a reversionary interest of more than 5 percent is retained, will not apply to transfers made prior to the enactment of the estate tax on September 8, 1916.

Refunds resulting from the application of the 1950 act to certain reversionary interests in life insurance will be allowed in closed cases if claim was made after October 25, 1949, and on or before October 25, 1950.

23. *Expense allowances of the President, Vice President, Speaker, and Members of Congress.*—The exemption from income tax of the expense allowances paid the President, the Vice President, the Speaker of the House, and Members of Congress was removed beginning in calendar year 1953.

24. *Disclosure of old-age assistance records by States.*—The States will not be deprived of grants-in-aid under the Social Security Act even if they enact legislation giving the public access to records of disbursement of old-age assistance payments, if the legislation prohibits the use of the names for commercial or political purposes.

25. *Other provisions.*—Amounts paid by an employer to the beneficiaries of a deceased employee pursuant to an express contract under which the employer is legally obligated to pay such amounts will be excluded from gross income if less than $5,000.

If the value of a survivor's interest in a joint and survivor annuity is required to be included in the estate of a decedent annuitant dying after December 31, 1950, this value will be considered to be the consideration paid for the survivor's annuity for purposes of determining the amount to be excluded from the income of the survivor under the annuity rule.

Section 22 (b) (9) of the Internal Revenue Code relating to exclusion from gross income of income attributable to the discharge of certain indebtedness in the case of a corporation was amended and made permanent. Section 22 (b) (10) relating to the exclusion of income of a railroad corporation attributable to the discharge of its indebtedness in a receivership proceeding was extended for three years.

The provisions applicable to involuntary liquidations of inventories occurring during World War II, which were made applicable to the present emergency last year, were perfected.

Section 112 (b) (7) of the Internal Revenue Code, which, in effect, allows a tax-free liquidation of a corporation in any calendar month in 1951, was extended to include cases where the transfer of all the property of the corporation occurs within one calendar month in 1952.

The net operating loss carry-forward period was extended from 2 to 3 years for losses incurred by any business in 1948 and 1949 and for losses incurred by new businesses in 1947.

The provisions relating to restricted stock options were amended to provide that if the grant of an option is subject to stockholder approval, the date of grant of the option is to be determined as if the option had not been subject to stockholder approval. The amendment was made effective as if enacted as part of the Revenue Act of 1950, which first provided special tax treatment for restricted options.

The Secretary of the Treasury was given the authority to require information returns reporting payments of interest, regardless of amount. This changes the provision of prior law requiring, in general, such information returns only if the payment is $600 or more.

Awards made on December 4, 1950, by the Interstate Commerce Commission as retroactive compensation for the transportation of mail will be included as income in the year in which the transportation service was rendered. Also, in general, if retroactive mail payments are required to be included as income in the year the mail is carried, it was provided that no interest will be due from such inclusion.

The 85 percent credit for dividends received will be allowed the recipient of dividends on the preferred stock of a public utility if the public utility did not obtain a dividends-paid credit on such dividends. This amendment is also applicable to past years.

The date for claiming net renegotiation rebates arising out of the World War II Renegotiation Act was extended for four months to October 31, 1951.

A Western Hemisphere Trade Corporation which elected to be included as a member of an affiliated group by filing a consolidated return may withdraw this election within 90 days after the enactment of the act.

At the election of the taxpayer, the amount of the recovery of any property which was deemed, under the war loss provisions, to be lost during World War II is to be computed as the lesser of the fair market value at the time of recovery or the adjusted basis at the date of loss. If the taxpayer makes this election, in lieu of including the amount of recovery in the income in the year of recovery, there will be added to the tax in such year the amount of tax benefit gained through the deduction of the lost property in the year of loss.

A full-time life insurance salesman who is an employee for social security purposes will be considered an employee under the Internal Revenue Code so as to be includible under exempt stock bonus, pension, profit-sharing, or annuity plans. The provision is retroactive to taxable years beginning after December 31, 1938.

The income of a personal holding company which can not be distributed currently because of a "freeze order" under the Trading With the Enemy Act, or because of a lien in favor of the United States, will be exempt from the personal holding company tax. This provision is retroactive to taxable years beginning after December 31, 1939.

A minor change was made in the definition of the term "system group", as that term is used in Supplement R of the Internal Revenue Code. The change is effective for transfers of property made after December 31, 1947.

TABLE I.—*Estimated revenue effect of the Revenue Act of 1951* [1]

[In millions of dollars]

	Estimated revenue increase, or decrease (−), over present law	
	Full year	Fiscal year 1952
Individual income tax rates	2,455.6	1,340.0
Corporation tax rates	2,286.6	940.9
Excise taxes (excluding wagering)	760.6	[2] 537.3
Wagering [3]	300.0	50.0
Life insurance companies	73.0	51.0
Depletion	−63.9	−40.9
Mutual savings banks, building and loan associations, and cooperatives	[4] 30.0	
Excess profits tax provisions	−102.0	−102.0
Miscellaneous provisions	−301.9	[5] −321.2
Total	5,438.0	2,455.1

[1] Income tax estimates are based on calendar year 1951 levels of income; estate and gift tax and excise tax estimates are based on fiscal year 1952 levels of income.
[2] Effective date assumed to be Nov. 1, 1951.
[3] In view of the unusual and unforeseeable problems presented in enforcing this tax, the estimate will vary widely depending on the assumptions made.
[4] Eventual long-run effect. It is estimated that for the most part mutual savings banks and building and loan associations will remain nontaxable under the 12 percent reserve provision.
[5] The fiscal year 1952 effect exceeds the full year effect because of the cumulative refunds resulting from various retroactive provisions.

TABLE II.—*Individual income tax rate schedules under the Revenue Acts of 1944, 1945, 1948, 1950, and 1951*

Surtax net income	1944 act (highest wartime rates)	1945 act [1]	1948 act [1]	1950 act [2]	1951 act	
					Calendar year 1951	Calendar year 1952
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
0 to $2,000	23	19.00	16.60	20	20.4	22.2
$2,000 to $4,000	25	20.90	19.36	22	22.4	24.6
$4,000 to $6,000	29	24.70	22.88	26	27	29
$6,000 to $8,000	33	28.50	26.40	30	30	34
$8,000 to $10,000	37	32.30	29.92	34	35	38
$10,000 to $12,000	41	36.10	33.44	38	39	42
$12,000 to $14,000	46	40.85	37.84	43	43	48
$14,000 to $16,000	50	44.65	41.36	47	48	53
$16,000 to $18,000	53	47.50	44.00	50	51	56
$18,000 to $20,000	56	50.35	46.64	53	54	59
$20,000 to $22,000	59	53.20	49.28	56	57	62
$22,000 to $26,000	62	56.05	51.92	59	60	66
$26,000 to $32,000	65	58.90	54.56	62	63	67
$32,000 to $38,000	68	61.75	57.20	65	66	68
$38,000 to $44,000	72	65.55	60.72	69	69	72
$44,000 to $50,000	75	68.40	63.36	72	73	75
$50,000 to $60,000	78	71.25	66.00	75	75	77
$60,000 to $70,000	81	74.10	68.64	78	78	80
$70,000 to $80,000	84	76.95	71.28	81	82	83
$80,000 to $90,000	87	79.80	73.92	84	84	85
$90,000 to $100,000	90	82.65	76.56	87	87	88
$100,000 to $136,719.10	92	84.55	78.32	89	89	90
$136,719.10 to $150,000			80.3225			
$150,000 to $200,000	93	85.50	81.2250	90	90	91
$200,000 and over [3]	94	86.45	82.1275	91	91	92

[1] After reductions from tentative tax.
[2] Rates applicable to 1951.
[3] Subject to the following maximum rate limitations: Revenue Act of 1944, 90 percent; Revenue Act of 1945, 85.5 percent; Revenue Act of 1948, 77 percent; Revenue Act of 1950, 87 percent; Revenue Act of 1951, rates for 1951, 87.2 percent; rates for 1952, 88 percent.

TABLE III.—*Comparison of amounts and effective rates of individual income tax under Revenue Acts of 1950 and 1951*

SINGLE PERSON—NO DEPENDENTS

Net income before exemption	Amounts of tax			Effective rates		
	1950 act [1]	1951 act		1950 act [1]	1951 act	
		Calendar year 1951	Calendar year 1952		Calendar year 1951	Calendar year 1952
				Percent	*Percent*	*Percent*
$600						
$800	$40	$41	$44	5.0	5.1	5.6
$1,000	80	82	89	8.0	8.2	8.9
$1,500	180	184	200	12.0	12.2	13.3
$2,000	280	286	311	14.0	14.3	15.5
$3,000	488	498	542	16.3	16.6	18.1
$5,000	944	964	1,052	18.9	19.3	21.0
$8,000	1,780	1,816	1,992	22.3	22.7	24.9
$10,000	2,436	2,486	2,728	24.4	24.9	27.2
$15,000	4,448	4,528	4,968	29.7	30.2	33.1
$20,000	6,942	7,072	7,762	34.7	35.4	38.8
$25,000	9,796	9,976	10,940	39.2	39.9	43.8
$50,000	26,388	26,758	28,466	52.8	53.5	56.9
$100,000	66,798	67,274	69,688	66.8	67.3	69.7
$500,000	429,274	429,750	436,164	85.9	86.0	87.2
$1,000,000	[2] 870,000	[2] 872,000	[2] 880,000	[2] 87.0	[2] 87.2	[2] 88.0

MARRIED PERSON—NO DEPENDENTS

Net income before exemption	1950 act [1]	1951 act, Calendar year 1951	1951 act, Calendar year 1952	1950 act [1] (Percent)	1951 act, Calendar year 1951 (Percent)	1951 act, Calendar year 1952 (Percent)
$1,200						
$1,500	$60	$61	$67	4.0	4.1	4.4
$2,000	160	163	178	8.0	8.2	8.9
$3,000	360	367	400	12.0	12.2	13.3
$5,000	760	775	844	15.2	15.5	16.9
$8,000	1,416	1,443	1,577	17.7	18.0	19.7
$10,000	1,888	1,928	2,104	18.9	19.3	21.0
$15,000	3,260	3,332	3,644	21.7	22.2	24.3
$20,000	4,872	4,972	5,456	24.4	24.9	27.3
$25,000	6,724	6,874	7,508	26.9	27.5	30.0
$50,000	19,592	19,952	21,880	39.2	39.9	43.8
$100,000	52,776	53,516	56,932	52.8	53.5	56.9
$500,000	403,548	404,500	412,328	80.7	80.9	82.5
$1,000,000	858,548	859,500	872,328	85.9	86.0	87.2

MARRIED PERSON—TWO DEPENDENTS

Net income before exemption	1950 act [1]	1951 act, Calendar year 1951	1951 act, Calendar year 1952	1950 act [1] (Percent)	1951 act, Calendar year 1951 (Percent)	1951 act, Calendar year 1952 (Percent)
$2,400						
$3,000	$120	$122	$133	4.0	4.1	4.4
$5,000	520	530	577	10.4	10.6	11.5
$8,000	1,152	1,174	1,282	14.4	14.7	16.0
$10,000	1,592	1,622	1,774	15.9	16.2	17.7
$15,000	2,900	2,972	3,236	19.3	19.8	21.6
$20,000	4,464	4,552	5,000	22.3	22.8	25.0
$25,000	6,268	6,406	7,004	25.1	25.6	28.0
$50,000	18,884	19,232	21,088	37.8	38.5	42.2
$100,000	51,912	52,640	56,032	51.9	52.6	56.0
$500,000	402,456	403,408	411,224	80.5	80.7	82.2
$1,000,000	857,456	858,408	871,224	85.7	85.8	87.1

[1] Rates applicable to 1951.
[2] Taking into account the following maximum effective rate limitations: 1950 act, 87 percent; Revenue Act of 1951, rates for 1951, 87.2 percent; rates for 1952, 88 percent.

TABLE IV.—*Comparison of individual income tax rate schedules under the Revenue Act of 1951 for single persons, heads of households, and married couples filing joint returns*

Surtax net income	Single person	Head of household	Married couple filing joint return
	Percent	*Percent*	*Percent*
0 to $2,000	22.2	22.2	22.2
$2,000 to $4,000	24.6	23.4	22.2
$4,000 to $6,000	29	27	24.6
$6,000 to $8,000	34	29	24.6
$8,000 to $10,000	38	34	29
$10,000 to $12,000	42	35	29
$12,000 to $14,000	48	41	34
$14,000 to $16,000	53	44	34
$16,000 to $18,000	56	47	38
$18,000 to $20,000	59	48	38
$20,000 to $22,000	62	52	42
$22,000 to $24,000	66	54	42
$24,000 to $26,000	66	57	48
$26,000 to $28,000	67	57	48
$28,000 to $32,000	67	60	53
$32,000 to $36,000	68	63	56
$36,000 to $38,000	68	63	59
$38,000 to $40,000	72	66	59
$40,000 to $44,000	72	66	62
$44,000 to $50,000	75	71	66
$50,000 to $52,000	77	72	66
$52,000 to $60,000	77	72	67
$60,000 to $64,000	80	73	67
$64,000 to $70,000	80	73	68
$70,000 to $76,000	83	77	68
$76,000 to $80,000	83	77	72
$80,000 to $88,000	85	79	72
$88,000 to $90,000	85	79	75
$90,000 to $100,000	88	81	75
$100,000 to $120,000	90	85	77
$120,000 to $140,000	90	85	80
$140,000 to $150,000	90	85	83
$150,000 to $160,000	91	88	83
$160,000 to $180,000	91	88	85
$180,000 to $200,000	91	88	88
$200,000 to $300,000	92	91	90
$300,000 to $400,000	92	92	91
$400,000 and over [1]	92	92	92

[1] Subject to maximum effective rate limitation of 88 percent.

TABLE V.—*Comparison of individual income tax liabilities of single persons with one dependent, heads of households with one dependent, and married couples filing joint returns under the Revenue Act of 1951*

Selected net income levels	Amounts of tax			Difference in tax between single person and married couple	Difference in tax between single person and head of household	
	Single person—1 dependent	Head of household—1 dependent	Married couple filing joint return		Amount	Percent of difference between single person and married couple [1]
$1,200						
$1,500	$67	$67	$67			
$2,000	178	178	178			
$3,000	400	400	400			
$5,000	887	865	844	$43	$22	50.0
$8,000	1,788	1,684	1,577	211	104	49.2
$10,000	2,500	2,304	2,104	396	196	49.5
$15,000	4,660	4,150	3,644	1,016	510	50.2
$20,000	7,408	6,436	5,456	1,952	972	49.8
$25,000	10,544	9,024	7,508	3,036	1,520	50.1
$50,000	28,016	24,960	21,880	6,136	3,056	49.8
$100,000	69,160	63,040	56,932	12,228	6,120	50.0
$500,000	435,612	424,408	412,328	23,284	11,204	48.1
$1,000,000	[2] 880,000	[2] 880,000	872,328	7,672		

[1] These percentages were computed on the basis of unrounded figures.
[2] Taking into account maximum effective rate limitation of 88 percent.

TABLE VI.—*Estimated increases in individual income tax liabilities under the Revenue Act of 1951 by adjusted gross income classes at calendar year 1951 levels of income*

Adjusted gross income class (000)	Total tax liability under Revenue Act of 1950	Increase, or decrease (−), under the Revenue Act of 1951				Total tax liability under Revenue Act of 1951
		Surtax rate increase	Increase in alternative rate on capital gains	Head-of-household provision	Total	
	(In millions of dollars)					
Under $1	38.1	4.2			4.2	42.3
$1 to $2	712.2	78.3			78.3	790.5
$2 to $3	1,828.7	201.2			201.2	2,029.9
$3 to $4	2,783.6	307.1		−0.6	306.5	3,090.1
$4 to $5	2,913.2	322.1		−2.2	319.9	3,233.1
Under $5	8,275.9	913.0		−2.8	910.2	9,186.1
$5 to $10	5,004.5	561.6		−5.6	556.0	5,560.5
$10 to $25	3,992.3	459.5	(1)	−14.6	444.9	4,437.2
$25 to $50	2,308.0	263.2	0.7	−10.2	253.7	2,561.7
$50 to $100	1,940.9	183.4	5.1	−6.5	182.0	2,122.9
$100 to $250	1,464.5	81.7	5.1	−3.3	83.5	1,548.0
$250 to $500	473.4	13.0	2.8	−.6	15.2	488.6
$500 to $1,000	256.8	4.1	2.0	−.2	5.9	262.7
$1,000 and over	254.4	2.7	1.5	−.1	4.1	258.5
$5 and over	15,694.8	1,569.2	17.3	−41.1	1,545.4	17,240.2
Total	23,970.7	2,482.2	17.3	−43.9	2,455.6	26,426.3

NOTE.—Figures are rounded and will not necessarily add to totals.

[1] Less than $50,000.

TABLE VII.—*Comparison of the maximum effective rates of corporation income and excess profits taxes under a 70 percent ceiling rate on income and excess profits taxes with the 18 percent ceiling on excess profits taxes enacted under the Revenue Act of 1951*

Current income	Effective rate of normal and surtax under the Revenue Act of 1951	Maximum effective rate of income and excess profits taxes		
		70 percent income and excess profits tax ceiling	18 percent excess profits tax ceiling under the Revenue Act of 1951	Percentage point difference
	Percent	*Percent*	*Percent*	
$10,000	30.00	30.00	30.00	
$25,000	30.00	30.00	30.00	
$30,000	33.67	38.67	38.67	
$40,000	38.25	49.50	49.50	
$50,000	41.00	56.00	56.00	
$60,000	42.83	60.33	60.33	
$62,500	43.20	61.20	61.20	
$70,000	44.14	63.43	62.14	1.29
$80,000	45.13	65.75	63.13	2.62
$90,000	45.89	67.56	63.89	3.67
$100,000	46.50	69.00	64.50	4.50
$108,333	46.92	70.00	64.92	5.08
$200,000	49.25	70.00	67.25	2.75
$300,000	50.17	70.00	68.17	1.83
$400,000	50.63	70.00	68.63	1.37
$500,000	50.90	70.00	68.90	1.10
$1,000,000	51.45	70.00	69.45	0.55
$10,000,000	51.95	70.00	69.95	0.05
$100,000,000	51.99	70.00	69.99	0.01

TABLE VIII.—*Comparison of corporation income tax liabilities under the Revenue Act of 1951 and under prior law*

Net income	Tax liabilities			Effective rates		
	Prior law [1]	Revenue Act of 1951 [2]		Prior law [1]	Revenue Act of 1951 [2]	
		Calendar year 1951 rates	Calendar year 1952 rates		Calendar year 1951 rates	Calendar year 1952 rates
				Percent	*Percent*	*Percent*
$5,000	$1,250	$1,438	$1,500	25.00	28.75	30.00
$10,000	2,500	2,875	3,000	25.00	28.75	30.00
$25,000	6,250	7,188	7,500	25.00	28.75	30.00
$50,000	18,000	19,875	20,500	36.00	39.75	41.00
$75,000	29,750	32,563	33,500	39.67	43.42	44.67
$100,000	41,500	45,250	46,500	41.50	45.25	46.50
$250,000	112,000	121,375	124,500	44.80	48.55	49.80
$500,000	229,500	248,250	254,500	45.90	49.65	50.90
$1,000,000	464,500	502,000	514,500	46.45	50.20	51.45
$10,000,000	4,694,500	5,069,500	5,194,500	46.95	50.70	51.95
$100,000,000	46,994,500	50,744,500	51,994,500	46.99	50.74	51.99

[1] Excess Profits Tax Act of 1950: Normal tax, 25 percent on all income; surtax, 22 percent on income over $25,000.
[2] Revenue Act of 1951: Calendar year 1951, normal tax, 28.75 percent on all income; surtax, 22 percent on income over $25,000; calendar year 1952, normal tax, 30 percent on all income; surtax, 22 percent on income over $25,000.

TABLE IX.—*Effective rates of total corporate income and excess profits taxes under the Revenue Act of 1951 compared to prior law rates,*[1] *for corporations with current income of $100,000 and $10,000,000*

[In percent]

Current net income as a percent of base-period net income	Current net income: $100,000			Current net income: $10,000,000		
	Effective rates		Increase over prior law	Effective rates		Increase over prior law
	Prior law [1]	Revenue Act of 1951 [2]		Prior law [1]	Revenue Act of 1951 [2]	
70	41.5	46.5	5.0	46.9	51.9	5.0
75	41.5	46.5	5.0	46.9	51.9	5.0
80	41.5	46.5	5.0	46.9	51.9	5.0
83	41.5	46.5	5.0	46.9	51.9	5.0
85	41.5	47.2	5.7	46.9	52.7	5.8
90	43.2	48.8	5.6	48.6	54.3	5.7
100	46.0	51.6	5.6	51.4	57.0	5.6
110	48.3	53.9	5.6	53.8	59.3	5.5
120	50.3	55.8	5.5	55.7	61.2	5.5
130	51.9	57.3	5.4	57.3	62.8	5.5
140	53.3	58.7	5.4	58.7	64.2	5.5
150	54.5	59.9	5.4	59.9	65.3	5.4
160	55.6	60.9	5.4	61.0	66.4	5.4
170	56.5	61.9	5.4	61.9	67.3	5.4
180	57.3	62.7	5.4	62.0	68.1	6.1
190	58.1	63.4	5.3	62.0	68.8	6.8
200	58.8	64.1	5.3	62.0	69.5	7.5
207.5	59.2	64.5	5.3	62.0	69.9	7.9
300	62.0	64.5	2.5	62.0	69.9	7.9
500	62.0	64.5	2.5	62.0	69.9	7.9

[1] Excess Profits Tax Act of 1950: Normal tax, 25 percent on all income; surtax, 22 percent on income over $25,000; excess profits tax, 30 percent on income in excess of 85 percent of average base-period income; maximum effective rate limitation, 62 percent of all income.
[2] Revenue Act of 1951: Normal tax, 30 percent on all income; surtax, 22 percent on income over $25,000; excess profits tax, 30 percent on income in excess of 83 percent of average base-period income; maximum effective rate limitation on the excess profits tax, 18 percent of all income.

TABLE X.—*Excise tax provisions of the Revenue Act of 1951*

Item	Tax base	Prior rate	Rate under 1951 Revenue Act [1]	Increase, or decrease (−), in revenue (in millions of dollars)
ALCOHOLIC BEVERAGES				
Distilled spirits	Proof gallon	$9	$10.50	155.6
Drawback when used in medicines and food products	Proof gallon	$6	$9.50	−17.0
Beer	Barrel	$8	$9.00	74.3
Still wines	Gallon	15¢, 60¢, $2.00	17¢, 67¢, $2.25	8.5
Sparkling wines	Half pint	10¢, 15¢	12¢, 17¢	
Retail and wholesale liquor dealers and wholesale malt liquor dealers	Annual fee	$27.50, $110, $55	$50, $200, $100	8.0
Total, alcoholic beverages				229.4
TOBACCO				
Cigarettes	Thousand	$3.50	$4	176.7
Manufactured tobacco	Pound	18¢	10¢	−18.3
Total, tobacco				158.4
MANUFACTURERS' EXCISES				
Gasoline	Gallon	1½¢	2¢	203.8
Passenger automobiles	Manufacturers' price	7%	10% [2]	165.7
Trucks and busses	Manufacturers' price	5%	8%	69.0
Auto parts and accessories	Manufacturers' price	5%	8% [3]	56.0
Tires	Pound	5¢	No change [4]	−1.0
Electric, gas, and oil appliances	Manufacturers' price	10%	No change [5]	17.1
Electrical energy	Charge	3⅓%	Repealed	−103.0
Photographic apparatus and film	Manufacturers' price	25% and 15%	20% [6]	−22.0
Sporting goods	Manufacturers' price	10%	15% [7]	−2.1
Fountain and ball point pens, mechanical pencils, cigarette, cigar and pipe lighters.	Manufacturers' price	No tax	15%	13.9
Radios, television, and phonographs	Manufacturers' price	10%	No change [8]	Negligible
Household refrigerators	Manufacturers' price	10%	No change [9]	Negligible
Total, manufacturers' excises				397.4
RETAILERS' EXCISES				
Diesel oil used for highway transportation	Gallon	No tax	2¢ [10]	11.5
Toilet preparations	Retail price	20%	No change [11]	−6.5
Total, retailers' excises				5.0

Services				
Domestic telegraph, cable or radio messages	Charge	25%	15%	−16.6
Toll telephone messages	Charge	25%	No change [12]	Negligible
Transportation of persons	Charge	15%	No change [13]	Negligible
Transportation of property	Charge	3%	No change [14]	Negligible
Admissions, excluding cabarets	Charge	1¢ per 5¢ or major fraction	No change [15]	−22.4
Cabarets	Charge	20%	No change [16]	−1.0
Coin operated gaming devices	Annual charge per machine	$150	$250	10.4
Total, excises on services				−29.6
Wagering				
Wagers (except parimutuel)	Amount wagered	No tax	10%	300.0
Persons receiving taxable wagers	Annual fee	No tax	$50	
Total, all excises				1,060.6

[1] Excise tax changes effective Nov. 1, 1951. With the exception of increases in the occupational taxes on dealers in liquor and coin-operated gaming devices, rate increases of existing taxes expire automatically on Apr. 1, 1954. Items newly subject to tax are not subject to the automatic reduction.

[2] House trailers exempted.

[3] Excludes from the tax base the fair market value of like parts traded in for reconditioned or rebuilt auto parts or accessories. Grants credit or refund of the tax where parts or accessories are used or resold for the repair or replacement of farm equipment, except in the case of spark plugs, storage batteries, leaf springs, coils, timers, and tire chains.

[4] Exempts extruded tires with internal wire fasteners and all rubber tires not more than 20 inches in diameter and 1¾ of an inch in cross section.

[5] Extends tax to following household types of electrical appliances: exhaust blowers, belt-driven fans, clothes driers (including gas types), door chimes, dehumidifiers, dishwashers, floor polishers and waxers, food choppers and grinders, hedge trimmers, ice cream freezers, mangles, motion or still picture projectors, pants pressers, power lawn mowers (including gasoline powered), sheets and spreads, and garbage disposal units. Exempts industrial types of electric direct motor-driven fans and air circulators, electric heating pads, and all nonhousehold types of other appliances previously subject to the tax. Public Law 251, approved Oct. 31, 1951, extends the tax on heating pads to April 1, 1952.

[6] Exempts commercial and industrial types of film and photographic apparatus.

[7] Fishing equipment tax retained at 10 percent of manufacturers' price. Exempts baseballs and baseball equipment, basketballs, boxing gloves and boxing equipment, fencing equipment, footballs and football equipment, gymnasium equipment and apparatus, hockey equipment, indoor baseballs and indoor baseball equipment, mass balls, push balls, skates, snow toboggans and sleds not more than 60 inches in length, soccer balls, softballs and softball equipment, track hurdles, vaulting equipment, volleyballs and volleyball equipment, water polo equipment, and wrestling head harness.

[8] Exempts communication, detection, or navigation receivers of the type used in commercial, military, or marine installations if sold to the United States for its exclusive use.

[9] Exempts refrigeration components sold to wholesalers or retailers for resale to manufacturers of refrigeration equipment.

[10] Rate becomes 1½ cents per gallon on April 1, 1954.

[11] Exempts baby oils, powders, and lotions, toilet preparations purchased by barber shops and beauty parlors for use in these establishments, and miniature samples of toilet preparations sold by manufacturers or distributors to house-to-house salesmen for demonstration purposes.

[12] Exempts calls from combat zones initiated by members of the armed forces.

[13] Exempts fishing trips. In the case of vessels making voyages between the United States and a port outside the northern portion of the Western Hemisphere, an intermediate stop in a port in the United States, Canada, or Mexico shall not give rise to tax liability if the ship is not authorized both to discharge and take on passengers at such intermediate stops.

[14] Exempts charges made for the movement of excavated material within the boundaries of a construction project or to an adjacent area.

[15] Exempts admissions accruing to specified educational, religious, and charitable institutions and certain nonprofit organizations, such as churches and conventions of churches, educational organizations which normally maintain regular faculties and curricula and have regularly organized bodies of pupils or students in attendance, charitable organizations supported, wholly or partly, by contributions made by the general public or by the United States, or any State, or local government, symphony orchestras and operas, chautauquas, National Guard, reserve officers', and veterans' organizations, police or fire departments and their benefit funds, agricultural fairs, swimming pools and places providing facilities for physical exercise which are operated by a governmental unit, and historic sites, houses, and shrines. Exempts free admissions and applies tax to actual amounts paid in case of reduced-rate admissions.

[16] Exempts ballrooms and dance halls where serving of food, etc., is incidental to furnishing music and dancing privileges.

Exhibit 34.—Miscellaneous revenue legislation enacted during the fiscal year 1951

EIGHTY-FIRST CONGRESS, SECOND SESSION

Public Law 630, August 1, 1950, relating to the establishment of a civil government for Guam, (1) exempted from taxation by the United States or Guam, or any State or Territory or political subdivision thereof, or the District of Columbia, the principal and interest of all bonds issued by the Government of Guam or by its authority (section 11); (2) made the United States income tax laws applicable to Guam (section 31); and (3) provided that the proceeds from all Federal income taxes and customs duties derived from Guam, the proceeds of all taxes collected under the United States internal revenue laws on articles produced in Guam and transported to the United States, its Territories or possessions, or consumed in Guam, and the proceeds from any other taxes which may be levied upon inhabitants of Guam by the Congress, shall be covered in the Guam Treasury for the benefit and government of Guam (section 30).

Public Law 677, August 9, 1950, relating to annual and sick leave for commissioned officers of the Public Health Service, exempted from tax lump-sum payments to an officer for accrued annual leave in excess of 60 days (to which amount accrued annual leave was reduced by the act) but not exceeding 120 days as of June 30, 1949.

Public Law 680, August 9, 1950, (1) liberalized the exemption of licensed personal finance companies from the personal holding company surtax to reflect recent changes in State laws regulating the activities of licensed personal financial companies, but added a restriction as to the amount of loans permitted to be made to stockholders owning directly or indirectly 10 percent or more of the outstanding stock; (2) extended the exemption to certain unlicensed lending companies engaged in small loan business under direct State regulation pursuant to State statutes; and (3) provided a new exemption for certain finance companies, actively and regularly engaged in the business of purchasing or discouting accounts or notes receivable or installment obligations, or making loans secured by any of the foregoing or by tangible personal property.

Public Law 681, August 9, 1950, relating to United States aid to the States for fish restoration and management projects, authorized to be appropriated an amount equal to the revenue accruing from the tax imposed by section 3406, Internal Revenue Code, on fishing rods and equipment, in order to carry out the provisions of the act.

Public Law 716, August 18, 1950, amended section 322 (b) (3), Internal Revenue Code, to make it clear that taxpayers who enter into an agreement with the Commissioner of Internal Revenue which extends the time within which an assessment of income tax may be made do not thereby subject themselves to a reduction in the period of time otherwise available to them for the filing of a claim for credit or refund.

Public Law 749, September 1, 1950, amended section 863, Internal Revenue Code, to exempt from the Federal estate tax works of art imported into the United States solely for exhibition purposes pursuant to a loan for such purposes by a nonresident alien to the Trustees of the National Gallery of Art.

Public Law 756, September 5, 1950, amended section 22 (d) (6), Internal Revenue Code, relating to involuntary liquidation and replacement of inventory for taxpayers accounting for their inventory on a LIFO (last-in, first-out) basis, to permit such taxpayers to elect to take the tax adjustment allowed under that section at such time as may be prescribed by regulations. The amendment is intended to relieve from unintended hardship certain taxpayers, who under previous law were required to make their election at the time of the filing of their income tax returns for the year in which the liquidation occurred.

Public Law 761, September 6, 1950, amended section 7 (c), Public Law 378, Eighty-first Congress, first session, relating to refund or credit of certain barred estate tax overpayments, to extend the relief granted in Public Law 378 from the Supreme Court decision in *Commissioner* v. *Church*, 335 U. S. 632, to cases closed (generally those closed by final court decision or stipulation of counsel) on or after January 17, 1949, the date of the *Church* decision (by allowing credit or refund of overpayment in such cases if claim therefor was filed within one year from October 25, 1949). Under the *Church* decision, property transferred before March 4, 1931, was held includible in the decendent's gross estate by reason of a retained life interest in the property. Public Law 378 made the *Church* decision inapplicable to estates of decedents dying before January 1, 1950, but did not reach the cases affected by Public Law 761.

Public Law 774, September 8, 1950, The Defense Production Act of 1950, provided in the part relating to price and wage stabilization that the President shall prescribe the extent to which any wage, salary, or compensation payment made in contravention of any regulation or order promulgated by him under the act shall be disregarded by the executive departments and other Government agencies in determining the costs and expenses of an employer for purposes of any other law or regulation (section 405 (b)).

Public Law 804, September 21, 1950, amended section 3224 (b), Internal Revenue Code, to prohibit the unauthorized transportation of narcotic drugs into another State regardless of whether delivery is made or intended to be made to a person in another State, and to extend the exceptions contained in the section to include additional classes of persons whose transportation of narcotic drugs is considered legitimate.

Public Law 831, September 23, 1950, in Title I, designated as the Subversive Activities Control Act of 1950, denied any exemption from Federal income tax under section 101, Internal Revenue Code, to any organization for any taxable year during which such organization was registered or required to register as a Communist-action organization, and disallowed any deduction for Federal income tax purposes of any contribution to or for the use of any such organization (section 11).

Public Law 852, September 27, 1950, amended section 3424 (a), Internal Revenue Code, to extend the exemption of certain lumber from the import tax to include Englemann spruce.

Public Law 869, September 30, 1950, amended the Tariff Act of 1930 and section 3425, Internal Revenue Code, to suspend import taxes or duties on metal scrap, or relaying and rerolling rails from the day after enactment of the act through June 30, 1951.

Public Law 878, December 15, 1950, exempted from the tax imposed by section 3469, Internal Revenue Code, on transportation of persons, all personnel of the United States Army, Air Force, Navy, Marine Corps, and Coast Guard traveling in uniform of the United States at certain reduced round-trip fares at their own expense while on official leave, furlough, or pass, including authorized cadets and midshipmen.

Public Law 907, January 2, 1951, prevented any imposition of penalties or additions to tax in cases of failure to meet requirements with respect to estimated tax by reason of increases imposed by the Revenue Act of 1950.

Public Law 908, January 2, 1951, added section 3804 (f), Internal Revenue Code, to suspend the time limitations with respect to the performance of acts required under Federal tax laws, including the filing of income tax returns and payment of income tax, where such performance is required of an individual serving in the armed forces of the United States, or serving in support of such armed forces in a "combat zone" during the period of combatant activities, or hospitalized outside the United States and the District of Columbia as a result of injury received while serving in such area at such time. The period of suspension includes the period of service in such area, the period of such hospitalization, and the next 180 days thereafter.

Public Law 911, January 6, 1951, "Second Supplemental Appropriation Act, 1951", exempted from any tax the sale or transfer of firearms, pistols, revolvers, shells, and cartridges purchased with funds appropriated for the military departments (section 706).

Public Law 918, January 11, 1951, amended section 120, Internal Revenue Code, relating to waiver of the 15 percent limitation on an individual's allowable charitable deductions for income tax purposes where the individual's charitable contribution in the current taxable year and in each of the ten preceding years plus his income taxes paid during the year with respect to preceding years exceeded 90 percent of his net income, to provide that taxes paid for the current year may be used to arrive at the 90 percent figure.

Public Law 919, January 11, 1951, amended section 22 (d) (6), Internal Revenue Code, relating to involuntary liquidation and replacement of inventory for taxpayers accounting for their inventory on a LIFO (last-in, first-out) basis so that (1) as to involuntary liquidation of inventory during war years under the law then existing, the year for replacement of inventory is extended to years prior to 1953 instead of prior to 1951; and (2) the relief provision is made applicable to involuntary liquidations (redefined more liberally) of inventory occurring during the present emergency, specifically in taxable years ending after June 30, 1950, and prior to January 1, 1954, if the replacement of the inventory in whole or in part is reflected in a subsequent taxable year ending prior to January 1, 1956.

Eighty-Second Congress, First Session

Public Law 12, March 26, 1951, which extended the maturity date of Series E United States savings bonds for another ten years in the case of those bondholders electing to retain their bonds after maturity, permits such taxpayers (except a corporation) to report the total increase in redemption value over the amount paid for such bonds in their gross income for the taxable year of redemption or final maturity, whichever is earlier, to the extent not previously includible in gross income. (See exhibit 14.)

Public Law 23, April 25, 1951, Servicemen's Indemnity Act of 1951, made applicable the existing provisions of certain public laws to exempt from taxation indemnity payments to beneficiaries of persons who die in the active service of the armed forces of the United States.

Public Law 29, May 12, 1951, amended section 23 (c) (3), Internal Revenue Code, to allow consumers of gasoline to deduct for income tax purposes State taxes on gasoline or other motor-vehicle fuels, imposed on wholesalers and passed on to consumers.

Public Law 34, May 17, 1951, extended until January 1, 1952, the period for filing a claim for refund under section 939, Internal Revenue Code, relating to refund of additional estate tax paid by estates of citizens or residents of the United States killed in action or dying as a result of wounds or diseases suffered on or after December 7, 1941, and prior to January 1, 1947, in the line of active duty in the military or naval forces of the United States or of any of the other United Nations.

Public Law 35, May 17, 1951, amended section 153 (b), Internal Revenue Code, relating to the requirement that trusts claiming charitable deductions under section 162 (a), Internal Revenue Code, must file certain information regarding the operation of the trust, to relieve from the obligation of the statute trusts required to distribute currently all the trust net income to the beneficiaries.

Public Law 38, May 22, 1951, amended section 3425, Internal Revenue Code, to exempt from the import tax imposed by that section copper, copper-bearing ores and concentrates, and various articles containing copper (other than copper sulphate and certain composition metal) for the period beginning April 1, 1951, and ending with the close of February 15, 1953, or at the termination of the present emergency, whichever is earlier.

Public Law 58, June 28, 1951, amended sections 811 (f) and 1000 (c), Internal Revenue Code, relating to estate and gift taxes on powers of appointment, (1) in the case of a power of appointment created on or before October 21, 1942, (a) to subject to tax only property which is subject to a general power which has been exercised, and (b) to exclude from the concept of "exercise" a failure to exercise such a power, a release of such a power, or the exercise of a power which was partially released before November 1, 1951, so as not to qualify as a general power; (2) to define a general power of appointment as a power exercisable in favor of the decedent or the possessor of the power, his creditors, estate, or creditors of his estate with certain exceptions; (3) in the case of a power of appointment created after October 21, 1942, (a) to subject the appointive property to gift tax if a general power is exercised during life or released after May 31, 1951 (except as modified under special rules with respect to lapsed powers), (b) to subject the appointive property to estate tax if the general power exists at death or is exercised or released in contemplation of death or by a disposition intended to take effect at death; and (4) to consider a lapse of a power created after October 21, 1942, to be a release of such power (hence taxable) to the extent of the amount exceeding $5,000 or 5 percent of the trust fund (whichever is greater) annually.

Public Law 66, June 30, 1951, continued the exemption of metal scrap from import duties and taxes from June 30, 1951 (under Public Law 869, 81st Congress, Second Session), until the close of June 30, 1952.

INTERNATIONAL FINANCIAL AND MONETARY DEVELOPMENTS

Exhibit 35.—Report of activities of the National Advisory Council on International Monetary and Financial Problems, April 1 to September 30, 1950

[House Document No. 70, 82d Congress, 1st session]

Letter of Transmittal

To the Congress of the United States:

I transmit herewith a report of the National Advisory Council on International Monetary and Financial Problems, covering its operations from April 1 to September 30, 1950, and describing, in accordance with section 4 (b) (5) of the Bretton Woods Agreements Act, the participation of the United States in the International Monetary Fund and the International Bank for Reconstruction and Development for the above period.

Harry S. Truman.

The White House, *March 1, 1951.*

REPORT OF ACTIVITIES OF THE NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS, APRIL 1 TO SEPTEMBER 30, 1950

1. Organization of the Council

STATUTORY BASIS

The National Advisory Council on International Monetary and Financial Problems was established by the Congress in the Bretton Woods Agreements Act (59 Stat. 512, 22 U. S. C. sec. 286b), approved July 31, 1945. The Bretton Woods Agreements Act was amended, and the Council given certain additional duties, by the Foreign Assistance Act of 1948 and amendments thereto (62 Stat. 137, 141, 145, 151; 22 U. S. C. secs. 286b (a) 1509 (c), 1513 (b) (6)), and by 63 Stat. 439; 12 U. S. C. sec. 24, 22 U. S. C. secs. 286k-1, 286k-2, which also amended the National Bank Act. The relevant portions of these Acts are presented in appendix A.*

REPORTS

Since its first meeting on August 21, 1945, the Council has submitted 12 formal Reports, including two Special Biennial Reports on the operations and policies of the International Monetary Fund and the International Bank. The present Report covers the activities of the Council from April 1 to September 30, 1950.[1]

MEMBERSHIP

The members of the Council, according to law, during the period under review, were the following:

The Secretary of the Treasury, John W. Snyder, Chairman.
The Secretary of State, Dean Acheson.
The Secretary of Commerce, Charles Sawyer.
The Chairman of the Board of Governors of the Federal Reserve System, Thomas B. McCabe.
The Chairman of the Board of Directors of the Export-Import Bank, Herbert E. Gaston.
The Administrator for Economic Cooperation, Paul G. Hoffman.[2]

By agreement the following served as alternates:

William McChesney Martin, Jr., Assistant Secretary of the Treasury.
Willard L. Thorp, Assistant Secretary of State for Economic Affairs.

*Omitted in this exhibit; see note at end of exhibit.

[1] Previous Reports of the Council are listed in the Semiannual Report of the Council for the period October 1, 1949-March 31, 1950 (H. Doc. 658, 82d Cong., 2d sess.).

[2] Mr. Hoffman resigned effective as of September 30, 1950, as ECA Administrator and was succeeded by Mr. Foster, who had been Deputy Administrator since June 1949.

Thomas C. Blaisdell, Jr., Assistant Secretary of Commerce.
M. S. Szymczak, member of the Board of Governors of the Federal Reserve System.
Hawthorne Arey, Vice Chairman of the Board of Directors of the Export-Import Bank.
William C. Foster, Deputy Administrator, Economic Cooperation Administration.[2]
C. Dillon Glendinning is the Secretary of the Council.

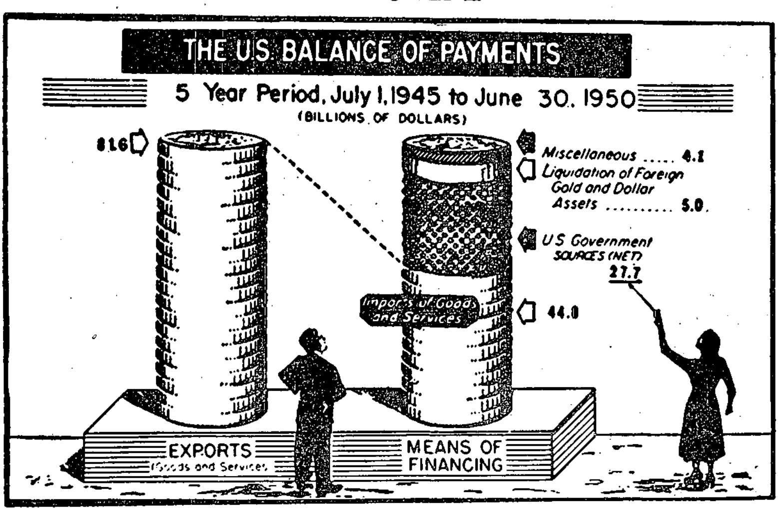
The United States Executive Directors of the International Monetary Fund, Frank A. Southard, Jr., and of the International Bank for Reconstruction and Development, William McChesney Martin, Jr., and their Alternate, John S. Hooker, regularly attended the meetings of the Council.

II. Foreign Aid and the United States Balance-of-Payments Position in 1950

UNITED STATES EXPORT SURPLUS

In the 5-year period between July 1, 1945, and June 30, 1950, the United States exported 81.6 billion dollars in goods and services and

Chart A



imported 44.8 billion dollars. The 36.8 billion dollar export surplus was financed largely by 27.7 billion dollars from United States Government sources, predominantly foreign aid. In other words, the large-scale foreign-aid programs of this country accounted for about three-fourths of the difference between our exports and imports during the interval between the end of World War II and shortly after the start of hostilities in Korea. To a smaller extent, foreign countries paid for their trade deficits by liquidating 5.0 billion dollars of their gold and dollar assets. Private sources—such as investments in foreign countries, gifts, and other private remittances—and dollar disbursements

[2] See footnote on preceding page.

by the International Monetary Fund and the International Bank, mainly covered the remainder in the balance-of-payments deficits of foreign countries with the United States.

Changes in the balance-of-payments position of this country during the postwar period are evident from table I. Since 1947, which marked the peak year of United States exports of goods and services, our export surplus has declined at a fairly steady rate except for the first half of 1949. During 1950, the balance-of-payments deficit of foreign countries with the United States was reduced to an annual rate of about $3,000,000,000 for the first 6 months, and of approximately $280,000,000 for the July–September quarter. Foreign deficits with the United States declined sharply as a result of the reduction in our exports and an increase in the value of our total imports. The improved trade positions of foreign countries vis-à-vis the United States reflected in part the widespread devaluations of 1949, and the upward movement of foreign exports, particularly raw materials, to the United States. All countries did not, however, share equally since the major improvement in balances of payments accrued to commodity producers in areas outside of Europe.

As indicated in greater detail in the preceding Report of the Council, the United States' share of world trade has remained above prewar levels, amounting to about one-fifth of total world exports and one-eighth of world imports in 1949. Our foreign aid, in terms of goods and services provided, has, in turn, amounted to less than 5 percent of world trade.

TABLE I.—*The United States balance of payments, July 1, 1945, to June 30, 1950*

[In millions of dollars]

Period	Total exports of goods and services	Means of financing			
		Total imports of goods and services	U. S. Government sources (net)[1]	Liquidation of gold and dollar assets [2]	Other [3]
Total Postwar	**$81,579**	**$44,744**	**$27,730**	**$4,965**	**$4,140**
1945—July-December	7,201	4,143	3,629	[4]—1,077	506
1946—January-June	7,235	3,328	2,569	823	515
July-December	7,506	3,635	2,408	1,109	354
1947—January-June	10,068	4,091	3,327	2,378	272
July-December	9,728	4,198	2,515	2,084	931
1948—January-June	8,806	4,980	2,302	854	670
July-December	8,286	5,376	2,766	[4]—74	218
1949—January-June	8,765	4,968	3,337	364	96
July-December	7,191	4,747	2,610	[4]—362	196
1950—January-June	6,793	5,278	2,267	[4]—1,134	382

[1] U. S. Government sources (net):
(a) Data in the above table are net of unilateral transfers to the United States, capital repayments, etc.
(b) Pensions, annuities, claims against the U. S. Government, etc., are included in this calculation of net sources.
(c) Also included in the calculation of net sources are loans and property credits. The latter are entered at the time the property was actually transferred.

[2] Figures in the above table differ from those which could be derived from table V principally because this table includes gold sold out of current production abroad, as well as liquidation of foreign long-term capital assets in the United States.

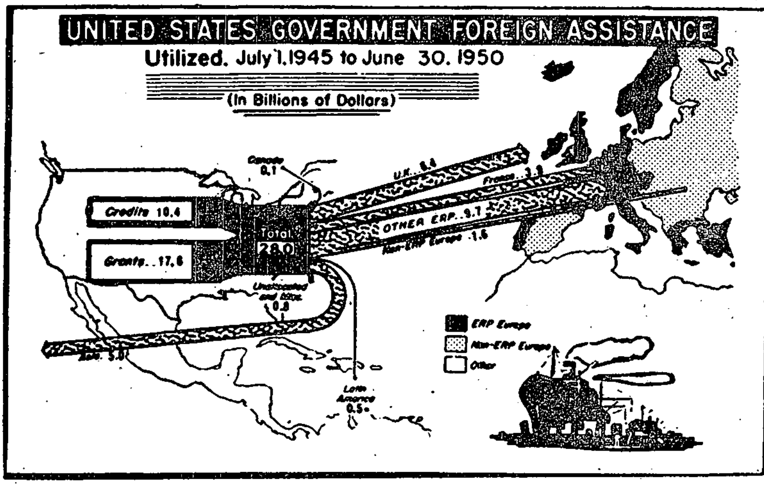
[3] Included in this category are net dollar disbursements by the International Monetary Fund and the International Bank, United States net private remittances, United States net private long- and short-term capital outflow, and errors and omissions.

[4] Negative figures are due to the net foreign acquisition of dollar assets and purchases of gold from the United States, which are a result of an excess of the means of financing over United States exports.

Source: U. S. Department of Commerce.

As is evident from table I, liquidation of gold and dollar assets by foreign countries ranked next to foreign aid as a major source of financing their balance-of-payments deficits with the United States. This liquidation was heaviest during 1946 and 1947. The inception of the European Recovery Program during 1948 probably slowed down the decline in reserves, but with few exceptions no substantial improvement in reserves was made by foreign countries until after the devaluations of September 1949.

CHART B



During the 5-year war period, July 1, 1940, through June 30, 1945, the United States extended gross foreign aid in the amount of 49.2 billion dollars. Most of this aid was in the form of lend-lease. After deducting reverse lend-lease, returns on other grants, and principal collected on credits, net wartime foreign aid amounted to 41.0 billion dollars. By comparison, for the 5-year postwar period, July 1, 1945, through June 30, 1950, this country extended 28.0 billion dollars in gross foreign aid, and 26.2 billion dollars in net foreign aid. The difference of 1.8 billion dollars between gross and net foreign aid was accounted for by 1.3 billion dollars of principal collected on outstanding credits and about 500 million dollars of reverse grants and returns on grants.

Table III summarizes the foreign-assistance programs of the United States Government for the five postwar fiscal years, 1946–50. It also shows, for each year, the amount of aid utilized under specific grant or loan programs, as well as unutilized funds for each program as of June 30, 1950.

TABLE II.—*U. S. Government foreign aid utilized, July 1, 1940, to June 30, 1950, by geographic area*

[In millions of dollars]

POSTWAR, JULY 1, 1945–JUNE 30, 1950

Area	Gross aid (grants and credits)	Returns	Net aid: Total	Net aid: Grants	Net aid: Credits
Total, All Areas	$28,014	$1,799	$26,215	$17,078	$9,137
Total, Europe	21,575	880	20,695	12,241	8,454
ERP participants	19,976	816	19,160	11,137	8,024
Other Europe	1,599	64	1,535	1,104	430
Asia	4,961	479	4,482	4,093	389
Middle East	46	30	16	−6	21
Far East	4,914	448	4,465	4,099	368
Oceania [1]	31	22	9	−1	10
Latin America	515	173	343	124	219
All other	932	245	687	621	65

WAR PERIOD, JULY 1, 1940–JUNE 30, 1945

Area	Gross aid (grants and credits)	Returns	Net aid: Total	Net aid: Grants	Net aid: Credits
Total, All Areas	$49,224	$8,246	$40,977	$40,260	$718
Total, Europe	43,705	6,286	37,420	37,078	342
ERP participants	32,757	6,264	26,493	26,151	342
Other Europe	10,948	22	10,926	10,926	----------
Asia	2,157	647	1,510	1,329	180
Middle East	42	1	41	13	29
Far East	2,114	646	1,468	1,316	152
Oceania [1]	1,156	1,140	16	8	8
Latin America	742	146	596	423	173
All other	1,463	27	1,436	1,422	14

[1] Principally Australia and New Zealand.

NOTE.—Components will not necessarily add to totals because of rounding.

Source: U. S. Department of Commerce.

Continuously throughout the postwar period, the United States has undertaken, first on a large scale and later with a declining magnitude, programs of relief and reconstruction in Japan and Germany. These programs, designed to prevent disease and unrest, have been administered by the Military Establishment, and appear in table III under the designation of civilian supplies. Late in 1949, however, ECA assumed responsibility for this supply program in Germany. Civilian-supply shipments to Germany under the program carried out by the Department of the Army had decreased considerably as compared with the preceding 2 years and were scheduled to terminate with the utilization by ECA of the remaining funds from the appropriations transferred from the Army Department to ECA.

The United States has also made available assistance for the purpose of cooperating in United Nations programs, such as those of the International Children's Emergency Fund, the International Refugee Organization and Aid to Palestine Refugees. In addition, the program of technical assistance carried out by the Institute of Inter-American Affairs as Inter-American Aid may be considered as a predecessor to the Point IV Program in furnishing aid to the economically underdeveloped areas of Latin America.

TABLE III.—*Foreign assistance programs of the U. S. Government, grants and credits utilized in the postwar period, by fiscal years; and unutilized as of June 30, 1950*

[In millions of dollars]

Program	Aid utilized in the postwar period (fiscal years)						Unutilized June 30, 1950
	Total	1950	1949	1948	1947	1946	
Total, All Programs	$28,014	$4,997	$6,398	$5,388	$5,642	$5,589	$5,413
Total Grants	17,571	4,591	5,258	2,746	2,324	2,653	3,776
European Recovery Program	6,720	3,308	3,208	204			1,990
Lend-lease and civilian supplies	5,270	722	1,142	1,232	861	1,314	296
UNRRA, post-UNRRA, and interim aid	3,443	Cr. 1	54	817	1,377	1,196	
Greek-Turkish aid	642	124	258	260			28
Philippine rehabilitation	519	173	193	92	61		66
China aid [1]	406	18	268	1		120	113
International Refugee Organization	215	69	71	71	4	(2)	1
Mutual Defense Assistance Program	71	71					1,193
International Children's Emergency Fund	70	12	25	33			5
Korean aid	64	57	7				76
Palestine Refugee Program	18	10	8				6
Other grants	132	27	25	36	20	24	2
Total Credits	10,443	406	1,140	2,642	3,319	2,936	1,637
Loans to United Kingdom	3,750			1,700	1,450	600	35
Export-Import Bank loans	2,652	196	214	598	1,085	558	[3] 1,273
War Account Settlements	1,387		1	8	82	1,296	
Lend-lease and surplus property [4]	1,278	5	51	276	491	455	3
ECA loans	986	132	854				149
Other loans and commodity credits	391	73	19	60	212	28	177

[1] Including (after June 5, 1950) aid to the general area of China.
[2] Less than $500,000.
[3] Includes $713,600,000 uncommitted lending authority of the Export-Import Bank as of June 30, 1950.
[4] Other than those contained in war account settlements.

NOTE.—Components will not necessarily add to totals because of rounding.

Source: Department of Commerce.

Finally, a new phase in United States postwar foreign aid was marked by the inception, during 1949, of the Mutual Defense Assistance Program. This program provides aid, primarily in the form of military goods and services, to foreign countries in order to further international security.

Military assistance was extended by the United States even prior to the start of the Mutual Defense Assistance Program. The Greek-Turkish Aid Program was initiated during 1947, when the threat to the security of these countries became serious. For other European nations, as economic recovery proceeded but the threat to security increased, it became clear that greater efforts should be applied to rearmament.

APPROPRIATIONS AND AUTHORIZATIONS FOR FOREIGN AID, FISCAL YEAR 1951

From table IV it may be noted that more than three-fifths of the total foreign aid for fiscal 1951 made available by the Congress through September 30, 1950, is provided under the Mutual Defense Assistance Program. Ranking second to the 5.4 billion dollars of MDAP funds is the aid provided for economic cooperation in the amount of 2.6 billion dollars.

TABLE IV.—*Foreign aid appropriations and authorizations, fiscal year 1951 (81st Cong., 2d sess.)* [1]

[In millions of dollars]

Total New Obligational Authority		$8,628.0
Economic Cooperation		[2] 2,580.8
Appropriation	$2,250.0	
Reappropriation and reauthorization	268.3	
Authorization of loan to Spain	62.5	
Mutual Defense Assistance Program		[3] 5,429.8
Title I—North Atlantic Treaty countries	1,000.0	
Title II—Greece, Turkey, and Iran	131.5	
Title III—Korea and Philippines	16.0	
China (general area of China)	75.0	
Supplemental Appropriation Act, 1951	4,000.0	
Reappropriation	207.3	
Department of the Army—Civil functions		[4] 286.0
China and general area—Reappropriation		92.3
Assistance to Republic of Korea		90.0
Philippine Rehabilitation		44.5
War Damage Commission	40.2	
Reappropriation	[5] 4.3	
International Development—Point IV		35.4
Aid for International Development	26.9	
Institute of Inter-American Affairs	[6] 6.0	
International Information and Education	[7] 2.5	
Aid to Palestine Refugees		[8] 27.5
International Refugee Organization		25.0
International Children's Emergency Fund		1.4
Other		15.3

[1] Through Sept. 30, 1950. Under specific appropriations and authorizations, funds were made available beyond the fiscal year 1951 for items such as ECA guaranties and certain phases of the Mutual Defense Assistance Program.

[2] In addition, the Congress increased the authorization for ECA guaranties from $150,000,000 to $200,000,000. On June 30, 1950, there were outstanding $24,900,000 of ECA guaranties and there remained available for utilization $175,100,000.

[3] Exclusive of $455,500,000 appropriated for liquidation of contract authority provided under Public Law 759, 81st Cong., 2d sess. In addition to the appropriation, transfers of excess property to the value of $250,000,000 were authorized.

[4] Primarily for Japan and the Ryukyu Islands, and including about $27,000,000 programed for Government in those areas and in Austria (prior to transfer to the State Department of a small amount of these funds for Austria). Does not include $2,200,000 subsequently transferred to the State Department for occupation functions in Austria.

[5] Comprises $10,000,000 of new appropriations plus $5,300,000 of reappropriations less $11,000,000 for liquidation of contract authorizations.

[6] Of this amount, $1,000,000 is new contract authority.

[7] Represents the amount of the transfer authorized from the appropriation to the Department of State for "International information and educational activities," fiscal year 1951, to the appropriation for "International development."

[8] $8,000,000 of this amount was to be used to reimburse the RFC for advances made to State Department under Public Law 535, 81st Cong., 2d sess.

Source: Derived from data supplied by Bureau of the Budget.

The Point IV Program, approved by the Congress during 1950 and designated as the Act for International Development, represents a significant development in United States foreign aid. Certain of the funds included under Point IV, such as for the Institute for Inter-American Affairs and International Information and Educational Activities, are for the continuation of activities previously carried on by this Government. In connection with the United Nations programs, appropriations for the International Refugee Organization were decreased from $70,500,000 to $25,000,000, Aid for Palestine Refugees was increased from $8,000,000 to $27,450,000, and a reappropriation of approximately $1,400,000 was made for the International Children's Emergency Fund.

UTILIZATION OF FOREIGN GOLD AND SHORT-TERM DOLLAR RESOURCES

On September 30, 1950, total estimated foreign gold (excluding the U. S. S. R.) and short-term dollar holdings amounted to 18.2 billion

TABLE V.—*Estimated foreign gold and short-term dollar balances, at various dates, June 30, 1945, to Sept. 30, 1950, by geographical area* [1]

[In millions of dollars]

Area	June 30, 1945	Dec. 31—		Sept. 30—	
		1947	1948	1949	1950 [2]
Total, All Areas	$19,899	$15,157	$14,913	$14,660	$18,237
Total, Europe	11,235	8,555	8,446	8,144	10,172
ERP Participants [3]	10,206	7,552	7,638	7,427	9,514
Other Europe [4]	1,029	1,003	808	717	658
Latin America	3,625	2,877	2,744	2,862	3,282
Asia and Oceania [5]	2,462	2,081	2,187	2,096	2,233
Canada	1,613	720	1,225	1,287	2,146
All other	964	924	311	271	404

[1] Excludes holdings of the International Monetary Fund, the International Bank, and other international organizations; also excludes U. S. S. R. gold holdings. Now includes holdings of U. S. Government securities with original maturity of more than 1 year but not more than 20 months.
[2] Includes for the first time certain short-term dollar balances which, though existing at lower levels in previous years, were not reported by United States banking institutions until August 1950. These balances account for only a small portion of the indicated increase in holdings.
[3] Including dependencies.
[4] Includes gold held by Tripartite Commission for the Restitution of Monetary Gold.
[5] Indonesian holdings are included in Asia and Oceania for all years shown in this table.

Source: Treasury Department and Board of Governors of the Federal Reserve System.

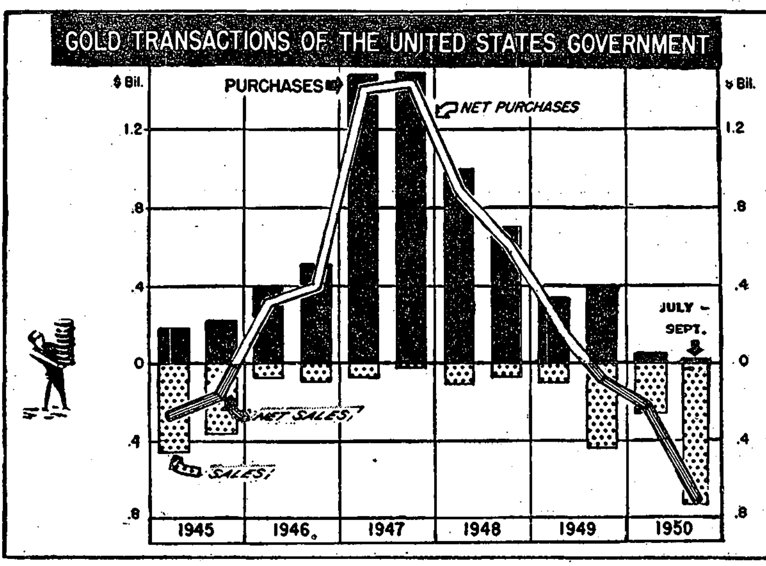
dollars, of which 9.5 billion dollars or about one-half was held by ERP participating countries. This was an improvement of 1.9 billion dollars [4] in reserves of these countries over the levels existing on September 30, 1949, shortly after the devaluations. The increase in reserves of the United Kingdom during the period amounted to about 1.3 billion dollars. The gold and short-term dollar holdings of Canada

[4] Adjusted to account for certain short-term dollar balances which, though existing at lower levels in previous years, were not reported by United States banking institutions until August 1950.

increased by almost $900,000,000, largely in the third quarter of 1950, and Latin American countries also made substantial gains between September 1949 and September 1950.

By September 30, 1950, foreign monetary reserves had risen 3.1 billion dollars from December 1948 and had regained nearly two-thirds of the losses sustained between June 1945 and December 1948. However, the reserves of no geographical area except Canada had recovered to the levels prevailing at the end of World War II. Details with respect to the estimated gold and short-term dollar resources of individual foreign countries, and gold transactions between the United States and other countries, are contained in appendix B.*

Chart C



During the first 9 months of 1950, contrary to the pattern of earlier years, there was no net flow of foreign gold to the United States. In fact, there was an outward movement of gold from this country which resulted in a decline in the United States' gold stock from 24.6 billion dollars on January 1, 1950, to 23.6 billion dollars on September 30, 1950. The foreign accumulation of gold and dollar reserves for the first 9 months of 1950 was at an annual rate of 3.7 billion dollars.

IMPACT OF RISING PRICES ON THE UNITED STATES BALANCE OF PAYMENTS

Because of the magnitude of price changes which have taken place since September 1949, both in the United States and in world markets, it is significant to point out the effects of these changes on the balance-

*Omitted in this exhibit; see note at end of exhibit.

of-payments position of the United States. It may be noted, at the outset, that price levels generally have been relatively unstable since the end of World War II. Inflationary pressures were widespread until the latter part of 1948. There appeared to be a turning point during the early part of 1949 in that prices began to weaken while in some countries—including the United States—a slowing down of economic activity occurred. The pressure of pent-up demand slackened in many countries as the supply of goods increased.

Between September 1949 and June 1950—the interval from the initiation of large-scale devaluations to the outbreak of hostilities in Korea—price levels both in the United States and in other major foreign trading nations tended to rise moderately. In the 3 months after June 1950 the advance in prices, particularly for certain basic commodities in world trade, was extremely rapid. The following table indicates the changes which took place in the United States, between September 1949 and September 1950, in the prices of certain commodities which are either entirely imported or for which our domestic output is insufficient to meet current demand.

TABLE VI.—*Spot primary market prices in the United States for selected commodities, and percentage changes from September 1949 to June and September 1950*

Item	Prior to—		Sept. 15, 1950	Percentage change from Sept. 15, 1949, to—	
	Devaluation, Sept. 15, 1949	Korean War, June 15, 1950		June 15, 1950	Sept. 15, 1950
General Index [1]	253	263	333	+4.1	+31.8
Imported commodities	252	264	356	+4.8	+41.5
Domestic commodities	253	262	319	+3.6	+25.8
Rubber ... pounds	$0.184	$0.290	$0.585	+57.6	+217.9
Cocoa ... do	.205	.298	.444	+45.4	+116.6
Coffee ... do	.305	.468	.565	+53.4	+85.2
Wool ... do	1.690	1.975	2.990	+16.9	+76.9
Zinc ... do	.107	.157	.182	+46.7	+70.1
Copper ... do	.175	.224	.234	+28.0	+33.7
Lead ... do	.151	.120	.160	−20.5	+6.0
Sugar ... 100 pounds	6.000	5.770	6.250	−3.8	+4.2

[1] Bureau of Labor Statistics Index of Spot Market Prices of 28 Commodities (August 1939=100).

Source: Department of Labor.

Where, at the levels of trade prevailing, the prices for goods imported by the United States increased to a greater extent than the prices of goods exported by this country, the net effect was to make possible an accumulation of dollars by those foreign countries benefiting by the price differential. This was actually the case in certain raw-material-producing areas, such as Indonesia, where the price of rubber tripled between September 1949 and September 1950. The effect of price rises after the outbreak of hostilities in Korea had not been fully reflected in reserve levels as of September 30, 1950. The increased demands on the part of the United States for replacement of inventories, stockpiling, and increased raw-material consumption were primary reasons for the shifts in the balance-of-payments position between the United States and raw-material-producing countries.

The effects of devaluation were partially offset in foreign countries between September 1949 and June 1950, despite internal controls, by rises in price levels which were generally greater than the increase in prices in the United States. Between June and September 1950, however, the increase in the level of prices in the United States was greater than in a number of important foreign countries.

FOREIGN AID IN THE DEFENSE ECONOMY

During the first part of 1950, the foreign economic positions of many countries improved considerably. Their economies had been restored to a basis comparable with, and for some countries even better than, prewar. Yet, for a limited number of countries, the processes of economic recovery had been retarded. In 1950, however, there was a change in the pattern of trade with an increase in exports from the raw material producing countries to the United States, and a decline in the amount of economic assistance extended by this country to the more developed nations of the world as they became more self-supporting. As conditions improved, the need of foreign nations for certain United States exports decreased. At the same time, the United States increased its demand for materials necessary for defense purposes. As a result, foreign countries—including those within the European Recovery Program—found themselves in a position to increase their exports to this country.

III. Activities of the Council From April 1 to September 30, 1950 (Other Than Those Relating to the International Monetary Fund and the International Bank)

EUROPEAN RECOVERY PROGRAM

European recovery and the Economic Cooperation Act of 1950

In the light of the improvement shown by the participating countries, the Congress on June 5, 1950 (Public Law 535, 81st Cong., 2d sess.), authorized the appropriation of 2.7 billion dollars for the fiscal year 1951, a reduction of about one-third from the previous fiscal year. The 2.7 billion dollars included an authorization of 600 million dollars—

> . . . solely for the purpose of encouraging and facilitating the operation of a program of liberalized trade and payments . . .

It also authorized the Administrator for Economic Cooperation—

> . . . to transfer funds directly to any central institution . . . to facilitate the development of transferability of European currencies, or to promote the liberalization of trade by participating countries with one another and with other countries.

Public Law 759 of September 6, 1950, provided that up to 500 million dollars of the ECA appropriation could be used to finance this part of the ECA program.

The Congress appropriated on September 6, 1950, a total of 2.25 billion dollars to continue the European Recovery Program for fiscal 1951. The appropriated and authorized funds plus the carry-over of unobligated funds as of June 30, 1950, made total new funds available for obligation of about 2.6 billion dollars for the 1951 fiscal year. By comparison, total funds obligated for the fiscal year 1950 amounted to 3.6 billion dollars, and for the period April 3, 1948, through June 30, 1949, to 6.0 billion dollars. Table VII indicates, by participating country, total allotments of loans, grants and conditional aid for the period since the start of the European Recovery Program to September 30, 1950.

TABLE VII.—*ECA allotments to participating countries, Apr. 3, 1948, to Sept. 30, 1950, by type of aid*

[In millions of dollars]

Country	Total allotments, Apr. 3, 1948–Sept. 30, 1950	July 1, 1949–Sept. 30, 1950			Apr. 3, 1948–June 30, 1949			
		Total	Loans	Grants and conditional aid [1]	Total	Loans	Grants [2]	Conditional aid [2]
All ERP Countries	**$9,963.6**	**$4,010.6**	**[3] $142.7**	**$3,867.9**	**$5,953.0**	**[4] $972.3**	**$4,209.3**	**$771.4**
United Kingdom	2,660.0	[5] 1,040.3	14.2	1,026.1	1,619.7	322.7	963.0	334.0
France and DOT	2,075.6	[5] 762.2	10.4	751.8	1,313.4	172.0	1,131.7	9.7
Italy	1,103.9	435.9	6.0	429.9	668.0	67.0	553.7	47.3
Germany (Federal Republic) [6]	989.3	375.8	-------	375.8	613.5	-------	516.1	97.4
Netherlands and DOT	899.7	328.6	4.0	324.6	571.1	146.7	413.1	11.3
Belgium, Luxembourg and Belgian DOT	527.1	[5, 7] 265.7	1.7	264.0	261.4	50.9	3.0	207.5
Austria	467.4	187.4	-------	187.4	280.0	-------	276.9	3.1
Greece	376.0	184.3	-------	184.3	191.7	-------	191.7	-------
Denmark	222.2	96.0	-------	96.0	126.2	31.0	90.1	5.1
Norway	203.1	102.0	-------	102.0	101.1	35.0	49.6	16.5
Ireland	142.9	56.6	41.9	14.7	86.3	86.3	-------	-------
Turkey	113.0	64.0	35.0	29.0	49.0	38.0	-------	11.0
Sweden	99.4	54.0	-------	54.0	45.4	20.4	-------	25.0
Portugal and DOT	35.5	35.5	27.5	8.0	-------	-------	-------	-------
F. T. Trieste	32.3	14.4	-------	14.4	17.9	-------	17.9	-------
Iceland	16.2	7.9	2.0	5.9	8.3	2.3	2.5	3.5

[1] The announcement of the amounts of grants and conditional aid, in accordance with the Intra-European Payments Agreement for 1949-50, was made on Oct. 19, 1950.
[2] Grants and conditional aid for fiscal year 1949 were revised on Oct. 19 and Nov. 29, 1950, in accordance with an amendment to the Agreement for Intra-European Payments and Compensations.
[3] Of the total of $150,000,000 allocated to loans for fiscal year 1950, $1,000,000 was for technical assistance in Turkey, and $6,300,000 was carried forward for use in fiscal year 1951.
[4] Of the total of $1,000,000,000 authorized for loans and guaranties for the period Apr. 3, 1948, to June 30, 1949, $27,700,000 was reserved for guaranties.
[5] Includes the following dependent areas development allotments: Belgium, $1,700,000; France, $4,100,000; and United Kingdom, $3,500,000.
[6] ECA allotments exclude GARIOA funds.
[7] Includes $30,000,000 of offshore purchases in Belgium-Luxembourg as follows: France, $14,000,000; Netherlands $9,000,000; and the United Kingdom, $7,000,000.

Source: Economic Cooperation Administration.

With respect to loan assistance to ERP countries for fiscal 1951, the Economic Cooperation Administration presented the following statement to the Congress:

In 1949–50 loans extended to the participating countries by the ECA will probably not total more than $150,000,000 . . . As in this year, the United States National Advisory Council on International Monetary and Financial Problems is recommending that aid in 1950–51 be predominantly on a grant basis, and the Administrator once again be given discretion to extend assistance either on a grant basis or on a loan basis.

It may be recalled that in 1948–49, the ECA loaned 972.3 million dollars to the participating countries, utilizing funds that were made available by the Congress only on a loan basis. These loans brought the total dollar indebtedness of the participants to roughly $11,000,000,000, which will require interest and amortization payments in dollars of about $500,000,000 annually in 1952 and thereafter. In view of the fact that Western Europe will continue to have difficulty financing dollar imports, let alone dollar debts, it is believed unwise to extend any substantial amount of loans in the immediate future. If the Congress grants the Administrator discretion in determining the allocation and quantity of loans in 1950–51, as it did in 1949–50, it is likely that only a very small total of loans will be extended. . . . [5]

European Payments Union

The proposal for a European Payments Union, initially presented by ECA Administrator Hoffman during the fall of 1949, was reviewed by the Council during January 1950. The EPU was placed in formal operation on September 19, 1950, with the signing in Paris of the agreement by the 18 participants in the European Recovery Program. The financial commitments of the member countries were undertaken for a period of 2 years, beginning retroactively on July 1, 1950, except for Switzerland, which did not ratify the agreement until later.

TABLE VIII.—*Quotas in the European Payments Union*

[Expressed in millions of United States dollars]

Country	Quota	Country	Quota
Total	3,950	Italy	205
		Norway	200
United Kingdom	1,060		
France	520	Denmark	195
Belgium-Luxembourg	360	Austria	70
		Portugal	70
Netherlands	330		
Germany	320	Turkey	50
Sweden	260	Greece	45
		Iceland	15
Switzerland	250		

The EPU is intended to provide the financial basis for the reduction of trade and payments barriers among Western European countries, and for bringing their payments more nearly into balance with each other and ultimately with the rest of the world.

In contrast to the preceding intra-European payments agreement, which was based on the bilateral extension of credits between member countries and allowed only limited offsetting of bilateral surpluses and deficits, the EPU Agreement requires full multilateral clearance of current account surpluses and deficits between the participating countries and their associated monetary areas. The net deficits and surpluses of each member country remaining after the clearing operations are settled in part by credits and in part by gold payments. Each member country is given a quota which limits its intra-European imbalance which may be financed under these terms.

In order to cover any excess of gold out-payments by the EPU over gold in-payments which may arise during its operations, ECA

[5] Hearings Before Senate Foreign Relations Committee on Extension of European Recovery Program, February–March 1950 (81st Cong., 2d sess.), pp. 411–412.

has agreed to make available to the EPU a fund of up to $350,000,000 from the appropriation of $500,000,000 which can be used for such purpose.[6] Certain countries, which were considered to require assistance to pay for their intra-European deficits, namely Austria, Greece, Iceland, the Netherlands, Norway, and Turkey were given grants or loans by the EPU, while other countries which were expected to be creditors of the EPU, including Belgium-Luxembourg, Sweden, and the United Kingdom, extended grants to the EPU for which they are reimbursed by ECA through conditional dollar aid.

Local currency counterpart funds

As outlined in previous Reports of the Council, participating countries receiving assistance in the form of grants from ECA are required to deposit their own currencies in special accounts in amounts commensurate with the dollar costs of the grant aid received.

Under the provisions of the Economic Cooperation Act of 1948, as amended, the National Advisory Council has reviewed requests for the use of counterpart funds for countries which have sought withdrawals since April 1948. The eligible uses of local currency counterpart funds were expanded under the authorizing legislation for fiscal 1951 to include those—

> . . . in furtherance of any central institution or other organization formed by two or more participating countries . . .

Counterpart release programs for Germany, Austria, Italy, and Denmark were reviewed by the Council between April 1 and September 30, 1950. The programs were primarily for capital investment and promotion of production. Consideration was given to the impact of such releases on the achievement of financial stability and the releases were made in connection with the taking by the participating countries concerned of measures to further financial stability.

Although counterpart funds have not been used under the present legislation to finance direct military expenditures, the counterpart programs aim at the development of the basic activities of the participating countries which support their military potential as well as their civilian economy. The National Advisory Council recommended that the Administrator for Economic Cooperation maintain sufficient flexibility in the implementation of certain counterpart programs to permit such changes as may be necessary to support defense requirements.

Table IX shows the accumulated deposits of Marshall Plan counterpart funds between April 1948 and September 1950, their use by recipient countries, and the amounts set aside for use by the United States. Under the Foreign Assistance Act of 1948, as amended, the equivalent of about 4.2 billion dollars has been withdrawn for purposes prescribed by the act.

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[6] Public Law 759, 81st Cong., 2d sess.

Actual expenditures of the United States portion of counterpart deposits amounted to about $91,000,000, of which $51,000,000 was expended for purchases of, or development of, sources of deficiency materials.

TABLE IX.—*Status of European local currency counterpart fund accounts under Public Law 472 as of Sept. 30, 1950*

[Dollar equivalents of local currency, in millions of dollars]

Countries receiving grants	Adjusted dollar equivalents of deposits [1]			For use by recipient countries		
	Total	5 percent for use by the United States	95 percent for use by recipient countries	Approved for withdrawal	Withdrawals	Balances on deposit
All Countries	**$6, 593. 2**	**$309. 0**	**$6, 284. 2**	**$4, 307. 4**	**$4, 184. 7**	**$2, 099. 5**
France	1, 751. 7	75. 1	1, 676. 6	1, 665. 2	1, 665. 2	11. 4
United Kingdom	1, 574. 7	74. 8	1, 499. 9	787. 2	787. 2	712. 7
Germany (Federal Republic)	739. 7	35. 3	704. 4	645. 5	645. 5	58. 9
Netherlands [2]	632. 2	31. 2	601. 0	178. 2	178. 2	422. 8
Italy	579. 0	29. 7	549. 3	311. 6	265. 7	283. 6
Greece	417. 9	19. 0	398. 9	256. 0	242. 4	156. 5
Austria	412. 6	20. 4	392. 2	250. 4	187. 8	204. 4
Norway	220. 9	10. 0	210. 9	73. 5	73. 5	137. 4
Denmark	141. 0	7. 1	133. 9	118. 8	118. 8	15. 1
Turkey	74. 2	3. 7	70. 5			70. 5
Trieste	22. 2	1. 1	21. 1	18. 8	18. 3	2. 8
Portugal	17. 6	. 9	16. 7			16. 7
Iceland	3. 9	. 2	3. 7			3. 7
Ireland	3. 0	. 2	2. 8			2. 8
Belgium-Luxembourg [3]	2. 6	. 3	2. 3	2. 2	2. 1	. 2

[1] Local currency is deposited in the special counterpart accounts at the agreed upon rates in effect at the time dollar funds were actually expended by ECA. Withdrawals of part of these local currency funds were made, however, at times when the conversion rates were different from those in effect at the time of deposit. The adjusted dollar equivalent of deposits represents the sum of withdrawals (calculated at the conversion rates in effect at the time of withdrawal), plus balances on hand (calculated at the current conversion rate).

[2] Includes Indonesia.

[3] In Belgium, more than five percent has been transferred for use by the United States.

Source: Economic Cooperation Administration.

ECA guaranties

The Economic Cooperation Act of 1950 (Public Law 535, 81st Cong., 2d sess.) amended the 1949 legislation to provide that guaranties may be issued to compensate in dollars for losses to investors by reason of expropriation or confiscation by a participating country. In addition, the upper limit of public-debt funds available for ECA guaranties was raised from $150,000,000 to $200,000,000. The purpose of the new liberalizing legislation was to provide a further incentive for private enterprises to increase their participation in the European Recovery Program by broadening the risks which can be assumed by the United States Government. The 1950 legislation also redefined investments to include, under the guaranty provision, the contribution of patents, processes, and techniques. As of September 30, 1950, ECA had issued a total of $31,000,000 in guaranties since the Recovery Program began, of which $23,600,000 were for industrial purposes and $7,400,000 were for informational media.

SPECIAL AID PROGRAMS IN THE FAR EAST

The Foreign Assistance Act of 1950 authorized a program of economic aid—

> . . . in any place in China and in the general area of China which the President deems to be not under Communist control. . . .

It was estimated that there would be available over $90,000,000 in funds for this program for the fiscal year 1951, representing the estimated unobligated balance remaining from the $275,000,000 China-aid funds appropriated in 1948.

It was specified in the act of 1950 that so long as the President deemed it practicable, not less than $40,000,000 of available funds should be spent in China (including Formosa); that not more than $8,000,000 should be spent for relief in China through the Red Cross or other voluntary relief agencies; and that not more than $6,000,000 should be allocated to the Secretary of State for Chinese teachers and students in the United States. Under this legislation, the program of economic aid to Formosa was continued and new programs were initiated in four areas in the "general area of China," namely, Burma, Indonesia, Thailand, and the Associated States of Indochina.

United States aid has been provided to Korea since the fall of 1945. For the fiscal year 1950, the Congress appropriated $110,000,000 as part of a long-range program of economic development. Appropriations for fiscal 1951 were $90,000,000 as of September 30, 1950.

For the fiscal year ending June 30, 1950, $480,000,000 was made available for Japan and the Ryukyus under the over-all appropriation for Government and Relief in Occupied Areas (GARIOA). The appropriation for fiscal 1951 amounted to $286,000,000.

During July 1950, a United States Economic Survey Mission was appointed by President Truman at the request of President Quirino to study and report on the economic problems of the Philippines. The Honorable Daniel W. Bell, former Under Secretary of the Treasury, was appointed Chief of this Mission. In view of the serious economic and financial problems facing the Philippines, the Mission was instructed to survey all aspects of the economy. In the field of finance the Mission was asked to formulate recommendations on measures which could help prevent further deterioration of and contribute to the restoration of financial stability. These would relate to such problems as budget and revenues, banking, and credit policy, and imbalance in Philippine international receipts and payments. Consideration would also be given to technical assistance needed by the Philippines. Particular attention was to be given to measures of self-help which the Philippine Government must take in order to establish and preserve internal stability. The Council reviewed and concurred in the terms of reference of the United States Economic Survey Mission to the Philippines.[7]

In the postwar period the United States made available through June 30, 1950, a total of $700,000,000 (after cancellations) in grants and credits to the Philippines, of which $634,000,000 had been utilized. About nine-tenths of the available funds were provided on a grant basis, primarily to carry out the purposes of the Philippine Rehabilitation Act of 1946.

[7] The Report of the Mission was released on October 28, 1950.

EXPORT-IMPORT BANK CREDITS

During the period under review the Export-Import Bank established new credits totaling $379,000,000, more than in any corresponding 6 months' period since 1946. These credits were for a variety of purposes, including principally the economic development of underdeveloped countries, the expansion of production of strategic and critical materials, and the facilitation of United States trade. The Bank continued to consult with the Council on major credits and those which involved important policy questions, in order to assure coordination of the Bank's operations with those of other agencies concerned with foreign financial and monetary matters. These credits are briefly described in the following paragraphs.

Mexico

In August 1950 the Export-Import Bank agreed to extend credits, up to a total of $150,000,000, to the Republic of Mexico to assist in financing Mexico's program of economic development. Specific allocations under this general credit are to be made for individual agricultural, transportation, communications, and electric-power projects. It was anticipated that the initial allocation would be in the amount of approximately $30,000,000 to finance two irrigation projects.

The credits are to be established in favor of Nacional Financiera, an agency of the Mexican Government, and are to be guaranteed by the Republic of Mexico. All funds advanced under the terms of the credit commitment are to bear interest at the rate of 3½ percent per annum and are to be repaid in periods which are appropriate to the specific projects financed.

Argentina

In May 1950, following an application by and negotiations with the Argentine Government, the Bank established a credit of $125,000,000 to a consortium of Argentine banks to assist Argentina in the liquidation of past-due dollar obligations to United States commercial creditors. These unpaid debts on the part of both private Argentine importers as well as agencies of the Argentine Government had been a serious obstacle to trade between the United States and Argentina. The Central Bank of Argentina is to furnish assurances satisfactory to the Export-Import Bank that if the credit should be insufficient to pay in full all past-due commercial obligations, it will supply all the dollars necessary to complete liquidation. In addition the Government of Argentina agreed to use its best efforts to effect a settlement of arrearages on financial account mutually satisfactory to Argentina and United States investors. Funds advanced under the credit will bear interest at the rate of 3½ percent per annum and will be repayable over a ten-year period beginning in 1954. The obligations of the consortium of banks are to be unconditionally guaranteed by the Central Bank of Argentina as to both principal and interest.

Brazil

In July 1950 the Bank established a credit of not to exceed $25,000,000 to the National Steel Co. of Brazil to assist in financing the purchase of United States machinery, equipment, and services required for expansion of the Volta Redonda steel mill. In the early

1940's the Bank established credits totaling $45,000,000 to assist in financing the original construction of an integrated steel mill at Volta Redonda. The present program of expansion of the National Steel mill is designed to increase the steel-ingot capacity of the plant from 343,000 to 562,000 tons per year, as well as to expand the facilities for finished steel production. Funds advanced under the credit are to bear interest at the rate of 4 percent per annum and are to be repaid over a period of 20 years. The obligations of the National Steel Co. are to be guaranteed by the Banco do Brasil and the Government of Brazil.

During the same period the Bank authorized a credit of $2,070,000 to the Companhia Bahiana de Cimento Portland, S. A., a private corporation owned by Brazilian and United States interests, to assist in the establishment of a cement plant with an annual capacity of 100,000 tons near the port of Salvador, Bahia. In June 1950 the Bank established a credit of $8,217,600 to Companhia Paulista de Estradas de Ferro, a privately owned and managed railroad serving principally the State of Sao Paulo, Brazil. The United States suppliers of the equipment to be acquired by the railway company are participating in the financing by extending additional credit of $2,025,900.

Peru

In August 1950 the Bank established a credit of not to exceed $20,800,000 in favor of the Cerro de Pasco Copper Corporation to assist in financing the acquisition of United States machinery, equipment, and services required by the company for the construction of a 200-ton-per-day electrolytic zinc-refining plant in Peru. The construction of this plant will provide a substantial additional supply of critically needed zinc for the United States.

Saudi Arabia

In July 1950 the Bank established a credit of $15,000,000 to the Kingdom of Saudi Arabia to assist in financing development projects which are to be mutually agreed upon from time to time by the Bank and Saudi Arabia. The services of a United States engineering firm are being utilized by the Saudi Arabian Government in planning and executing these development projects.

Yugoslavia

In August 1950 the Bank established an additional credit of $15,000,000 in favor of the Government of Yugoslavia to finance the purchase in the United States of equipment, materials, and supplies essential to the maintenance of the economy of Yugoslavia. This credit was in addition to two earlier credits, each of $20,000,000, established by the Bank in September 1949 and March 1950, respectively. The new credit, like the earlier ones, was designed to assist Yugoslavia in reorienting its trade relations and in finding markets for its products and sources of supply for its essential needs in the western world. The Board of Directors of the Bank subsequently permitted the Government of Yugoslavia to use part of the credit to acquire minimum essential food supplies, since crop failures were endangering the economic and political stability of the country.

Iran

In July 1950 the Bank consulted with the Council in regard to an application by the Iranian Government for a credit to assist in financing the purchase of United States equipment, materials, and services required for Iran's program of basic economic development. On August 1, 1950, the Bank, with the approval of the Council, announced that it was prepared to extend financial assistance to Iran and dispatched a mission to that country to examine the Iranian development program and consult with the Government of Iran.[8]

Other

During the period under review the Bank also established a number of comparatively small credits to finance specific economic development projects in a number of countries. These included a credit of $2,200,000 to an agency of the Colombian Government to assist in financing the construction of grain storage facilities, a credit of $500,000 to a Colombian shipping company to finance the acquisition of a coastwise vessel, a credit of $1,800,000 to the Chilean Development Corporation to finance the acquisition of roadbuilding equipment to be used in the construction of a section of the Pan-American Highway in Chile, a credit of $1,300,000 to assist in the construction, by American engineers and contractors, of a municipal water works system for Guayaquil, Ecuador, and two credits to Nacional Financiera of Mexico in the amounts of $500,000 and $750,000 to finance the purchase in the United States of shrimp vessels.

Operations under the Foreign Assistance Act of 1948

During the 6 months' period ending September 30, 1950, the Administrator for Economic Cooperation directed the Bank to establish new credits to ERP countries and to make increases and decreases in previously authorized credits. These operations are reflected in table VII, covering ECA operations. The role of the Bank in connection with these credits, which are established by direction of the Administrator for Economic Cooperation and in accordance with terms and conditions prescribed by him, has been confined to making payments to the borrowing countries at times and in amounts specified by him.

Status of Bank resources

As of September 30, 1950, the status of the resources of the Export-Import Bank was as follows:

	Millions
Total Lending Authority	**$3, 500. 0**
Loans outstanding	2, 224. 3
Undisbursed commitments	749. 7
Uncommitted lending authority	526. 0

The following table shows the status as of September 30, 1950, of credits (less cancellations and expirations) authorized by country and object of financing. Data on actual utilization of Export-Import Bank credits by country, through June 30, 1950, may be found in table 10, appendix C.*

*Omitted in this exhibit; see note at end of exhibit.

[8] On October 6, 1950, the Bank authorized a credit of $25,000,000 in favor of the Government of Iran for agricultural development and roads. Terms of the credit call for repayment over a period of 12 years beginning approximately 3 years after disbursement. Interest will be payable semiannually at the rate of 3½ percent per annum.

TABLE X.—*Net credits authorized by the Export-Import Bank, July 1, 1945, to Sept. 30, 1950, by area and country*[1]

[In millions of dollars]

Area and country	Net[1] Authorized	Development	Reconstruction	Lend-lease requisitions	Cotton purchases	Other
Total, All Areas	**$3,208.6**	**$1,220.1**	**$1,008.0**	**$655.0**	**$177.8**	**$147.7**
Total, Europe	**2,064.5**	**315.5**	**971.8**	**655.0**	**104.6**	**17.6**
France	1,200.0		650.0	550.0		
Netherlands	205.3	3.1	152.2	50.0		
Belgium	132.0	32.0	45.0	55.0		
Italy	131.4	101.9			24.6	[2] 4.9
Finland	100.2	73.2			17.0	[3] 10.0
Yugoslavia	55.0	55.0				
Norway	50.2		50.0			.2
Poland	40.0		40.0			
Turkey	35.5	35.5				
Czechoslovakia	22.0				20.0	[2] 2.0
Denmark	20.0		20.0			
Greece	14.6		14.6			
Austria	13.1	12.6				.5
Germany	4.6				[4] 4.6	
Sweden	2.2	2.2				
Unallotted cotton credits	38.4				38.4	
Total, Latin America	**623.2**	**498.0**				**125.2**
Mexico	206.8	206.8				
Argentina	125.2					125.2
Brazil	103.8	103.8				
Chile	93.1	93.1				
Peru	20.8	20.8				
Colombia	20.3	20.3				
Bolivia	19.3	19.3				
Ecuador	12.1	12.1				
Venezuela	10.5	10.5				
Haiti	4.0	4.0				
Panama	2.0	2.0				
Uruguay	.1	.1				
Other Latin America	5.2	5.2				
Total, Asia and Africa	**371.0**	**261.6**	**36.2**		**73.2**	
Indonesia	100.0	100.0				
Israel	100.0	100.0				
China	66.2		33.2		33.0	
Japan	40.2				[4] 40.2	
Saudi Arabia	29.0	29.0				
Afghanistan	21.0	21.0				
Egypt	7.3	7.3				
Liberia	4.0	4.0				
Ethiopia	3.0		3.0			
Philippine Islands	.3	.3				
Canada	**145.0**	**145.0**				
Miscellaneous	**4.9**					**4.9**

[1] Credits authorized less cancellations and expirations, and participations by other banks.
[2] For financing tobacco purchases.
[3] For financing food purchases.
[4] Revolving credits paid in full and now expired.

Source: Export-Import Bank.

OTHER FINANCIAL PROBLEMS

The Point IV Program and international development

The Point IV Program embodies the concepts of technical assistance and the encouragement of capital investment in the underdeveloped areas of the world. The intention to initiate the program was first announced in President Truman's inaugural address of January 1949. In June 1949 the President, in a message to the Congress, recommended enactment of legislation to authorize programs along these lines and subsequently bills were introduced in the Congress to carry out the purposes of the President's message.

Extensive hearings were held during 1949, but the adjournment of Congress occurred before action was taken on the proposed legislation. During 1950 the technical assistance program was considered in detail by the Congress and included in the Foreign Assistance Act of 1950 under the title of the Act for International Development. The Congress authorized $35,000,000 of new funds under this Act and appropriated $34,400,000, and in addition made available $1,000,000 for new contract authorizations. (See table IV, ch. II.)

A bill authorizing the Export-Import Bank to guarantee United States private capital invested abroad against the risk of inconvertibility and of loss through expropriation (H. R. 8083) was passed by the House of Representatives and a similar bill was reported on favorably by the Senate Banking and Currency Committee. However, the Senate did not act upon the bill during the second session of the Eighty-first Congress.

The technical assistance program is both international and national in nature. Under this program, the United States will, in some cases, provide funds to the United Nations and other international agencies and, in others, would make cooperative agreements with particular countries. These programs would thus be, in part, an extension of activities already in effect. On the other hand, certain existing technical assistance programs, such as those provided by the Economic Cooperation Administration, would not be included in this new authority.

Under the Act for International Development, assistance would be available only when the President determined that the country assisted paid a fair share of the program, provided the necessary information, effected full coordination of technical assistance programs being carried on in the country, made effective use of the funds provided, and cooperated with other participating countries in the mutual exchange of technical knowledge and skills.

Financial aspects of the Mutual Defense Assistance Program for fiscal 1951

During the period covered by this Report, the Council reviewed the financial aspects of the Mutual Defense Assistance Program for the fiscal year 1951. Details with respect to the magnitude of the program are discussed in chapter II.

Aid to Palestine refugees

As indicated in its previous report, the Council reviewed the financial aspects of the program for aid to Palestine refugees. The sum approved by the Congress ($27,500,000) represents the United

States contribution to a United Nations program lasting through the fiscal year 1951. Most of the funds will be directed toward a relief and works program to aid the Arab peoples of Palestine who had migrated to other countries of the Middle East, such as Jordan, Syria, and Lebanon.

IV. Activities of the Council From April 1 to September 30, 1950, Relating to the International Monetary Fund and the International Bank for Reconstruction and Development

The National Advisory Council, in accordance with statutory authority, continued to coordinate the activities of the United States representatives of the Fund and the Bank with those of other agencies of the Government, by consulting and advising with them on major problems arising in the administration of the Fund and the Bank. The United States Executive Directors of these institutions, or their Alternate, have attended the Council's meetings regularly, and have participated continuously in the work of its Staff Committee.

FIFTH ANNUAL MEETINGS OF THE FUND AND THE BANK

The Boards of Governors of the Fund and the Bank held their fifth annual meetings in Paris, France, September 6 to 14, 1950. The Secretary of the Treasury, John W. Snyder, as United States Governor of both institutions, and the Under Secretary of State, James E. Webb, as Alternate Governor, attended. The United States delegation also included Senators Burnet R. Maybank and Ralph E. Flanders, the United States Executive Directors, and representatives of the constituent agencies of the Council.

The Boards of Governors reviewed and discussed the main issues of policy in the Fund and the Bank and gave general approval to the decisions taken by the Executive Directors by the acceptance of the annual reports. The Boards of Governors also approved the financial statements, the reports on audit, and the fiscal year 1951 administrative budgets. The Governors of the Bank and the Fund elected the Boards of Executive Directors of their respective institutions for the ensuing 2-year period. Czechoslovakia did not participate in these elections and thus its vote will not be cast in the Executive Boards.

At the Fund meetings, the Governors discussed the subject of gold sales at premium prices, as well as questions relating to exchange restrictions and exchange policy, and use of the Fund's resources. The Governors voted in favor of various changes in rules and regulations as presented for review by the Executive Directors. These changes dealt with the nature and amount of currency that each member must keep available for Fund use, various questions relating to repurchase obligations, and assurances to certain Fund nonmembers (who have signed special exchange agreements with the contracting parties to the General Agreement on Tariffs and Trade) of the same protection as is accorded to Fund members against the imposition of exchange restrictions by members of the Fund.

At the Bank meetings, the Governors voted to defer the election of a new Advisory Council, and requested the Executive Directors to continue their study of this matter.

The Governors of the Bank concurred in the opinion of the Executive Directors that the present level of the special reserve was not adequate, and therefore voted that the Bank's net income should be allocated to a separate reserve against losses on loans and guaranties, and the amounts previously allocated to surplus should be transferred to this new reserve.

The Governors of the Bank adopted new loan regulations devised to make loan documents simpler and more convenient, and voted in favor of two interpretations of the Articles of Agreement by the Executive Directors. Article VII, section 7, which requires members to accord to the official communications of the Bank the same treatment accorded to the official communications of other members, was interpreted as applying to rates charged for official communications of the Bank sent to and from the territories of its members. Article II, section 9, was interpreted to require members to maintain the value of their 18 percent local currency subscriptions in those cases where such funds have been loaned by the Bank and depreciation occurs prior to repayment.

The Governors of the Bank engaged in three informal panel discussions on (*a*) lending policies and procedures of the International Bank, (*b*) development programming and financing, and (*c*) technical assistance activities of the International Bank.

At the closing session, the Governor for Canada was elected Chairman of the Boards for the coming year, and the Governors for China, France, India, the United Kingdom, and the United States were elected Vice Chairmen. It was decided to hold the sixth annual meetings in Washington, D. C., in the month of September 1951.

MEMBERSHIP CHANGES IN THE FUND AND THE BANK

During the period under review, two new countries, Pakistan and Ceylon, were admitted to membership in the Fund and the Bank. Pakistan, whose membership application previously had been acted upon favorably, signed the Articles of Agreement of the Fund and the Bank on July 11, 1950. Ceylon formally became a member of the two organizations on August 29, 1950, with a quota in the Fund of $15,000,000, and a like amount as a subscription to the Bank. Favorable action by the United States representatives with respect to this application was taken with the approval of the Council.

As of September 30, 1950, 49 countries were members of the Fund and the Bank. The members with their quotas and capital subscriptions as of September 30, 1950, are listed in appendix D. *

THE FUND

During the period under review, the Fund not only continued to provide the machinery for technical consultations with member countries on complex foreign exchange and fiscal problems, but also directed attention to the question of exchange restrictions applied by member countries.

Exchange rates

Chile.—As noted in the Council's Second Special Report, the Government of Chile, in January 1950, proposed, and the Fund concurred in, a series of new exchange measures. These new measures had, as their ultimate objective, the unification of the Chilean exchange system around a rate of 60 pesos per United States dollar. Customs

* Omitted in this exhibit; see note at end of exhibit.

duties were to be reduced, subsidies introduced for certain essential imports, and taxes levied on certain exports. However, the official par value of 31 pesos per United States dollar was temporarily retained. In April 1950 the Chilean Government proposed the substitution of a rate between 50 and 54 pesos per United States dollar, for the 60-peso rate suggested earlier. Except for various subsidies and minor export taxes, the new rate was to become the official parity. As such it was to be applicable to all transactions other than those subject to the legal free market. The Fund advised against instituting this plan, stating that the suggested reduction of the basic rate would be prejudicial to exports, and would place excessive pressure on import controls. The Chilean Government accepted the Fund's recommendation, and made no change at that time in the system established in January. A Fund mission subsequently visited Chile and discussions of the Chilean exchange system have continued.

Bolivia.—In February 1950, following a decline in the price of tin, the Government of Bolivia raised the rate applicable to tin exports from 42 to 60 bolivianos per United States dollar, while also tightening various restrictions on imports. In April 1950 Bolivia proposed, and the Fund concurred in, a similar change in the official par value from 42 to 60 bolivianos per United States dollar—the new par value to apply to a majority of exports and imports. Measures were also instituted to obtain better control over exchange availabilities. The Fund recognized the change in the par value as a step in the right direction, but pointed out that further progress would depend upon the success of the complementary measures.

Ecuador.—During December 1949, Ecuador altered the effective rates for exports, and made the rate structure for imports more restrictive by substantial shifts of items into categories requiring higher rates. The emergency law upon which this multiple rate system rested expired on June 30, 1950. Although the Fund did not regard with favor the Ecuadorian system established under this law, it agreed to an extension until November 30, 1950, to permit the completion of necessary legal and administrative steps for changing the system.

Canada.—On September 30, 1950, the Canadian Government suspended the par value of the Canadian dollar and instituted an arrangement which would allow the exchange rate to fluctuate with changing market conditions. The official rate of exchange, in effect during the preceding year, had been calculated on the basis of a 10-percent premium for the United States dollar. An increase of over one-half billion dollars in official reserves between June 30 and September 30 due in part to a large influx of capital—which was likely to exert an inflationary influence on the economy—was a motivating reason for the adjustment in the exchange rate. The Fund recognized the circumstances which had impelled the Canadian Government to take this action, and noted the intention of the Canadian authorities to remain in consultation with the Fund and to reestablish an effective par value as soon as circumstances warrant.

Relaxation of restrictions in Honduras

During the period under review, the Honduran Government notified the Fund that, effective July 1, 1950, it assumed the obligations of article VIII, sections 2, 3, and 4 of the Articles of Agreement, to avoid restrictions on current payments and discriminatory currency practices, and to maintain the convertibility of foreign-held balances. Honduras had hitherto taken advantage of the transitional arrangements existing under the Fund Agreement. This new action places Honduras in the category, with El Salvador, Guatemala, Mexico, Panama, and the United States, of member countries who have assumed the obligations of article VIII agreeing to nondiscrimination and convertibility.

Fund missions

During the 6 months under review, representatives of the Fund visited, and in some instances revisited, more than a score of countries in order to render assistance in the solution of a variety of complex international financial problems. Certain of these visits consisted of consultations between high Fund officials and important financial leaders in the respective countries. Others were far more extensive, involving a specially selected group of technicians, operating under broad terms of reference, and charged with conferring with the member on its entire financial and exchange situation. The findings of some of these missions, for example, those to Bolivia and Ecuador, are discussed in detail elsewhere in this chapter. In response to specific requests, other significant Fund missions were dispatched during this period to Austria, Colombia, Finland, Libya, Nicaragua, and the Philippines.

Gold sales at premium prices

During the period under review, the Fund continued its study of the problem of gold sales at premium prices, a subject also discussed at its fifth annual meeting. The Council concurred with a Fund statement, released to the public on May 3, 1950, reiterating opposition to premium gold sales, and recommending that all member countries take effective action to prevent such transactions with either governments or nationals of other countries.

Repurchase of Fund drawings

In July 1950, Egypt paid the Fund $8,507,930 in gold and dollars ($829,766 in gold and $7,678,164 in currency) in exchange for the equivalent amount in Egyptian pounds. In accordance with article V, section 7, of the Fund's agreement, a member is required to repurchase its currency held by the Fund in excess of 75 percent of its quota at a rate determined by changes in the level of its monetary reserves and its previous purchases of currencies from the Fund. In accordance with the Fund's articles, the original Fund subscription of Egypt had been paid 16 percent in gold and 84 percent in Egyptian pounds. In April 1949, Egypt had purchased 3,000,000 United States dollars from the Fund. The transaction in July brought the Fund's holdings of Egyptian pounds down to 75 percent of the quota, so that it resulted not only in the repurchase of the previous drawing but in an increase in Egypt's gold contribution to the Fund's assets.

During September 1950 Ethiopia also repurchased from the Fund, with 300,000 United States dollars, an equivalent amount of Ethiopian currency held by the Fund. Ethiopia had drawn on the Fund in August 1948 and in October 1949, each time in the amount of 300,000 United States dollars. Thus the repurchase offset only one of these drawings.

Fund reports

On May 22, 1950, the Fund released its First Annual Report on Exchange Restrictions, presenting official information on the structure of controls in existence in member countries on December 31, 1949. The Report, prepared in accordance with article XIV, section 4, of the Articles of Agreement, discussed the impact of exchange controls on the domestic economy as well as on foreign trade. It analyzed the factors underlying the balance-of-payments difficulties experienced by most member countries, and presented a few general considerations on which proposals for the attainment of a sound external financial position could be based. A more comprehensive discussion of the Report on Exchange Restrictions may be found on pages 19–20 of the Council's Second Special Report on the operations and policies of the Fund.

On September 10, 1950, the Fund, the International Bank, and the Statistical Office of the United Nations jointly began the publication of Direction of International Trade, a monthly bulletin reporting detailed figures on the exports and imports of virtually every country in the trading world. The first issue of the Direction of International Trade carried data for 1948, 1949, and the first quarter of 1950. Other issues, with more recent data, have subsequently been released.

During the period under review, the Fund published its second Balance of Payments Yearbook, containing balance-of-payments statements for 58 countries and for Europe and Latin America. This issue presents data for 1947, 1948, and, for many countries, 1949 (preliminary). The first yearbook, published in 1949, covered the years, 1938, 1946, and 1947 (preliminary).

Exchange transactions

Except for repurchases as noted above, the Fund did not engage in currency transactions during the period under review. Total currency sales by the Fund from its inception to September 30, 1950, are summarized in the following table:

TABLE XI.—*International Monetary Fund currency sales, cumulative to Sept. 30, 1950*

[Expressed in millions of United States dollars]

Purchasing country	All currencies	United States dollars	Belgian francs	Pounds sterling
Total	783.4	766.0	11.4	6.0
United Kingdom	300.0	300.0		
France	125.0	125.0		
India	100.0	100.0		
Netherlands	75.3	62.5	6.8	6.0
Brazil	37.5	37.5		
Belgium	33.0	33.0		
Mexico	22.5	22.5		
Australia	20.0	20.0		
Norway	15.7	[1] 11.1	4.6	
Denmark	10.2	10.2		
Union of South Africa	10.0	10.0		
Yugoslavia	9.0	9.0		
Chile	8.8	8.8		
Czechoslovakia	6.0	6.0		
Turkey	5.0	5.0		
Egypt	3.0	3.0		
Costa Rica	1.3	1.3		
Ethiopia	.6	.6		
Nicaragua	.5	.5		

[1] Includes 6,126,788 United States dollars sold for an equivalent in gold.

NOTE.—Currency repurchases by 5 members (Belgium, Egypt, Costa Rica, Nicaragua, and Ethiopia) totaled an equivalent of 33,016,930 United States dollars as of Sept. 30, 1950. Such repurchases have not been deducted from data in this table.

Source: International Monetary Fund.

THE BANK

During the period under review, the International Bank granted 10 loans, totaling $228,700,000, to 8 of its member countries. The United States Executive Director or his Alternate consulted with the Council with regard to each of these loan applications. This period also witnessed a growth in the amount and scope of technical assistance furnished by the Bank to its member countries. The Bank reported that 12 additional countries—The Netherlands, Italy, Mexico, Honduras, El Salvador, Paraguay, Costa Rica, Colombia, Finland, Yugoslavia, Iceland, and Norway—had taken action toward making available for use in lending all or part of the 18-percent portion of their capital subscriptions paid in local currencies. As of September 30, 1950, 20 member countries had agreed to permit the Bank to use their currencies for lending operations, subject, in some instances, to consultation with the Bank in any particular transaction.

Loans and disbursements

India.—On April 18, 1950, the Bank granted a third loan to India, of $18,500,000, to assist in the development of the Damodar River Valley, the country's most important industrial area. This project represents the first stage of India's unified plan to develop the resources of this region. The loan extends for a period of 20 years and carries an interest rate of 3 percent, plus the statutory 1 percent commission for the Bank's special reserve. Amortization payments, calculated to retire the loan by maturity, will start on April 15, 1955. This loan increased the total of the Bank's net commitments to India to $61,300,000. (See table XII.)

Mexico.—On April 28, 1950, the Bank granted a loan of $26,000,000 to the Mexican Light & Power Co., Ltd. The loan will assist the company in carrying out its share of a long-range program, undertaken jointly by the company and by Mexico's Electricity Commission, to increase the supply of electric power in the Mexico City area. The loan is for a term of 25 years and carries an interest rate of 3½ percent, in addition to the customary 1 percent commission. Amortization payments, intended to retire the loan by maturity, will begin on August 1, 1953. The loan is guaranteed by the Mexican Government. The Bank announced that proceeds from this loan would be used, in part, to refund a $10,000,000 short-term credit made by the Bank to the Federal Electricity Commission in January 1949.

Brazil.—On May 26, 1950, the Bank authorized a credit of $15,000,000 to the Sao Francisco Hydroelectric Co. (a semiautonomous agency controlled by the Brazilian Government), for the development of hydroelectric power on the Sao Francisco River for distribution to northeast Brazil. The loan, guaranteed by the United States of Brazil, is for a term of 25 years, and carries an interest rate of 3¼ percent, plus the required 1-percent commission. Amortization payments calculated to retire the loan by maturity, will start on September 15, 1954. This is the second developmental loan by the Bank to Brazil, the first having been made on January 27, 1949, to the Brazilian Traction, Light & Power Co., Ltd., in the amount of $75,000,000.

Iraq.—On June 15, 1950, the Bank announced a loan of $12,800,000 (or the equivalent in other currencies) to the Kingdom of Iraq, for the purpose of financing the foreign-exchange costs of a flood-control project. This project is expected to prevent the recurrent flooding of large areas of cultivated land, improve health and sanitation conditions, and increase agricultural production. This is the first loan made by the Bank to a middle eastern country and is for a term of 15 years, with an interest rate of 2¾ percent, in addition to the customary 1-percent commission. The loan is secured by an assignment of oil royalties, and the Government of Iraq will set aside from those royalties sufficient funds to meet the domestic costs of the project. Amortization payments, calculated to retire the loan by maturity, will start on April 1, 1956.

Turkey.—On July 7, 1950, the Bank granted two loans, totaling $16,400,000, to the Government of Turkey. One loan, of $12,500,000, to finance the foreign-exchange costs of a broad program of port development, is for a term of 25 years and carries an interest rate of 3¼ percent, plus the usual 1-percent-commission charge. Amortization payments will start in 1956. The second loan, in the amount of $3,900,000, is for a term of 18 years and carries an interest rate of 2⅞ percent, plus the customary 1-percent-commission. It will be used to finance the foreign-exchange costs involved in the construction and mechanization of grain-storage facilities. Amortization payments will start in 1954.

Australia.—On August 22, 1950, the Bank announced a loan of $100,000,000 to the Commonwealth of Australia, for the purchase of capital equipment required for development projects over the next 2 years. This loan will provide a portion of the foreign-exchange requirements for Australia's 5-year development program, in which the Bank has indicated its willingness to participate. This loan, the first to be made by the Bank to the Commonwealth of Australia, is for a term of 25 years, with an interest rate of 3¼ percent, plus the usual 1-percent-commission charge. Amortization payments, calculated to retire the loan by maturity, begin on September 1, 1955.

Uruguay.—On August 25, 1950, the Bank granted a loan of $33,000,000 for the expansion of Uruguay's power and telephone facilities. This loan was made to the General Administration of Electric Plants and State Telephones (UTE), an autonomous Government-owned agency charged with providing electrical energy and telephone service in Uruguay. The loan, which is guaranteed by the Republic of Uruguay, extends for a term of 24 years and carries an interest rate of 3¼ percent, in addition to the required 1-percent-commission charge. Amortization payments, calculated to effect retirement by maturity, will begin on February 15, 1955.

Ethiopia.—On September 13, 1950, the Bank announced two loans, totaling $7,000,000, to the Empire of Ethiopia, the first to be made by the Bank to any nation in Africa. One loan, in the amount of $5,000,000, will assist in the rehabilitation and maintenance of Ethiopia's road system, while the other, for $2,000,000, will provide the foreign-exchange costs for projects to be financed by a new Ethiopian development bank. The two loan agreements were signed in Paris during the sessions of the fifth annual meeting. Both loans are for a term of 20 years, and carry an interest rate of 3 percent, plus the statutory 1-percent-commission charge. Amortization payments, intended to retire the loans by maturity, will begin in 1956. A third loan is presently under discussion between the Bank and the Government of Ethiopia.

TABLE XII.—*Status of International Bank loans, as of Sept. 30, 1950*

[Expressed in United States dollars]

Borrower	Loan commitment	Disbursement	Unused balance of commitment
Total, All Loans	$955,206,983	$627,023,418	$328,183,565
France	250,000,000	250,000,000	
Netherlands	[1] 215,800,000	208,710,184	7,089,816
Australia	[2] 100,000,000		100,000,000
Brazil	90,000,000	40,979,814	49,020,186
India	[2 3] 61,300,000	33,813,371	27,486,629
Mexico	[4] 50,100,000	14,711,343	35,388,657
Denmark	40,000,000	40,000,000	
Uruguay	[2] 33,000,000		33,000,000
Turkey	[2] 16,400,000		16,400,000
Belgium	16,000,000	10,745,672	5,254,328
Chile	16,000,000	5,726,289	10,273,711
Finland	14,800,000	4,196,768	10,603,232
Iraq	[2] 12,800,000		12,800,000
El Salvador	12,545,000		12,545,000
Luxembourg	[5] 11,761,983	11,761,983	
Ethiopia	[2] 7,000,000		7,000,000
Colombia	5,000,000	3,794,354	1,205,646
Yugoslavia	2,700,000	2,583,640	116,360

[1] After cancellation of $6,200,000, effective Mar. 17, 1950.
[2] As of Sept. 30, 1950, these loans (including the April 1950 loan of $18,500,000 to India), still required action by the private borrower and/or member government before becoming effective.
[3] After cancellation (effective May 16, 1950), of $1,200,000 of the $34,000,000 railway rehabilitation loan dated Aug. 18, 1949.
[4] The interim loan of January 1949, in the amount of $10,000,000, was refunded on June 30, 1950, and disbursements thereunder charged to the April 1950 loan of $26,000,000.
[5] After cancellation of $238,017, effective Dec. 19, 1949.

NOTE.—Although certain of the loans listed above have been made to private or quasi-governmental organizations, in every case such credits have been guaranteed by the respective governments.

Source: International Bank for Reconstruction and Development.

Marketing activities

During the period under review, the Council noted that two events occurred further to increase the international character and prestige of the Bank's own securities. On April 15, 1950, the Central Bank of Mexico authorized the purchase of International Bank bonds for certain reserve purposes by all banks operating in Mexico. Such investment was permitted for up to one-fifth of the 25-percent reserve required to be maintained with the Central Bank against all foreign-exchange liabilities. The market for the Bank's securities was further broadened on September 14, 1950, when the 25-year 3 percent dollar bonds of the International Bank were admitted for trading on the Paris Bourse.

Fiscal operations

For the fiscal year ending June 30, 1950, the International Bank reported a net income of about $13,700,000, exclusive of about $5,700,000 in commissions added to the special reserve. In the 3 months ending September 30, 1950, net income exceeded $3,700,000, exclusive of about $1,500,000 placed into the special reserve. As of September 30, 1950, the Bank had an earned surplus in its general reserve account in excess of $30,743,000, plus almost $15,300,000 held as special reserve.

Loan prospects

During the 6-month period under review, the Bank made a larger volume of new loan commitments than during any comparable period since October 1, 1947. Its area of activity included Latin America, Europe, Asia, Africa, and Oceania.

Through the increasing use of its missions, the Bank has endeavored to direct its financing to those undertakings which will contribute most to strengthening the economies of the borrowing countries. At the same time the expanding program of technical assistance to member countries should contribute to the formation of a climate conducive to productive investment from other sources.

JOHN W. SNYDER,
Secretary of the Treasury,
Chairman of the National Advisory
Council on International Monetary and Financial Problems.

DEAN ACHESON,
Secretary of State.

THOMAS B. MCCABE,
Chairman of the Board of
Governors of the Federal Reserve System.

CHARLES SAWYER,
Secretary of Commerce.

HERBERT E. GASTON,
Chairman of the Board of Directors of
the Export-Import Bank of Washington.

WILLIAM C. FOSTER,
Administrator for Economic Cooperation.

[Omitted from this exhibit are appendix A which includes sections of the Bretton Woods Agreements Act and of the Foreign Assistance Act of 1948 relating to the National Advisory Council, which sections were printed in the Annual Reports of the Secretary of the Treasury for 1945 and 1948, respectively; and amendments of the National Banking Act and the Bretton Woods Agreements Act which were printed in the 1950 Annual Report of the Secretary of the Treasury. Appendixes B, C, and D are also omitted since they contain tables and membership and quota data which are published as of a later date in exhibit 36.]

Exhibit 36.—Report of activities of the National Advisory Council on International Monetary and Financial Problems, October 1, 1950, to March 31, 1951

[House Document 239, 82d Congress, 1st session]

LETTER OF TRANSMITTAL

To the Congress of the United States:

I am transmitting herewith, for the information of the Congress, a report of the National Advisory Council on International Monetary and Financial Problems, covering its operations from October 1, 1950, to March 31, 1951, and describing in accordance with section 4 (b) (5) of the Bretton Woods Agreements Act, the participation of the United States in the International Monetary Fund and the International Bank for Reconstruction and Development for the above period.

HARRY S. TRUMAN.

THE WHITE HOUSE, *September 18, 1951.*

REPORT OF ACTIVITIES OF THE NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS, OCTOBER 1, 1950, TO MARCH 31, 1951

I. ORGANIZATION OF THE COUNCIL

STATUTORY BASIS

The National Advisory Council on International Monetary and Financial Problems was established by the Congress in the Bretton Woods Agreements Act (59 Stat. 512, 22 U. S. C. sec. 286b), approved July 31, 1945. The Bretton Woods Agreements Act was amended, and the Council given certain additional duties, by the Foreign Assistance Act of 1948 and amendments thereto (62 Stat. 137, 141, 145, 151; 22 U. S. C. secs. 286b (a), 1509 (c), 1513 (b) (6)), and by 63 Stat. 439; 12 U. S. C. sec. 24, 22 U. S. C. secs. 286k–1, 286k–2, which also amended the National Bank Act. The relevant portions of these Acts are presented in appendix A.

REPORTS

Since its first meeting on August 21, 1945, the Council has submitted 13 formal reports, including two special biennial reports on the operations and policies of the International Monetary Fund and the International Bank. The present report covers the activities of the Council from October 1, 1950, to March 31, 1951.[1]

MEMBERSHIP

The members of the Council, according to law, during the period under review, were the following:

The Secretary of the Treasury, John W. Snyder, Chairman.
The Secretary of State, Dean Acheson.
The Secretary of Commerce, Charles Sawyer.
The Chairman of the Board of Governors of the Federal Reserve System, Thomas B. McCabe.[2]
The Chairman of the Board of Directors of the Export-Import Bank, Herbert E. Gaston.
The Administrator for Economic Cooperation, William C. Foster.

[1] The two special reports were transmitted by the President to the Congress on May 17, 1948 (H. Doc. No. 656, 80th Cong., 2d sess.) and May 31, 1950 (H. Doc. No. 611, 81st Cong., 2d sess.). The remaining reports were transmitted on March 1, 1946 (H. Doc. No. 489, 79th Cong., 2d sess., subsequently included as appendix B to H. Doc. No. 497, 79th Cong., 2d sess.); March 8, 1946 (H. Doc. No. 497, 79th Cong., 2d sess.); January 13, 1947 (H. Doc. No. 53, 80th Cong., 1st sess.); June 26, 1947 (H. Doc. 365, 80th Cong., 1st sess.); January 19, 1948 (H. Doc. No. 501, 80th Cong., 2d sess.); August 3, 1948 (H. Doc. No. 737, 80th Cong., 2d sess.); March 14, 1949 (H. Doc. No. 120, 81st Cong., 1st sess.); July 5, 1949 (H. Doc. No. 250, 81st Cong., 1st sess.); January 20, 1950 (H. Doc. No. 450, 81st Cong., 2d sess.); July 25, 1950 (H. Doc. No. 658, 81st Cong., 2d sess.) and March 1, 1951 (H. Doc. No. 70, 82d Cong., 1st sess.).

[2] Mr. McCabe resigned, effective March 31, 1951, as Chairman of the Board of Governors of the Federal Reserve System and was succeeded by Mr. William McChesney Martin, Jr., who had been Assistant Secretary of the Treasury.

By agreement the following served as alternates:

William McChesney Martin, Jr., Assistant Secretary of the Treasury.[2]

Willard L. Thorp, Assistant Secretary of State for Economic Affairs.

Raymond C. Miller, Acting Assistant Secretary of Commerce.[3]

M. S. Szymczak, member of the Board of Governors of the Federal Reserve System.

Hawthorne Arey, Vice Chairman of the Board of Directors of the Export-Import Bank.

Richard M. Bissell, Jr., Deputy Administrator, Economic Cooperation Administration.

C. Dillon Glendinning is the Secretary of the Council.

The United States Executive Directors of the International Monetary Fund, Frank A. Southard, Jr., and of the International Bank for Reconstruction and Development, William McChesney Martin, Jr., and their Alternate, John S. Hooker, regularly attended the meetings of the Council.

II. Impact of the United States Defense Program on International Financial Relationships, October 1, 1950 to March 31, 1951

INTRODUCTION

Under the stimulus of the rearmament program, including strategic material stockpiling, the 6-month period under review was characterized by a tremendous upsurge in the foreign trade of the United States. Merchandise imports, at an annual rate of 7.6 billion dollars during the first half of 1950, rose nearly 50 percent to an annual rate exceeding 11.3 billion dollars in the 6 months ending March 31, 1951. This significant increase in the value of United States imports, largely attributable to events in Korea, was the result of a sharp rise in import prices, as well as a smaller percentage gain in physical volume. In September 1950, United States exports—reflecting increased military shipments, the improved dollar exchange position abroad, and some price increases—began a steady climb, reaching an annual rate of 12.0 billion dollars for the 6 months ending March 31, 1951, 25 percent above the pre-Korean level existing in the first half of 1950.

The effect of the greater expansion of United States merchandise imports than of exports was a pronounced narrowing of the "dollar gap" and, in fact, its actual disappearance and "reversal" during 2 of the 6 months under review.[4] For the period as a whole, however, the United States had an export surplus of about $600,000,000, largely financed through United States Government foreign-aid programs. Over the same period, there were net sales of gold by the United States to foreign countries at an annual rate of 3.3 billion dollars. However, net sales in February 1951 were 17 percent less than in January, and those for March were 20 percent below the February level.[5] The major purchaser of gold was the Sterling Area,

[2] See preceding page.

[3] Mr. Miller succeeded Mr. Thomas C. Blaisdell, Jr., who resigned as Assistant Secretary of Commerce effective January 15, 1951.

[4] During subsequent months, however, a substantial export surplus reappeared.

[5] Net gold sales during the second quarter of 1951 were at an annual rate of less than one quarter of a billion dollars with an excess of purchases over sales for the month of June.

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CHART A

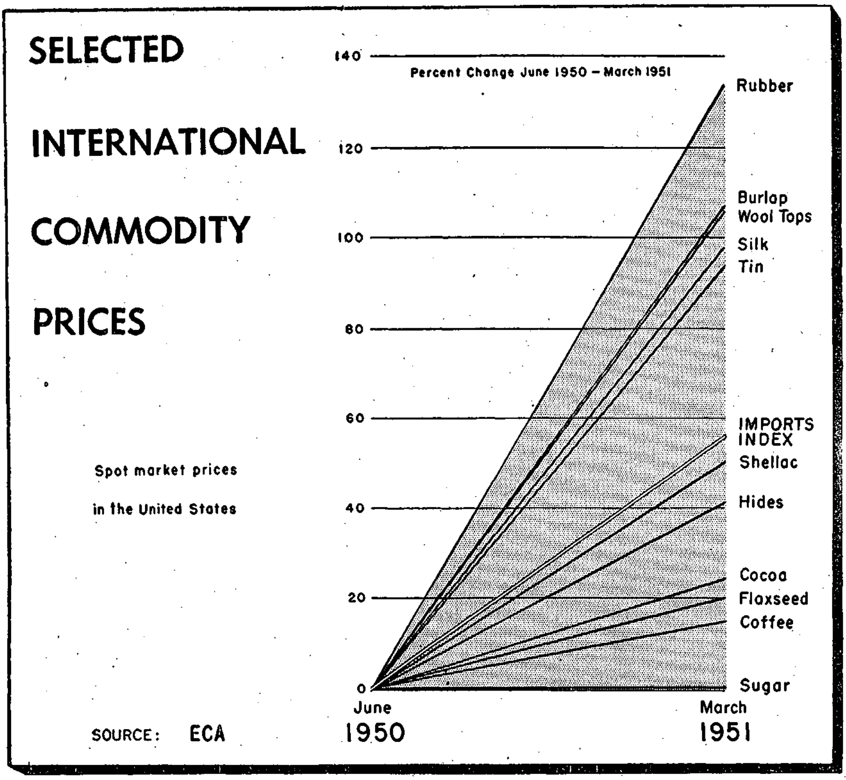
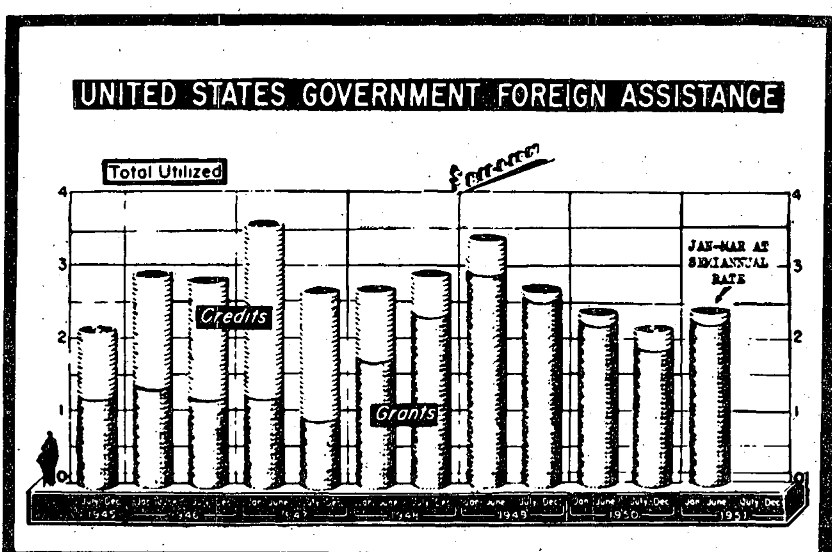


CHART B



one of our chief sources of supply of critical raw materials essential for a rapid expansion of the security program. Other significant purchases were made by Mexico, Canada, France, and the Netherlands.

RISING IMPORT PRICES

While the *composite* index of United States prices of 11 basic imported commodities rose by almost 60 percent from June 1950 to March 1951, the greatest gains generally occurred in the prices of the more critical defense items. For example, during January and February of 1951, rubber, tin, and wool were quoted at more than double their pre-Korean prices. The Council has maintained a careful scrutiny of the impact of general price movements on the United States balance of payments during this period.

Beginning with the advent of hostilities in Korea, the United States—as well as other major industrial countries—experienced a marked deterioration in its terms of trade. This situation was caused by an unusually sharp expansion in world demand for primary products that could not be met immediately through a proportionate increase in supply. Expressed statistically, from June 1950 to March 1951, the unit value of our imports rose about 30 percent, while the comparable figure for exports increased only 17 percent.

UNITED STATES GOVERNMENT FOREIGN AID

Reacting to the threat of Communist aggression, the United States vigorously expanded, in the current period, the military component of its foreign-aid program. The Congress appropriated for this express purpose, for obligation in the fiscal year ending June 30, 1951, 5.4 billion dollars, of which $626,000,000 was actually utilized in the 6 months ending March 31, 1951. Expenditures under the Mutual Defense Assistance Program are being applied jointly for the rapid build-up of mutual defense forces, as well as for the procurement of military equipment to be shipped from this country to our allies.

Total United States Government foreign aid utilized during the period under review amounted to 2.4 billion dollars, a level somewhat

TABLE I.—*Total U. S. Government foreign assistance utilized, July 1, 1945, to Mar. 31, 1951, by type*

[In billions of dollars

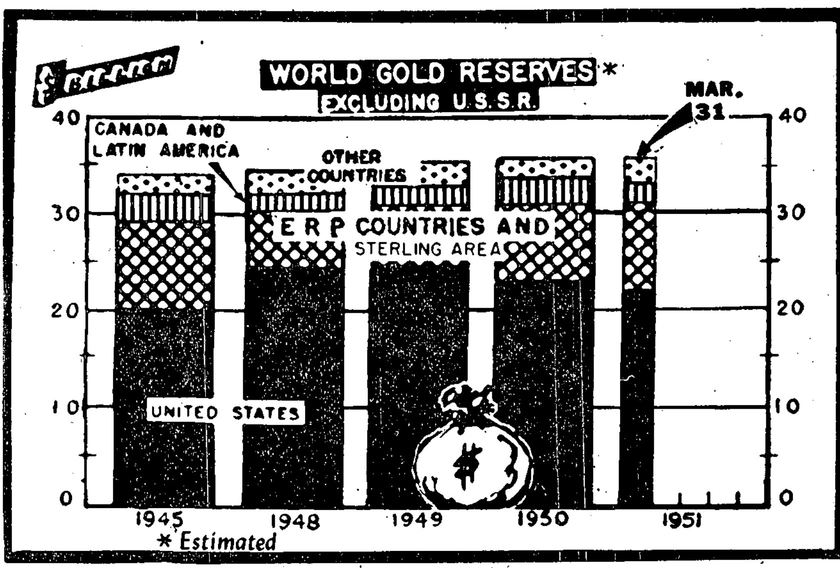
Period	Total	Grants	Credits
Postwar Total	**$31.4**	**$20.6**	**$10.8**
1945—July-December	2.1	1.2	.9
1946—January-June	2.9	1.4	1.5
July-December	2.8	1.2	1.6
1947—January-June	3.4	1.1	2.3
July-December	2.8	1.0	1.8
1948—January-June	2.6	1.8	.8
July-December	3.0	2.4	.6
1949—January-June	3.4	2.9	.5
July-December	2.6	2.4	.2
1950—January-June	2.4	2.1	.3
July-December	2.2	2.0	.2
1951—January-March	1.2	1.1	.1

Source: Department of Commerce.

below that existing in the earlier postwar years.[6] In addition to expenditures under MDAP, this total includes 1.2 billion dollars of funds expended by the Economic Cooperation Administration for European economic reconstruction. Economic assistance in support of the military effort is designed to promote the diversion to rearmament of a large proportion of resources which would otherwise be engaged in producing for export. Funds for economic aid covered items vital to the operation of armament factories and for immediate use as essential consumers goods.

The inception of the European Recovery Program in April 1948 marked a shift in emphasis of United States Government foreign aid from loans to grants, and this trend has continued up to the present. Thus grant programs accounted for approximately 2.1 billion dollars, or nearly 90 percent of total foreign assistance utilized in the period under review. Most loans and credits made during this period were

CHART C



negotiated by the Export-Import Bank and the Economic Cooperation Administration.

The current period also witnessed the expansion of the Point IV Program under an appropriation of $29,000,000 for the full fiscal year 1951. Point IV funds were largely employed for technical assistance and training to aid the people of underdeveloped areas in their fight against poverty, insecurity, ill-health, and illiteracy. These means,

[6] A detailed tabulation of U. S. Government foreign assistance made available in the early postwar years, as well as through December 31, 1950, may be found in appendix C. Such data are classified by grants and credits, by program, by administering agency, and by recipient.

coupled with related programs of self-help, are expected to lay the foundation for progressively rising standards of living.

RECENT GOLD MOVEMENTS

On March 31, 1951, total world gold reserves (excluding U. S. S. R.), were estimated at 35.8 billion dollars, of which the United States had 21.9 billion dollars, or more than three-fifths. The monetary gold stock of the United States on that date was approximately 10.6 billion dollars in excess of the 11.3 billion dollars required by law to be held as a reserve against currency in circulation and bank deposits. The United States pursues the policy of buying and selling gold freely as a means of settling international monetary balances, and during the period covered by this report made net sales approximating 1.6 billion dollars. The magnitude of gold sales by the United States increased during the first few months following the outbreak of hostilities in Korea, but began to decline during the first quarter of 1951. These gold sales reflected the rapid acquisition of dollars by foreign monetary authorities resulting in part from sharply rising prices and a greater volume of basic commodities shipped to the United States since June 1950. Much of the excess of such dollar balances above current needs was subsequently converted into gold, and most of the gold so purchased placed on earmark in the Federal Reserve Bank of New York for the account of the foreign monetary authorities.

TABLE II.—*Estimated world gold reserves (excluding U. S. S. R.)*

[In billions of dollars]

Area	March 1951	Dec. 31—			
		1950	1949	1948	1945
Total All Areas	$35.8	$35.8	$35.4	$34.9	$33.8
United States	21.9	22.8	24.6	24.4	20.1
ERP countries and sterling area	8.4	7.8	6.0	5.9	9.1
Canada and Latin America	2.7	2.4	2.1	1.9	3.1
All other	2.8	2.8	2.7	2.7	1.5

Source: Board of Governors of the Federal Reserve System.

FOREIGN GOLD AND DOLLAR RESERVES

As of March 31, 1951, total estimated foreign gold (excluding the U. S. S. R.) and short-term dollar holdings aggregated 19.6 billion dollars, an increase of approximately 1.5 billion dollars during the period under review, and 5.0 billion dollars since September 30, 1949, shortly after the widespread devaluations. Total reported reserves of the United Kingdom rose about 1 billion dollars from October 1, 1950, to March 31, 1951, despite the suspension of ECA aid on January 1, 1951. On March 31, 1951, total reserves of the United Kingdom stood at 3.8 billion dollars, or about 2.5 billion dollars above the figure reached early in September 1949.

Although total reserves of all foreign countries at March 31, 1951, had not quite reached their June 1945 level, holdings of ERP participants were slightly above those existing in the immediate postwar period. Canadian reserves, which declined $200,000,000, or 10 percent, during the period of this report, still remained 20 percent above the figure reported for June 1945. The increase in foreign monetary reserves reflected, to some extent, the degree to which these countries have recovered from the effects of World War II.

TABLE III.—*Estimated foreign gold and short-term dollar balances, at various dates, June 30, 1945, to Mar. 31, 1951, by geographic area*

[In millions of dollars; data at end of month]

Area	March 1951	1950			June 1945
		December	September	June	
Total, all areas [1]	**$19,630**	**$18,762**	**$18,143**	**$16,557**	**$19,900**
Total, Europe	11,038	10,507	10,097	9,564	11,235
ERP participants [2]	10,411	9,848	9,432	8,889	10,208
Other Europe [3]	627	659	665	675	1,027
Latin America	3,728	3,453	3,284	3,050	3,625
Asia and Oceania	2,456	2,371	2,213	2,080	2,464
Canada	1,945	1,988	2,145	1,504	1,613
Africa and other	463	443	404	359	963

[1] Excludes holdings of the International Monetary Fund, the International Bank, and other international organizations; also excludes U. S. S. R. gold holdings. Includes holdings, for all periods, of U. S. Government securities with original maturity of not more than 20 months.
[2] Includes dependencies.
[3] Includes gold held by Tripartite Commission for the Restitution of Monetary Gold.

Source: Treasury Department and Board of Governors of the Federal Reserve System.

III. Activities of the Council From October 1, 1950, to March 31, 1951 (Other Than Those Relating to the International Monetary Fund and the International Bank)

UNITED STATES FOREIGN ASSISTANCE PROGRAM FOR FISCAL 1952

Throughout the 6 months ending March 31, 1951, members of the constituent agencies of the National Advisory Council have had the financial aspects of the fiscal 1951 Mutual Defense Assistance Program under review. Furthermore, during the period covered by this report, the Council considered the pertinent monetary and financial questions relating to the proposed Mutual Security Program for fiscal 1952, which includes military and economic aid to Western Europe, military assistance to certain other countries, and a broad program of aid to underdeveloped areas.

Local currency counterpart

With respect to counterpart policy under the 1952 program, the Council recommended that, as in the past, counterpart deposits should be required of any country participating in the European Recovery Program where economic aid is extended on a grant basis, except in special cases where counterpart requirements are waived for certain technical assistance projects. It was recognized, with respect to counterpart in the underdeveloped areas, that a greater degree of flexibility would be necessary than in the case of ERP countries, but where aid goods were sold by the recipient government through commercial channels, or otherwise, counterpart deposits should be required. The Council recommended that appropriate steps be taken to permit counterpart funds to be made available for military expenditures whenever such use would facilitate the defense effort.

Loan-grant policy

For the fiscal year 1952, the Council recommended that extraordinary economic assistance to participating countries should be on a grant basis, and that military assistance should be provided on a grant basis or against cash payment, and not on a loan basis.

It also recommended that economic development—where a country has the capacity to service a loan, bearing in mind its longer range development needs, and where the projects are of the appropriate type—should be financed on a loan basis. Such financing should be done through established lending institutions under their usual terms and conditions.

Gold and dollar reserves

The Council agreed that, under current conditions, United States foreign assistance should be dictated primarily by considerations of mutual defense. Economic assistance on a grant basis should not be extended for the purpose of increasing gold and dollar reserves, nor should countries participating in the defense effort be required to reduce their present level of reserves as a prerequisite for receiving United States aid.

Economic assistance to underdeveloped areas is ordinarily not extended to meet balance of payments deficits, but rather to provide technical assistance and to increase real resources available for development purposes, and is not expected materially to affect dollar reserves.

EUROPEAN RECOVERY PROGRAM

ECA allotments to March 31, 1951

For the 3-year period from April 3, 1948, to March 31, 1951, ECA allotments aggregated 11.2 billion dollars, of which approximately 8.6 billion dollars—or three-quarters—constituted direct grants. Conditional aid made up about 1.5 billion dollars of total allotments while the balance of 1.1 billion dollars was accounted for by loans. During the 6-month period under review new allotments totaled 1.3 billion dollars, consisting almost entirely of grants.

An analysis of total ECA allotments from April 3, 1948, to March 31, 1951, by type of aid and recipient country, appears in the following table:

TABLE IV.—*ECA allotments to participating countries, Apr. 3, 1948, through Mar. 31, 1951, by type of aid*

[In millions of dollars]

Country of purpose	Total allotments [1]	Direct grants	Conditional aid	Loans
All ERP Countries	**$11,221.3**	**$8,557.1**	**$1,541.9**	**$1,122.3**
United Kingdom	[2] 2,705.9	1,836.9	532.1	336.9
France	[2] 2,277.8	2,034.1	61.3	182.4
Italy	1,227.7	1,068.9	85.8	73.0
Germany (Federal Republic)	[3] 1,191.8	973.2	218.6	
Netherlands [4]	957.9	775.6	31.6	150.7
Belgium-Luxembourg	[2] 531.0	17.7	[5] 460.7	52.6
Austria	520.4	515.7	4.7	
Greece	453.6	453.6		
Denmark	240.3	200.2	9.1	31.0
Norway	219.4	173.5	10.9	35.0
Ireland	146.2	18.0		128.2
Turkey	125.1	34.8	17.3	73.0
Sweden	118.5		98.1	20.4
Portugal	48.5	5.5	8.2	34.8
Trieste	32.7	32.7		
Iceland	18.5	10.7	3.5	4.3
European Payments Union (capital account)	[6] 350.0	350.0		
ECA prepaid freight account	[7] 56.0	56.0		

[1] Excludes GARIOA and funds for special programs such as Technical Assistance, Strategic Materials, and Relief Shipments.
[2] Includes the following dependent areas development allotments: Belgium, $1,700,000; France, $4,100,000; and United Kingdom, $3,500,000.
[3] The bulk of this aid to the Federal Republic of Germany constitutes a claim against the German economy.
[4] Includes aid to Indonesia prior to July 1950.
[5] Excludes $30,000,000 in conditional aid programed for offshore purchases in Belgium by France ($14,000,000), Netherlands ($9,000,000), and the United Kingdom ($7,000,000). These amounts are shown as grant aid for each of the 3 countries making these purchases in Belgium.
[6] This allotment of $350,000,000 was obligated on Oct. 12, 1950, to be expended as a transfer of funds in connection with the operations of the European Payments Union.
[7] This allotment covers shipping services to be performed by the Federal Maritime Administration pursuant to terms and conditions of the memorandum of agreement dated Feb. 28, 1951.

Source: Economic Cooperation Administration.

It is of interest to note that, although the United Kingdom was the principal recipient of ECA aid on the basis of total allotments, nearly one-fifth of this assistance consisted of conditional aid and one-eighth ECA loans. France led in grant assistance, with total allotments slightly in excess of 2 billion dollars. Italy, receiving approximately 1 billion dollars, was another large recipient of grant aid. Conditional aid accounted for nearly half a billion dollars, or approximately seven-eighths, of Belgium's total ERP allotments through March 31, 1951.

Local currency counterpart

In accordance with provisions of the Economic Cooperation Act of 1948, as amended, participating countries receiving grant aid from ECA are required to deposit their own currencies in special accounts in amounts commensurate with the dollar amounts of grants received. During the 6 months ending March 31, 1951, the Council reviewed counterpart release programs for Austria, France, Federal Republic of Germany, Greece, Portugal, Turkey, and the United Kingdom. The Council, in its review, took into consideration the changing pattern of investment programs designed to facilitate the defense effort, the increase in inflationary pressures so generated, and other aspects of the financial impact of evolving defense programs.

The status of counterpart funds on March 31, 1951, under the Foreign Assistance Act of 1948, as amended, is shown in the following table:

TABLE V.—*Status of European local currency counterpart fund accounts under Public Law 472, as of Mar. 31, 1951*

[Dollar equivalents of local currency, in millions of dollars]

Countries receiving grants	Adjusted dollar equivalent of deposits [1]			For use by recipient countries		
	Total	5 percent for use by the United States	95 percent for use by recipient countries	Approved for withdrawal	Withdrawals	Balance on deposit
All Countries	**$7,556.9**	**$359.3**	**$7,197.6**	**$5,838.4**	**$5,797.4**	**$1,400.2**
France	1,964.1	85.7	1,878.4	1,765.3	1,765.3	113.1
United Kingdom	1,677.2	79.0	1,598.2	1,557.2	1,557.2	41.0
Germany (Federal Republic) [2]	886.6	43.8	842.8	806.7	805.7	37.1
Italy	702.9	35.9	667.0	457.9	457.9	209.1
Netherlands	661.8	33.5	628.3	263.7	263.7	364.6
Greece	552.9	25.8	527.1	288.2	284.6	242.5
Austria	460.0	22.5	437.5	310.6	277.9	159.6
Norway	305.1	14.3	290.8	200.9	200.9	89.9
Denmark	167.0	8.4	158.6	118.8	118.8	39.8
Turkey	71.5	3.6	67.9	32.2	32.2	35.7
Indonesia [3]	45.9	3.4	42.5			42.5
Trieste	26.9	1.3	25.6	23.2	22.9	2.7
Portugal	17.6	.9	16.7	11.5	8.2	8.5
Iceland	8.8	.5	8.3			8.3
Ireland	6.0	.3	5.7	(4)	(4)	5.7
Belgium-Luxembourg [5]	2.6	.4	2.2	2.2	2.1	.1

[1] Local currency is deposited in the special counterpart accounts at the agreed upon rates in effect at the time dollar funds were actually expended by ECA. Withdrawals of part of these local currency funds were made, however, at times when the conversion rates were different from those in effect at the time of deposit. The adjusted dollar equivalent of deposits represents the sum of withdrawals (calculated at the conversion rates in effect at the time of withdrawal) plus balances on hand (calculated at the current rate).

[2] Does not include the equivalent of $24,500,000 transferred to the GARIOA counterpart account in Germany.

[3] Aid furnished from European program funds.

[4] Less than $50,000.

[5] In Belgium, 11 percent of the local currency deposited has been transferred to the United States portion.

Source: Economic Cooperation Administration.

Status of ECA guaranty program

Under the Economic Cooperation Act of 1948 (title I, Public Law 472, 80th Cong., 2d sess.), as amended, ECA is authorized to issue guaranties covering informational media and new industrial investments. Industrial investment guaranties include guaranties against expropriation and confiscation by governments as well as guaranties against nonconvertibility into United States dollars of local currency receipts from investments. As indicated in the preceding NAC report, the amended legislation (Public Law 535, 81st Cong., 2d sess.) also permits guaranties against nonconvertibility of receipts from the licensing of patents, processes, and techniques without an accompanying cash investment. The first guaranty contract of this type was issued during the first quarter of 1951.

During its initial 3 years of operations, ending on March 31, 1951, ECA issued to United States investors 31 industrial guaranty contracts valued at $29,900,000, of which $6,300,000 were made during the 6 months ending March 31, 1951. Almost two-thirds, in terms of value, of all industrial investment guaranties were issued for projects in Italy, the remaining one-third covering investments in the United Kingdom, France, the Netherlands, and the Federal Republic of Germany. As of March 31, 1951, no occasion had arisen which required conversion by the United States under an industrial guaranty contract.

Informational media guaranties issued through March 31, 1951, totaled $8,800,000, of which $1,400,000 were made in the last 6 months. During the 3-year period, fee collections amounted to approximately $115,000. Pursuant to applications for the conversion of foreign currencies under informational media guaranties, dollar disbursements during the same period amounted to $2,263,222.

AID TO YUGOSLAVIA

In order to alleviate distress in Yugoslavia caused by the 1950 drought, the Congress passed, and the President signed on December 29, 1950, the Yugoslav Emergency Relief Assistance Act of 1950. This act authorized the expenditure of $50,000,000 for emergency food assistance for civilians. Under this authorization, ECA arranged for an immediate shipment of flour to Yugoslavia from Germany and Italy. Additional food shipments were subsequently made from the United States through the facilities of the Commodity Credit Corporation in the Department of Agriculture, and included about $15,000,000 of surplus foods donated through CARE.

Furthermore, during the period under review, the President authorized, under the Mutual Defense Assistance Act, an allocation of $16,000,000 for foodstuffs for the Yugoslav Army, and the Export-Import Bank made approximately $6,000,000 of credits previously committed for Yugoslavia available for the immediate purchase and transport of civilian food supplies. Thus, from October 1, 1950, through March 31, 1951, a total of approximately $87,000,000 had been authorized by the United States for food supplies for Yugoslavia.

ECONOMIC ASSISTANCE FOR THE PHILIPPINES

United States Economic Survey Mission to the Philippines

As stated in the preceding report of the Council, in July 1950 President Truman, at the request of President Quirino, appointed an economic survey mission to study and report on all aspects of the Philippine economy. By its terms of reference, the mission, headed by Daniel W. Bell, former Under Secretary of the Treasury, was directed to—

> formulate recommendations on the course of action that should be followed if the pressing problems of the country are to be solved.

The mission, in its report submitted to the President on October 9, 1950, urged a number of measures which, in its opinion, would enable the Philippines to become and to remain self-supporting. Among these recommendations were the following:

1. That the financial and fiscal policies of the Philippine Government be placed on a sound basis in order to avoid further inflation.

2. That, to reduce the excessive demand for imports, a special emergency tax of 25 percent be levied for a period not to exceed 2 years on imports of all goods other than rice, corn, flour, canned fish, canned milk, and fertilizer, or that, alternatively, very heavy excise taxes be imposed, or a tax of 25 percent be levied on all sales of exchange.

3. That a settlement of outstanding claims between the United States and the Philippines be negotiated as well as the funding of maturing Philippine obligations.

4. That, following implementation of the above recommendations, the United States Government undertake to provide financial assistance in the amount of $250,000,000 in loans or grants to help in carrying out a 5-year program of economic development and technical assistance; that the expenditure of United States funds under this recommendation be subject to the continued supervision and control of the technical mission; and that the use of Philippine funds for economic and social development be coordinated with United States funds made available for this purpose.

Funding agreement

In order to effect a satisfactory settlement of the outstanding obligation of the Government of the Philippines to return certain peso funds (advanced to the National Defense Forces of the Republic of the Philippines by the United States Armed Forces in the Philippines), and in order at the same time to provide short-term budgetary assistance to the Philippine Government, an agreement was signed on November 6, 1950, between the Republic of the Philippines and the United States Government. Pursuant to this agreement, which was negotiated with the concurrence of the Council, the obligation of the Philippine Government to return approximately 70,000,000 pesos to the United States Government was funded as a dollar obligation payable over a 10-year period. The effect of the agreement was to make peso funds immediately available for use by the Philippine Government to meet urgent internal obligations. (The text of the agreement is included as appendix D of this report.)

Philippine tax on sales of foreign exchange

In order to avoid further deterioration in the Philippine international payments position, and in conformity with the recommendation of the mission, President Quirino, on March 28, 1951, signed an act imposing for a 2-year period a special excise tax of 17 percent on sales of foreign exchange with certain specified exceptions. President Truman's approval of the act, requested pursuant to article V of the agreement between the United States and the Republic of the Philippines, signed July 4, 1946, was, on the recommendation of the Council, given on April 6, 1951. (See appendix E of this report.)

EXPORT-IMPORT BANK

During the period under review the Export-Import Bank established new credits totaling $113,000,000. These credits were for a variety of purposes, including principally the expansion of production of strategic and critical materials, the economic development of underdeveloped countries, and the facilitation of United States trade. The Bank continued consultations with the Council on major credits and those which involved important policy questions, in order to insure coordination of the Bank's operations and those of other agencies concerned with foreign financial and monetary matters. These credits are briefly described in the following section.

Brazil

In February 1951, the Bank established a credit of up to $30,000,000 to finance the acquisition and installation of equipment and facilities required for the mining of manganese ore, equivalent to a substantial part of United States import requirements. The credit is to bear interest at the rate of 4½ percent per annum and be repaid by June 15, 1963.[7]

Cuba

In March 1951, the Bank established a line of credit not to exceed $12,000,000 in favor of the Cuban Electric Co., a subsidiary of the American & Foreign Power Co., Inc., to assist in financing equipment, materials, and services required in connection with the program for improvement and extension of the Cuban electric system. The credit is to bear interest at the rate of 4½ percent per annum and the principal is to be repaid within 20 years.

Iran

In October 1950, the Bank authorized a credit of $25,000,000 in favor of the Government of Iran to finance the purchase of United States equipment, materials, and technical services required in connection with the Iranian 7-year development plan. As of March 31, 1951, a final loan agreement had not yet been signed.

Israel

In December 1950, the Bank extended an additional credit of $35,000,000 to the State of Israel to assist in financing the purchase in the United States of equipment, materials, and services required for furthering agricultural development. Specific allocations under this general credit are to be made to projects including fertilizer production, regional irrigation, establishment of farm settlements, and further promotion of citrus-fruit culture. A similar credit in the amount of $35,000,000 had been extended in January of 1949 in connection with establishing and equipping new farms in Israel and for rehabilitating existing farms and irrigation works. Funds advanced under the new credit are to bear interest at the rate of 3½ percent per annum and are to be amortized over a period of 15 years.

[7] As of March 31, 1951, a final loan agreement had, however, not been signed.

Liberia

In January 1951, the Bank extended a credit of $5,000,000 in favor of the Republic of Liberia to be used for road improvement and construction. Advances are to be made on the basis of project plans submitted to the Bank for its approval. The credit is to bear interest at the rate of 3½ percent per annum and is to be amortized over a period of 18 years.

Other

During the period under review, the Bank also established a number of smaller credits to assist specific economic development projects in a number of countries. These included commitments totaling $2,860,000 to International General Electric Co., Inc., and the American Locomotive Co., to assist in financing the sale to the Republic of Uruguay of 26 Diesel electric locomotives for Ferrocarril Central del Uruguay; a line of credit of $1,500,000 in favor of an agency of the Colombian Government to finance the purchase of five Diesel electric locomotives to be used by the National Railways of Colombia; and an increase from $2,070,000 to $3,142,500 in the Bank's commitment to the Allis-Chalmers Manufacturing Co., for equipment to be supplied to Cimento Aratu of Brazil.

The Bank's activities in the strategic-materials field were substantially increased during this period. As of March 31, 1951, there were under consideration requests, ranging from inquiries to formal applications, for credits amounting to more than $125,000,000 to assist in foreign production of tungsten, uranium, chrome, cobalt, copper, lead, zinc, manganese, asbestos, tin, rubber, and sulfur, as well as other commodities, chiefly for purchase by the General Services Administration.

Operations under the Foreign Assistance Act of 1948

During the 6-month period ending March 31, 1951, the Administrator for Economic Cooperation directed the Bank to establish new credits to ERP countries and to make increases and decreases in previously authorized credits. These operations are reflected in table IV covering ECA allotments. The role of the Bank in connection with these credits, which are established by direction of the Administrator for Economic Cooperation and in accordance with terms and conditions prescribed by him, has been confined to making payments to the borrowing countries at times and in amounts specified by him.

Credit assistance to Spain

During the 6-month period ending March 31, 1951, the Export-Import Bank, with the approval of the Economic Cooperation Administrator, established a number of credits to Spanish borrowers in accordance with chapter XI, title 1, of the 1951 General Appropriation Act.

Proposed increase in lending authority of the Export-Import Bank

As noted in earlier reports,[8] during March 1948, the Council approved a proposed $500,000,000 increase in the lending authority of the Export-Import Bank, and legislation to that effect was subse-

[8] Cf. H. Doc. No. 737 (covering the 6 months ending March 31, 1948), and H. Doc. No. 120 (covering the 6 months ending September 30, 1948).

quently introduced in the Congress. Although hearings were held, the legislation was not enacted.

During December 1950, the Council, in view of the magnitude and tempo of the proposed United States foreign assistance program, recommended a further increase in the lending authority of the Bank as an integral part of this program.

Status of Bank resources

As of March 31, 1951, the resources of the Export-Import Bank were distributed as follows:

	Millions
Total Lending Authority	**$3, 500. 0**
Loans outstanding	2, 267. 7
Undisbursed commitments	702. 6
Uncommitted lending authority	529. 7

Table VI shows the distribution of credits (less cancellations and expirations) authorized by country and object of financing. Data on actual utilization of Export-Import Bank credits by country, through December 31, 1950, may be found in table XIX, appendix C.

CURRENCY REVALUATIONS

During the period under review, the Council considered the problem of foreign-exchange rates, particularly in the light of discussions in various quarters concerning the possibility of appreciation of certain currencies. The Council in formulating its views for the guidance of the United States Executive Director on the International Monetary Fund and United States missions abroad considered the possible appreciation of the levels of exchange rates, in terms of their effect on international trade and financial equilibrium and their impact upon United States foreign-aid programs.

The Council was of the opinion that any general appreciation of currencies at this time was not warranted. It took the position that currency appreciation could be considered justifiable under present conditions only if such action were necessary to restore balance-of-payments equilibrium, and indicated that there is a strong presumption against such justification being established in the case of countries which, for balance-of-payments reasons, either receive extraordinary grant assistance from the United States or maintain trade or payments restrictions. The Council concluded that where currency appreciation may be proposed as an anti-inflationary device, alternatives should be thoroughly explored to determine whether they would not be more appropriate under current conditions.

OTHER FINANCIAL PROBLEMS

Financing grain exports to India

During the period under review, the Council discussed the financial aspects of a request by the Government of India for United States aid in procuring approximately 2,000,000 tons of food grain to assist in alleviating famine conditions during 1951. A loan of $190,000,000 was subsequently made for this purpose. Terms included an interest rate of 2½ percent, with the first interest payment due on December

TABLE VI.—*Net credits authorized by the Export-Import Bank, July 1, 1945, to Mar. 31, 1951, by area and country*[1]

[In millions of dollars]

Area and country	Net[1] authorized	Development	Reconstruction	Lend-Lease requisitions	Cotton purchases	Other
Total, All Areas	**$3,304.3**	**$1,332.8**	**$993.5**	**$655.0**	**$177.8**	**$145.2**
Total, Europe	**2,064.4**	**315.4**	**971.8**	**655.0**	**104.6**	**17.6**
France	1,200.0		650.0	550.0		
Netherlands	205.3	3.1	152.2	50.0		
Belgium	132.0	32.0	45.0	55.0		
Italy	131.4	101.9			24.6	[2] 4.9
Finland	100.2	73.2			17.0	[3] 10.0
Yugoslavia	55.0	55.0				
Norway	50.2		50.0			.2
Poland	40.0		40.0			
Turkey	35.4	35.4				
Czechoslovakia	22.0				20.0	[2] 2.0
Denmark	20.0		20.0			
Greece	14.6		14.6			
Austria	13.1	12.6				.5
Germany	4.6				[4] 4.6	
Sweden	2.2	2.2				
Unallotted cotton credits	38.4				38.4	
Total, Latin America	**671.0**	**545.8**				**125.2**
Mexico	206.8	206.8				
Brazil	134.9	134.9				
Argentina	125.2					125.2
Chile	93.0	93.0				
Colombia	21.8	21.8				
Peru	20.8	20.8				
Bolivia	19.3	19.3				
Ecuador	12.1	12.1				
Cuba	12.0	12.0				
Venezuela	10.5	10.5				
Haiti	4.0	4.0				
Uruguay	2.9	2.9				
Panama	2.5	2.5				
Other Latin America	5.2	5.2				
Total, Asia and Africa	**421.5**	**326.6**	**21.7**		**73.2**	
Israel	135.0	135.0				
Indonesia	100.0	100.0				
China	51.7		18.7		33.0	
Japan	40.2				[4] 40.2	
Saudi Arabia	29.0	29.0				
Iran	25.0	25.0				
Afghanistan	21.0	21.0				
Liberia	9.0	9.0				
Egypt	7.3	7.3				
Ethiopia	3.0		3.0			
Philippine Islands	.3	.3				
Canada	**145.0**	**145.0**				
Miscellaneous	**2.4**					**2.4**

[1] Credits authorized less cancellations and expirations, and participations by other banks.
[2] For financing tobacco purchases.
[3] For financing food purchases.
[4] Revolving credits paid in full and now expired.

Source: Export-Import Bank.

31, 1952, and a maturity of 35 years, with principal repayments beginning on July 1, 1953.

Aid to Palestine refugees

In connection with consideration in the United Nations, the Council favorably reviewed participation by the United States in the UN Palestine refugee program for the fiscal year 1952. The President subsequently requested $50,000,000 for assistance to Palestine refugees.

The Point IV program and international development

During the period covered by this report, the Point IV program was launched through the organization and staffing of the Technical Cooperation Administration within the Department of State. The program is essentially one of providing the incentive for large-scale economic development based on international cooperation, self-help, and mutual understanding. It seeks the advancement of the underdeveloped areas through a progressive expansion of their own production of goods and services. To this end, the program envisages the cooperation of other developed nations in marshaling their technical resources, both private and government, to bear upon economic problems throughout the world.

In March 1951, Point IV technicians were at work on 108 technical cooperation projects in 27 countries, and some 35 governments in Latin America, Africa, and Asia had asked the United States Government for specific help in solving their problems through the program. By March 1951, the initial phase of the plan had taken shape. It put primary emphasis on food supply, since food is a prime key to high-level productivity. Other projects contributing to food supply, such as prevention of disease, basic and vocational education, transportation and the development of fibers and insecticides, are rapidly taking an important place in the program. The Council is in full accord with the basic objectives of this plan to raise standards of living throughout the underdeveloped areas of the world, and concurred in the request to the Congress for additional funds to carry the program forward in the fiscal year 1952.

IV. Activities of the Council From October 1, 1950, to March 31, 1951, Relating to the International Monetary Fund and the International Bank for Reconstruction and Development

The National Advisory Council, in accordance with statutory authority, continued to coordinate the activities of the United States representatives on the Fund and the Bank with those of other agencies of the Government, by consulting and advising with them on major problems arising in the administration of the Fund and the Bank. The United States Executive Directors of these institutions, or their Alternate, have attended the Council's meetings regularly, and have participated continuously in the work of its Staff Committee.

MEMBERSHIP CHANGES IN THE FUND AND THE BANK

During the period under review, no new countries were admitted to membership in the Fund or the Bank. However, by March 31, 1951, formal applications for membership in the Fund and the Bank had been received from the Governments of Burma, Indonesia, Jordan, Sweden, and the Federal Republic of Germany. As of that date, final action on these applications had not yet been taken by the Boards of Governors of the two institutions.

On March 31, 1951, 49 countries were members of the Fund and the Bank. These members, with their quotas and capital subscriptions, are listed in appendix F.

THE FUND

During the period under review, member countries of the Fund continued to seek the advice of Fund technicians on varied questions relating to such subjects as currency stabilization, relaxation of import restrictions, multiple currency practices, and gold policy. In many instances, Fund missions were dispatched to member countries to afford technicians a better opportunity for on-the-spot study of these and other complex issues.

Exchange systems and par values

Austria.—On October 17, 1950, the Fund announced its approval of certain modifications designed in part to unify the Austrian exchange system. These modifications included the extension of the rate of 21.36 schillings per United States dollar to commercial transactions previously taking place at rates of 14.40 and 26 schillings. It was also agreed that private barter and compensation arrangements were to be abolished in principle. The premium rate of 26 schillings was maintained for certain invisibles, such as tourist expenditures. The Government of Austria has indicated its willingness to continue consultations with the Fund with a view toward complete unification of Austria's exchange rate system.

Nicaragua.—The Fund, on October 20, 1950, announced that with its agreement the Government of Nicaragua would take steps toward adjusting its complex exchange structure. On November 9, 1950, the former system of multiple exchange rates for exports was replaced by a uniform effective rate for exports and invisibles of 6.60 cordobas per United States dollar. The basic rate for most imports and other payments was established at 7.05 cordobas per United States dollar, and surcharges of 1.00 cordoba per dollar on imports of semiessential goods and 3.00 cordobas per dollar on nonessential imports were established. Although the par value of the cordoba was not changed, it now would be used only for Government transactions. Nicaragua agreed to continue discussions with the Fund contemplating a further unification in its exchange rate structure.

Iran.—On November 20, 1950, the Fund announced its approval of a proposed change in Iran's multiple exchange rate system. The free-market rate, covering exports other than oil and nonessential imports, would be replaced by a certificate rate stabilized at 48.75 rials per United States dollar. In addition, all transactions would be channelled through authorized banks. The certificate rate of 40 rials per United States dollar for essential imports would continue in effect; also the official rate of 32.5 rials per United States dollar. As in the past, the latter rate would be used for both governmental transactions and those with the Anglo-Iranian Oil Co. The Iranian Government agreed to continue consultations with the Fund relating to the ultimate unification of its exchange system.

Ecuador.—On December 2, 1950, the Fund announced that it had concurred in the proposal of the Government of Ecuador with respect to a change in the par value of the sucre from 13.50 to 15.00 sucres per United States dollar. The Fund offered no objection to related exchange proposals as temporary measures pending further simplification of the Ecuadorian exchange system, and will continue discussions with Ecuador on the effectiveness of the proposed changes as a step toward further unification of its exchange rate structure.

Paraguay.—On March 3, 1951, the Fund also announced its concurrence in the proposal by the Government of Paraguay of a new par value of 16.67 cents per guarani. This new par value represents a devaluation of 48.5 percent from the old par of 32.36 cents per guarani. The Fund likewise offered no objection to a series of other proposed changes in Paraguay's exchange system. The new system, effective March 5, 1951, not only reduces the number of existing rates but also narrows the spread between the higher and lower rates. The Fund and the Government of Paraguay plan to continue to consult on the new system.

Colombia.—On March 20, 1951, the Fund announced its approval of certain measures proposed by the Government of Colombia designed to simplify its foreign-exchange system and reduce restrictions on imports. Colombia's present par value with the Fund, 1.94998 pesos per United States dollar, is not affected under the new system. The Government established a new exchange rate of 2.50 pesos per United States dollar for all foreign payments, and for all foreign-exchange proceeds other than those from coffee exports. For at least a 6-month period, 25 percent of all coffee exports will be at the new rate, with the balance receiving the buying rate of 1.95 pesos per United States dollar. All licensing restrictions on imports, with certain exceptions, will be removed and the exchange certificate system and all mixed rate arrangements are to be abolished. The Government of Colombia agreed to continue its consultations with the Fund.

Pakistan.—On March 19, 1951, the Fund announced an initial par value of 3.30852 rupees per United States dollar for the Pakistan rupee, the rate proposed by the Pakistan Government. Pakistan formally became a member of the Fund and of the Bank on July 11, 1950.

The United States Executive Director, acting with the approval of the Council, supported the decisions taken with respect to changes in exchange systems and par values in each of the above countries.

Gold sales at premium prices

On March 7, 1951, the Fund published the following decision of its Executive Board:

Since the amount of sales and purchases in the world markets of gold for jewelry, artistic and industrial purposes has recently been increasing at a rate indicating that at least a part of it finds its way to private hoards, contrary to the gold policy of the Fund established in June 1947, the Executive Board considers the existing arrangements and practices of several countries, including South Africa, are no longer a satisfactory basis to implement the Fund's gold policy and directs the Staff of the Fund urgently to elaborate, after consultation with the countries concerned, more effective methods than the existing ones.

As of the date of this report, the Fund had this subject still under investigation and consideration.

Gold-mining-subsidy payments

In December 1947, the Canadian Government discussed a gold-mining-subsidy program with the Fund. The plan was subsequently enacted under Canada's three-year Emergency Gold Mining Assistance Act which authorized subsidy payments for the calendar years 1948 through 1950. During October 1950, changes in the subsidy program for 1951 were proposed. These changes provided for a reduction in both the proportion of output eligible for assistance as well as the rate of assistance per ounce. Further revision of the program, effective as of January 1, 1951, was again proposed early in March 1951. Under the modified plan, the proportion of output on which the subsidy would be paid was increased. The Fund offered no objection to these proposed changes in Canada's gold subsidy program.

The Fund and the contracting parties to the General Agreement on Tariffs and Trade (GATT)

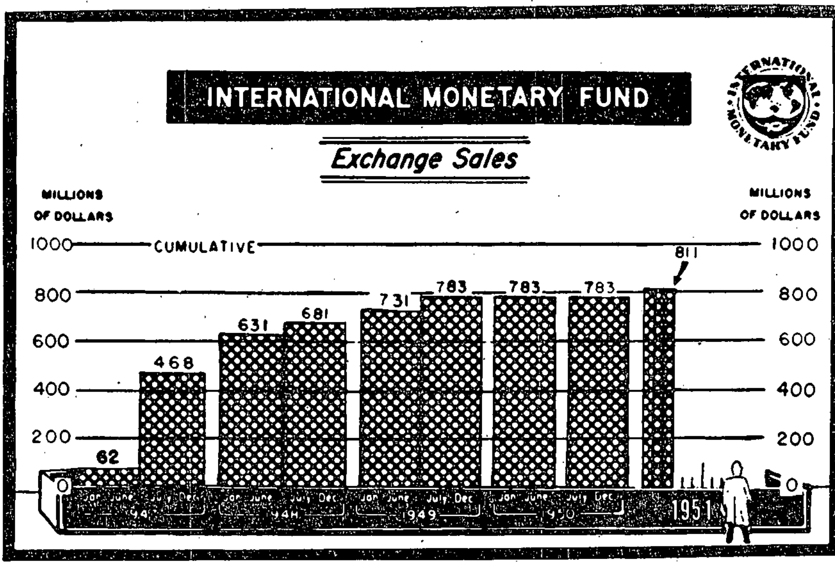
At their fifth session, held in Torquay, England, the contracting parties consulted with the Fund on the problem of the hard currency import restrictions of the sterling-area countries and Chile. It was the opinion of the Fund that the progressive relaxation of such restrictions by Australia, Ceylon, New Zealand, Southern Rhodesia, and the United Kingdom would be appropriate, bearing in mind changing circumstances. With respect to Chile, India, and Pakistan, the Fund was of the opinion that a further relaxation of import restrictions was not required at this time.

At the request of the Government of the Union of South Africa, the Fund approved the release of a statement on South African restrictions made by the Fund mission to the fifth session. In order to safeguard its external position, the Union of South Africa had, in November 1948, put into effect restrictions on exchange for imports from countries outside the sterling area (later limited to countries outside the soft-currency area), which the Fund approved. The statement of the Fund mission noted the fact that, effective in 1951, the existing system of exchange restrictions would be relaxed and discrimination lessened. The Fund indicated that it would withhold judgment until the new system became effective and could be evaluated.

Exchange transactions

During the period under review, the Fund sold 10,000,000 pounds sterling ($28,000,000) to Brazil in exchange for an equivalent amount in Brazilian cruzeiros. This transaction is Brazil's first purchase from the Fund of a currency other than United States dollars, and raises the total of its purchases from the Fund in all currencies to the equivalent of $65,500,000.

CHART D



The following table presents a detailed summary of all Fund currency sales through March 31, 1951:

TABLE VII.—*International Monetary Fund currency sales, cumulative to Mar. 31, 1951*

[Expressed in millions of United States dollars]

Purchasing country	All currencies	United States dollars	Pounds sterling	Belgian francs
All Countries	$811.4	$766.0	$34.0	$11.4
United Kingdom	300.0	300.0		
France	125.0	125.0		
India	100.0	100.0		
Netherlands	75.3	62.5	6.0	6.8
Brazil	65.5	37.5	28.0	
Belgium	33.0	33.0		
Mexico	22.5	22.5		
Australia	20.0	20.0		
Norway	15.7	[1] 11.1		4.6
Denmark	10.2	10.2		
Union of South Africa	10.0	10.0		
Yugoslavia	9.0	9.0		
Chile	8.8	8.8		
Czechoslovakia	6.0	6.0		
Turkey	5.0	5.0		
Egypt	3.0	3.0		
Costa Rica	1.3	1.3		
Ethiopia	.6	.6		
Nicaragua	.5	.5		

[1] Includes 6,126,788 United States dollars sold for an equivalent in gold.

NOTE.—Currency repurchases by 6 members (Belgium, Egypt, Costa Rica, Nicaragua, the Union of South Africa, and Ethiopia) totaled an equivalent of 43,301,930 United States dollars as of Mar. 31, 1951. These repurchases have not been deducted from data in this table.

Source: International Monetary Fund.

The Fund announced that during March 1951 both the Union of South Africa and Ethiopia had repurchased a portion of their currencies held by the Fund. The Union of South Africa paid to the Fund 9,985,000 United States dollars in full repayment of United States dollars purchased from the Fund in December 1948 with an equivalent in South African pounds.

Ethiopia also repurchased from the Fund, with 300,000 United States dollars, an equivalent amount of its own currency. Ethiopia had made two Fund drawings each of 300,000 United States dollars: one in August 1948, and the other in October 1949. An initial repurchase of Ethiopian dollars by payment of 300,000 United States dollars was effected in September 1950. Thus the current repurchase offset Ethiopia's only remaining drawing on the Fund.

THE BANK

During the period covered by this report, the International Bank granted 11 loans in an aggregate amount of $117,030,000 [9] to 7 of its member countries. These loans increased the total of the Bank's outstanding commitments to slightly over $1,000,000,000, of which almost two-thirds had been paid out.

The Bank reported that, since September 30, 1950, seven additional countries—Greece, Lebanon, Pakistan, India, the Philippines, Union of South Africa, and Syria—had authorized the Bank, subject in some instances to consultation on particular transactions, to use for loan purposes part or all of the 18-percent portion of their capital subscriptions paid in local currencies. As of March 31, 1951, 27 member countries had agreed to the use of at least part of their 18-percent currency subscriptions. During this period, also, the Bank made its first loan to a member country in southeast Asia.

New loan commitments

Mexico.—On October 19, 1950, the Bank announced that it had approved a line of credit in an amount not exceeding $10,000,000 to a group of eight of the principal Mexican commercial banks, and Nacional Financiera, the official financing medium of the Mexican Government. This transaction represents the first operation of its kind entered into by the Bank in any of the American Republics. The proposed line of credit will meet the requirements of small private enterprises which collectively can make a substantial contribution to the balanced development of the Mexican economy.

Banks of the group will be able to obtain loans under the line of credit to finance the cost of imports required for specific development projects submitted by firms in Mexico and approved by both the banking group and the International Bank. The individual loans will be guaranteed by Nacional Financiera, and the over-all loan by the International Bank to the group will be guaranteed by the Mexican Government. The period for approval by the Bank of loans under the line of credit will extend to June 30, 1952, and the terms of the loans will not in general exceed 5 years from the time of approval by the Bank. The rate of interest charged by the Bank on loans to member

[9] The loan commitment to the Brazilian Traction, Light & Power Co., Ltd.—included in the above total—is not considered a new loan by the Bank but rather an addition to the $75,000,000 loan made by the Bank to this company in January 1949.

banks of the group will be 2½ percent plus the statutory 1-percent commission for the Bank's special reserve.

Turkey.—On October 19, 1950, the Bank announced a loan of $9,000,000 to the Industrial Development Bank of Turkey to finance the cost of imports for industrial development projects to be undertaken by private interests in Turkey. This was the third loan made by the International Bank for development purposes in Turkey during 1950. It is designed to assist in establishing new private industrial enterprises and to help in the expansion of existing ones; to stimulate the investment of private capital, both foreign and domestic, in Turkish industry; and to develop a market for industrial securities in Turkey.

To implement these basic purposes of the new loan, the Industrial Development Bank of Turkey was established on June 2, 1950, with an authorized capital of T£12,500,000 (approximately $4,500,000), subscribed by a group of private institutions. It will be the function of the Development Bank to attract and make available local capital reserves which no existing machinery is adequate to handle.

The loan, which is guaranteed by the Republic of Turkey, is for a term of 15 years and carries an interest rate of 2¾ percent, plus the required 1-percent commission charge for the Bank's special reserve. Amortization payments, to begin in 1957, are designed to retire the loan by maturity.

Thailand.—On October 30, 1950, the Bank announced three loans, totaling $25,400,000, to the Kingdom of Thailand, the first loans granted by the Bank in southeast Asia. One loan, in the amount of $3,000,000, will be used for the rehabilitation of the Royal State Railways; a second loan, of $4,400,000, will assist in the development of the port of Bangkok; and a third loan, of $18,000,000, will finance the foreign-exchange costs of an irrigation, drainage, and water-communications project in the Central Plain.

The railroad and port loans are for terms of 15 years each, with an interest rate of 2¾ percent per annum, in addition to the customary 1-percent commission charge for the Bank's special reserve. Amortization payments, intended to retire these loans at maturity, will begin on April 15, 1954. The irrigation loan is for a term of 20 years and carries an interest rate of 3 percent, plus the usual 1-percent commission. Amortization payments on this loan will start on April 15, 1956.

Colombia.—During the period under review, the Bank announced two loans to publicly owned utility companies operating in Colombia.

On November 2, 1950, the Bank granted a loan of $3,530,000 to the Central Hidroelectrica del Rio Anchicaya Limitada (CHIDRAL) for the construction of a hydroelectric plant on the Anchicaya River. The total capital cost of the Anchicaya hydroelectric project is estimated at the equivalent of approximately $13,231,000. The loan, which is guaranteed by the Republic of Colombia, will be used to finance the major part of the foreign-exchange costs involved, while the local currency costs will be financed by the company from its own resources. The loan is for a term of 20 years and carries an interest rate of 3 percent plus the 1-percent commission charge for the Bank's special reserve. Amortization payments, designed to retire the loan by maturity, will begin on May 1, 1954.

On December 28, 1950, the Bank approved a loan of $2,600,000 to Central Hidroelectrica de Caldas, Limitada, for electric-power development in Manizales and western Colombia—the third loan for development purposes made by the Bank to that country. The total cost of the project, which the current loan will help to finance, is estimated at the equivalent of about $9,429,000. The local currency costs plus a small share of the foreign-exchange costs will be borne by the borrower from its own resources.

The loan, which is also guaranteed by the Republic of Colombia, is for a term of 20 years with an interest rate of 4 percent, including the 1-percent commission charge. Amortization payments, intended to retire the loan at maturity, will start on August 15, 1952.

Brazilian Traction, Light & Power Co., Ltd.—On January 18, 1951, the Bank granted a $15,000,000 increase in an earlier loan of $75,000,000 made in January 1949 to the Brazilian Traction, Light & Power Co., Ltd., a Canadian corporation. The original loan is being used to finance the foreign-exchange costs of a 4- to 5-year expansion program undertaken by the company's operating subsidiaries in the Rio de Janeiro and Sao Paulo areas. The additional amount, also guaranteed by the United States of Brazil, is designed to aid in the further expansion of this program, for which the local currency expenditures will be financed by the company. The loan is for a term of 25 years with an interest rate of 4¼ percent, including the 1-percent commission charge. Amortization of principal, to begin on July 1, 1955, is designed to retire the loan by maturity.

Union of South Africa.—On January 23, 1951, the Bank announced that it had approved loans totaling $50,000,000 to the Union of South Africa. The South African Government at the same time arranged for $30,000,000 in additional financing with three private banks in the United States. This marked the first transaction of the Bank involving concurrent participation by private financial firms. About 20 percent of the equipment required under these loans will be purchased from the dollar area, with the remaining 80 percent coming largely from the United Kingdom.

A loan of $30,000,000, guaranteed by the Union of South Africa, was granted to the Electricity Supply Commission (ESCOM), an autonomous state agency, to assist in the expansion of its generating, transmission, and distribution facilities. The loan is for a term of 20 years with an interest rate of 3 percent, plus the statutory 1-percent commission charge. Amortization payments will start on May 15, 1954.

A loan of $20,000,000 was approved by the Bank to the Union of South Africa for the development of state-owned transport facilities under the Railway Administration's 6-year expansion program. A part of the privately financed funds will also be used for transportation purposes during 1951 or 1952. The loan is for 15 years with an interest rate of 2¾ percent, plus the required 1-percent commission charge. Amortization payments, designed to retire the loan by maturity, will begin on May 15, 1956.

Ethiopia.—On February 19, 1951, the Bank approved a loan of $1,500,000 to the Empire of Ethiopia to finance the importation of equipment and services for the expansion and improvement of the country's telephone and telegraph systems. This is the third loan

CHART E

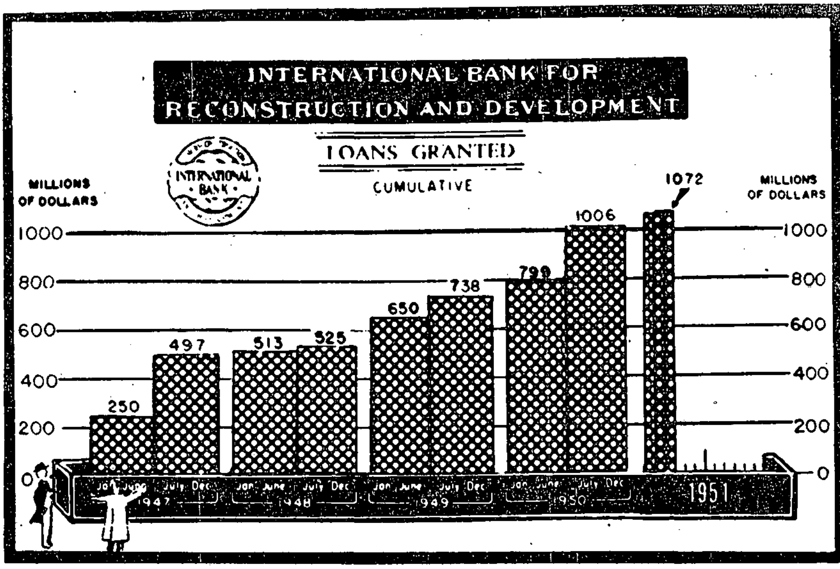


TABLE VIII.—*Status of International Bank loans, as of Mar. 31, 1951*

[Expressed in millions of United States dollars]

Borrower	Loan commitment	Disbursement	Unused balance of commitment
Total, All Loans	**$1,072.2**	**$665.0**	**$407.2**
France	250.0	250.0	
Netherlands	[1] 215.8	210.5	5.4
Brazil	[2] 105.0	51.9	53.0
Australia	100.0	4.1	95.9
India	[3] 61.3	43.0	18.3
Mexico	[2,4] 60.1	19.5	40.6
Union of South Africa	[2] 50.0		50.0
Denmark	40.0	40.0	
Uruguay	[2] 33.0		33.0
Thailand	[2] 25.4		25.4
Turkey	25.4		25.4
Belgium	16.0	12.4	3.6
Chile	16.0	6.1	9.9
Finland	14.8	8.1	6.7
Iraq	[2] 12.8		12.8
El Salvador	12.5		12.5
Luxembourg	[5] 11.8	11.8	
Colombia	11.1	4.9	6.2
Ethiopia	[2] 8.5		8.5
Yugoslavia	2.7	2.7	

[1] After cancellation of $6,200,000, effective Mar. 17, 1950.
[2] As of Mar. 31, 1951, these loans (including the January 1951 loan of $15,000,000 to the Brazilian Traction, Light & Power Co., Ltd.; the September 1950 $2,000,000 loan and February 1951 $1,500,000 loan to Ethiopia; the October 1950 $10,000,000 loan to Mexico; and the October 1950 $4,400,000 loan to Thailand) still required action by the private borrower and/or member government before becoming effective.
[3] After cancellation (effective May 16, 1950), of $1,200,000 of the $34,000,000 railway rehabilitation loan of Aug. 18, 1949.
[4] The interim loan of January 1949, in the amount of $10,000,000, was refunded on June 30, 1950, and disbursements thereunder charged to the April 1950 loan of $26,000,000.
[5] After cancellation of $238,017, effective Dec. 19, 1949.

NOTE.—Although certain of the loans listed above have been made to private or quasi-governmental organizations, in every case such credits have been guaranteed by the respective governments.
Source: International Bank for Reconstruction and Development.

made by the Bank to Ethiopia for development purposes. The loan is for a period of 20 years with an interest rate of 3 percent, plus the usual 1-percent commission charge. Amortization payments will start on March 1, 1956.

Marketing activities

During the period under review, the Bank announced the first sales of bonds, without its guaranty, from its loan portfolio.[10] Since these bonds were sold "without recourse," the 1-percent commission charge need no longer be paid by the original borrower. Aside from such savings, these sales will also serve to open up investment markets for the Bank's borrowers.

The Bank also sold, with its unconditional guaranty, $549,000 of bonds of the Corporacion de Fomento de la Produccion of Chile to the National City Bank of New York. These bonds were received by the Bank in connection with a $2,500,000 loan made by the Bank to Fomento on March 25, 1948. The bonds were also guaranteed by the Chilean Government.

During February, a public offering was made of the Bank's new issue of $50,000,000, 3-percent, 25-year bonds of 1951 through a sponsoring group of 32 banks and investment-banking firms. This is the first financing by the Bank in the American market since January 1950, when the Bank, with the consent of the Council, sold in the United States market a refunding issue of $100,000,000 of 2-percent serial bonds. The new bonds, dated March 1, 1951, have an annual sinking fund, beginning in the twelfth year, which is intended to retire 50 percent of the issue by maturity.

Fiscal operations

For the 9 months ending March 31, 1951, the International Bank reported a net income of $11,483,230, exclusive of $4,723,859 in commissions added to the special reserve. This compares with a net income of $9,856,856 for the 9-month period ending March 31, 1950, exclusive of $4,157,591 set aside for the special reserve. As of March 31, 1951, the Bank had an earned surplus in its general reserve account of $38,481,500 in addition to approximately $18,462,000 held as a special reserve.

Future operations

Since the beginning of its operations the International Bank has granted more than 40 loans in 20 countries in amounts varying from $1,500,000 to $250,000,000, and its loan commitments now exceed a billion dollars. During the last few years the Bank's loans have been directed predominately to the economic development of its member countries. Its loans for permanent capital development projects should bear fruit in higher productivity and improved living standards. The Bank has assisted its members in formulating their development programs, and has sent numerous missions to the member countries to render them technical assistance and economic and financial advice. The Council believes that the International Bank, by continuing its loans for the development of the less advanced countries, can make a

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[10] These securities consisted of $632,000 of 3¼-percent Grand Duchy of Luxembourg bonds; the equivalent of about $617,000 of 3-percent bonds, payable in Swiss francs, of the Finance Corporation for National Reconstruction (Herstelbank) of the Netherlands; and $100,000 of bonds of France and the Kingdom of the Netherlands, respectively.

valuable contribution to the improvement of economic conditions throughout the free world.

JOHN W. SNYDER,
Secretary of the Treasury,
Chairman of the National Advisory Council on International Monetary and Financial Problems.

DEAN ACHESON,
Secretary of State.

CHARLES SAWYER,
Secretary of Commerce.

WM. McC. MARTIN, Jr.,
Chairman of the Board of Governors of the Federal Reserve System.

HERBERT E. GASTON,
Chairman of the Board of Directors of the Export-Import Bank of Washington.

WILLIAM C. FOSTER,
Administrator for Economic Cooperation.

APPENDIX A

SECTIONS OF THE BRETTON WOODS AGREEMENTS ACT RELATING TO THE NATIONAL ADVISORY COUNCIL

(59 Stat. 512; 22 U. S. C. 286b)

[For sections 4 and 14 of the act, omitted here, see full text of the act in the Annual Report of the Secretary of the Treasury for 1945, beginning on page 382.]

SECTIONS OF THE FOREIGN ASSISTANCE ACT OF 1948, AS AMENDED, RELATING TO THE NATIONAL ADVISORY COUNCIL

(62 Stat. 137, 145, 151; 22 U. S. C. secs. 1509 (c), 1513 (b) (6))

[For sections 106, 111 (c) (1) and (2) of the act, see the Annual Report of the Secretary of the Treasury for 1948, beginning on page 262.]

[Section 115 (b) provides for the establishment of bilateral and multilateral agreements between the United States and the various recipient countries. Such agreements shall] provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision, among others, for—

> [Subsection (6) as amended by section 106 (a) of the Foreign Economic Assistance Act of 1950] ". . . placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis: *Provided*, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates: *Provided further*, That such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), shall be used in furtherance of any central institution or other organization formed by two or more participating countries to further the purposes set forth in subsection (d) of section 111 or otherwise shall be held or used for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the declaration of policy contained in section 102 and the purposes of this title, including local currency administrative expenditures of the United States within such country incident to operations under this title: *Provided further*, That the use of such special account shall be subject to agreement between such country and the Administrator, who shall act in this connection after consultation with the National Advisory Council on International Monetary and Financial Problems and the Public Advisory Board provided for in section 107 (a): *And provided further*, That any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by Act of joint resolution by the Congress, be agreed to between such country and the Government of the United States. . . ."

AMENDMENT OF THE NATIONAL BANK ACT AND THE BRETTON WOODS AGREEMENTS ACT

(63 Stat. 439; 12 U. S. C. sec. 24, 22 U. S. C. secs. 286k–1, 286k–2)

[For amendment, see page 316 of the Annual Report of the Secretary for 1950.]

APPENDIX B

TABLE IX.—*Estimated gold and short-term dollar resources of foreign countries, as of Dec. 31, 1950*

[In millions of dollars]

Area and country	Total	Gold [1]	Short-term dollar balances [2]
Total, All Areas [3]	18,764	11,340	7,424
Total, Europe (excluding sterling area)	6,797	4,566	2,231
Total, ERP Participants (excluding sterling area)	6,138	4,003	2,135
Austria	90	50	40
Belgium, Luxembourg, and Belgian Congo	840	650	190
Denmark	76	31	45
France and dependencies	834	543	291
(France)	(783)	(523)	(260)
(Dependencies)	[4] (51)	(20)	(31)
Germany (western)	222		222
Greece	36	4	32
Italy	573	258	315
Netherlands, Netherlands West Indies, and Surinam	559	335	224
Norway	93	50	43
Portugal and dependencies	257	207	50
Sweden	204	90	114
Switzerland	2,021	1,470	551
Trieste	4		4
Turkey	164	150	14
ERP adjustments	165	165	
Total, Other Europe	659	563	96
Bulgaria	26	25	1
Czechoslovakia	31	25	6
Finland	30	12	18
Hungary	42	41	1
Poland	38	34	4
Spain and dependencies	132	[5] 111	21
Union of Soviet Socialist Republics	4	(6)	4
Other Europe and unidentified	356	[7] 315	41
Total, British Commonwealth (including other sterling area)	6,442	4,111	2,331
Sterling area countries in ERP	3,711	2,918	793
Iceland	3	1	2
Ireland	26	17	9
United Kingdom	3,562	2,900	662
United Kingdom dependencies	120		120
Other sterling area	743	603	140
India	303	247	56
Iraq	3	(6)	3
New Zealand	31	29	2
Pakistan	40	27	13
Union of South Africa	241	197	44
Other	126	103	23
Canada	1,988	590	1,398
Total, Africa [8]	198	101	97
Egypt and Anglo-Egyptian Sudan	173	97	76
Ethiopia	7	4	3
Tangier	17	(6)	17
Other Africa	1	(6)	1

See footnotes at end of table.

TABLE IX.—*Estimated gold and short-term dollar resources of foreign countries, as of Dec. 31, 1950*—Continued

[In millions of dollars]

Area and country	Total	Gold [1]	Short-term dollar balances [2]
Total, Asia [4 8]	**1,869**	**694**	**1,175**
Afghanistan	47	39	8
Indonesia	323	208	115
Iran	160	140	20
Israel	13	----------	13
Japan	587	128	459
Lebanon	32	20	12
Philippine Republic	377	3	374
Saudi Arabia	8	(6)	8
Syria	14	7	7
Thailand (Siam)	166	118	48
Other Asia and unidentified	142	31	111
Total, Latin America [8]	**3,454**	**1,868**	**1,586**
Argentina	518	216	302
Bolivia	43	23	20
Brazil	543	317	226
Chile	120	40	80
Colombia	127	74	53
Costa Rica	9	2	7
Cuba	530	271	259
Dominican Republic	47	4	43
Ecuador	38	19	19
El Salvador	50	23	27
Guatemala	53	27	26
Mexico	414	207	207
Panama	60	(9)	60
Peru	91	31	60
Uruguay	311	236	75
Venezuela	457	372	85
Other Latin America and unidentified	43	6	37
Unidentified All Areas	**4**	----------	**4**

[1] Official gold holdings: For countries whose current holdings have not been published, available estimates have been used, or the figures previously published or estimated have been carried forward.
[2] Includes reported holdings of U. S. Government securities with original maturity of more than 1 year but not more than 20 months.
[3] Excludes holdings of the International Monetary Fund, the International Bank for Reconstruction and Development, the Bank for International Settlements, and other international organizations. (Total gold and short-term dollar balances of international organizations on this date were $3,450 million, consisting of $1,661 million in gold and $1,789 million in short-term dollar balances.) Also excludes gold holdings of the U. S. S. R.
[4] French Indochina is included under French dependencies.
[5] Includes gold set aside as collateral for private United States bank loans.
[6] No estimate made.
[7] Includes gold to be distributed by the Tripartite Commission for the Restitution of Monetary Gold to claimant countries, including European Recovery Program countries, in accordance with the Paris reparations agreement.
[8] Excludes sterling-area countries and dependencies of European countries.
[9] Less than $500,000.

Source: Treasury Department and Board of Governors of the Federal Reserve System.

TABLE X.—*Gold transactions between the United States and other countries, Jan. 1, 1945, through Mar. 31, 1951*

[Negative figures indicate net sales by the United States]

[In millions of dollars at $35 per fine troy ounce]

Area and country	Net total 6¼ years	3 months to Mar. 31, 1951			1950			Net purchase or sales	
		Net	Purchases	Sales	Net	Purchases	Sales	1949	1945–48
Total, All Areas	2,234.5	−876.3	21.2	897.5	−1,725.2	72.1	1,797.3	193.3	4,642.8
Total, Europe	871.2	−592.9	3.3	596.2	−1,383.4	18.3	1,401.7	195.9	2,651.6
France	382.4	−91.7		91.7	−84.8		84.8		558.9
Sweden	283.2	−15.0		15.0	−23.0		23.0		321.2
Belgium	229.6	−12.3	3.3	15.6	−55.0		55.0	−41.0	337.9
United Kingdom	167.3	−400.0		400.0	−1,020.0		1,020.0	446.3	1,141.0
Portugal	110.1	−10.0		10.0	−15.0		15.0	14.0	121.1
Netherlands	63.7	−4.5		4.5	−79.8		79.8	−23.5	171.5
Turkey	54.1				4.5	4.5			49.6
Poland	40.3				11.9	11.9			28.4
U. S. S. R.	35.8								35.8
Norway	16.7				−4.0		4.0		20.7
Finland	−4.2								−4.2
Czechoslovakia	−8.3							−6.2	−2.1
Denmark	−10.4	−13.4		13.4					3.0
Vatican City	−18.4				−2.5		2.5	−1.0	−14.9
Greece	−28.8	−6.2		6.2	−14.4		14.4	−4.1	−4.1
Italy	−114.3							−114.3	
Bank for International Settlements	−124.3	−24.8		24.8	−65.2		65.2	−34.3	
Switzerland	−205.3	−15.0		15.0	−38.0		38.0	−40.0	−112.3
Other Europe	2.0				1.9	1.9		(1)	.1
Total, Latin America	32.1	−236.8	14.0	250.8	−171.9	36.2	208.1	−147.9	588.7
Argentina	670.1	−49.9		49.9				−49.9	769.9
Colombia	63.8	14.0	14.0		−10.0		10.0	7.0	52.8
Nicaragua	23.8							.1	23.7
Chile	20.2	−5.0		5.0					25.2
Ecuador	3.1	−3.5		3.5	1.5	1.5			5.1
Peru	−4.5	−15.0		15.0	−3.0		3.0	−8.0	21.5
El Salvador	−11.1				−6.0		6.0	−3.0	−2.1
Brazil	−35.0	−.2		.2					−34.8
Uruguay	−137.1	−50.9		50.9	−64.8	6.0	70.8	−14.4	−7.0
Mexico	−138.5	−124.3		124.3	−118.2		118.2	−16.1	120.1
Cuba	−171.8				28.2	28.2		−10.0	−190.0
Venezuela	−244.0							−50.0	−194.0
Other Latin America	−6.9	−2.0		2.0	.4	.5	.1	−3.6	−1.7
Total, Asia and Oceania	−349.2	−38.7	3.9	42.6	−80.7	3.8	84.5	−52.1	−177.7
Afghanistan	−18.0								−18.0
Thailand	−34.1							−43.1	9.0
Indonesia	−50.0	−20.0		20.0	−30.0		30.0		
Egypt	−64.8	−20.0		20.0	−44.8		44.8		
China	−193.5							−7.0	−186.5
Other Asia and Oceania	11.2	1.3	3.9	2.6	−5.9	3.8	9.7	−2.0	17.8
North America: Canada	589.3				−100.0		100.0	3.4	685.9
Total, Africa	1,046.1	−8.0		8.0	10.6	13.6	3.0	194.0	849.5
Union of South Africa	1,057.7				13.1	13.1		195.7	848.9
Other Africa	−11.6	−8.0		8.0	−2.5	.5	3.0	−1.7	.6
International Bank	18.8								18.8
Unallocated	26.0				.1	.1		−.1	26.0

[1] Less than $50,000.

NOTE.—Figures will not necessarily add to totals because of rounding.

APPENDIX C

STATISTICAL TABLES ON UNITED STATES GOVERNMENT POSTWAR FOREIGN GRANTS, AND LOANS AND OTHER CREDITS

EXPLANATORY NOTE

The data in this appendix relate to aid, both gross and net, provided by the United States Government to foreign governments and other entities from July 1, 1945, through December 31, 1950. Because there were some grants and credits of a peacetime character between July 1, 1945, and VJ-day, and data for this period are readily available only on a semiannual basis, for statistical purposes an initial date of July 1, 1945, has been adopted for the postwar period (except for postwar lend-lease data, which have a beginning date of September 2, 1945).

The statistical tables presented in this appendix, and this Explanatory Note, were prepared by the Clearing Office for Foreign Transactions, Office of Business Economics, Department of Commerce, in consultation with the International Statistics Division, Office of International Finance, Treasury Department, in accordance with specifications of the National Advisory Council.

Items which are necessarily based on estimates have been adjusted or qualified on the basis of information received to the date of preparation of these tables, but in some instances are subject to future adjustments.

Gross foreign aid (the combined total for grants and credits utilized), in some cases has been extended under indeterminate conditions, subject to future settlement. Aid on this basis is included with grants, in the period rendered. When settlement is agreed upon, the terms may call for cash settlement or may establish a long-term credit. Such cash settlements are included in returned grants (see table XI) and such credit offsets to grants are included in the credit data. These credit offsets to grants have been deducted from the total of lend-lease and civilian-supply grants, in the period the credit was established. (See table XII.)

No attempt has been made in the tables to show United States Government aid rendered through the International Bank for Reconstruction and Development or the International Monetary Fund. During 1946 and 1947 the United States Government invested $635 million in the Bank and $2,750 million in the Fund. The United States Government has a larger equity investment in the capital of those two institutions (approximately 40 percent), than any other government. For data on the operations of these two international organizations, see chapter IV of the text of this report.

The United States Government receives some returns on its gross foreign aid. The returns, which are deducted from gross foreign aid to arrive at net foreign aid, include (1) reverse lend-lease, (2) the dollar value of deliveries of strategic materials purchased with a portion of the counterpart funds received by the United States Government under the economic cooperation programs, (3) returned lend-lease ships, (4) cash received in war-account settlements for lend-lease and other aid, and (5) principal repaid on credits.

In addition to the returns which are netted against foreign aid, several types of transactions represent returns to the United States Government but are not included in these data. Reparations can be considered equivalent to a reverse grant but data are not presently available for such receipts. Except for returns of merchant and navy ships, data on lend-lease returns are not included, because the data are not available. The major classes of these excluded returns are small or auxiliary watercraft and all classes of aircraft. Also excluded is the interest collected on loans and other credits. A table showing data on counterpart funds appears in chapter III. The receipt of 5-percent counterpart funds by the United States Government is not shown as a reverse grant, but, as noted previously, the dollar value of the deliveries of strategic materials purchased with these funds is included as a reverse grant.

In addition to the United States Government grant programs included in this appendix, there are several operations of the Government abroad which are sometimes called grants. Among these excluded transactions are—

(1) Costs of military occupation and government in former enemy countries, other than supplies for civilian economies generally obtained with United States appropriated funds.

(2) The transfer of certain naval vessels to China under Public Law 512 of the Seventy-ninth Congress; the waiver to France of vessels intended as reparation to the United States from Germany; and the return of reparation vessels to Italy.

(3) Pensions and annuities, dependency allotments, and certain claims abroad paid by the United States Government.

(4) Relatively minor amounts of assistance under the programs for cooperation with the American Republics, and the other international informational and educational activities of the United States Government, including cultural and educational aid rendered under the Fulbright and Smith-Mundt Acts (but scientific and technical cooperation is included).

(5) Goods, services, and funds provided by private persons or organizations, even though furnished through Government-approved organizations such as the International Children's Emergency Fund or the American Red Cross.

(6) Military assistance provided the Philippines under Public Law 454, approved June 26, 1946, and military assistance to Korea, including military surpluses left by withdrawal of American forces from those countries after World War II.

(7) Intergovernmental claims which have been settled, sometimes by offset, although these claims may have had the effect of lend-lease or reverse lend-lease and were taken into consideration at the time of war-account settlements; for example, claims against the United Kingdom for supplies and services furnished in January-March 1946 which were waived by the agreement of July 12, 1948.

(8) Administrative costs of the Economic Cooperation Administration paid for out of the 5-percent counterpart funds received under the Foreign Assistance Act of 1948, as amended.

(9) United States Government contributions to the construction of roads in the Latin American Republics, particularly the Inter-American Highway (authorized under Public Law 375, approved December 26, 1941).

Several categories of relatively short-term foreign indebtedness to the United States Government are excluded from the tables, as follows: (1) Advance payments on commodity-procurement contracts; (2) the revolving special exporter-importer credits of Export-Import Bank; (3) surplus-property receivables originally scheduled to mature in less than 6 months; and (4) other receivables originally scheduled to mature in 90 days or less. Also excluded is the portion of deficiency-material loans of the Economic Cooperation Administration disbursed from 5-percent counterpart funds.

TRANSACTIONS COVERED

The following types of United States Government transactions are included in this appendix:

1. **Grants.**—These represent aid to foreign governments or other entities for which no repayment is expected, or for which repayment terms are currently indeterminate. Included also is aid which, at the time extended, was on an indeterminate basis but was later settled by cash payment. Such cash settlements have not been deducted from grants but instead have been included in returned grants.

Grants are not synonymous with gifts since they include, in addition to outright gifts, foreign aid extended under indeterminate terms and conditions of recovery to the United States, pending future settlement. These settlements may eventually stipulate repayment, in whole or in part, for what is currently classified as a grant. When terms are established, the aid may be transferred from a grant basis to a credit basis. This has been done in the case of many war-account settlement credits.

Refunds and reimbursements to the United States for overpayments, shipments not eligible as aid, etc., occurring under grant programs are netted against the grant data shown in this appendix. Refunds (receipts) of funds transferred to UNRRA and the Intergovernmental Committee on Refugees for liquidation purposes are in the data in this appendix.

Supplies and services furnished to foreign governments or other entities include all costs, actual or estimated, chargeable to the United States Government. In some cases, actual shipping and handling charges are used in arriving at the landed cost; in others, an estimate has been applied by the reporting agencies. In some programs these services are estimated on the basis of obligations incurred by the Government agency, in others on the basis of expenditures: choice between the two bases varies according to technical reporting aspects of the program.

Ascertainable costs of administering grant programs, except for expenditures from 5-percent counterpart funds, are included in the grant total, and by this inclusion it is generally possible to account for total appropriated funds.

Aid is included for the different methods of procurement in use, as follows: (1) *at the time of shipment or extension of a service*, for procurement made by a United States Government agency; (2) *at the time of reimbursement to a participating foreign government*, for procurement made by that government or its agents, or (3) *at the time of reimbursement to a United States supplier or to a United States bank (for payments to suppliers) on behalf of a foreign participating government*, for procurement made on a letter of credit authorized (under the economic cooperation programs).

Grant aid utilized on an annual basis during the postwar period and available unutilized balances at December 31, 1950, are shown in table XII by program. Specifically, the grants included in this appendix are the following:

(*a*) *Economic cooperation.*—These represent aid provided by the Economic Cooperation Administration, on other than a credit basis, principally under title I and section 404 (a) of title IV of the Foreign Assistance Act of 1948, as amended. Title I of this act, Public Law 472, authorizes the European Recovery Program, and title IV is the authority for Chinese assistance. Public Law 47, approved April 19, 1949, and Public Law 535, approved June 5, 1950, further extend these programs; the latter law makes funds originally established for Chinese aid also available to other far-eastern countries. Data shown also include aid to Korea under Executive Order 102006–A (January 5, 1949), wherein the President assigned responsibility for aid in this area to the Economic Cooperation Administration, and under Public Law 447, approved February 14, 1950, and Public Law 535. Both ECA conditional grants and outright, or direct, grants are included. Technical assistance and training provided under these programs, and subsidies (including parcel post reductions), on freight payments for private relief shipments, are also included.

Assistance is shown by recipient country. In some instances, although goods have been shipped to a dependent area (for example, Tunisia), the aid has been reported as rendered to the parent country (France). Commitment of aid for Indonesia under the European Recovery Program was discontinued with the transfer of sovereignty over much of the area from the Netherlands to the United States of Indonesia at the end of 1949. However, deliveries of goods and payment for aid previously committed continued into 1950, and Indonesia receives aid under the far-eastern program.

The amount shown as utilized for *Unallocated ERP* areas consists almost entirely of the dollar administrative expenses of the Economic Cooperation Administration; administrative expenses paid from the 5-percent counterpart funds are not included.

(*b*) *Lend-lease and civilian supplies.*—Figures for lend-lease aid represent the estimated value of such aid furnished on a grant basis (often referred to as "straight" lend-lease). The lend-lease grant data have not been reduced for cash war-account settlements for lend-lease and other grants (principally civilian supplies). Instead, the cash settlements are included in returned grants. However, the postwar credit offsets to grants (credits established for items originally included in grants—principally lend-lease and civilian supplies), have been deducted from the combined lend-lease and civilian supply grant total in the period the credit was established.

The lend-lease-grant totals include ships and other goods (except silver, which is included in credits), which were to be returned to the United States Government. For ships which have been returned, no adjustment has been made in lend-lease grants. Instead, these returns are included, where data are available, in returned grants.

Reverse lend-lease provided by governments of other nations to the United States has not been deducted from the lend-lease grants furnished by the United States Government. Instead, these reverse lend-lease receipts are included in returned grants.

Data on retransfers (mainly by the United Kingdom), of lend-lease goods to third countries are not available and thus have never been included in the lend-lease records. Therefore, the actual total cash and credit lend-lease (including postwar settlements for lend-lease and other grants), for certain of these countries exceeds the aid recorded by the Treasury Department. In order to make some rectification, for the purpose of this report, retransfers from the United Kingdom have now been estimated at an amount required to offset the cash and credit lend-lease returns from these third countries to the United States Government, including reverse lend-lease. This has entailed lowering the figure for lend-lease aid to the United Kingdom and raising the lend-lease aid figures for some British Commonwealth countries.

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Lend-lease-grant estimates are broken down by requisitioning governments and are shown only for major areas. Thus, lend-lease grants are included against the United Kingdom for the British Commonwealth (except as specified in the preceding paragraph), against France for all French areas, etc., and for the American Republics, in total, against the entry *Unallocated Latin America.* In table XIII, the $29 million in postwar utilization shown opposite *Unallocated, All Areas* represents principally losses on inventories plus administrative expenses of the lend-lease program.

Lend-lease-grant data are based upon the Treasury Department statements for June 30, 1949, in the *Twenty-ninth Report to Congress on Lend-Lease Operations* (81st Cong., H. Doc. 436), as follows:

	Millions
To: Gross lend-lease aid total shown in that report	$50, 229
Add: Increases reported since that date	14
Exclude:	
Assistance paid for by Italy and Denmark, which were not eligible to receive lend-lease aid	84
Armed-forces civilian supplies program for Italy (so-called YB program) made available from lend-lease appropriated funds (which is included under civilian supplies)	134
Equals: Total transfers under lend-lease authority	50, 024
Subtract:	
Transfers of prepaid (cash) lend-lease and lend-lease provided on specific cash-repayment terms	910
Silver required to be returned (included in credits)	291
Lend-lease aid originally extended on a credit basis to American Republics and Liberia	127
Equals: Gross lend-lease grants by the U. S. Government	48, 696
This is divided between:	
War period	46, 728
Postwar period	1, 968

Civilian supplies represent principally military supplies furnished for civilian use abroad to prevent disease and unrest in occupied areas. The Army Department figures include all reported shipments of civilian supplies through December 31, 1950, valued at estimated landed cost. Specifically, supplies procured with the appropriation for government and relief in occupied areas (GARIOA) are included. The Army Department has issued regulations requiring the reporting of diversions of military stocks and other overseas civilian-supply operations. It is anticipated that revised reports resulting from this regulation will eventually make possible a corrected summarization of the Army civilian-supply program. It is estimated that an additional amount of $300 million for other overseas civilian-supply operations (largely in Japan) should be reported in this revision for the postwar period. Approximately $50 million of supplies and materials are estimated to have been transferred in the last half of 1950 from United States Army stocks in Japan and Korea to assist the civilian economy of invaded Korea; this aid has not been officially reported by the Army Department and is not included in the tables. Grants are presently understated by the amount of these omissions.

Data on civilian-supply shipments by the Army Department include incentive materials provided Germany, Japan, and the Ryukyus under a special program, totaling $108 million, representing their value plus the cost of transportation when paid out of appropriated funds. Net diversions abroad from military stocks exceeding $105 million are included in the data of this appendix. The tables of this appendix include data for petroleum supplies transferred as civilian supply through September 30, 1950. Data for the October–December 1950 quarter were not available at the time of preparation of these tables.

Because of the infeasibility of segregating the cost of services rendered as civilian supply abroad from the cost of regular military operations, the armed forces are exempted from reporting *services rendered gratis to civilians.* Subsidies (paid from appropriations for civilian supplies) on postal shipments of private relief parcels are included.

Civilian supplies furnished by the United States Army have been generally considered a form of assistance for which the local government should be financially responsible. While no direct payments have been received, these obligations were included in the war-account settlements which have been signed with many recipient countries.

Navy Department figures for civilian supplies show deliveries to reported areas. An adjustment of these figures was made by the Navy Department to cover diversions to or from other stocks. A portion of civilian supplies provided by the Navy Department was sold directly to civilians through so-called trade goods stores on the Pacific islands, as distinct from the Army Department arrangement of furnishing civilian supplies and subsequently rendering bills to the recipient governments.

The Economic Cooperation Administration assumed complete reponsibility for supply in the United States-occupied area of Germany late in 1949. Funds from the appropriation for government and relief in occupied areas were transferred to the Economic Cooperation Administration for this purpose. Aid extended under this program is included as civilian supplies.

To assist the Army Department in furnishing relief and rehabilitation supplies for Italy, $100 million of lend-lease funds were made available in 1945. Since Italy had not been designated as eligible for lend-lease aid, these supplies were turned over to the Army as an intermediary in distribution. To pay for the transport of these lend-lease-financed supplies, an additional $40 million was earmarked from lend-lease funds. Actual utilizations totaling $134 million are included in the tables as civilian supplies.

Civilian supplies utilized have been shown by individual country, except for the United States and British zones of the immediate postwar European theater, for which no country allocation is available. These have been shown in the appendix tables in the *Unallocated ERP* area.

(*c*) *UNRRA, post-UNRRA, and interim aid.*—Data on relief and rehabilitation furnished through UNRRA cover only those goods, services, and funds provided by the United States Government. Reports on this portion of UNRRA operations were made by the State Department, which assumed responsibility from the Foreign Economic Administration under Executive Order 9630, dated September 27, 1945, for handling funds provided by Congress to the President to finance United States Government participation in UNRRA. Supplies provided through UNRRA were reported at the time of transfer, usually at shipside in the United States, with an adjustment to include estimated ocean-transportation charges to obtain the landed cost.

In most cases, UNRRA shipments were used in the country to which they were destined. In some instances, however, goods were later transshipped and the country of destination which is reported in these tables was not the country actually utilizing the supplies. The dollar value of supplies transshipped is small relative to the total. The United States contribution to UNRRA comprised about three-fourths of that international agency's resources; the percentage of United States aid in the total UNRRA contribution to the individual recipient countries, however, ranged from more than three-fourths to considerably less. When possible, for United States-contributed shipments, data included in this appendix are shown for the country of destination. The cash grant paid to UNRRA is shown against the geographical entry *Unallocated International Organizations* in the tables, while services and other undistributable charges to the aid program (all prior to 1948), are shown against the entry *Unallocated All Areas.*

Included also are data on the post-UNRRA relief program authorized by Public Law 84, approved May 31, 1947, and on the interim-aid program authorized by Public Law 389, approved December 17, 1947. The Economic Cooperation Administration is responsible for terminal administration of these programs which were originally under the State Department. These data have been revised to agree with the most recent information on actual expenditures under the programs. Post-UNRRA data include private relief shipment freight subsidies paid through the Advisory Committee on Voluntary Foreign Aid.

(*d*) *Other grants.*—The remaining other grants include—

1. *Greek-Turkish aid*, provided under Public Law 75, approved May 22, 1947, and title III of Public Law 472, approved April 3, 1948. This assistance is administered by the State Department. Assistance to Greece and Turkey under title II of Public Law 329, approved October 6, 1949, is included in mutual-defense assistance. Unallocated administrative expenses of this program are shown against *Unallocated ERP*.

2. *Philippine rehabilitation*, under the Philippine Rehabilitation Act of 1946. Compensation for war-damage claims and related administrative expenses under title I of this Act are reported by the Philippine War Damage Commission. State Department aid under the act includes surplus property transferred under

title II and disbursements under title III for the restoration and improvement of public property and essential public service (reported by the agencies to which the State Department has allocated funds, including the Philippine War Damage Commission).

3. *Mutual-defense assistance.*—Under Executive Order 10099, dated January 27, 1950, the State Department administers the Mutual Defense Assistance Program authorized under Public Law 329, approved October 6, 1949. This program provides for aid to signatories of the North Atlantic Treaty; to Greece, Turkey, and Iran; to Korea and the Philippines; and in the general area of China. The grants in this appendix include transfers of goods and services purchased from funds appropriated under Public Law 430, approved October 28, 1949, and transfers of goods under the authorization in section 403 (d) of Public Law 329, to furnish $450 million worth of excess equipment and materials to the designated areas. Public Law 621, approved July 26, 1950, and Public Law 843, approved September 27, 1950, further extended and increased these programs. Excluded from the data on unutilized aid are contract authorizations not covered by liquidating appropriations. For security reasons, utilized aid is shown only by area, with that for Greece, Turkey, Iran, and the North Atlantic Treaty countries under *Unallocated ERP* and Korea, Philippines, and the general area of China under *Unallocated Asia*. The training program and all administrative expenses are also included under *Unallocated ERP*. Unutilized MDAP aid is shown in total against *Unallocated, All Areas.*

4. *Chinese stabilization and military aid.*—Chinese stabilization was provided under laws approved in February 1942, which directed that $500 million be provided to China to assist in prosecuting the war against Japan and in stabilizing the Chinese economy. This aid was administered by the Treasury Department. Approximately $380 million was disbursed in the war period and $120 million in the postwar period. Chinese military aid was provided under section 404 (b) of Public Law 472, approved April 3, 1948, which authorized the President to provide $125 million in military aid to China. Aid has been extended through the Treasury Department as cash and through other agencies as goods and services.

5. *Technical assistance and inter-American aid.*—Technical assistance, reported by the State Department, comprises programs for scientific and technical assistance to foreign countries (1) under Public Law 402, approved January 27, 1948 (known as the Smith-Mundt Act), and (2) under the programs for cooperation with the American Republics originated by Public Laws 63 and 355, approved May 3, and August 9, 1939, respectively. These programs will be expanded by the Point IV Program authorized in Public Law 535, approved June 5, 1950. Aid through cultural and economic programs for the American Republics represents grant programs instituted by the Coordinator of Inter-American Affairs and subsidiary agencies whose functions have been consolidated in the Institute of Inter-American Affairs in the State Department. Some financial aid to the American Republics to expand their communications systems was provided by subsidiaries of the Reconstruction Finance Corporation. The State Department administers the assistance to Chinese students in the United States under Public Law 327, approved October 6, 1949. Included also is the foot-and-mouth disease eradication program. Under Public Law 8, approved February 28, 1947, the Agriculture Department is authorized to cooperate with the Government of Mexico in the control and eradication of foot-and-mouth disease. The grant aid includes only the United States cost of the cooperative program and excludes the expense of the border quarantine and inspection at public stockyards and in the field to detect immediately any possible introduction of the disease into the United States. This appendix also excludes the cost of canned beef purchased by the United States Government in Mexico under the program to provide an alternative market for cattle which normally would flow into this country. Although this beef may be sold by the United States Government at a loss, neither the gross purchase price nor the net loss is included in grants.

6. *International refugee assistance.*—The State Department administers grants for United States participation in the International Refugee Organization and also administered the United States contributions to the Intergovernmental Committee on Refugees. Some grants were made through the Army Department to the International Refugee Organization. In addition, the Army acted as agent for this organization in shipping goods purchased with cash grants made by the State Department to the International Refugee Organization; such shipments are excluded but the State Department cash grants are included. Refugee assistance is shown as *Unallocated International Organizations.*

7. *International Children's Fund.*—The State Department administers the contributions to the International Children's Emergency Fund authorized under Public Law 84, approved May 31, 1947; title II of Public Law 472, approved April 3, 1948; and Public Law 170, approved July 14, 1949. This aid is included against the entry *Unallocated International Organizations.*

8. *Palestine relief.*—The State Department also administers the United States contributions to the United Nations Relief and Work Agency for Palestine Refugees in the Near East. This aid is also shown under *Unallocated International Organizations.*

9. *Donations of agricultural surplus.*—Donations of surplus food commodities by the Agriculture Department to private and international welfare organizations for the assistance of needy persons outside the United States were authorized by section 416 of Public Law 439, approved October 31, 1949, and section 3 of Public Law 471, approved March 31, 1950. These donations are included under *Unallocated, All Areas* at values representing the average price paid by the Agriculture Department in support of domestic commodity prices rather than at a current export value.

10. *American Red Cross* aid data cover only supplies provided by United States Government procuring agencies with funds appropriated for foreign war relief. The major portion of this aid was in the war period.

11. *Yugoslavia.*—The State Department will administer the Yugoslav Emergency Relief Assistance authorized in Public Law 897, approved December 29, 1950.

2. **Credits.**—These include—

(*a*) *Loans.*—Except for the major portion of the loans extended by the Economic Cooperation Administration, these represent loans of United States dollars to foreign governments, and to private entities in foreign countries, the terms of which call for repayment of principal usually with interest. With the exception of certain Economic Cooperation Administration loans (noted below), repayment generally is to be in United States dollars. Direct loans by the Export-Import Bank and other Government agencies (including advances through agent banks of the Export-Import Bank), are included. In the case of the Economic Cooperation Administration, loans generally represent both goods and funds furnished to ERP participants on a credit basis.

Loans of the Economic Cooperation Administration originate in commitments by the Administrator but most of the loans are made by the Export-Import Bank as agent for the Economic Cooperation Administration. The loans in connection with deficiency-material projects are the only ones made directly by the Economic Cooperation Administration. These are disbursed from either appropriated dollar funds or 5-percent counterpart funds and are repayable in deficiency materials. Those disbursed from counterpart funds are excluded from the data in this appendix. The loans through the Export-Import Bank are made from public-debt dollar funds and are repayable in dollars.

Loans of the Export-Import Bank originate in authorizations resulting from approval of credits by the Board of Directors. These included, as of December 31, 1950, certain loans which had not been formalized by executed contracts or agreements. These authorizations, included in the appendix tables, are as follows:

Total, All Areas	**$404, 671, 704**
ERP countries:	
Turkey	236, 155
Unallocated European cotton credits	38, 412, 400
Latin America:	
Brazil	2, 070, 000
Chile	2, 750, 000
Colombia	500, 000
Ecuador	3, 750, 000
Mexico	151, 594, 250
Peru	20, 800, 000
Unallocated Latin America	19, 604, 703
Asia:	
Indonesia	100, 000, 000
Iran	25, 000, 000
Israel	35, 954, 196
Saudi Arabia	4, 000, 000

Aside from those by the Export-Import Bank and the Economic Cooperation Administration, major other postwar loans include (1) the British loan, authorized in Public Law 509, approved July 15, 1946, and disbursed by the Treasury Department; (2) the Philippine loan, authorized in Public Law 656, approved August 7, 1946, and disbursed by the Reconstruction Finance Corporation; and (3) the United Nations headquarters loan, authorized in Public Law 903, approved August 11, 1948, and being disbursed by the State Department.

(*b*) *Property credits.*—The principal portion of these represent credits extended abroad in the disposal of surplus property, including merchant ships, and in the settlement of war accounts (including lend-lease and other aid). These include (*a*) credits originally extended by the former Office of the Foreign Liquidation Commissioner, State Department, in the disposal of surplus property (now transferred, or in process of transfer, to the Treasury Department for collection); (*b*) credits originally extended by the former War Assets Administration in the disposal of surplus property to foreign countries (now transferred to the General Services Administration); (*c*) credits extended abroad by the former Maritime Commission (now Maritime Administration, Commerce Department), in the disposal of merchant ships; (*d*) credits to Brazil by the Reconstruction Finance Corporation and to China by the Army Department in the disposal of surplus property; and (*e*) credits extended in connection with the furnishing of lend-lease articles and services or the settlement for lend-lease and other war accounts.

Foreign obligations to repay lend-lease silver also are included because such silver is required to be returned to the Treasury Department, ounce for ounce, in accordance with specifications in the respective agreements, when determined by the President. This determination has not been made, but silver was returned by Belgium during the last half of 1947 in repayment of that country's entire lend-lease silver indebtedness.

All these transactions, as in the case of loans, are based on agreements which provide for repayment of principal and, in most cases, for the payment of interest. Provisions governing the collection of principal and interest vary and may call for payment in the form of different combinations of United States dollars, property or improvements to property, foreign currencies, and the assumption of claims.

(*c*) *Commodity credits.*—These represent the relatively short-term credits (generally 12 to 15 months), of the Agriculture Department, the Reconstruction Finance Corporation, and the Army Department in connection with commodity shipments by the United States Government to the military governments for western Germany and Japan. The major commodity advanced to Germany and the only commodity advanced to Japan under these programs has been raw cotton.

DEFINITIONS

Because of the wide variety of transactions and differences in the accounting procedures of the various Government agencies, it is not possible to prepare simple definitions applicable to all cases, but it is believed that the classifications used are as consistent as possible.

1. **Utilized** represents for—

(*a*) *Grants*

1. *Economic Cooperation Administration.*—Shipments of supplies, and services in the case of United States Government procurement, and expenditures in the case of cash reimbursements to a foreign government (for procurement by that government or its agents), or to a United States supplier or bank (for payments to suppliers), for procurement made on a letter of credit authorized by the Economic Cooperation Administration.

2. *Other grants.*—Shipments of supplies, and services in the case of United States Government procurement, and expenditures in the case of cash disbursements to foreign countries.

(*b*) *Loans*

1. *Economic Cooperation Administration* (excluding deficiency-material loans).—The amount of aid extended on a credit basis, under an allotment by the Economic Cooperation Administration between grants and credits of total ERP aid. This credit aid, except for a portion to Iceland, was extended originally on an indeterminate basis out of appropriated funds, and represented supplies and services in the case of United States Government procurement, and expenditures in the case of cash reimbursements to a foreign government (for procurement made

by that government or its agents), or to a United States supplier or bank (for payments to suppliers), for procurement made on a letter of credit authorized by the Economic Cooperation Administration. While the utilization shown does not represent disbursements out of public-debt funds, as reported by the Export-Import Bank, it is eventually incorporated into the fiscal records of both the Export-Import Bank and the Economic Cooperation Administration by the disbursement of public-debt funds and the reimbursement of appropriated funds.

2. *All other agencies* (including Economic Cooperation Administration dollar deficiency-material loans).—The amounts disbursed under the terms of the credit agreements, including sums advanced through agent banks of the Export-Import Bank.

(*c*) *Property Credits*

1. *War-account settlements.*—The amounts due which have been established in war-account settlement agreements covering surplus property, lend-lease, and other war accounts. The lend-lease portion of these settlements covers inventories of lend-lease goods in the hands of civilian agencies of recipient governments at VJ-day, post-VJ-day shipments to foreign governments under pipeline agreements and, in some cases, reverse lend-lease offsets.

2. *Other lend-lease.*—For the American Republics, the portions of lend-lease transfers prior to VJ-day which were on a credit basis under mutual-aid agreements with the 18 American Republics involved (in some cases the amounts due have been established in lend-lease settlement agreements with various American Republics); for China and the U. S. S. R., billings for post-VJ-day shipments under pipeline agreements; for Iran, the amount established in the lend-lease settlement of December 14, 1945; for Liberia, expenditures reported by the Navy Department for the construction of a port; and for lend-lease silver, the dollar value of the silver transferred (which is to be returned in kind), computed at 71⅑ cents per fine ounce, which was the official value at the time the silver was furnished to the foreign governments.

3. *Other surplus property.*—Deliveries in the case of both bulk-sale credit agreements and of sale contracts under other credit agreements. However, in the case of credits by the former War Assets Administration, utilized represents deliveries for items for which promissory notes have been signed plus amounts of sales contracts for which notes have not yet been signed. In the case of the Army Department surplus-property credit to China, deliveries are at estimated value. For the bulk sales made by the former Office of the Foreign Liquidation Commissioner to Belgium and India, utilized credits represent the one-half share due the United States Government from the reported sales of this surplus property by these two foreign governments.

4. *Ship sales.*—The principal amount of the mortgages received by the Maritime Administration (formerly Maritime Commission), from foreign purchasers of merchant ships. In the tables, ships sales are shown with other lend-lease and surplus-property credits.

(*d*) *Commodity Credits*

The value of the raw materials shipped to western Germany and Japan, plus shipping costs, handling charges, and administrative expenses, as reported by the Agriculture Department, the Army Department, and the Reconstruction Finance Corporation.

2. **Unutilized** represents for—

(*a*) *Grants*

1. *Civilian supplies.*—An estimate based on the unexpended appropriation programmed for this purpose.

2. *Institute of Inter-American Affairs.*—The difference between the amount of aid specified in signed agreements with the countries involved and the amount utilized.

3. *Mutual Defense Assistance Program.*—The difference between the value of the excess property authorized by the Congress for transfer and the amount transferred (utilized), plus the difference between the appropriation and the amount utilized.

4. *Other active programs.*—The difference between the appropriation and the amount utilized. In those instances where programs have been obviously completed, although the recorded grants utilized are short of the final total, the computed unutilized amount has been adjusted to zero.

(*b*) *Loans and Other Credits*

The difference between net agency authorization (cumulative gross authorizations less cumulative expirations and cancellations), and the amount utilized. In addition there is included as unallocated on a country basis, for the—

1. *Economic Cooperation Administration.*—The uncommitted authority to extend aid on a credit basis from public-debt funds to the ERP participating countries and to Spain, which is the difference between the statutory credit authority (financed by public-debt funds), and the net credit commitments of the Economic Cooperation Administration under this authority.

2. *Export-Import Bank.*—The uncommitted lending authority, i. e., the difference between the statutory lending authority of the Bank, and the sum of the outstanding indebtedness to the Bank (including agent banks), and the unutilized commitments of the Bank.

3. *Army Department.*—The uncommitted natural-fibers revolving fund credit authority, which is the difference between the credit authority, and the sum of the outstanding indebtedness to the Army and the unutilized commitments of the Army under this program.

3. **Outstanding indebtedness** represents the net of credits utilized less repayments. This indebtedness covers principal only, and does not include accrued interest. The data necessarily include the results of transactions taking place before July 1, 1945. Indebtedness arising out of World War I, however, is excluded.

4. **Authorized** represents the gross credit commitments, as well as any increase in prior commitments. Commitments represent all loans and other credits approved by Government agencies even though in some instances such arrangements had not been formalized by signed credit agreements. Because the lack of formal agreement may become important in some cases, the amounts in this category as of December 31, 1950, are tabulated under *Transactions Covered* in this Explanatory Note. Included also in authorized, as unallocated on a country basis, are the net increases between July 1, 1945, and December 31, 1950, in (1) the uncommitted authority of the Economic Cooperation Administration to extend aid on a credit basis from public-debt funds, (2) the uncommitted lending authority of the Export-Import Bank, and (3) the uncommitted natural-fibers revolving fund credit authority of the Army Department. The words "authorized" and "committed" are used interchangeably.

5. **Expired and cancelled** represents all expirations and cancellations of credit authorizations or commitments occurring during the period from July 1, 1945, through December 31, 1950, regardless of whether the loan or other credit was authorized prior or subsequent to July 1, 1945.

6. **Repaid** represents payments on principal only, excluding repayments on debts arising out of World War I. Repayments on agent-bank loans of the Export-Import Bank are included. Amounts reported charged off as uncollectible are included but footnoted.

7. **Returned** represents returns of grants (such as lend-lease merchant ships), cash settlements for grants, and reverse grants (such as lend-lease and strategic material procured with counterpart funds furnished under the economic-cooperation program).

8. **Unallocated** for purposes of this report represents aid, utilized or unutilized, which cannot be distributed by country either for security reasons or because the data are not available. In most instances, such items have been distributed by area. The composition of the unallocated amounts is covered either elsewhere in this Explanatory Note or in footnotes to the tables.

PRESENTATION OF DATA IN TABLES

The presentation of the data for foreign grants and credits of the United States Government in the tables of this appendix, while not identical with that in all previous reports of the National Advisory Council, is similar and comparable.

Table XI is a summary by area and country of postwar foreign grants and credits, showing the amounts utilized and the amounts returned and repaid, and the difference, which is net postwar foreign aid. Table XII shows, by calendar year over the postwar period, utilized grants and credits, and, as of December 31, 1950, unutilized grants and credits, classified by programs. Table XIII is in three parts and presents, by area, country, and program foreign grants (1) utilized in the postwar period, (2) utilized in the 6-month period ended December 31, 1950, and (3) unutilized as of December 31, 1950. Table XIV is a summary, by area and country, of the status of foreign credits as of June 30, 1945, and as of December 31, 1950, and of the activity during the intervening postwar period.

Tables XV, XVI, XVII, XVIII, and XIX present a breakdown, by area, country, and type, of the credit data, as of December 31, 1950, and during the postwar period, summarized in the first six columns of table XIV. Table XX shows, by area, country, and type, the credits utilized in the 6-month period ended December 31, 1950.

The figures in each of the tables are rounded to whole millions of dollars, hence components will not necessarily add to totals. In the *ERP Participants* area, each country having any data has been shown individually. In all other areas, any country whose total or largest dollar amount cannot be rounded to $5 million or more has been combined with other countries in that area whose dollar amounts cannot be rounded to $5 million or more and the total has been rounded and shown as *Other*. In determining whether a country should be shown individually or in combination with other countries in an area, each table has been treated separately.

Whenever the country detail to be shown for an area is one item only (one country or, in accordance with the above, exclusively *Other*), only the area total appears, and this area total is shown even though the figure is less than $5 million. For each item shown (area, country, other, or unallocated), the detail figures for that item appearing in any column are shown, even though in some instances they may be less than $5 million.

TABLE XI.—*Summary of postwar U. S. Government foreign grants and credits: July 1, 1945, to Dec. 31, 1950, by area and country* [1]

[In millions of dollars]

Area and country	Net postwar aid	Utilized			Returned and repaid		
		Total	Grants	Credits	Total	Grants	Credit repayments
Total, All Areas	28,094	30,153	19,512	10,641	2,058	603	1,456
Total, Europe	22,086	23,179	14,098	9,081	1,094	460	634
Total, ERP Participants	20,547	21,556	12,984	8,573	1,009	433	576
Austria	754	758	733	25	3		3
Belgium and Luxembourg	683	722	509	213	39	(2)	39
Denmark	218	219	167	52	1	1	(2)
France	3,998	4,093	1,972	2,121	95	5	90
Germany	3,134	3,177	3,069	108	43	1	42
Greece	1,225	1,238	1,127	111	13	(2)	12
Iceland	13	13	10	3			
Ireland	122	122	3	119			
Italy	2,072	2,135	1,723	412	63	6	57
Netherlands	960	1,022	585	437	62	6	56
Norway	232	247	132	115	16	(2)	15
Portugal	18	18	8	10	(2)	(2)	
Sweden	86	88	64	24	2		2
Switzerland	2	2	2				
Trieste	38	38	38				
Turkey	251	268	174	94	17	4	13
United Kingdom	6,053	6,708	1,980	4,728	655	409	246
Unallocated ERP	687	687	687				
Total, Other Europe	1,539	1,623	1,114	509	84	26	58
Albania	20	20	20				
Czechoslovakia	189	213	183	30	24	(2)	24
Finland	97	128	2	126	31		31
Hungary	16	18	2	16	2		2
Poland	442	443	365	78	1		1
U. S. S. R.	439	465	243	223	26	26	
Yugoslavia	335	335	298	37	(2)		(2)

See footnotes at end of table.

TABLE XI.—*Summary of postwar U. S. Government foreign grants and credits: July 1, 1945, to Dec. 31, 1950, by area and country* [1]—Continued

[In millions of dollars]

Area and country	Net postwar aid	Utilized			Returned and repaid		
		Total	Grants	Credits	Total	Grants	Credit repayments
Total, Latin America	**352**	**559**	**133**	**426**	**207**	**([2])**	**207**
Argentina	([2])	([2])	([2])	([2])	([2])		([2])
Bolivia	23	24	3	22	1		1
Brazil	60	104	6	98	44		44
Chile	78	109	5	104	30	([2])	30
Colombia	18	33	2	32	15	([2])	15
Cuba	[3] 2	11	([2])	10	13	([2])	13
Ecuador	11	13	3	10	3	([2])	3
Haiti	[3] 1	3	3	1	5	([2])	5
Mexico	156	208	87	120	51	([2])	51
Peru	8	10	4	6	2	([2])	2
Uruguay	9	11	1	10	2	([2])	2
Venezuela	2	5	1	3	3	([2])	3
Other Latin America	7	16	10	6	9	([2])	9
Unallocated Latin America	[3] 17	11	7	4	29		29
Total, Asia	**4,874**	**5,363**	**4,471**	**892**	**489**	**30**	**459**
Bahrein Islands	[3] 16				16		16
Burma	4	5	([2])	5	1		1
China	1,683	1,796	1,567	229	114		114
India	13	46	1	45	33	29	5
Indonesia	149	151	88	63	2	2	([2])
Iran	20	30	[3] 8	37	10		10
Israel	48	48		48			
Japan	1,720	2,007	1,706	301	287		287
Korea (southern)	355	359	334	25	4		4
Philippines	755	769	655	114	14		14
Ryukyu Islands	60	60	60				
Saudi Arabia	12	17	2	16	5		5
Thailand	5	6	([2])	6	1		1
Other Asia	1	3	([2])	3	2		2
Unallocated Asia	65	65	65				
Canada	**1**	**142**		**142**	**141**		**141**
Total, Africa	**[3] 62**	**43**	**1**	**42**	**105**	**92**	**13**
Egypt	8	18	([2])	18	11		11
Liberia	17	17	([2])	17			
Union of South Africa	[3] 92	1		1	94	92	1
Other Africa	5	6	([2])	6	1		1
Total, Oceania	**9**	**31**	**19**	**13**	**22**	**20**	**2**
Australia	[3] 2	20	12	8	22	20	2
New Zealand	6	7	2	4	([2])		([2])
Other Oceania	4	4	4				
Unallocated, International Organizations	**663**	**663**	**619**	**44**			
Unallocated, All Areas	**171**	**171**	**171**				

[1] For important qualifications affecting this table and for definitions of terms, see the Explanatory Note.
[2] Less than $500,000.
[3] Credit.

TABLE XII.—*Foreign aid programs of the U. S. Government: Grants and credits utilized in the postwar period, by calendar years; and unutilized as of Dec. 31, 1950* [1]

[In millions of dollars]

Program	Utilized in the postwar period (calendar years)							Unutilized Dec. 31, 1950
	Total utilized	1950	1949	1948	1947	1946	1945 last half	
Total, All Programs	**30,153**	**4,494**	**6,028**	**5,588**	**6,202**	**5,701**	**2,140**	**12,136**
Total, Grants	**19,512**	**4,050**	**5,337**	**4,168**	**2,076**	**2,614**	**1,267**	**10,506**
Economic Cooperation	**8,092**	**2,803**	**3,799**	**1,491**				**3,331**
European Recovery Program	7,838	2,730	3,714	1,395				3,090
Far Eastern (general area of China) aid	175	17	62	96				90
Korean aid	78	56	23					152
Lend-Lease and Civilian Supplies	**5,422**	**351**	**985**	**1,370**	**968**	**1,078**	**671**	**362**
Lend-lease	1,968			2	18	828	1,121	
Civilian supplies	4,710	353	985	1,377	997	654	343	362
(Credit offsets to grants)	[3] 1,256	[3] 2	([3] [2])	[3] 9	[3] 47	[3] 404	[3] 794	
UNRRA, Post-UNRRA, and Interim Aid	**3,443**	**([3] [2])**	**1**	**625**	**868**	**1,470**	**479**	
UNRRA	2,589		([3] [2])		640	1,470	479	
Post-UNRRA	299		2	81	216			
Interim aid	556	([3] [2])	[3] 1	545	12			
Other Grants	**2,555**	**896**	**553**	**683**	**240**	**66**	**117**	**6,813**
Greek-Turkish aid	656	61	172	349	74			14
Philippine rehabilitation	619	166	203	130	86	33		16
Mutual Defense Assistance	516	516						6,675
Chinese stabilization and military aid	240	5	44	72		15	105	12
Technical assistance and inter-American aid	137	27	30	16	46	11	7	30
International refugee assistance	231	51	71	89	19	2		8
International Children's Fund	75	15	18	27	15			(2)
Palestine relief	35	20	15					8
Donations of agricultural surplus	36	36						11
American Red Cross	10					5	5	
Yugoslavia								38
Total Credits	**10,641**	**444**	**691**	**1,419**	**4,126**	**3,086**	**873**	**1,630**
Export-Import Bank	2,733	200	185	429	824	1,037	58	1,280
Economic Cooperation	1,061	157	428	476				142
War account settlements	1,387	(2)	(2)	12	48	763	568	
Other lend-lease and surplus property	1,278	3	32	193	248	549	253	3
Other loans and commodity credits	4,183	84	47	309	3,006	737	(2)	206
Anglo-American Financial Agreement	3,750			300	2,850	600		
RFC British loan								35
United Nations loan	44	22	20	3				21
Commodity credits	283	28	27	7	86	137		150
Miscellaneous loans	105	35	(2)	(2)	70	(2)	(2)	

[1] For important qualifications affecting this table and for definitions of terms, see the Explanatory Note.
[2] Less than $500,000.
[3] Credit.

TABLE XIII.—*U. S. Government foreign grants: utilized to Dec. 31, 1950, from July 1, 1945, and from July 1, 1950; and unutilized as of Dec. 31, 1950; by area, country, and type* [1]

AMOUNTS UTILIZED JULY 1, 1945, TO DEC. 31, 1950

[In millions of dollars]

Area and country	Total	Economic cooperation	Lend-lease and civilian supplies	UNRRA, post-UNRRA and interim aid	Other grants
Total, All Areas	19,512	8,092	5,422	3,443	2,555
Total, Europe	14,098	7,754	2,582	2,649	1,113
Total, ERP Participants	12,984	7,754	2,528	1,593	1,109
Austria	733	414	94	225	
Belgium and Luxembourg	509	448	59	1	(2)
Denmark	167	167		(2)	
France	1,972	1,634	19	317	2
Germany (western)	3,069	911	2,152	6	
Greece	1,127	305	6	317	499
Iceland	10	10			
Ireland	3	3			(2)
Italy	1,723	775	244	703	(2)
Netherlands	585	566	17	2	(2)
Norway	132	137	[3] 6	1	(2)
Portugal	8	8			
Sweden	64	63		1	(2)
Switzerland	2			2	
Trieste	38	24	3	11	
Turkey	174	17			157
United Kingdom	1,980	2,193	[3] 221	8	(2)
Unallocated ERP	687	78	158		451
Total, Other Europe	1,114		54	1,056	4
Albania	20			20	
Czechoslovakia	183		(2)	183	(2)
Poland	365		(2)	364	1
U. S. S. R.	243		55	186	2
Yugoslavia	298		[3] 1	298	1
Other	4		(2)	4	(2)
Total, Latin America	133		4		129
Brazil	6				6
Chile	5				5
Mexico	87				87
Other Latin America	28				28
Unallocated Latin America	7		4		4
Total, Asia	4,471	338	2,789	415	929
China	1,567	174	741	407	245
Indonesia	88	84	4		(2)
Iran	[3] 8		[3] 8		(2)
Japan	1,706		1,706	(2)	
Korea (southern)	334	78	255	1	
Philippines	655		28	8	619
Ryukyu Islands	60		60	(2)	(2)
Other Asia	3	1	2		(2)
Unallocated Asia	65				65
Africa	1		(2 3)	1	(2)
Total, Oceania	19		19	(2)	
Australia	12		12	(2)	
New Zealand	2		2		
Other Oceania	4		4		
Unallocated, International Organizations	619			274	346
Unallocated, All Areas	171		29	104	38

See footnotes at end of table.

TABLE XIII.—*U. S. Government foreign grants: utilized to Dec. 31, 1950, from July 1, 1945, and from July 1, 1950; and unutilized as of Dec. 31, 1950; by area, country, and type* [1]—Continued.

AMOUNTS UTILIZED, JULY 1, 1950, TO DEC. 31, 1950

[In millions of dollars]

Area and country	Total	Economic cooperation	Lend-lease and civilian supplies	UNRRA, post-UNRRA and interim aid	Other grants
Total, All Areas	1,923	1,144	137		642
Total, Europe	1,597	1,120	77		400
Total, ERP Participants	1,597	1,120	77		400
Austria	35	35	(2)		
Belgium and Luxembourg	88	88			
Denmark	26	26			
France	217	217			
Germany (western)	211	134	77		
Greece	62	54			7
Iceland	2	2			
Ireland	(2)	(2)			
Italy	104	104			
Netherlands	94	94			
Norway	33	33			
Portugal	7	7			
Sweden	19	19			
Trieste	3	3			
Turkey	9	1			8
United Kingdom	250	250			
Unallocated ERP	435	51			385
Total, Latin America	8				8
Mexico	5				5
Other Latin America	3				3
Unallocated Latin America	(2)				(2)
Total, Asia	248	24	60		164
China	11	7			4
Japan	58		58		
Korea (southern)	15	15	(2)		
Philippines	100				100
Other Asia	4	2	2		(2)
Unallocated Asia	60				60
Africa	(2)				(2)
Unallocated, International Organizations	43				43
Unallocated, All Areas	28				28

See footnotes at end of table.

TABLE XIII.—*U. S. Government foreign grants: utilized to Dec. 31, 1950, from July 1, 1945, and from July 1, 1950; and unutilized as of Dec. 31, 1950; by area, country, and type* [1]—Continued

UNUTILIZED BALANCES, DEC. 31, 1950

[In millions of dollars]

Area and country	Total	Economic cooperation	Lend-lease and civilian supplies	UNRRA, post-UNRRA and interim aid	Other grants
Total, All Areas	10,506	3,331	362		6,813
Total, Europe	3,151	3,090	9		52
Total, ERP Participants	3,113	3,090	9		14
Austria	67	66	1		
Belgium and Luxembourg	15	15			
Denmark	29	29			
France	318	318			
Germany (western)	192	184	8		
Greece	102	98			4
Iceland	3	3			
Ireland	11	11			
Italy	322	322			
Netherlands	125	125			
Norway	38	38			
Portugal	8	8			
Sweden	24	24			
Trieste	8	8			
Turkey	23	13			10
United Kingdom	179	179			
Unallocated ERP	1,650	1,650			(2)
Other Europe	38				38
Latin America	8				8
Total, Asia	569	241	299		29
China	46	34			12
Indochina	6	6			
Japan	249		249		
Korea (southern)	152	152			
Philippines	16				16
Ryukyu Islands	50		50		
Other Asia	15	14			1
Unallocated Asia	36	36			(2)
Africa	1				1
Unallocated, International Organizations	26				26
Unallocated, All Areas	6,752		53		6,698

[1] For important qualifications affecting this table and for definitions of terms, see the Explanatory Note.
[2] Less than $500,000.
[3] Credit.

TABLE XIV.—*Summary of U. S. Government foreign credits: July 1, 1945, to Dec. 31, 1950, by area, country, and status* [1]

[In millions of dollars]

Area and country	Dec. 31, 1950		Activity July 1, 1945, to Dec. 31, 1950				June 30, 1945 [2]	
	Outstanding indebtedness	Unutilized credits	Authorized	Expired and cancelled	Utilized	Repaid	Outstanding indebtedness	Unutilized credits
Total, All Areas	9,999	1,630	12,811	1,077	10,641	1,456	814	537
Total, Europe	8,827	233	9,752	493	9,081	634	379	54
Total, ERP Participants	8,349	151	9,031	352	8,573	576	352	46
Austria	21		37	12	25	3		
Belgium and Luxembourg	174	2	223	9	213	39		
Denmark	52		61	9	52	(3)		
France	2,031	10	2,258	127	2,121	90		
Germany (western)	66		117	8	108	42		
Greece	99	(3)	147	36	111	12		
Iceland	3	2	5	(3)	3			
Ireland	119	10	131	3	119			
Italy	355	2	417	3	412	57		
Netherlands	417		489	51	437	56	36	
Norway	100		142	37	115	15		11
Portugal	10	18	28		10			
Sweden	22	(3)	28	3	24	2		
Turkey	81	28	126	4	94	13		
United Kingdom	4,798	35	4,778	50	4,728	246	316	35
Unallocated ERP		45	45					
Total, Other Europe	478	82	722	140	509	58	27	9
Czechoslovakia	5		72	42	30	24		
Finland	119		136	19	126	31	24	9
Hungary	14		30	14	16	2		
Poland	80		90	12	78	1	3	
Spain		62	62					
U. S. S. R.	223		275	52	223			
Yugoslavia	37	19	56		37	(3)		
Total, Latin America	422	432	734	161	426	207	202	285
Argentina	(3)	125	125	(3)	(3)	(3)		
Bolivia	22	13	19		22	1	2	16
Brazil	110	38	151	44	98	44	56	28
Chile	88	7	101	3	104	30	14	13
Colombia	27	12	22	2	32	15	10	23
Costa Rica	6			(3)	(3)	(3)	7	(3)
Cuba				7	10	13	3	18
Ecuador	13	13	14	1	10	3	5	10
Haiti	4	4	4	(3)	1	5	9	(3)
Jamaica	2	6	8		2			
Mexico	80	162	242	9	120	51	11	50
Paraguay	4				1	2	5	1
Peru	4	21	28	26	6	2		25
Uruguay	15		3	18	10	2	7	25
Venezuela	4	7	11	(3)	3	3	3	
Other Latin America	4	(3)	3	2	3	7	8	3
Unallocated Latin America	38	24	3	48	4	29	63	72

See footnotes at end of table.

TABLE XIV.—*Summary of U. S. Government foreign credits: July 1, 1945, to Dec. 31, 1950, by area, country, and status* [1]—Continued

[In millions of dollars]

Area and country	Dec. 31, 1950		Activity July 1, 1945, to Dec. 31, 1950				June 30, 1945 [2]	
	Outstanding indebtedness	Unutilized credits	Authorized	Expired and cancelled	Utilized	Repaid	Outstanding indebtedness	Unutilized credits
Total, Asia	643	253	1,359	246	892	459	210	32
Afghanistan		21	21					
Bahrein Islands						16	16	
Burma	4		5		5	1		
China	165		235	37	229	114	49	32
India	172		45		45	5	132	
Indonesia	62	100	300	137	63	[3]		
Iran	27	25	65	3	37	10		
Israel	48	87	135		48			
Japan	14	2	324	21	301	287		
Korea (southern)	21		25	[3]	25	4		
Lebanon	1		5	3	2	1		
Pakistan			10	10	[3]	[3]		
Philippines	100		124	10	114	14		
Saudi Arabia	23	18	53	20	16	5	13	
Thailand	5		10	4	6	1		
Other Asia			2	1	1	1		
Canada	8	3	311	166	142	141	7	
Total, Africa	37	9	45	3	42	13	8	9
Egypt	7		18		18	11		
Ethiopia	6	1	4	1	3	1	4	
Liberia	20	4	14	2	17		3	9
Other Africa	3	4	9	1	4	1	[3]	[3]
Total, Oceania	19	1	15	1	13	2	8	
Australia	15		8		8	2	8	
New Zealand	4		6	1	4	[3]		
Other Oceania		1	1					
Unallocated, International Organizations	44	21	65		44			
Unallocated, All Areas		679	530	8				[4] 156

[1] For important qualifications affecting this table and for definitions of terms, see the Explanatory Note. For detail by type of credit for the first 6 columns of this table, see tables XV, XVI, XVII, XVIII, XIX, and XXI. Outstanding indebtedness at Dec. 31, 1950, is equivalent to the sum of the outstanding indebtedness at June 30, 1945, and the difference between the amount utilized and the amount repaid during the period July 1, 1945, to Dec. 31, 1950. Unutilized credits at Dec. 31, 1950, is equivalent to the sum of unutilized credits at June 30, 1945, and the amount authorized during the period July 1, 1945, to Dec. 31, 1950, less the sum of the amount expired and cancelled and the amount utilized during the period July 1, 1945, to Dec. 31, 1950.

[2] Most items in the June 30, 1945, columns relate to loans by the Export-Import Bank. Major other agency credits were as follows: *Netherlands*, $36,137,087 outstanding lend-lease silver credit; *United Kingdom*, $271,887,470 outstanding and $35,000,000 unutilized loan by the Reconstruction Finance Corporation, and $44,281,061 outstanding lend-lease silver credit; *Bolivia*, $2,071,321 outstanding loans by the Reconstruction Finance Corporation; *Unallocated Latin America*, $62,507,895 outstanding lend-lease credits; *Bahrein Islands*, $16,145,611 outstanding loan by the Reconstruction Finance Corporation; *India*, $131,555,487 outstanding lend-lease silver credit; *Saudi Arabia*, $12,713,729 outstanding lend-lease silver credit; *Canada*, $6,706,952 outstanding loan by the Reconstruction Finance Corporation; *Ethiopia*, $3,857,778 outstanding lend-lease silver credit; *Liberia*, $3,334,393 outstanding and $9,165,607 unutilized lend-lease credits; *Australia*, $8,371,719 outstanding lend-lease silver credit.

[3] Less than $500,000.

[4] Uncommitted lending authority of the Export-Import Bank.

TABLE XV.—*Outstanding indebtedness of foreign countries on U. S. Government credits, as of Dec. 31, 1950, by area, country, and type* [1]

[In millions of dollars]

Area and country	Total [2]	Loans		Property credits		Other loans and commodity credits [2]
		Export-Import Bank [2]	Economic cooperation	War-account settlements	Other lend-lease and surplus property [2]	
Total, All Areas	9,999	2,226	1,061	1,352	1,420	3,940
Total, Europe	8,827	1,750	1,055	1,331	897	3,794
Total, ERP Participants	8,349	1,575	1,055	1,330	595	3,794
Austria	21	11	-	-	11	-
Belgium and Luxembourg	174	105	51	18	-	-
Denmark	52	20	31	-	1	-
France	2,031	1,122	172	653	84	-
Germany (western)	66	-	-	-	66	-
Greece	99	15	-	-	84	-
Iceland	3	-	3	-	([3])	-
Ireland	119	-	119	-	-	-
Italy	355	87	73	-	195	-
Netherlands	417	154	151	48	65	-
Norway	100	43	35	6	16	-
Portugal	10	-	10	-	-	-
Sweden	22	-	20	-	2	-
Turkey	81	19	54	-	8	-
United Kingdom	4,798	-	337	605	63	[4] 3,794
Total, Other Europe	478	175	-	1	302	-
Czechoslovakia	5	-	-	-	5	-
Finland	119	96	-	-	24	-
Hungary	14	-	-	-	14	-
Poland	80	43	-	-	36	-
U. S. S. R.	223	-	-	-	223	-
Yugoslavia	37	36	-	1	-	-
Total, Latin America	422	370	2	-	49	1
Bolivia	22	21	-	-	-	[5] 1
Brazil	110	[6] 105	-	-	5	([3] [5])
Chile	88	88	-	-	-	-
Colombia	27	27	-	-	([3])	([3] [5])
Costa Rica	6	6	-	-	-	-
Ecuador	13	12	-	-	([3])	([3] [5])
Mexico	80	80	-	-	-	([3] [7])
Uruguay	15	14	-	-	2	-
Other Latin America	22	16	2	-	4	-
Unallocated Latin America	38	([3])	-	-	38	-
Total, Asia	643	93	-	11	444	95
China	165	37	-	-	128	-
India	172	-	-	11	161	-
Indonesia	62	-	-	-	62	-
Iran	27	-	-	-	27	-
Israel	48	48	-	-	-	-
Japan	14	-	-	-	14	-
Korea (southern)	21	-	-	-	21	-
Philippines	100	([3])	-	-	5	[8] 95
Saudi Arabia	23	8	-	-	15	-
Thailand	5	-	-	-	5	-
Other Asia	5	-	-	-	5	-
Canada	8	2	-	-	-	[5] 5
Total, Africa	37	12	3	([3])	22	-
Egypt	7	7	-	-	-	-
Ethiopia	6	2	-	([3])	4	-
Liberia	20	2	-	-	18	-
Other Africa	3	([3])	3	-	([3])	-

See footnotes at end of table.

TABLE XV.—*Outstanding indebtedness of foreign countries on U. S. Government credits, as of Dec. 31, 1950, by area, country, and type* [1]—Continued

Area and country	Total [2]	Loans		Property credits		Other loans and commodity credits [3]
		Export-Import Bank [2]	Economic cooperation	War-account settlements	Other lend-lease and surplus property [2]	
Total, Oceania	19			10	8	
Australia	15			6	8	
Other Oceania	4			4		
Unallocated, International Organizations	44					[9] 44

[1] For important qualifications affecting this table and for definitions of terms, see the Explanatory Note.
[2] Outstanding principal indebtedness included on Dec. 31, 1950, $28,038,249 reported in default or in arrears 90 days or more. In addition interest payments in default or due and unpaid for 90 days or more totaled $11,053,853. These reported arrearages by individual country were as follows:

[In dollars]

Country and type of indebtedness	Total	Export-Import Bank	Other lend-lease and surplus property	Other loans and commodity credits
Principal (total)	28,038,249	1,909,517	24,963,428	1,165,304
Interest (total)	11,053,853	1,018,256	10,019,235	16,362
Austria: Interest	192,172		192,172	
Italy: Principal	44,000		44,000	
Norway: Interest	13,316		13,316	
Sweden: Interest	104,781		104,781	
Poland: Principal	3,492	3,492		
U. S. S. R.: Interest	6,306,939		6,306,939	
Bolivia: Principal	1,032,815			1,032,815
Brazil:				
Principal	158,592	127,980		30,612
Interest	6,033			6,033
Colombia:				
Principal	28,170			28,170
Interest	10,329			10,329
Ecuador:				
Principal	284,536		210,829	73,707
Interest	9,083		9,083	
Uruguay: Principal	36,016	36,016		
Other Latin America:				
Paraguay:				
Principal	647,504	647,504		
Interest	43,846	43,846		
Peru:				
Principal	112,243		112,243	
Interest	3,359		3,359	
Venezuela:				
Principal	1,000,000	1,000,000		
Interest	41,589	41,589		
Unallocated Latin America: Principal	15,794,959		15,794,959	
China:				
Principal	6,075,672	63,020	6,012,652	
Interest	3,471,176	932,821	2,538,355	
Indonesia: Interest	585,153		585,153	
Iran:				
Principal	2,331,631		2,331,631	
Interest	259,031		259,031	
Thailand: Principal	284,062		284,062	
Other Asia—Lebanon:				
Principal	133,190		133,190	
Interest	7,046		7,046	
Ethiopia: Principal	39,862		39,862	
Other Africa—Angola: Principal	31,505	31,505		

[3] Less than $500,000.
[4] Loans of $3,750,000,000 by the Treasury Department and $43,877,975 by the Reconstruction Finance Corporation.
[5] Loans by the Reconstruction Finance Corporation.
[6] Includes $7,000,000 participation by another agency in loans of the Export-Import Bank.
[7] Loan by the State Department (Institute of Inter-American Affairs).
[8] Loan of $60,000,000 by the Reconstruction Finance Corporation and $35,000,000 by the Treasury Department for funding of the Philippine debt.
[9] Loan to the United Nations by the State Department.

TABLE XVI.—*Unutilized balances of U. S. Government foreign credits, as of Dec. 31, 1950, by area, country, and type* [1]

[In millions of dollars]

Area and country	Total	Loans: Export-Import Bank	Loans: Economic cooperation	Property credits: War-account settlements	Property credits: Other lend-lease and surplus property	Other loans and commodity credits
Total, All Areas	1,630	1,280	142		3	206
Total, Europe	233	67	131			35
Total, ERP Participants	151	48	68			35
Belgium and Luxembourg	2		2			
France	10		10			
Greece	(2)		(2)			
Iceland	2		2			
Ireland	10		10			
Italy	2	2				
Portugal	18		18			
Sweden	(2)		(2)			
Turkey	28	8	20			
United Kingdom	35					[3] 35
Unallocated ERP	45	38	[4] 6			
Total, Other Europe	82	19	62			
Spain	62		[4] 62			
Yugoslavia	19	19				
Total, Latin America	432	425	6			
Argentina	125	125				
Bolivia	13	13				
Brazil	38	38				
Chile	7	7				
Colombia	12	12				
Ecuador	13	13				
Jamaica	6		6			
Mexico	162	162				
Peru	21	21				
Venezuela	7	7				
Other Latin America	4	4				
Unallocated Latin America	24	24				
Total, Asia	253	251				2
Afghanistan	21	21				
Indonesia	100	100				
Iran	25	25				
Israel	87	87				
Saudi Arabia	18	18				
Other Asia	2					[5] 2
Canada	3	3				
Africa	9	3	4		3	
Oceania	1		1			
Unallocated, International Organizations	21					[6] 21
Unallocated, All Areas	679	[7] 531				[8] 148

[1] For important qualifications affecting this table and for definitions of terms, see the Explanatory Note.
[2] Less than $500,000.
[3] Loan by the Reconstruction Finance Corporation.
[4] Uncommitted authority of the Economic Cooperation Administration (1) to extend aid to the ERP participating countries on a credit basis from public debt funds, amounting to $6,222,000, and (2) to make loans to Spain not to exceed $62,500,000.
[5] Commodity credit to Japan by the Army Department.
[6] Loan to the United Nations by the State Department.
[7] Uncommitted lending authority of the Export-Import Bank.
[8] Uncommitted commodity credit authority of the Army Department.

TABLE XVII.—*Authorizations of U. S. Government foreign credits: July 1, 1945, to Dec. 31, 1950, by area, country, and type* [1]

[In millions of dollars]

Area and country	Total	Loans: Export-Import Bank	Loans: Economic cooperation	Property credits: War-account settlements	Property credits: Other lend-lease and surplus property	Other loans and commodity credits
Total, All Areas	12,811	4,057	1,215	1,482	1,691	4,365
Total, Europe	9,752	2,106	1,199	1,454	1,197	3,795
Total, ERP Participants	9,031	1,889	1,137	1,453	756	3,795
Austria	37	14	-	-	22	-
Belgium and Luxembourg	223	132	61	29	(2)	-
Denmark	61	20	31	-	10	-
France	2,258	1,200	182	720	156	-
Germany (western)	117	5	-	-	67	[3] 45
Greece	147	25	(2)	-	122	-
Iceland	5	-	4	-	(2)	-
Ireland	131	-	131	-	-	-
Italy	417	134	73	-	210	-
Netherlands	489	210	151	48	80	-
Norway	142	50	35	6	51	-
Portugal	28	-	28	-	-	-
Sweden	28	2	22	-	3	-
Turkey	126	36	74	-	16	-
United Kingdom	4,778	22	337	650	18	[4] 3,750
Unallocated ERP	45	38	[5] 6	-	-	-
Total, Other Europe	722	217	62	1	441	-
Czechoslovakia	72	22	-	-	50	-
Finland	136	100	-	-	36	-
Hungary	30	-	-	-	30	-
Poland	90	40	-	-	50	-
Spain	62	-	[5] 62	-	-	-
U. S. S. R.	275	-	-	-	275	-
Yugoslavia	56	55	-	1	-	-
Total, Latin America	734	691	8	-	34	(2)
Argentina	125	125	-	-	-	-
Bolivia	19	19	-	-	-	([2,6])
Brazil	151	131	-	-	19	([2,6])
Chile	101	101	-	-	-	-
Colombia	22	21	-	-	1	([2,6])
Ecuador	14	13	-	-	1	([2,6])
Jamaica	8	-	8	-	-	-
Mexico	242	240	-	-	2	-
Peru	28	21	-	-	7	-
Venezuela	11	11	-	-	-	-
Other Latin America	10	7	-	-	3	([2,7])
Unallocated Latin America	3	1	-	-	2	-

See footnotes at end of table.

TABLE XVII.—*Authorizations of U. S. Government foreign credits: July 1, 1945, to Dec. 31, 1950; by area, country, and type* [1]—Continued

[In millions of dollars]

Area and country	Total	Loans: Export-Import Bank	Loans: Economic cooperation	Property credits: War-account settlements	Property credits: Other lend-lease and surplus property	Other loans and commodity credits
Total, Asia	1,359	552		15	434	357
Afghanistan	21	21				
Burma	5				5	
China	235	67			168	
India	45			15	29	
Indonesia	300	200			100	
Iran	65	25			40	
Israel	135	135				
Japan	324	55			16	[8] 252
Korea (southern)	25				25	
Lebanon	5				5	
Pakistan	10				10	
Philippines	124	(2)			19	[9] 105
Saudi Arabia	53	49			4	
Thailand	10				10	
Other Asia	2				2	
Canada	311	311				
Total, Africa	45	14	7	(2)	24	
Egypt	18	7			11	
Liberia	14	4			10	
Other Africa	13	3	7	(2)	3	
Total Oceania	15		1	12	1	
Australia	8			7	1	
New Zealand	6			6		
Other Oceania	1		1			
Unallocated, International Organizations	65					[10] 65
Unallocated, All Areas	530	[11] 383				[12] 148

[1] For important qualifications affecting this table and for definitions of terms, see the Explanatory Note.
[2] Less than $500,000.
[3] Commodity credits: Agriculture Department, $34,206,079; and Reconstruction Finance Corporation, $10,573,101.
[4] Loan by the Treasury Department.
[5] Net increase in the uncommitted authority of the Economic Cooperation Administration (1) to extend aid to the ERP participating countries on a credit basis from public-debt funds, amounting to $6,222,000, and (2) to make loans to Spain, amounting to $62,500,000.
[6] Loans by the Reconstruction Finance Corporation.
[7] Loans by the State Department (Institute of Inter-American Affairs) and Reconstruction Finance Corporation.
[8] Commodity credits: Agriculture Department, $180,147,013; Army Department, $60,000,000; and Reconstruction Finance Corporation, $12,104,073.
[9] Loan of $70,000,000 by the Reconstruction Finance Corporation and $35,000,000 by the Treasury Department for funding of the Philippine debt.
[10] Loan to the United Nations by the State Department.
[11] Includes net increase of $375,023,705 in the uncommitted lending authority of the Export-Import Bank.
[12] Net increase in the uncommitted commodity credit authority of the Army Department.

TABLE XVIII.—*Expirations and cancellations of U. S. Government foreign credits: July 1, 1945, to Dec. 31, 1950, by area, country, and type* [1]

[In millions of dollars]

Area and country	Total	Loans: Export-Import Bank	Loans: Economic cooperation	Property credits: War-account settlements	Property credits: Other lend-lease and surplus property	Other loans and commodity credits
Total, All Areas	1,077	538	13	95	420	11
Total, Europe	493	60	13	94	317	8
Total, ERP Participants	352	53	13	94	185	8
Austria	12	1			11	
Belgium and Luxembourg	9		9			
Denmark	9				9	
France	127			67	60	
Germany (western)	8				1	[2] 8
Greece	36	10			25	
Iceland	(3)				(3)	
Ireland	3		3			
Italy	3	3			(3)	
Netherlands	51	5			47	
Norway	37	11			27	
Sweden	3		2		1	
Turkey	4	1			4	
United Kingdom	50	22		28		
Total, Other Europe	140	8			133	
Czechoslovakia	42	(3)			42	
Finland	19	8			11	
Hungary	14				14	
Poland	12				12	
U. S. S. R.	52				52	
Total, Latin America	161	154			7	
Brazil	44	40			3	
Cuba	7	7				
Mexico	9	8			2	
Peru	26	25			1	
Uruguay	18	18			(3)	
Other Latin America	9	9			1	
Unallocated Latin America	48	48				
Total, Asia	246	150			93	3
China	37	15			22	
Indonesia	137	100			37	
Japan	21	15			2	[4] 3
Pakistan	10				10	
Philippines	10				10	
Saudi Arabia	20	20			(3)	
Other Asia	11				11	
Canada	166	166				
Africa	3	(3)			3	
Oceania	1			1		
Unallocated, All Areas	8	8				

[1] For important qualifications affecting this table and for definitions of terms, see the Explanatory Note.
[2] Commodity credit by the Reconstruction Finance Corporation.
[3] Less than $500,000.
[4] Commodity credit by the Army Department.

TABLE XIX.—*Utilizations of U. S. Government foreign credits: July 1, 1945, to Dec. 31, 1950, by area, country, and type* [1]

[In millions of dollars]

Area and country	Total	Loans: Export-Import Bank	Loans: Economic cooperation	Property credits: War-account settlements	Property credits: Other lend-lease and surplus property	Other loans and commodity credits
Total, All Areas	**10,641**	**2,733**	**1,061**	**1,387**	**1,278**	**4,183**
Total, Europe	**9,081**	**1,999**	**1,055**	**1,360**	**880**	**3,787**
Total, ERP Participants	**8,573**	**1,800**	**1,055**	**1,359**	**572**	**3,787**
Austria	25	13			12	
Belgium and Luxembourg	213	132	51	29	(2)	
Denmark	52	20	31		1	
France	2,121	1,200	172	653	96	
Germany (western)	108	5			67	[3] 37
Greece	111	15			97	
Iceland	3		3		(2)	
Ireland	119		119			
Italy	412	130	73		209	
Netherlands	437	205	151	48	33	
Norway	115	50	35	6	24	
Portugal	10		10			
Sweden	24	2	20		2	
Turkey	94	28	54		12	
United Kingdom	4,728		337	622	18	[4] 3,750
Total, Other Europe	**509**	**199**		**1**	**309**	
Czechoslovakia	30	22			8	
Finland	126	101			25	
Hungary	16				16	
Poland	78	40			38	
U. S. S. R.	223				223	
Yugoslavia	37	36		1		
Total, Latin America	**426**	**396**	**2**		**28**	**(2)**
Bolivia	22	22				(2 5)
Brazil	98	82			16	(2 6)
Chile	104	104				
Colombia	32	31			1	(2 5)
Cuba	10	10				
Ecuador	10	10			(2)	(2 5)
Mexico	120	120				(2 6)
Peru	6	(2)			6	
Uruguay	10	7			2	(2 6)
Other Latin America	10	8	2		(2)	(2 5)
Unallocated Latin America	4	2			2	
Total, Asia	**892**	**183**		**15**	**341**	**352**
Burma	5				5	
China	229	84			146	
India	45			15	29	
Indonesia	63				63	
Iran	37				37	
Israel	48	48				
Japan	301	40			14	[7] 247
Korea (southern)	25				25	
Philippines	114	(2)			9	[8] 105
Saudi Arabia	16	11			4	
Thailand	6				6	
Other Asia	3				3	

See footnotes at end of table.

TABLE XIX.—*Utilizations of U. S. Government foreign credits: July 1, 1945, to Dec. 31, 1950, by area, country, and type* [1]—Continued

[In millions of dollars]

Area and country	Total	Loans		Property credits		Other loans and commodity credits
		Export-Import Bank	Economic cooperation	War-account settlements	Other lend-lease and surplus property	
Canada	**142**	**142**				
Total, Africa	**42**	**12**	**3**	**(2)**	**27**	
Egypt	18	7			11	
Liberia	17	2			15	
Other Africa	7	2	3	(2)	2	
Total, Oceania	**13**			**11**	**1**	
Australia	8			7	1	
Other Oceania	4			4		
Unallocated, International Organizations	**44**					**[9] 44**

[1] For important qualifications affecting this table and for definitions of terms, see the Explanatory Note.
[2] Less than $500,000.
[3] Commodity credits: Agriculture Department, $34,206,079, and Reconstruction Finance Corporation, $2,655,861.
[4] Loan by the Treasury Department.
[5] Loans by the Reconstruction Finance Corporation.
[6] Loans by the State Department (Institute of Inter-American Affairs).
[7] Commodity credits: Agriculture Department, $180,147,013; Reconstruction Finance Corporation, $12,104,073; and Army Department, $54,365,893.
[8] Loan of $70,000,000 by the Reconstruction Finance Corporation and $35,000,000 by the Treasury Department for funding of the Philippine debt.
[9] Loan to the United Nations by the State Department.

TABLE XX.—*Utilizations of U. S. Government foreign credits: July, 1, 1950, to Dec. 31, 1950, by area, country, and type*[1]

[In millions of dollars]

Area and country	Total	Loans		Property credits		Other loans and commodity credits
		Export-Import Bank	Economic cooperation	War-account settlements	Other lend-lease and surplus property	
Total, All Areas	195	81	71	(2)	(2)	42
Total, Europe	96	26	70	(2)		
Total, ERP Participants	72	2	70	(2)		
Belgium and Luxembourg	(2)			(2)		
Iceland	(2)		(2)			
Ireland	23		23			
Italy	7	1	6			
Netherlands	4		4			
Portugal	6		6			
Turkey	18	1	16			
United Kingdom	14		14			
Total, Other Europe	24	24				
Yugoslavia	24	24				
Other Europe	(2)	(2)				
Total, Latin America	35	34	1			
Chile	14	14				
Colombia	6	6				
Mexico	7	7				
Other Latin America	8	7	1			
Unallocated Latin America	(2)	(2)				
Total, Asia	53	17				36
Israel	16	16				
Philippines	35	(2)				[3] 35
Other Asia	2	1				[4] 1
Canada	1	1				
Africa	3	2	1		(2)	
Unallocated, International Organizations	7					[5] 7

[1] For important qualifications affecting this table and for definitions of terms, see the Explanatory Note.
[2] Less than $500,000.
[3] Loan by the Treasury Department for funding of the Philippine debt.
[4] Commodity credit by the Army Department to Japan.
[5] Loan to the United Nations by the State Department.

TABLE XXI.—*Repayments on U. S. Government foreign credits: July 1, 1945, to Dec. 31, 1950, by area, country, and type* [1]

[In millions of dollars]

Area and country	Total	Loans: Export-Import Bank	Loans: Economic cooperation	Property credits: War-account settlements	Property credits: Other lend-lease and surplus property	Other loans and commodity credits
Total, All Areas	**1,456**	**720**		**35**	**161**	**541**
Total, Europe	**634**	**276**		**29**	**64**	**265**
Total, ERP Participants	**576**	**225**		**29**	**57**	**265**
Austria	3	3			1	
Belgium and Luxembourg	39	27		12	(2)	
Denmark	(2)				(2)	
France	90	78			12	
Germany (western)	42	5			(2)	[3] 37
Greece	12				12	
Italy	57	42			15	
Netherlands	56	51		(2)	4	
Norway	15	7			8	
Sweden	2	2				
Turkey	13	9			4	
United Kingdom	246			18		[4,5] 228
Total, Other Europe	**58**	**52**		**(2)**	**7**	
Czechoslovakia	24	22			2	
Finland	31	30			1	
Other	3			(2)	3	
Total, Latin America	**207**	**164**			**41**	**[6] 2**
Brazil	44	33			11	([2,4])
Chile	30	30				
Colombia	15	14			1	
Cuba	13	13				
Haiti	5	5				
Mexico	51	51				([2,7])
Other Latin America	19	15			3	[6,8] 2
Unallocated Latin America	29	2			27	
Total, Asia	**459**	**139**		**5**	**42**	**273**
Bahrein Islands	16					[4] 16
China	114	96			18	
Iran	10				10	
Japan	287	40			(2)	[9] 247
Philippines	14	(2)			4	[4] 10
Saudi Arabia	5	3			2	
Other Asia	13			5	8	
Canada	**141**	**140**				**[4] 1**
Total, Africa	**13**	**(2)**			**12**	
Egypt	11				11	
Other Africa	2	(2)			2	
Oceania	**2**			**1**	**2**	

[1] For important qualifications affecting this table and for definitions of terms, see the Explanatory Note.
[2] Less than $500,000.
[3] Commodity Credits: Agriculture Department, $34,206,079; and Reconstruction Finance Corporation. $2,655,861.
[4] Loans by the Reconstruction Finance Corporation.
[5] Does not include $6,870,466 held on Dec. 31, 1950, in a sinking fund for the payment of principal.
[6] Includes portions of Reconstruction Finance Corporation loans to individuals charged off as uncollectible, as follows: Total Latin America, $1,323,545; other Latin America, $1,323,545 (Bolivia $888,987; British Honduras, $430,835; and Ecuador, $3,723).
[7] Loan by the State Department (Institute of Inter-American Affairs).
[8] Loans by the Reconstruction Finance Corporation, $1,566,804; loan of the State Department (Institute of Inter-American Affairs), $30,000.
[9] Commodity credits: Agriculture Department, $180,147,013; Army Department, $54,365,893; and Reconstruction Finance Corporation, $12,104,073.

APPENDIX D

AGREEMENT BETWEEN THE UNITED STATES AND PHILIPPINE GOVERNMENTS FOR FUNDING PHILIPPINE PESO OBLIGATION

This Agreement, signed this date by and between the Government of the Republic of the Philippines, represented by the Honorable Carlos P. Romulo, Secretary of Foreign Affairs, and the Government of the United States, represented by the Honorable John W. Snyder, Secretary of the Treasury, is entered into for the purpose of arranging for the return to the Government of the United States of America of the residual total of the peso funds purchased for dollars and advanced to the National Defense Forces, Republic of the Philippines, by the United States Philippines-Ryukyus Command under agreements dated June 30, 1948, and July 11, 1949, between the Commanding General of the United States Philippines-Ryukyus Command and the Chief of Staff of the National Defense Forces, Republic of the Philippines, copies of which are attached hereto and made a part hereof, for the purpose of permitting the Headquarters of the National Defense Forces on behalf of the United States Philippines-Ryukyus Command to pay certain specified claims which had on or before that date been approved by the United States Philippines-Ryukyus Command.

ARTICLE I

The Government of the Republic of the Philippines in recognition of its obligation to return to the United States the balance of the funds referred to above, now mutually agrees with the United States Government to the following method of accomplishing the return to the Government of the United States of the said balance:

1. In consideration of the agreement by the Government of the Republic of the Philippines to pay to the Government of the United States in dollars the balance of the aforesaid funds, the Government of the United States hereby releases the Government of the Republic of the Philippines from the obligation described in the aforesaid agreements of June 30, 1948, and July 11, 1949, to return immediately the total unexpended balance of the said peso funds.
2. The Government of the Republic of the Philippines agrees that the dollar amount payable hereunder, when it shall have been finally ascertained in accordance with Article II hereof, shall be computed at the rate of two pesos to one dollar.
3. The Government of the Republic of the Philippines further agrees to pay the dollar amount payable hereunder to the Secretary of the Treasury of the United States in ten annual installments, the first nine payments to be in the amount of $3,500,000, and the final or residual payment to be in the amount determined by deducting the total of the previous principal payments from the total amount of dollars to be paid to the Secretary of the Treasury of the United States, the latter amount to be determined as provided in Article II hereof. It is further agreed that the first annual payment will be made on May 31, 1951.
4. The total amount of the dollar repayment herein mutually agreed to shall bear interest at the rate of two and one-half percent per annum, payable on the unpaid principal balance thereof from time to time outstanding, and may be paid either annually or semiannually, at the option of the Government of the Republic of the Philippines, the first interest payment to be made on May 31, 1951, coincident with the first annual payment of principal. Interest shall be computed from the effective date of this agreement, and all interest shall be computed on the basis of the actual number of days, using a 365-day factor; *provided*, however, that pending final determination of the total principal amount to be paid to the Secretary of the Treasury of the United States in accordance with Article II hereof, interest shall be computed on the basis of a total amount payable of $35,000,000, to be appropriately adjusted by mutual agreement between the parties hereto upon final determination of such amount.

ARTICLE II

It is agreed by the parties hereto that the results of an audit currently being made by the United States Philippines-Ryukyus Command will be accepted by the Government of the Republic of the Philippines, for the purpose of computing the dollar amount payable hereunder, as finally determinative of the total amount of peso funds required to be returned to the Treasurer of the United States pursuant to the aforesaid agreement of June 30, 1948, as extended by the agreement of July 11, 1949. It is further understood and agreed that the total amount of such peso funds will be the sum of all items, including unexpended funds in bank accounts of the National Defense Forces, Republic of the Philippines, which are determined by the aforesaid audit to be payable to the Government of the United States under the aforesaid agreements. The initial payments of principal provided for in Article I hereof shall be applied by the Government of the United States to the liquidation of all items which the aforesaid audit shall establish as representing collections due to the Government of the United States.

It is understood that the National Defense Forces, Republic of the Philippines, will lend full assistance to the United States Philippines-Ryukyus Command in order to effect the speedy completion of such audit.

ARTICLE III

It is understood and agreed by the parties hereto that the acceptance of this agreement by the Government of the Republic of the Philippines shall not be construed as a waiver of its rights to negotiate with the Government of the United States for the settlement of any pending claims which may be outstanding as of the effective date of this agreement. It is further understood and agreed that the obligation of the Government of the Republic of the Philippines to pay any installment in accordance with the provisions of Articles I and II hereof shall not be deferred or delayed by reason of any negotiations then pending concerning any such claims.

ARTICLE IV

This agreement shall come into effect on the date of signature.

Signed in duplicate at Washington, D. C., this *sixth* day of November, 1950.

For the Government of the United States of America:

JOHN W. SNYDER.

For the Government of the Republic of the Philippines:

CARLOS P. ROMULO.

APPENDIX E

STATEMENT OF PRESIDENT TRUMAN AGREEING TO THE IMPOSITION BY THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES OF A TAX ON SALES OF FOREIGN EXCHANGE

Pursuant to Article V of the Executive Agreement of July 4, 1946, between the United States and the Republic of the Philippines, my agreement has been requested by the Ambassador of the Republic of the Philippines to the United States, to an Act of the Philippine Congress, approved by the President of the Republic of the Philippines on March 28, 1951. This enactment, Republic Act 601, imposes for a period of two years a tax on sales of foreign exchange for certain purposes and thus comes within the purview of the afore-mentioned Article of the Executive Agreement.

The adoption of this tax measure by the Philippine Government is consistent with the recommendations of the United States Economic Survey Mission to the Philippines, which submitted its report to me on October 9, 1950. It is also a major measure in implementation of the Agreement signed in Manila on November 14, 1950, by President Quirino and my representative, Mr. William C. Foster, Administrator of the Economic Cooperation Administration. I hereby agree to the adoption of this enactment by the Philippine Government.

Pursuant to my agreement, as required by Article V cited above, the Philippine Government adopted exchange control measures on December 9, 1949, to prevent further losses of its dollar reserves. Since that time there has been an encouraging improvement in the reserve position of the Philippines.

The action taken today in response to the request of the Ambassador of the Republic of the Philippines, as well as the earlier agreement to the adoption of exchange control measures, signify the sincere interest of the United States in the progress and financial stability of the Philippines. I am gratified by the spirit of cooperation between our two Governments in striving for these objectives, which is evidenced by their joint consideration of the recommendations of the United States Economic Survey Mission, and by the steps taken to date to implement them.

HARRY S. TRUMAN.

THE WHITE HOUSE, *April 6, 1951.*

APPENDIX F

TABLE XXII.—*Membership and quotas in the International Monetary Fund, and membership and subscriptions in the International Bank for Reconstruction and Development, as of Mar. 31, 1951*

[In millions of dollars]

Member	Fund quota	Bank subscription	Member	Fund quota	Bank subscription
Total	8,036.5	8,338.5	Iceland	1.0	1.0
			India	400.0	400.0
Australia	200.0	200.0	Iran	35.0	33.6
Austria	50.0	50.0			
Belgium	225.0	225.0	Iraq	8.0	6.0
			Italy	180.0	180.0
Bolivia	10.0	7.0	Lebanon	4.5	4.5
Brazil	150.0	105.0			
Canada	300.0	325.0	Luxembourg	10.0	10.0
			Mexico	90.0	65.0
Ceylon	15.0	15.0	Netherlands	275.0	275.0
Chile	50.0	35.0			
China	550.0	600.0	Nicaragua	2.0	.8
			Norway	50.0	50.0
Colombia	50.0	35.0	Pakistan	100.0	100.0
Costa Rica	5.0	2.0			
Cuba	50.0	35.0	Panama	.5	.2
			Paraguay	3.5	1.4
Czechoslovakia	125.0	125.0	Peru	25.0	17.5
Denmark	68.0	68.0			
Dominican Republic	5.0	2.0	Philippine Republic	15.0	15.0
			Syria	6.5	6.5
Ecuador	5.0	3.2	Thailand	12.5	12.5
Egypt	60.0	53.3			
El Salvador	2.5	1.0	Turkey	43.0	43.0
			Union of South Africa	100.0	100.0
Ethiopia	6.0	3.0	United Kingdom	1,300.0	1,300.0
Finland	38.0	38.0			
France	525.0	525.0	United States	2,750.0	3,175.0
			Uruguay	15.0	10.5
Greece	40.0	25.0	Venezuela	15.0	10.5
Guatemala	5.0	2.0			
Honduras	.5	1.0	Yugoslavia	60.0	40.0

Exhibit 37.—Announcement, December 16, 1950, by Secretary of the Treasury Snyder of controls over the United States assets of residents of Communist China and North Korea

The Secretary of the Treasury today announced controls over the United States assets of residents of Communist China and North Korea. The blocking regulations forbid all transactions involving bank accounts and other United States assets of Communist China and the North Korean regime and their nationals unless Treasury approval is obtained. The purpose of these controls is to prevent financial transactions with these areas which would be inimical to the interests of the United States.

In order to avoid unnecessary restrictions on unobjectionable transactions, a series of blanket authorizations to engage in transactions which would otherwise be prohibited has been included in the regulations. Thus, individual Chinese and North Koreans in the United States and in non-Communist areas abroad will be able to use their assets here unless they are acting on behalf of the countries subject to restrictions. Similar treatment is accorded to Chinese and North Korean business enterprises in the United States for the normal conduct of their business in the United States. Among other blanket approvals are those authorizing payments into blocked accounts, and authorizing payments out of such accounts for State, Federal, and municipal taxes. Transactions not covered by such blanket approvals are subject to specific Treasury permission. The regulations provide that applications for such special licenses must be filed with the Federal Reserve Bank of New York.

Today's measures do not have a retroactive effect and do not invalidate transactions which have already been completed. The new blocking controls are not applicable to Formosa (Taiwan) or to South Korea or their nationals.

Under the regulations, a census is to be taken with respect to Chinese and Korean property in the United States as of the opening of business on December 18, 1950. Reports are required to be filed on or before January 31, 1951, on report Forms TFR–603 and 604, which will shortly be made available. Unlike the prohibitory regulations, which are limited to the Communist areas of China and Korea and their nationals, the census will apply to all Chinese and Korean assets.

The measures taken by the Treasury Department do not affect the controls which are presently being exercised by the Office of Alien Property in the Department of Justice with regard to World War II enemy property and with regard to property subjected to blocking during that war which has not as yet been unfrozen.

Exhibit 38.—Instructions, March 7, 1951, by Secretary of the Treasury Snyder to collectors of customs on enforcement of the Foreign Assets Control Regulations

The Secretary of the Treasury today issued instructions to collectors of customs on enforcement of the Foreign Assets Control Regulations against unlicensed importation of Chinese merchandise.

Collectors are directed not to accept or allow certain classes of customs entries, withdrawals and transfers with regard to merchandise of Chinese origin imported from any country after March 7, 1951, unless Foreign Assets Control licenses are presented. Procedures governing such licenses are outlined in the instructions, which are contained in Section 500.808 of the Foreign Assets Control Regulations.

The Treasury, in general, denies applications for specific licenses to import merchandise in which a Chinese interest has existed since December 17, 1950, the date of the "freezing" order affecting China (except Formosa). Exceptions may be made where merchandise is of sufficient importance to this country to warrant its admittance notwithstanding any Chinese interest. The Departments of Defense and Commerce are advising the Treasury Department with regard to what merchandise may fall into this category.

It is the Treasury's presumption that there has been a Chinese interest since December 17, 1950, in any goods of Chinese origin not imported into the United States by March 7. To overcome the presumption, it will be necessary to present to the Federal Reserve Bank of New York specific and substantial evidence tracing all details of ownership and interest in goods offered for importation. Affidavits from shippers in third countries as to the absence of a post-freezing Chinese interest will not be regarded as sufficient proof.

The Treasury suggests that importers apply for Treasury licenses prior to opening letters of credit or paying for merchandise of Chinese origin.

The instructions sent Customs collectors apply to importation of goods of North Korean origin in the same manner as they apply to Chinese (except Formosan) merchandise.

Exhibit 39.—Statements by Secretary of the Treasury Snyder at a regular press conference, June 5, 1951

It seems to me that the current inflationary situation has two characteristics which must not be lost sight of when remedies to deal with it are being considered. First, the problem is common to the whole free world, and secondly, it is a common problem because it results from the impact of the mutual defense effort. The appreciation of currencies is not, in my view, a solution for a world-wide inflationary situation. Fundamentally, we must deal with this problem through measures such as taxation, credit controls, allocation of scarce materials, and similar methods which can be applied in all countries. Appreciation of currencies under current conditions is likely to have the effect merely of giving a temporary advantage to a particular area to the detriment of the defense effort as a whole and also to the detriment of the economic situation in the rest of the world.

In my opinion, there is no justification for such a course of action at a time when the United States is engaged in a great rearmament effort and is making a major contribution to friendly countries engaged in that effort.

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The Fund's report is an excellent review of the present state of restrictions and of the outlook for relaxation of restrictions. As the report says, there are difficulties of a new character confronting a number of its member countries, but nevertheless the very general improvement in balance of payments positions and prospects of its members justifies a relaxation or removal of restrictions and, particularly, of discrimination. At the same time, and I think this is very important, the Fund recognizes that the new difficulties are leading some countries to divert more of their production to rearmament. This means that where the mass of restrictions have been designed principally to deal with balance of payments problems, there is considerable opportunity to relax restrictions but, at the same time, problems arising out of the effort to rearm may give rise to controls especially designed to deal with these new problems.

SELECTED STATEMENTS BY THE SECRETARY OF THE TREASURY

Exhibit 40.—Address by Secretary of the Treasury Snyder before the Industrial College of the Armed Forces, Fort Lesley J. McNair, Washington, D. C., December 4, 1950

In the troubled international situation of today, one fact of supreme importance stands out. It is the great vitality and power for growth of the American economy. An economy as rugged and resourceful as the American economy is one weapon which a dictatorship can never produce; because to do so, a dictatorship would have to abandon autocracy for freedom.

The strategic position which the American economy occupies in international affairs is thus the most significant military and political fact in the world today. It is the most significant element in any program for mobilizing our resources in time of war. Therefore public policies in every field of domestic activity—fiscal and otherwise—must be so designed as to strengthen rather than weaken the sinews of our productive power. They must be planned in such a way as to avoid any steps or measures—however well adapted they may seem to a specific purpose—which would undermine the ability of the American economy to meet the tremendous demands which may be made upon it.

In the long records of history, it is comparatively new for military success to depend to any important extent on the continuing productive capacities of a nation's economy. During primitive times, when exchange of goods and services took place largely by barter, the problem of mobilizing the defensive powers of the community was relatively simple. In those early days, levies for defense and war were always in kind. Civilian and military needs were merged and the reward for services was survival—both for the individual, and for the group.

Later on, when money grew in importance as a means of exchange, it became common to build up treasure chests for the use of the state. When danger threatened, these hoards of money and valuables made it possible to procure needed supplies and services quickly. This practice was common during Greek and Roman times and even persisted into the Middle Ages and later.

But it is obvious that treasure chests and direct levies were adequate only in times when warfare was comparatively inexpensive and armies were largely sustained by plunder. The invention of new and complicated weapons changed conditions of waging war. The true war reserve of the present day must be a productive capacity capable of conserving the essential energies of an entire people at the same time that all of the vast needs of a modern war organization are fully and promptly met.

World War I, and to a far greater extent World War II, demonstrated that effective military operations under conditions of modern mechanized warfare depend on a vast and continuing flow of supplies from the factories and mines and farms of the entire Nation. A treasure chest in any form—whether in money, in goods, or in earmarked services—adding up to the hundreds of billions of dollars needed to carry on a modern war for even a short period would be inconceivable. It is the unending flow of new services and new supplies which provides the necessary basis of victory for a modern defense force. And in the industrial economy in which we live, where the output of goods and services is highly specialized, money exchanges and credit operations are absolutely essential to this flow. The complex interchange of goods and services which makes up the production potential of the Nation depends at every stage on the smooth functioning of the monetary and financial system.

The importance of these facts is made strikingly clear by the present position of the United States as the leader and strongest partner among the nations enlisted in the cause of freedom. The aggressor nations are setting out on a world-wide course of domination. In the face of this challenge, our ability and our determination to preserve our freedoms will be tested many times. To meet such tests, wherever and in whatever form they occur, we must maintain our economic and financial strength. This must be the primary guide in solving current fiscal problems as well as the basic principle of financing a full-scale war, should that ever again be required.

We must ask ourselves how this goal of maintaining the strength of our economy can be translated into a specific program of war financing. Our past experience and the strategic position of the American economy indicate two supreme guiding principles.

First, we must pay for current expenditures out of current incomes to the greatest extent consistent with maintaining the well-being of the Nation. Second, we must implement this program in such a way as to make full use of the free institutions, the incentives to individual effort, and the inventive genius which built the American economy.

I believe that every American citizen has become clearly aware during the past decade of the desirability of a pay-as-you-go policy with respect to the Federal finances. This is an important rule of national economic health. Furthermore, in times of heavily mounting military expenditures, such as the present, a substantial part of both business and personal incomes must be diverted from the spending stream if we are to keep inflationary forces in check. Excessive price rises not only endanger our current ability to produce, they seriously jeopardize our capacity for maximum production. The first step in a successful war financing program, therefore, must be a revenue system capable of drawing off the largest possible amount of currently accruing funds which may prudently be withdrawn from the total available for civilian spending.

While this objective is vital to the maintenance of our productive strength, we must nevertheless recognize that it is impossible in fact to cover all of the expenditures of a full-scale military effort through taxation of current incomes.

Should there be a new world war—and we hope there won't be—then the necessity of devoting all of our resources to defense will unquestionably be stronger than ever before. But no matter how great the necessity, the full total of personal and business funds in excess of those needed to pay for available civilian goods cannot be levied upon by taxation. A revenue system which tried to do this would cause great injustices and inequities, and could endanger our economic health.

In the case of individuals, living standards are difficult to adjust quickly, and too severe taxes would result in withdrawals from savings rather than reductions in spending. In the business world, individual enterprises must show a profit in order to exist. A very high rate of wartime taxation, while it could be borne by some, would drive other concerns out of business and thus defeat the aim of fostering maximum output. Consequently, in a system of free business enterprise such as ours, there is no alternative in war financing other than a combination of taxation and borrowing.

The successful blending of war taxation measures and war borrowing programs in such a way as to make the most effective contribution to the productive power of the Nation is one of the most difficult and most important problems on the domestic front during a war. We must bring to it all of our mature judgment, our resourcefulness, and our store of experience if we are to find a solution which is best calculated to advance the war effort and at the same time provide the foundations for a strong postwar peacetime economy.

In approaching this problem, there are many lessons which can be drawn from the experiences of World War II. I should like to take a few minutes to discuss some of those which seem to me to have the most direct bearing on the new tasks which we shall have to face if we are once more called upon to mobilize our economy for an all out effort.

As we look back over the five momentous years of 1941 to 1945, several factors stand out in bold relief.

It is apparent, to begin with, that our spectacular wartime achievements in the field of science and technology were made possible by an environment particularly favorable to the development of inventive and productive genius. Our young people, more than in any other country in the world, are encouraged to think for themselves. They are encouraged to try out new ideas, and to work with others in putting these ideas into practice. When the crisis came, it was this environment—so encouraging to bold and rapid action—which proved to be one of our most precious wartime assets.

In addition to the inventiveness and resourcefulness which was so important an element in our wartime strength, another factor of great significance also had its roots deep in the American tradition. That is the fact that we achieved a full employment of our resources, both material and human, with a minimum of reliance on propaganda, statutory controls, or penalties. This was an accomplishment which was unmatched in any other country.

We did not need propaganda to convince people of the values of the American way of living. These beliefs were as natural to Americans as life itself. The relatively few control measures which we adopted in the course of swinging the economy into war channels would have been powerless without a genuine spirit of cooperation on the part of the vast majority of our citizens.

The enforcement mechanism which would have been needed, for example, if our people generally had been unwilling to accept the restrictions of rationing and price control, would have been far beyond even our ability to supply. And the same thing holds true in another field—that of taxation. Our income tax system—which proved so flexible and so enormously productive under the strains of the war—is one of a mere handful in the world today which rests on voluntary self-assessment and payment on the part of individual citizens. Without this cooperation, the costs and burdens of enforcement would be next to insurmountable—while our tax revenues, in all probability, would be very much less.

In another respect, the incentives of our free enterprise system operated to speed the processes required for converting our peacetime industries to war purposes. Our inventive genius and our production know-how were assured a free field of operation. The result was that new inventions and new products were constantly being put at the disposal of the military services. In addition, production schedules and quantity goals were outdistanced time and again.

We can see now that all of these motivations acted together to put our great production machine into high gear and to keep it there until victory was assured. Our production achievements were not really a miracle. They came about because we had full faith in our American way of doing things and in the institutions which had met the test of our own experience. It was the decision to use these institutions, rather than going counter to them, which was the true source of our wartime strength.

In the area of finance the same lessons were spelled out. Confidence was maintained in the credit of the Government, in our currency and in our bonds, in the banking system, and in our financial institutions generally. This was an achievement which was absolutely essential to the stupendous output of goods and services needed for war. If this confidence had been shaken—if people had begun to doubt the ability of our financial system to function effectively under war conditions—the effects on our production mechanism might have been damaging enough to alter the entire course of the war.

But financial expedients which might have had this result were avoided. Civilian morale was maintained. And our people willingly accepted an enormous increase in taxation during the war years. In 1945, Federal revenue from all sources was eight times as high as it had been in 1940, largely as a result of greatly increased income and profits taxes. As you know, however, the requirements of the war still left our civilian population with a great deal more money after taxes than could be spent at current prices on available civilian goods. It was this money which was the objective of Government borrowing policies.

Our wartime financial programs were successful in keeping inflationary tendencies under control and in promoting a smooth flow of goods and services into war channels. They were successful because of the fact that the individual citizens of this country were allowed a wide area of choice in deciding what use they would make of their wartime incomes. The result was willing cooperation with the Government, in both taxation and borrowing programs.

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Today, we are in a new period of world crisis. We know that both the spiritual faith and the material strength of America are on trial. But we know, also, that our ability to meet the new threat to our own survival and to the peace of the world is greater than ever before.

Despite the upheavals and strains of the past ten years, our traditional American institutions and our traditional American system of competitive enterprise have proved equal to all the demands made on them. Today, we can build up the defenses of our country with a national economy which is more flexible and more vigorous than it was ten years ago or even five years ago.

Each year since the close of World War II there have been many who predicted economic disaster. There have been many who said that an economic system which draws its strength from the decisions and actions of millions of individual citizens was simply not capable of maintaining a high level of business activity without serious and prolonged interruptions. Year after year, we were told that once the backlog of wartime demand had been fully satisfied, depression was sure to follow.

But, as you know, the many adjustments which were necessary in the course of reconversion and return to peacetime conditions of doing business were accomplished, one after the other, with very little loss of business momentum. We were soon back in stride with the highest production the Nation had ever known. We were soon back in the situation in which individuals were receiving incomes at an annual rate well above the previous peak, and when virtually the entire labor force was fully employed.

Moreover, during these 5 years since the close of World War II, American industry has moved steadily forward in the greatest investment program of its history. In this period, private industry has expanded its plant and equipment by close to $100 billion. This is considerably more than double the amount expended for increasing the production potential of the Nation during the entire period of World War II—and during those years, we built the most efficient war production machine the world has ever known.

In these difficult times of unsettled international relations, it is particularly important—as I have emphasized—that we remain alert to any developments which hold the threat of impairing our economic strength. That is why it has been necessary to institute immediate programs for greatly increasing our revenues and for restraining credit on a selective basis, as well as adopting other measures of proven effectiveness in holding inflationary tendencies in check. I have every confidence that our people will give wholehearted support to these necessary measures for conserving the economic resources of our Nation in time of danger.

The achievements of our economy which I have stressed are well known. They are so well known as to seem commonplace and for this very reason we are apt to miss their significance. We are apt to think of our achievements solely in terms of their outward manifestations: our great industrial potential; our financial system with its tremendous resiliency and strength; our technical competence.

All of these things are vital to our survival as a free Nation. But the central fact which I have tried to emphasize is that the roots of our strength are not found in these material things. They are not found in the area of public policy. They spring from the multitudinous actions of free individuals—actions which add up to decisions of tremendous import in the life of the Nation. It is only by utilizing to the utmost our traditional American institutions and the stimulus which they provide to individual initiative and individual effort that we can take full advantage of the one unique weapon of the free world—the productive power of the American economy. It is only in this way that we can exert our full military strength without impairing the great peacetime objective of our Nation—a strong and growing economy at home, functioning as part of a prosperous and peaceful world.

I have not given you a specific blueprint for action. I have not outlined particular war financing measures. These must necessarily be worked out according to the circumstances and requirements of special or particular situations as they arise. It is vital, however, that we clarify ahead of time the broader issues which will govern our day-to-day actions during a time of crisis.

For this reason, I have emphasized what is to my mind the most important element in the entire financial picture if we should once more have to finance a total all-out effort. That element is the assurance, which I hope I have enabled you to share with me, that in case of such a supreme emergency the funds needed to pay for maximum effort on the military and production fronts will be provided. Furthermore, they will be provided without unduly weakening the financial institutions or the productive power of the American economy. Our strongest defense against aggression is the understanding and the willing cooperation of the individual citizens of this country. If we have the wisdom and the courage to heed the lessons of our own past, and to build our defense plans with due regard to them, we need have no fears of our ability to meet the responsibilities which our new position of world leadership may place upon us—now, or in the future.

Exhibit 41.—Address by Secretary of the Treasury Snyder at Vanderbilt University, Nashville, Tenn., January 15, 1951

I appreciate being among the alumni invited to participate in the Monday evening discussion series during the seventy-fifth anniversary celebration of the founding of Vanderbilt. I am glad to have this opportunity to revisit the campus.

A good many changes have occurred at Vanderbilt since I left here—changes which have spelled considerable progress despite the greatest depression our Nation has ever known and the exhaustion of two World Wars. The progressive strides our university has made, however, cannot be judged solely by such measurements as are found in higher educational standards, increased enrollments, or new and improved buildings and facilities.

As is true in all of our great educational institutions, the real progress of Vanderbilt lies also in something perhaps less tangible but even more pervading. I refer to the immeasurable contributions which Vanderbilt has made through the years to what we might call America's stockpile of character and understanding.

We have seen the development, during this University's 75 years, of almost innumerable fields for the application of knowledge. Vanderbilt has sent forth, class by class, many thousands of young Americans well equipped to apply their efforts in those fields, and thereby help make available to all the opportunities of better living.

And for those destined to meet the social and economic challenges of our times, character is no less important an attribute than knowledge. From Vanderbilt there has come a continuous flow of graduates who are loyally attached to the highest ideals and ethical standards, and to belief in tolerance and fair play.

In preparing a great many young Americans for lives of usefulness, Vanderbilt also has inculcated in them an understanding of their heritage of freedom and the national and world responsibilities which go with it. The value of that particular understanding cannot be overemphasized, because here in America, we have too long taken our freedom for granted. We have been apt to forget how short in time, and how limited in extent, has been the actual experience of human freedom in world history.

Of necessity, the events of recent years are bringing a noticeable change in attitude to the Western World. We have seen freedom-loving nations swallowed up, one after another, through cleverly engineered internal dissention or through inability to defend themselves. Our country itself is being actually threatened by the Communist ideology. That ideology directly and brutally strikes at our ideals of freedom, of justice, and of individual opportunity. We are now unquestionably learning that freedom can be maintained only through continual, unremitting effort.

Today, for the second time within less than a decade, our Nation is being called upon to marshal its great military strength to resist powerful aggressors who seek to destroy America. Our answer to this challenge must be the successful accomplishment of our defense goals and the maintenance and enlargement of the strength of our domestic economy. These two things we must and will accomplish in order to be successful in our united efforts with other free nations to bring peace to the world. For America and for its individual citizens, this means financial mobilization as well as military mobilization. Both are essential to the effective prosecution of our national defense effort.

In the long annals of history it is a comparatively new thing for the success of military strength to depend so largely upon the continuing strength of the domestic economy. Today, the economy must furnish an ever-flowing volume of goods and services to support military operations.

In early times, when the exchange of goods and services took place largely by barter, the problem of mobilizing the defensive powers of the community was relatively simple. Levies for defense and war were always in kind. Civilian and military needs were merged and the reward for services was survival—both for the individual, and for the group.

Later on, when money grew in importance as a means of exchange, it became common to build up treasure chests for the use of the state. When danger threatened, these hoards of money and valuables served to finance needed services and supplies. But it is obvious that treasure chests and direct levies were adequate only in times when warfare was comparatively inexpensive and armies were largely sustained and paid by plunder.

The invention of gun powder, and the complicated weapons which followed, entirely changed the conditions of waging war. World War I, and to a far greater extent World War II, demonstrated that in modern mechanized conflict, effective military operations depend on a vast and continuing flow of services and supplies from the factories and the mines and the farms of the entire Nation.

It is this unending flow of new services and new supplies which provides the necessary basis of victory for a modern army. And in the industrial economy in which we live, proper, yet adaptable, money exchanges and credit operations are absolutely essential to this flow. The complex interchange of goods and services which make up the production potential of the Nation depends at every stage on the smooth functioning of the monetary and financial system.

Public policies in every area of domestic endeavor—fiscal and otherwise—must be so designed as to strengthen rather than weaken the sinews of our productive power. They must be planned in such a way as to avoid the use of any measures—however well adapted they may seem to a specific purpose—which would undermine the ability of the American economy to meet the tremendous demands which are being made upon it today.

The Secretary of the Treasury has grave responsibilities in the formulation of fiscal policy to meet the financing needs of our Government.

A period of international crisis such as the present one requires the blending of revenue measures and refinancing programs in such a way as to make the most effective contribution to the productive power of the Nation. This is one of the most difficult and most important problems on the domestic front.

I would like tonight to discuss briefly various aspects of the financial mobilization job that lies ahead for all of us. And I say "all of us" advisedly. No measures which the Government may take in this or any other of our mobilization efforts can be fully effective without the wholehearted support and cooperation of every group and every active citizen in our country.

During a period of defense mobilization, every effort must be made to prevent a price and wage inflation.

This is particularly true of a period, such as the present one, which necessitates the diversion of an ever-increasing portion of our productive power from civilian to military production. Inflation is one of the most deadly threats to the strength of our economy. Inflation would endanger the efficient mobilization of our resources. It would endanger not only our current ability to produce, but also seriously jeopardize our capacity of maximum production. Inflationary forces would cause irrational allocation of the defense burden between different groups. These forces would dangerously affect prices, profits, rents. Every element of our economy would be reached. And as it gains greater momentum, inflation becomes increasingly difficult to control.

The first step in financial mobilization, therefore, should be a revenue program that will pay for current expenses out of current revenues. Such a program protects the economic health of our Nation by eliminating deficit financing. It is also indispensable as a means of diverting a substantial part of both business and personal incomes from consumer markets.

The tax revenue measures enacted in the past six months represent a substantial contribution to sound fiscal policy during this period of mobilization. But, while they increased the revenue producing strength of Federal taxes by approximately 20 percent, they can be considered as a first step only.

The President, in his budget message to the Congress today, estimated that expenditures of $71.6 billion will be required in the fiscal year 1952. This amount nearly doubles the expenditures of the fiscal year 1950, which ended a few days after the outbreak of hostilities in Korea last June. Government receipts in fiscal year 1952 will amount to an estimated $55.1 billion—or an increase of $10.6 billion over the current fiscal year, due to increased incomes and higher rates of taxes now in force. But despite this large increase in budget receipts in fiscal year 1952, and strict economy in nondefense spending, there will still be an estimated deficit of $16.5 billion if no further tax legislation is enacted. To keep our finances on a sound basis, the President announced in his message today that he will shortly transmit to Congress recommendations for new revenue legislation so that we may pay for the cost of defense from current revenues as soon as possible.

A balanced budget, however, will not in itself prevent inflation. For example, in the calendar year 1950 revenues came much closer to balancing expenditures than was the case in 1949. In fact at the close of the year expenditures exceeded receipts by only $420 million, while the deficit amounted to over $3½ billion in the previous year. Yet in the past six months, the inflation which has occurred following the outbreak of war in Korea has been more serious than at any other time since World War II. The recent upward spiral was the result of inflationary pressures in the private credit field, generated largely by credit-financed purchases of consumer goods and investment goods, particularly housing. There is a real danger that for a time at least such purchases—particularly of consumer durables—will continue to be of a magnitude which will add to the present inflationary pressures.

To minimize these sources of inflation, the Government under authority of the Defense Production Act of 1950 which was enacted in September, moved immediately to impose selective credit controls. Many persons have complained of the personal hardship resulting from some of these controls. Yet it appears that if we are to be successful in holding down inflationary pressures still being generated, selective credit controls will have to be materially strengthened.

Following the President's declaration of a national emergency in December, other selective controls were instituted to reduce the competition for scarce materials and services between producers of essential and nonessential goods. Further controls will undoubtedly have to be added if our expanding defense needs are to receive priority without increasing the strain on the price structure.

But at a time like the present when a significant portion of the Nation's production must take the form of defense materials, the real answer to inflation can be found only when the American people work together and abstain from unnecessary spending or speculative investment.

Another vital necessity of our financial mobilization job is that we take particular care in the field of debt management. Our national debt is now around 257 billions of dollars. It is more than five times as large as it was at the beginning of the defense financing period prior to World War II. It comprises approximately one-half of the total debt of the country and constitutes a large portion of the assets of all the major investor classes of the country. Operations affecting the public debt have repercussions which are felt throughout every sector of the economy. Consequently, it is vital that the management of this debt be conducted in such a way as to contribute to in maximum degree, rather than endanger, the economic well-being of the Nation.

It has been Treasury debt management policy to place a large proportion of the public debt in the hands of nonbank investors, and to reduce the amount of bank-held Federal securities. During the calendar year 1950, nonbank holdings continued to climb, reaching an all-time peak in the last half of the year. At the same time commercial bank holdings declined to new postwar lows. The importance of this accomplishment can hardly be overestimated, particularly now when it is vitally important that the inflationary possibilities of bank credit expansion be kept at a minimum.

The savings bond program is an important feature of the Treasury's efforts to increase nonbank ownership of Federal securities. In every year since World War II savings bonds outstanding have steadily increased. By the end of 1950 some $58 billion were outstanding, almost $10 billion more than at the close of World War II financing. Almost $4 billion of this increase was in Series E bonds, about $35 billion of which were outstanding at the year's close.

The savings bond program is continuing to play a most important part in assuring the financial health of our Nation. There is no more direct anti-inflationary effort that our individual citizens can make in this period of financial mobilization than to direct as much as possible of their incomes into savings.

The savings bond program aims at increased savings in all forms—whether in mutual savings or commercial banks, in savings and loan associations, in postal savings, in life insurance, or in Government securities.

The important thing is that we must save an ever-increasing portion of our incomes still available after taxes, instead of spending it, if we are to effectively combat inflationary pressures at their very source.

In times of great defense or military mobilization, it is necessary that the responsibilities and burdens of the effort be distributed as equitably as possible among the citizens. For obvious reasons, we cannot all serve in the military forces. We must rely largely upon our youth to bear the brunt of that great task. But each of us can form a part of an effective home front support to our fighting men by devoting our every energy to keeping our economy on an even keel.

I have been asked many times such questions as: How much can we spend on defense without bringing the Nation to bankruptcy? How high can the public debt go? What limits are there on taxation? In brief, how far are we able to carry financial mobilization without precipitating economic disaster?

It would be a brash prognosticator who would attempt to give a categorical answer to any of these questions.

Most of us remember the widespread alarm expressed in this country when the public debt first approached $50 billion. That was only ten years ago. Many economists were grievously concerned when defense and war costs first forced the mass levying of heavy individual income taxes, and the lifting of corporate taxes to never-before-known heights. Yet the economy not only survived; it emerged from the trial stronger than ever.

We did not know our capacities then; we do not fully know them now. What we do know is that our economy and our social order have stood tests vastly greater than the most optimistic analyst of a generation ago would have believed it possible for them to stand.

Today we face our new task with our American productive plant at the most efficient point in its history. Our existing plant and equipment have been modernized and improved in order to utilize the new techniques and discoveries of the war and postwar years. Our basic productive capacity has been enormously increased. Our steel output in 1950 totaled 97 million tons—7½ million tons above the peak year of World War II; and a further large expansion of steel capacity is under way. Our electric power output recently has been running 50 percent above the highest weekly rate of World War II. In 1947 our railroads embarked on a great new modernization program. There has been a record expansion in the petroleum industry, the chemical industry, and many others. All in all, American industry has invested $100 billion of private capital in modernization and expansion of plant and equipment during the past five years. This is just about double the combined investment of private industry and Government during the entire period of World War II, although during those years we built the most efficient war production machine which the world has ever known. Add to this great industrial capacity the technical skills, the administrative abilities, the financial reserves of business and private citizens, along with the knowledge and capacity to undertake tremendous tasks—and you have the foundation upon which we are building our mobilization program of today. In this foundation is rooted the confidence with which we look ahead to whatever further trials the unfolding of the human story may have awaiting us.

Personally, I do not think that as of today we stand on the brink of any economic precipice. Our understanding of our capacities still may be imperfect, but certainly it has enlarged greatly in the last decade, and in the direction of assurance rather than of distrust.

The weight of the power of the free nations—political, economic, and military—in the balance of world affairs remains far greater than that of the aggressors who are now threatening us. The free nations already have made much progress toward organizing that balance of power for common action, and they are making further progress each day that goes by.

It is important to keep in mind the basic fact that the road which we are traveling leads toward twin objectives—the one security, the other peace.

The measures which we are taking in the interest of the security objective serve equally the peace objective.

With confidence, with united effort, with the aid of the friends we have in the family of nations, and with personal sacrifice by us all, we may hope to find the road not too long, not too tortuous.

Exhibit 42.—Address by Secretary of the Treasury Snyder before the Board of Trade, New York, N. Y., January 18, 1951

We are facing critical times. It is especially vital that under the circumstances, we take every opportunity to exchange views on urgent national and international problems. Many of you members of the New York Board of Trade have at various times come down to Washington to give the Treasury Department the benefit of your judgment on measures under consideration in the area of Federal finance. Others of you have participated in such discussions through committee memberships. This exchange of views which we have had with individuals and groups of individuals—not only in Washington, but on various occasions in almost every part of the country—has been most valuable to the Treasury in making policy decisions.

More than three-quarters of a century ago, the founders of the New York Board of Trade set down certain important goals of cooperative effort. These were—among others—to provide useful information, to encourage needed legislation, to promote civic improvements, and to adjust differences and misunderstandings on an equitable basis.

The guides to action which were set down by your founders are in keeping with the doctrines of our American form of Government and our American system of free enterprise. It is in the spirit embodied in these principles that I should like to discuss with you today some of the issues which are involved in our present national task of mobilization for defense. I am grateful to the Board of Trade for affording me this opportunity to speak openly and frankly about the financial and economic problems that now confront us.

I need not tell you that the destiny of a nation is not always decided on the battlefield—nor even in the sometimes equally hazardous and difficult paths of diplomacy. In any national emergency, much depends upon our work in the factories and in the fields—and the keystone of our production and economic effectiveness is the financial stability of our country.

Today our Nation is in a state of emergency. For the second time within less than a decade, we are being called upon to marshall our great military strength to resist the forces of aggression which seek to destroy us. Very serious days are ahead of us. The varnish of Soviet pretense to peace has worn off. Soviet imperialism is threatening the structure of world security. We have no time for illusions. We must be alert—we must be fully aware of the peril—and we must know wherein the hazard lies.

The danger we face is all the more menacing because of the sinister nature of the campaign which the aggressors are waging. This campaign is typical in most respects of all the campaigns of imperialist dictators, but the Soviets have added some stratagems of their own.

The Moscow plan is one of arousing hatreds—nationality against nationality, class against class, creed against creed—to bring about mutual destruction of those peoples on whom they cannot count to play the Moscow game. Here in America, the Communist aggressors, through their agents and propagandists, seek to stir up suspicion and strife among us—and so to create disunity.

It is their theory that if a democracy is subjected to enough of their propaganda of confusion, its people will be unable to act swiftly and confidently if attacked. A first step which we must take in defense against such strategy, obviously, is to see through the smokescreen of propaganda, to expose their lies, and to meet their threats with a solid front of strength which is at once spiritual, economic, and military.

Determined efforts and concentrated energy are needed to gain this goal. Yet, at the same time, we must maintain the basic stability and productivity of our domestic economy.

Public policies today, in every area of domestic endeavor—fiscal and otherwise—must be so designed as to strengthen the sinews of our productive power. We must plan in such a way as to avoid any measures—however well adapted they may seem to a specific purpose—which would undermine the ability of the American economy to meet the tremendous demands which are being made upon it.

The Secretary of the Treasury has far-reaching responsibilities in the formulation of fiscal policy to meet the financing needs of our Government. To fulfill these responsibilities adequately, it is necessary to have the counsel and aid of the most able financial and economic minds of our country. The successful merging of revenue measures and borrowing programs in such a way as to make the most effective contribution to the productive power of the Nation is one of the most difficult and most important problems on the domestic front.

One of the most serious threats to the strength of our defense economy is undoubtedly inflation. And it is a threat which could develop into disaster.

The essence of inflation is the uncontrolled spiraling of prices and wages. There have been manifestations of this economic disease in every period of war or defense effort of this country and of all countries. Our defense program today presents the same hazard.

The effects of pronounced price instability are diffused in many directions. One of the most dangerous results is that mobilization itself is handicapped through both direct and indirect influences. Far-reaching inequities arise from the inflationary process in the uneven distribution of income and profits. The defense burden is inequitably distributed among groups and communities by inflation. We lose productive efficiency. Inflation feeds the very fires of controversy.

To keep inflation in check, then, is the first need in our defense undertaking. As we transfer a great portion of our productive power from civilian to military output, and so reduce the supply of civilian goods, we must put brakes on the purchasing power of consumers. This means that a substantial part of both business and personal incomes must be diverted from the consumer markets. The alternative of allowing prices to move higher and higher would vitally damage the defense effort.

Without question a most effective over-all fiscal measure for avoiding the evils of deficit financing, and thereby combating an inflationary spiral in prices is a revenue system which enables the Government to pay its current bills out of current income. No one welcomes heavy taxes. But in a time of unprecedented national danger like the present, I am certain that all groups of our population will soon realize that very much higher taxes—for themselves, as well as for others—are a necessary defense measure.

While adequate revenues are an essential safeguard against the development of inflationary tendencies, they cannot do the job alone. Measures for allocating essential materials have been adopted in order to assure priority for our military needs without increasing the strain on the price structure. Selective credit controls such as those embodied in the Defense Production Act passed by the Congress last July are also of definite help. Other measures of demonstrated effectiveness in curbing inflationary tendencies, such as price and wage controls, are under consideration and will assuredly be adopted soon.

You will note that I have not included the use of fractional increases in interest rates on Government securities as one of the measures of effectively controlling inflation. The Treasury is convinced that there is no tangible evidence that a policy of credit rationing by means of small increases in the interest rates on Government borrowed funds has had a real or genuine effect in cutting down the volume of private borrowing and in retarding inflationary pressures. The delusion that fractional changes in interest rates can be effective in fighting inflation must be dispelled from our minds.

In the absence of new legislation, the Federal deficit will amount to $16.5 billion in the fiscal year 1952.

This deficit is a result largely of our defense requirements. In nondefense spending, as the President has noted, the only major new public works projects included in the budget are those directly necessary to the defense effort. Construction of many public works projects now under way has been substantially curtailed. Many other activities have been abbreviated.

The revenue requirements which the defense situation demands need no comment. These requirements can be met without damage to the economy if our citizens have mutual willingness to make the necessary sacrifices.

Along with adequate revenues and specific controls required for curbing price and wage rises, there is a weapon of great importance available to us for keeping inflationary forces under control. That is a debt management program which is directed toward placing the largest possible proportion of Federal securities in the hands of nonbank investors—individuals, insurance companies, mutual savings banks, and other investors outside the banking system—and reducing the proportion of Federal securities held by commercial banks and Federal Reserve Banks.

This program is a powerful weapon in combating inflation. There seems to be a lack of sufficient public knowledge or understanding of what the Treasury has achieved in this area during the postwar period. It should be pointed out, therefore, that as a result of specific Treasury debt management policies, holdings of Government securities by private nonbank investors have increased substantially since the end of the war, and have reached an all-time peak during the last half of the calendar year 1950. This activity has been accompanied by a decline in the holdings of the commercial banking system, which reached new postwar lows during the last half of 1950. Three years ago the public debt was the same as it is now. But the Government security holdings of the commercial banking system have dropped nearly $10 billion; and approximately $4 billion of this reduction took place during 1950.

The importance of this anti-inflationary accomplishment cannot be overestimated. This reduction in the money supply of the country holds particular significance at the present time when it is vitally important to the well-being of the economy that the inflationary potential of commercial bank assets be kept at a minimum.

There are two other important matters relating to debt management policy which hold particular interest at the present time and which have been given extensive consideration in the financial community and elsewhere in recent months. The first is the place of savings bonds in the Government financing picture, and the actions that will be taken to refund maturing "E" bonds. The second is the rate of interest that the Treasury is going to pay on long-term Government bonds in refunding and new borrowing programs. I want to take up each of these two questions in turn.

A moment ago, I stated that an important anti-inflationary action could be accomplished by placing the largest possible proportion of Federal securities in the hands of nonbank investors. As part of the Treasury Department's endeavor toward this end, the savings bond program has been of outstanding value. It has been both dramatic and effective. It has been dramatic because it is sustained on practically a volunteer service basis. It has been effective because today, the total of outstanding savings bonds represents approximately 25 percent of the entire Federal debt.

It is really inspiring to know that there are about $10 billion more savings bonds outstanding today than there were at the end of World War II financing. The tremendous selling program involved in achieving this remarkable record is due in the main part to the volunteer efforts of individuals, business groups, and all organizations who have contributed time, money, and ingenuity to the promotion and sales of savings bonds.

There are only about five hundred paid employees in the Savings Bond Division of the Treasury. These employees plan and coordinate the program. The real volume of the work, however, is done through the generous efforts of those volunteers who have sold savings bonds to over 85 million purchasers.

Of the $58 billion total of outstanding savings bonds, nearly $35 billion is in "E" bonds. This is a noteworthy accomplishment—for no one would have been rash enough to predict at the end of World War II hostilities that five years later there would be a $4 billion increase in the total of outstanding "E" bonds. Most of us were sure in 1945 that there would be a heavy cashing of savings bonds as soon as war scarcities and restrictions were over. On the contrary, however, the "E" bond total has gone up every year because of the organized promotion by volunteers in bringing the merits of the savings bond investment to the attention of the public. As a matter of fact, in the calendar year just ended, the volume of "E" bonds outstanding rose by three-quarters of a billion dollars, notwithstanding the fact that there were increases in redemptions as a result of the scare buying immediately following the outbreak of the Korean crisis. It is interesting to observe in this connection that the redemption of "E" bonds—in relation to the amount outstanding—was less percentagewise than other comparable forms of savings. So it becomes readily apparent that the savings bond is, in fact, a very popular form of savings.

It was this last fact that led to the conclusion on our part, after consulting with many individuals and business groups, that the Treasury should continue the savings bond program after World War II as a major effort to encourage the promotion of thrift. It is this same conclusion that leads us to announce that the Treasury will continue to offer the "E" bond, in its present form, to the public as a defense bond during the mobilization period. The aim now is not only to promote thrift, but to act as an anti-inflationary force and to help further distribution of the ownership of the public debt.

As you know, beginning in May of this year, a portion of the savings bonds bought during the war years will mature. While some of the holders of these bonds may desire to cash them upon maturity, it is our belief that the majority will desire to continue their investment in United States savings bonds. Therefore, the Treasury is adopting the following plan for handling the maturing bonds. The holder may have his choice of: one, accepting cash if he so desires; two, continuing to hold the present bond with an automatic interest-bearing extension; and three, exchange his bond for a current income savings bond of Series G.

Under Option 2, the bond would be automatically extended, bearing interest at the rate of 2½ percent for the first 7½ years and interest at a rate sufficient thereafter so that the aggregate return for the 10-year extension period will be

2.9 percent compounded. The term of the extension would be limited to 10 years after maturity. The existing option of paying taxes on interest on Series E bonds currently or at maturity would be retained. Necessary congressional legislation to authorize this option will be requested immediately. Once the plan is placed in effect, it will apply to all outstanding E bonds as they mature, and will apply by right of contract to all new Series E savings bonds that are issued.

These decisions with respect to the refunding of savings bonds and their future place in the Federal securities structure have been reached after long deliberation and extensive consultation. Among those who have given us the benefit of their thought and judgment are representatives of the Federal Reserve System, which has done such a magnificent job in facilitating the smooth functioning of the savings bond mechanism throughout the program's entire history.

Almost a year ago, at the annual Fiscal Agency Conference held in San Francisco, various alternatives with respect to the refunding of savings bonds were fully discussed by representatives of the Federal Reserve System and the Treasury. Following that conference, other groups and individuals continued to meet with officials of the Treasury and to give time and thought to the refunding measures which would be in the best interests of both the Government and the bondholders. The program which I have outlined to you today is the result of this cooperative effort. As soon as the necessary congressional legislation is completed, full details of the extension savings bonds program will be released to the public. I believe that we have adopted a good program.

Now let us go on to the subject of interest rates. It is my view that a 2½ percent rate of interest on long-term Treasury bonds is a fair and equitable rate—to our Government which is borrowing the money, to the purchaser of Government bonds who is lending the money, and to the taxpayer who has to pay the interest on the money borrowed.

The 2½ percent rate of interest on long-term Government securities is an integral part of the financial structure of our country. During the past ten years—a period in which we fought our most costly war and made a most extensive reconversion to peacetime activities—the 2½ percent rate has become a most important influencing factor in financial policy in the country. It dominates the bond markets—Government, corporate, and municipal. Moreover, it dominates the operations of financial institutions. Most of these have already adjusted themselves to the 2½ percent rate—and after so doing, have become more prosperous than ever before.

Most life insurance companies, for example, have changed the guaranteed interest provisions of their new policies during the past decade to conform with the 2½ percent rate, so that today about 85 percent of the new life insurance premiums received by insurance companies are on policies written at interest rates of 2½ percent or less. Mutual savings banks also have tied their current interest rate on funds of depositors to the Government rate.

Any increase in the 2½ percent rate would, I am firmly convinced, seriously upset the existing security markets—Government, corporate, and municipal.

We cannot allow this to happen in a time of impending crisis, with the heavy mobilization program to finance. We cannot afford the questionable luxury of tinkering with a market as delicately balanced as the Government security market. Now is no time for experimentation.

We have not hesitated to draft our youths for service on the battlefront, regardless of the personal sacrifice that might be entailed. Neither can we hesitate to marshal the financial resources of this country to the support of the mobilization program on a basis that might, in some instances, require a degree of profit sacrifices.

In the firm belief, after long consideration, that the 2½ percent long-term rate is fair and equitable to the investor, and that market stability is essential, the Treasury Department has concluded, after a joint conference with President Truman and Chairman McCabe of the Federal Reserve Board, that the refunding and new money issues will be financed within the pattern of that rate.

When I came to the Treasury in June 1946, the war had been over less than a year, and war financing had only recently been completed. I felt at that time that stability in the Government bond market during the transition period was of vital importance. As the economy became more stabilized, the Treasury used more flexibility in its debt management program by allowing short term rates to increase gradually.

Later, beginning with the crisis in Korea, however, the considerations calling for stability in the Government bond market became tremendously important. The credit of the United States Government has become the keystone upon which rests the economic structure of the world. Stability in our Government securities is essential.

I do not think that we can exaggerate when we emphasize these matters. I think they are basic to our national survival.

I have outlined for you the highlights of our financial mobilization program. I believe that with vigorous, cooperative effort, we can make it a successful one.

The democratic processes and the free institutions of our country enable us to do just that. We are a Nation of strong individuals, united in our belief in American principles and in our determination to defend them. We do not expect—and we do not wait to be told what to think and what to do. We will not govern our actions according to decrees which represent thinking done for us by someone else. Every American citizen today is searching his mind and heart for answers to the challenge of aggression. We do this because we know that in a free Nation such as ours, decisions on matters of national import must be made by the citizens themselves.

The formulation of a successful policy of financial mobilization is not easy. It must, of necessity, be one that will require sacrifices from every one of us. Let me make one thing clear. Even a short period of weakness in the financial stability of the United States could mean a generation of disaster to us and to the world.

The Communist regime knows this—and ever since the close of the Second World War, it has sought to undermine the structure of peace and stability we have tried so patiently, and with so marked a degree of success, to help build in the free world. Red imperialism has taken the offensive against the free world in almost every area of human cooperation where civilization might again be made secure. It has coupled with a bellicose avowal of peace the most flagrant and most insidious forms of human sabotage.

Let there be no mistake about it. We want real peace in this world. To seek this, we set up a forum in which men might work out their differences and arrange for solutions of common problems. We tried very earnestly to win an honorable peace across the council table. But the Russians have tried to make a mockery of the vital work and procedure of the United Nations. While we have tried to restore economic and financial stability to nations suffering from the ravages of war, the Soviet Union has sought to dissipate the effects of our unprecedented and successful aid to free nations and are now trying to destroy the fruits of our aid with the blight of urgent and costly need for self-defense.

As the economic and financial stability of our friends and allies in Western Europe became more certain—Soviet imperialism became bolder and laid down a barrage of direct and indirect assaults on the free world.

It is but a natural reaction to hope, in an emergency, that we can preserve our freedom, and save ourselves from danger, without sacrifice. Any such hope runs counter to all of human experience. Readiness to sacrifice for freedom is the first requisite of life in a free land.

I have every confidence that whatever sacrifices are required of our people to repel the aggressors will be willingly, earnestly, and confidently made.

What we face is obvious. What we must do is plain.

We shall diligently continue our efforts with free nations to help establish peace and prosperity in the world. But in the meantime, we shall face realities—face them in the knowledge that our pride in America's past and present, and our confidence in her future, permit no passive acceptance of the dictates of a foreign aggressor.

We are going ahead with our military and our financial mobilization measures to whatever extent the unfolding disclosures of Communist intentions make necessary. In justice to ourselves and to all other believers in freedom, we can follow no other course.

Exhibit 43.—Address by Secretary of the Treasury Snyder before the Kansas Bankers Association, Kansas City, Mo., May 10, 1951

It is an honor to address this gathering of members of the Kansas Bankers Association. And, at the same time, it is a genuine pleasure to come among one's neighbors. As many of my friends in the audience know, I was born a little distance away in Arkansas and later lived in Missouri. So I do feel at home among Kansans.

One of the things that impresses a returning neighbor is the sense of energy and strength of the mid-western area. Kansas in particular is out in front as one of the progressive States in the Union.

Soil, climate, and strategic location were the natural attractions which drew the early pioneers into this territory. But it took faith, and ingenuity and hard work to make full use of the resources which the pioneers found. Since the days of the first Kansas settlements, farming, industry, and transportation have moved forward together in a record of progress which is a source of pride to all of us.

I am told that in June you are dedicating the first storage dam in your State—which will result in bringing irrigation to 10,000 acres and improving the productivity of presently tilled land. It is an important step forward, just as was the completion three years ago of your first flood control dam. These and other developments already programmed—such as the great Bostwick project near Superior, which I understand will irrigate 49,000 acres of Kansas land—are typical of the spirit of progress which has characterized both agriculture and industry in Kansas from the earliest days of your history.

That same spirit of progress is particularly evidenced in the efforts of you bankers to work together for the benefit of the State, as well as for your own institutions. The Kansas Bankers Association was one of the very earliest of its kind to be formed in this country. A number of the banks which helped found your State association in 1887 are still members of this group. You can all be proud of the part which these pioneer banking institutions—along with those which were formed later—have played in the economic advancement of Kansas.

The ramifications of our modern economy are far removed from those of the early days of our country. Today every city—every town—every farm is dependent on a wide network of commercial transactions. These transactions must intermesh and function smoothly at all times. And they cannot do so without an assured supply of credit. Borrowed funds are vital in the day-to-day operations of the business world, as well as in its longer-term programs. And it is through our banking system, for the most part, that the necessary credit is made available.

In normal times, the general public is apt to take good banking service for granted. It is only during periods of economic strain, such as the present one, that the spotlight of national attention is turned on the credit mechanism; and particularly, on that part of the credit mechanism represented by the commercial banks.

In the months since last June, we have been particularly concerned about rising prices. Because this aspect of the inflationary situation has been so evident, it is natural that credit operations should draw particular attention. And it is natural that many people should jump to the conclusion that credit control measures are the simple and easy means of keeping prices in line.

Restraint in the use of credit is indeed an essential part of an anti-inflationary program. But it cannot do the job alone; for one reason, because the basic forces which drive prices upward operate only partially through the credit mechanism. These forces find other outlets, and so the problem of controlling them is necessarily many-sided. It is a problem that requires economic action on many fronts.

The first essential in the battle against inflation is that all of our people have the will and the determination to combat it. You and I, our families, our neighbors, must fully accept our individual responsibility. It is one thing, as an individual, to want to bring prices down. It is another thing to be willing to play a part in the process. If each of us wants prices kept down—but only the prices charged by others—then prices will for a certainty go up. If each of us wants increased taxation to meet our obligations—but only the taxes paid by others—we shall find it extremely difficult if not impossible to have enough revenue to meet our obligations. And if, because of our own selfish interests, or lack of understanding, or through apathy, we do not meet our individual responsibilities, then we shall all suffer the disillusionment of failure.

The second fact which must be given full account is that the upward pressure on the price level, as I have already emphasized, is the result of many forces; there is no single solution of the problem—and there is no easy one.

Money and credit in themselves do not cause prices to rise. The roots of the situation are found far deeper. They lie in the urge to spend—to use whatever resources are available to buy up wanted goods and services, to get long-term programs into operation before the restrictions close in.

Incomes presently are high, and will move higher with the quickened pace of defense production. Liquid savings are large—the largest in our history. With the best of management, growing military requirements are bound to severely restrict output of civilian consumer goods. Our present defense production schedules clearly forecast an increasing amount of spendable funds and a dwindling supply of civilian goods. This is the core of the inflationary problem. It is the core of the situation with which we shall have to live for the duration of the defense period.

The emphasis, therefore, must be placed primarily on measures which will get to the root of the matter—which will be effective in inducing people not to spend unwisely. We must provide the environment and incentives for increased savings—by business, by government, by individual consumers, by every group in the population.

The bare statement of this objective reveals the tremendous difficulties in the path of achieving it. But these difficulties are a part of the situation which we face today. We cannot conjure them away nor can we avoid them by directing our efforts at a single aspect of the problem. If we are to combat inflation, a large part of the funds available for spending must be kept from exercising their full force on the price level—not just this month or this year, but for the long pull ahead.

One powerful weapon with which the American people can hold the line is a courageous revenue program. Such a revenue program must be based on a determination to pay for our defense program as it develops. With national and individual incomes at present levels, it is only the part of wisdom and integrity for us to pay the price of defense out of current taxes. For a pay-as-we-go policy for our defense effort serves the double purpose of protecting our liberty and insuring our economy against deteriorating influences.

As you may know, we now expect to end the present fiscal year, closing on June 30, with a budget surplus of $3 billion. This means that we shall be able to end this fiscal year with the Government's finances in a relatively strong position—a position which is reenforced by our postwar record as a whole.

For, during the past five fiscal years, ending June 30, receipts, on balance, have more than covered expenditures. The surplus of revenues over expenditures for that entire period, in fact, is expected to exceed $7 billion. This surplus and a part of the Treasury's wartime cash balance have been applied to debt reduction. During the past four years alone, we have reduced bank holdings of Federal securities—including the holdings of the Federal Reserve System—by more than $11 billion. Unfortunately, the expected budget surplus for the current fiscal year ending June 30, will disappear quickly in the period immediately following the end of this fiscal year. Therefore, I cannot emphasize too strongly the need for continuing policies of prudent finance as we move further into the mobilization period. The current budget surplus is temporary. I see no possibility of its being maintained unless legislation providing for increased taxes is enacted.

Let me fill in a little of the background on that statement. Revenue collections this year are running considerably above earlier estimates, and expenditures are running lower. Part of the increase in collections, however, is the result of abnormal buying to expand dealers' inventories and of increased consumer buying in anticipation of shortages or a tax rise. Certainly, we can take little comfort in these aspects of the situation. Forward buying and excessive stockpiling have drawn some of next year's business into this year—and they have greatly increased the upward pressure on the price level.

The lower rate of Government expenditures, as compared with that anticipated last January, also represents in large part a transitory situation. It is due mainly to a lower rate of military expenditures than had been expected, some reductions in the outgo for civilian programs, and some reductions due to economic conditions. The Veterans' Administration and the Commodity Credit Corporation, for example, administer certain programs which are closely responsive to changes in economic conditions. These activities are requiring smaller outlays than had seemed probable as we looked ahead last January.

With respect to defense payments, however, I am told by those responsible for administering our military programs that the reduction in expected outgo during the current fiscal year is largely the result of changes in the timing of payments. It is not due to any reduction in the size of the program to which our revenue planning must be geared. From here on, the defense effort will require expenditures at a faster rate than collections unless revenues are increased by new tax legislation.

If at this crucial point we fail to make provision for the future, a continuing deficit will result from the necessary costs of our defense program. To avoid this, the decision must be made without delay to keep our payments on a current basis.

A pay-as-we-go defense policy, however, must have Nation-wide support. The decision to adhere to it must be made by our citizens themselves. We have the priceless privilege of living in a free Nation. The men who founded our Nation placed the responsibility for rightful actions on the people as individuals. We have kept it there. We think our governmental system is the best in the world. But because we are free, national programs and policies cannot be effective without wholehearted cooperation and united effort.

A national program for maintaining the financial health of the Nation requires adequate revenues. As I have already emphasized, however, prudent policies of national finance must be supplemented by private programs for conserving our financial resources during this critical period in the defense effort.

As a part of the program to encourage new savings, the Treasury is beginning an immediate expansion in all of its promotion activities for the sale of United States savings bonds. In the years since these secruities were first offered, they have, as you know, achieved an important place in the financial planning of millions of the Nation's families. They are one of the essential elements in the Treasury's efforts to spread the ownership of Federal securities as widely as possible among the citizens of the Nation. Few people, I believe, are aware of the fact that at the present time, there are $58 billion of savings bonds outstanding, of which more than $34 billion are in Series E bonds.

Recent legislation, as you know, provides the privilege to holders of maturing Series E bonds to continue their investments in Government securities on even more advantageous terms than prevailed in the past. At the time of maturity, holders who do not wish to cash their bonds may retain them and automatically receive interest on their securities for as long as a second 10-year period. The new provisions also make it possible for holders of maturing Series E bonds to exchange them on favorable terms for Series G bonds. These measures have given added strength to the savings bond program.

As the Treasury has emphasized throughout the entire period of savings bond promotion, the primary aim is to increase savings in all forms—in mutual savings banks, in commercial banks, in savings and loan associations, in life insurance, and in Government securities. The important thing, in a period like the present, is that each citizen spend less and save more. If this is accomplished, all types of savings will benefit.

As bankers, you are fully aware of the requirements of sound finance. You are closely associated with key developments in your own communities. For these reasons, you are in a better position than any other group to exercise financial leadership. You can perform a tremendous national service—right in your own home towns—by making every effort to further a clear understanding of the issues at stake.

I know that you will have many opportunities, both on an individual and a community basis, to explain the necessity for greatly increased taxes. You will have many opportunities, in the course of your participation in the voluntary credit restriction program, to talk over with the businessmen of your localities the need for avoiding unnecessary expenditures and unnecessary diversion of materials. You will find many occasions, also, to point out to your fellow citizens the solid advantages of increased savings which can be better used when our military demands can be met without curtailments elsewhere.

I urge that each one of you, when you return home, give these matters your most serious attention. A great responsibility rests on you: First, as American citizens living in one of the most crucial periods in the history of human freedom; and second, as leaders in the financial community—a vital sector of our free enterprise economy.

We in America are strong. We are free. We are prepared by tradition and by long experience to undertake the full responsibilities of American citizenship.

Many times in the past we all have faced grave challenges and we have met them. Events since the close of World War II have made us realize that preservation of freedom in the world can be achieved only by constant effort. Freedom is a living thing which must be nourished daily.

Much has been done to protect ourselves and those freedoms without which there would be little to defend. The foreign policy of the United States has been successful in the face of every plot and every ruthless attempt to spread dictatorship.

Our ability to produce has enabled us to use our resources in holding back active Communist aggression, and also has been effective in repelling the threat of attack. Economic and military assistance defeated the menace against Turkey. American aid helped the people of Greece to overcome a Communist attempt at revolution. The airlift saved Berlin. Marshall Aid strengthened Europe's hope for free western democracy. The nations of that area, under the Atlantic Pact are becoming increasingly prepared to resist aggression.

United Nations action in Korea has so far averted World War Three. This council has made clear that it will not permit aggression to go unopposed. It has decisively shown that it does not intend to allow armed conflict to spread if any honorable means of preventing such a tragedy can be found.

The ability of the United States to produce material aid was essential to these accomplishments. However, there is another important element. It is the element of good faith—one which you, as bankers, know to be of vital importance. Our country, gentlemen, has kept faith with those, who like us, count freedom of religion, freedom of thought, freedom to govern one's self beyond price.

The Communist dictatorships have distorted words until they have no meaning. They have used those words as a weapon against us but we have responded with something more effective. We have lived up to our obligations. While the Communists have talked we have been actively engaged in cementing international relationships with free nations to enable them to join with us in building up the economic health and peace of the world.

Strengthening our neighbors in the free areas of the world is a sound investment. A healthy man cannot remain so in a community of sick people. The time has passed when it is possible for one or two nations to remain strong in a world community of weak and hungry ones. Economic health cannot be confined to a few sections of the globe. Long ago we came to realize in this country that economic illness in any State weakens the Union. Now we know that the same principle applies beyond our borders.

Thus it becomes even more important for us to look to the strengthening of our own country during a period when we are fighting to build up the military, economic, and moral strength of all free nations so that we will be not alone in our defense effort.

We must use every means to strengthen ourselves so that we may continue to meet the tremendous responsibilities that have come to the United States in this generation. I know that the people of our country are aware of the inescapable necessity of meeting our national and individual obligations. We have always met them. And we have the stamina, the self-control, and the vision to meet them now.

Exhibit 44.— Address by Secretary of the Treasury Snyder at a meeting of the Los Angeles Town Hall, May 17, 1951

I was very pleased when I received your invitation to speak here tonight. In the nearly 5 years that I have been Secretary of the Treasury, my most gratifying experiences have been the contacts which I have had with individuals and groups of citizens throughout the Nation. Each one of these contacts gives me renewed faith in the American people. It gives me renewed belief that we will bring to our present problems the same energy, the same spirit of honest inquiry, and the same devotion to the right which has characterized each of our great national efforts.

I am particularly happy to have this occasion for revisiting the great civic and industrial center of Los Angeles. This is a city which is metropolitan in the truest sense—whose business, educational, and artistic achievements are woven into the fabric of the Nation. To me, it seems especially fitting that the State of California, which has contributed so greatly to our national life, should have been the birthplace of the United Nations. For the concept embodied in the United Nations organization holds the real possibility of bringing permanent peace and a better way of life to people all over the world.

When the United Nations came into being in 1945, all of us were aware that the road on which we were setting out would not be an easy one. The world was still at war. We knew that our cause would triumph; but the immense difficulties of reconstruction, rehabilitation, and gradual rebuilding of peaceful relations lay ahead; and these difficulties appeared formidable indeed.

Today, many of the problems which loomed so large in 1945 have been surmounted. But there are new issues—issues so grave that the truly great achievements of the United Nations in the 6 years since its birth may go unrecognized by many of our people. To gain a proper perspective, we need to set these 6 years against the many centuries through which civilized nations have struggled—without success—to unite in peace as well as in war.

Since the United Nations was organized in 1945, the free nations have learned to work together. They have joined in common aims. They have taken the gravest step of all—a common pledge to unite on the battlefield against the forces of aggression.

But behind these actions, which have drawn the full spotlight of international attention, many other activities have been going on which are less well known. These, too, are of tremendous import to the future of mankind.

Thousands of people, speaking different languages and with varying backgrounds and national beliefs, have met and worked together in friendly groups. They have worked to promote better trade relations, to further measures for greater health and safety, to extend education, and to share the fruits of scientific progress. Most important of all, perhaps, these continuing activities have helped change the attitude of the entire free world. They have created an atmosphere which is encouraging to international understanding and to international exchange of ideas and productive knowledge. The United Nations programs, the Marshall Plan, the Point IV program, the aid to Greece and Turkey, the many steps forward which have been taken in Europe for common action to solve common problems—all are evidence that the nations of the free world are building new and solid foundations for cooperative progress.

While these developments have been occurring on the national level, an important new movement for the exchange of ideas and information on an individual basis has been making remarkable headway. Some of these activities have been initiated in connection with the Marshall Plan or other governmental programs. But by far the biggest contribution has been made by private organizations. This year, I am told, such organizations will have arranged something like 40,000 exchange visitors to share ideas and knowledge. Participants from this country include representatives from almost every kind of organization in American community life—4-H Clubs, Rotary Clubs, Girl Scouts, college and university groups, and leaders with a wide variety of backgrounds. In my view, it is not possible to overestimate the importance of this exchange of thought and experience, particularly between the young people of various nations. These are new ventures—and they can give us all new hope for the future.

If there is one lesson of the past 6 years which stands out beyond all others, it is the need of free peoples to work together—to resist by every means the efforts of our enemies to split the ranks of the free nations and to draw them separately into ill-considered courses of action. We must never for an instant lose sight of the fact that the primary battle in which we are engaged is the battle against the outbreak of a third world war—a war which might shatter civilization. To win this battle, the right-thinking nations of the world must stand in firm alliance.

Every American citizen can take pride in the fact that President Truman was one of the first statesmen of the world to warn against Communist imperialism. As a member of his official family, I can report to you that the President will not be deterred from his purpose of working through the United Nations and through every other proper international channel open to us, to stop the spread of aggression. He will not be swerved from his opposition to appeasement or to any other grandiose scheme for encouraging imperialism, anywhere in the world.

Our actual experiences with aggression since the close of World War II, however, have driven home to all the grim fact that the will to peace is not enough. The desire to work with others in promoting peaceful objectives is not enough.

To keep the peace we must be strong. We must have the physical means to defend ourselves successfully against a further drive for power on the part of the Communist dictators. This drive is constantly in the minds and in the plans of the aggressors. At any time, a drive might be directed against a vital sector of the western world.

Our strongest reliance for defense against any such aggression now or in the foreseeable future, is not entirely a military one, in the strict sense of the word. It is not entirely the number of tanks or guns or bombs which we can assemble on this side of the Iron Curtain. As our enemies are well aware, the one uniquely powerful weapon of the free world is the productive capacity of the American free enterprise economy.

Let me take a moment to review the record of what has been happening within this stronghold of western defense—the American economy—during the momentous years since the close of World War II. These are the facts which our enemies have been assessing—and which have given them pause.

Throughout the postwar years, the production plant of our Nation has been modernizing and expanding operations at a pace unknown during any previous period in our history. Even the miraculous production achievements of the World War II years have been far outdone. New techniques and new discoveries have revolutionized many older methods of doing things. They have enabled our factories—our farms—our service industries—to reach new peaks of efficiency and of output. In the months since the beginning of the Korean war, the tremendous flow of American production has turned back two waves of scare buying. It has quieted many fears as to the fundamental capacity of our economy to supply both military and essential civilian needs.

The productive capacity of the American defense economy is more than reassuring. At the same time, it emphasizes our responsibilities. We must protect and increase that strength, which is the mainstay not only of our own defense but of the defense against aggression for the entire free world.

The first essential in assuring the maintenance of sound economic conditions is adequate Federal revenues—revenues which will enable us to meet all of our defense bills as they come in, without resort to deficit borrowing. A continuing deficit cannot help but add to the difficulties of holding inflation in line during a period of increasing diversion of our resources to military purposes. It cannot help but weaken both the financial position of the Government and the ability of our economy to function with maximum effectiveness during this critical period in the life of our Nation.

The facts with respect to our present defense program and the funds which are needed to pay for it make the problem crystal clear. We must have additional tax legislation if we are to keep the finances of the Government on a pay-as-we-go basis.

As you may know, we now expect to end the present fiscal year, closing on June 30, with a budget surplus of over $3 billion. This means that we shall close the fiscal year 1951 with the Government's finances in a relatively strong position—a position which is reenforced by our postwar record as a whole. In the past 5 years, including the current fiscal year ending on June 30, revenues will have exceeded expenditures, on net balance, by more than $7 billion. This surplus of income over outgo which we have been able to achieve during past periods is a gratifying circumstance. But we cannot take much comfort for the future from this fact. For, it cannot be too strongly emphasized that the current budget surplus is temporary. And, it cannot be too strongly emphasized that without the additional taxes requested by the President, it will be impossible to meet out of current revenues the tremendous financial outlay which our defense program entails. If we fail to enact new tax legislation, we must expect that our current military program will result in a deficit of approximately $10 billion during the next fiscal year, ending on June 30, 1952.

Let me emphasize the fact that a continuing Government deficit would provide a condition in which inflationary forces would flourish. It would bring a new element of uncertainty into the financial world, and new hesitations with respect to future commitments. Inevitably, our productive power would be weakened. We have the resources—and we must have the determination—to build up our military strength without subjecting the great production mechanism of this country to the continued dangers of inflation.

As citizens and taxpayers, I know that every one of you has a vital interest in the job which the Treasury is doing in protecting our revenues. Very few of our citizens, I believe, are aware of the magnitude of the responsibilities entrusted to the Bureau of Internal Revenue. They are little aware of how these responsibilities have grown during very recent years.

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The function of the Bureau of Internal Revenue, as you know, is to collect taxes. In 1940 the Bureau collected about $5 billion of revenue. This, at the time, was considered a tremendous sum. But in the fiscal year ending June 30, the Bureau will collect over $50 billion in taxes and other payments. The collections will come from 79 different types of taxes, each one of which requires appropriate techniques and administrative procedures. The Bureau will process in the course of this year some 90 million tax returns, along with about 120 million other related documents. Each one of these individual payments must be separately accounted for and properly classified.

These routine operations of the Bureau add up to the largest financial business in the world. But they represent only a part of the important responsibilities with which the Revenue Service is charged.

As you know, our tax system is one of a mere handful in the world today which rests on voluntary self-assessment and payment on the part of individual citizens. Without this cooperation, the costs and burdens of enforcement would be next to insurmountable—while our tax revenues in all probability would be very much less. It has never been the policy of the Treasury—and it has never been the intent of our revenue legislation—that the tax collectors in this country should operate as a Gestapo peering over the shoulders of every taxpayer. I am sure that none of us want this approach.

The overwhelming majority of American taxpayers are honest and careful in making their Federal tax returns. It is necessary for the protection of this majority, however, that enforcement activities be carried on with the utmost diligence.

In the course of these activities, collecting the portion of the revenue in which carelessness, misunderstanding or dishonesty is apt to be involved, requires almost one-half of the Revenue Service's entire personnel. This type of checking of returns is generally classified as "front-line enforcement" work. I believe that it may surprise many of you to learn that as a result of examinations of returns and investigations in the last fiscal year, the Bureau of Internal Revenue assessed $1.8 billion of added revenue. Much of this sum, of course, represented taxes not reported by taxpayers due to errors made in good faith. Where criminal concealment or evasion is suspected, the Bureau must engage in painstaking search for evidence—evidence which will stand up in court. It must deal with individuals whose lifetime efforts are directed at keeping their operations secret—and it must bring such individuals to justice.

Last year taxes and penalties assessed against tax evaders as a result of fraud investigations alone—including investigations of professional criminals, gangsters, and racketeers—amounted to the sum of $258 million; more than enough, incidentally, to cover the cost of operating the Bureau for an entire year.

I must point out that while investigations are pending, the Treasury must of necessity avoid any publicity as to their nature or course. Such publicity would not only violate the statutes which forbid the discussion of details of tax cases; it would lead to the loss of evidence necessary to secure criminal conviction.

May I take this occasion to assure you that only an infinitesimal number of employees of the Revenue Service have deviated from the strictest standards of conduct and integrity in the performance of their duties. When such instances have occurred, the individuals concerned have been dealt with by the Service itself vigorously and sternly.

While the record of law enforcement on the part of the Revenue Service is an impressive one, we are, of course, always looking for means of improving it. At my direction, Special Racket Squads have recently been organized and given the function of investigating the tax accounts of gamblers, racketeers, and other members of the criminal class. These squads are directed by Brigadier General John B. Dunlap, who has had more than 17 years experience in the Internal Revenue Service and who made a distinguished record as an Intelligence officer during World War II. It will be the sole function of General Dunlap and his staff to plan and carry out a new and vigorous enforcement drive against the racketeer class.

Just before leaving Washington, I wrote to the Governors of every State, asking them as a public service to forward to the Treasury any information obtained by local investigators that might be useful to the Internal Revenue Service to combat evasion of the Federal income tax laws.

The Bureau of Internal Revenue will continue to pursue every course open to it for enforcing the Nation's revenue laws. Recent events, however, have brought home to every citizen the fact that crime control, to be effective, must start at the local level. Every one of us must take to heart the lesson that the uprooting of crime in this country is the responsibility of all of us, working in cooperation with the local enforcement officials of our own communities.

I have spoken at some length of the need for new tax legislation and of the services of the Treasury with respect to revenue collection, because these matters have a particular urgency at the present time.

The job which we must do in protecting the financial strength of our economy, however, involves much more than the question of adequate revenues and effective administration. A broad program aimed at the conservation of our financial resources—both public and private—is required to combat inflation on all fronts.

As a part of this program, restrictions on borrowing in the housing and consumer credit areas have been put into operation and are having a noticeable effect. The nationwide program undertaken by banking groups and others to promote voluntary restraints in the granting of credit is another important part of the anti-inflationary program. We must not lose sight of the fact, however, that credit is not the only source of funds which may be used for inflationary spending. Incomes are high, and the liquid assets of both individuals and corporations are at record levels. It is clear that the primary need is for each citizen to determine individually to spend less and save more.

The Treasury has an important part in a broad program for conserving the financial resources of the Nation. In addition to its revenue functions, it is charged by law with responsibility for the management of the public debt; a responsibility, under present circumstances, which is of a magnitude unprecedented in our financial history.

Since the close of World War II, the debt of the United States Government has been the single most important factor in the financial life of the Nation. Our public debt now amounts to $255 billion. This is approximately one-half of the entire debt of the country, public and private. Our public debt is equal to about four-fifths of the value of all goods and services produced by the American economy in a full year.

As I have already noted, revenues during the past five years have covered expenditures and have, in addition, left a surplus of over $7 billion. This surplus and a part of the Treasury's wartime cash balance have been applied to debt reduction. During the past four years alone, we have reduced Federal Government securities on the part of the commercial banking system by more than $11 billion—an achievement of particular significance in a period of strong inflationary pressures such as the present.

As a further measure of prudent debt management, the Treasury is beginning an immediate expansion of its promotion activities for the sale of United States savings bonds. As you know, additional privileges to the holders of maturing Series E savings bonds to retain their investments in this form have already been provided by the Congress.

Let me emphasize, however, that the major goal of the Treasury in its savings bond promotion is not solely to sell more savings bonds. The program is directed at increasing savings in all forms. If that is accomplished, a major victory in the battle against inflation will have been won.

In closing, perhaps I can sum up the matters which I have touched on this evening in this fashion. The sound defense of our economy, our traditional institutions, and our American way of life is the individual responsibility of every American citizen. The dangers which threaten us today on the domestic front are not caused by lack of material resources for defense. We know that our Nation is capable of meeting the full demands of our military program without impairing its internal strength or its ability to supply essential civilian needs.

The real threat is that we may not individually recognize the vital importance of the cause to which we are dedicated; that we may not individually resolve to make the necessary sacrifices soon enough; and that we may postpone or delay needful action until it is too late for that action to be fully effective.

We have the priceless privilege of living in a free Nation. The men who founded our Nation placed the responsibilities of government squarely on the people themselves. We have kept them there. We think our governmental system is the best in the world. I have every confidence that our people will fulfill the new responsibilities of American citizenship with pride, with devotion, and with full faith in the ability of right-thinking nations to reach the goal for which we all strive—a lasting peace.

Exhibit 45.—Address by Secretary of the Treasury Snyder before the Bond Club of Chicago, Ill., June 13, 1951

I welcome every occasion which brings me to Chicago. Each time I return, I am impressed with the fact that Chicago is undoubtedly one of the most vital of American cities. Millions of people all over the world think of your city as the very heart of America. They think of your achievements and the way of life which you have developed here as the embodiment of Americanism—still the newest and most progressive philosophy in the world today.

I use that term Americanism advisedly. Hard as it is to define the concept of Americanism to others, we ourselves have no doubt as to its meaning. It stands for the inventiveness and unbending courage which has invigorated each generation of Americans and which has built our Nation. It stands for the right of each citizen to think for himself, and to act with others for the common good.

Today, these qualities are on trial. All of the values which we have built up over the years of our history are being threatened.

When the Republic of Korea was attacked a year ago, there were few who failed to see that the dark cloud of Communist agression overshadowed not one small nation, but free men everywhere. During these postwar years, we have learned to recognize attacks on freedom elsewhere in the world for what they are—the spearhead of a drive against our country and our way of life. We have learned that to remain free, we must stand in firm alliance with other right-thinking nations while mustering to the utmost our own strength.

Let us make no mistake about it—the defense of freedom is just beginning; and its outcome will depend, in very large part, on the fundamental strength of the American people.

This is a good time for us to review the basic resources which our Nation has for defending our freedom; and particularly, the strengthening factors which have been added to our economy in the brief period since the close of World War II.

Five years ago, when I became Secretary of the Treasury, hostilities had been over less than a year. Our internal problems of adjustment to peacetime conditions appeared formidable indeed, and were giving rise to many pessimistic forecasts. Abroad, the fear of Nazi tyranny had vanished; but the nations of Western Europe faced immediate problems in providing the elemental necessities of life to millions of their people—in addition to the immense tasks of rehabilitation and reconstruction which lay ahead.

Despite all of these obstacles, we had new hopes for our own Nation and for the cause of peace throughout the world. Here at home, the war years had demonstrated as never before the almost boundless productive capacity of the American economy. Those who looked on our future with misgiving constituted only a small minority. They were far outnumbered by the great mass of our people who had full confidence in the ability of our economy to move forward without serious interruption. In the international area, also, our hope was that a new era was beginning. The United Nations—organized even before the end of hostilities—was already functioning as an instrument for joint progress toward the common goal of greater well-being for people everywhere.

The problems ahead of us on VJ-day, therefore, while they looked large, were not dismaying to the American people. We were confident of our ability both to continue our own progress, and to give necessary encouragement to others.

The years since have been years of tremendous accomplishment. They have been years of tremendous progress toward the peacetime objectives which we set for ourselves at the close of World War II.

Let us see what these achievements have been.

First of all, there has been an unparalleled economic expansion in the United States in the years since the war.

Our population has increased by 13 million in the postwar period alone—a more rapid growth than had occurred during any equivalent period in the past. The physical output of our industrial plant has increased by one-third—but capacity in many instances has moved ahead even faster. Since the end of the war American industry has carried through the greatest investment program in history. Private industry has put well over $100 billion into new plant and equipment—more than double the amount we spent to increase our production capacity in all of World War II.

To mention only a few of the highlights in the expansion of our production facilities—steel capacity is up over 13 percent; and further increases are under way. Our proven oil reserves have been raised by one-fourth. The aluminum industry has launched a new program for increased output which will make possible a capacity of 1.3 million tons by the end of 1952—well above the World War II peak. We are producing electricity at a rate higher by about 65 percent. The chemical industry has doubled its capacity; and in so doing, it has provided new and spectacular examples of the American genius for adapting scientific discoveries and inventions to the requirements of a mass market.

Agricultural efficiency, likewise, has moved steadily forward. This year, there are over 4 million tractors in use on American farms, as compared with about 2½ million at the end of the war.

While these capital investment programs were being carried forward at an unprecedented rate, our financial and economic structure continued to show exceptional strength and resilience. Recurrent predictions of a postwar economic collapse have proved unfounded. Each year we have moved on to new records of employment and income. The summer peak of civilian employment last year, for example, reached an all-time high of almost 62½ million—4½ million greater than in the summer of the first postwar year.

All in all, our readjustment to normal competitive markets was accomplished in natural stride, with practically none of the dislocations which occurred after World War I.

During the past five years the Treasury, through its fiscal policies, has made significant contributions to the control of inflation and to the over-all economic well-being of the country. Since June 1946 the Federal debt has been reduced by about $15 billion. This has been accomplished despite the need for heavy budget expenditures to aid economic recovery abroad and, more recently, the need to maintain an appropriate level of military preparedness at home. Half of this $15 billion reduction resulted from the application of surplus cash left over from war financing. The other half, however, represented debt reduction resulting solely from an over-all budget surplus in excess of $7 billion during this period.

The debt reduction of $15 billion was directed entirely to Federal security holdings of the commercial banking system—the most inflationary kind of debt ownership. Private nonbank holdings of Government securities showed no decline—a remarkable fact in view of the rapid economic expansion which has taken place since June 1946. Insurance companies and savings banks together reduced their holdings of Government securities by more than $8 billion, to help finance the postwar expansion of industry and home building. But, this liquidation was completely offset by continued increases in Government security holdings by other private investors outside of the banks, such as pension funds and industrial and mercantile corporations.

The savings bond program has been an important contributing factor in the success of debt management policy in keeping a large proportion of the debt in the hands of nonbank owners. The value of savings bonds outstanding has gone up by $9 billion since June 1946—$4 billion in E bonds alone. This increase has taken place in the face of widespread predictions at the end of World War II that the postwar era would see a wholesale liquidation of savings bonds—a liquidation which never materialized.

There has been discussion in the public press about the sales and redemptions of Series E bonds during the past several months. An unheralded but bright spot in the program relates to the increased sales of the popular $25 and $50 denomination bonds. During the first five calendar months of 1951 the sales of these two denominations were about eleven percent ahead of the comparable period in 1950. This increase undoubtedly reflects, to a great extent, the fine work which has been done through the personal interest of top management and labor, since Korea, in stimulating employee participation in the payroll savings plan.

In its savings bond program, the Treasury has been interested not only in selling bonds but in aiding the idea of selling thrift; and this program, too, has had outstanding success. The increase of 15 percent in the savings bond holdings of individuals during the past five years illustrates the fact that the savings bond program has not been competitive with other forms of savings, for during that period, there has been an increase of 25 percent in mutual savings bank deposits, 40 percent in life insurance, and 85 percent in savings and loan shares.

The various figures I have cited add up to an impressive record of postwar economic progress. They mark a significant further improvement in the economic position and the standard of living of the average American consumer.

To picture this improvement in adequate perspective, one must go back to the prewar period. If, for instance, we go back to 1939—the year the war began in Europe—for our comparison of living standards, and make full allowance for the large increase in taxes, some startling facts appear.

We are all aware, of course, that prices have risen greatly since 1939. But incomes after taxes have moved ahead even faster. The truly significant fact—and one to which little attention has been given—is that the average per capita income in the United States today, after taxes, will buy almost 40 percent more in actual goods and services than the average per capita income in 1939.

Moreover, people today can buy many things which in earlier years were either not available at all, or were available only to a limited number. There has been a growth unprecedented in economic history in the incomes of the middle group. This growth has greatly enlarged the market for the products of American agriculture and industry—and greatly enlarged, also, the possibilities for profitable business operations.

Our higher per capita purchasing power shows up in many ways, when we take a closer look at the actual quantity figures. It shows up in a greater consumption of meat per person—an increase of almost one-fifth over the period; in the rise in per capita consumption of eggs and poultry, of fluid milk, and of fresh and canned vegetables. It shows up in the large increase in the vitamin content of our diets. It is evident in the mass use of the new drugs, such as penicillin—virtually unknown before the war—and in the declining prices of these drugs which have accompanied their increased output. It is reflected in the growing numbers of American families who are able to afford automobiles, radios, television sets, nylon clothing, and other new conveniences and luxuries. While our population has increased 16 percent over the prewar figure, auto registrations, for example, have jumped 54 percent. Since 1939, the number of telephones in use has doubled; and the number of homes equipped with electricity has risen by almost two-thirds.

And, in addition to being able to buy more actual goods and services than at any time in the past, there is a notable improvement in the quality of the products which we buy and the services at our command. Workmanship is finer, techniques have advanced, materials are superior, styles are improved and more functional, and the wearing quality of our products today is much better. These improvements alone would make it appropriate for many of today's goods and services to command a premium in price as compared with items of similar character in previous years.

I have detailed these facts at some length, because the actual record of our economy is apt to be obscured by our concentration on the worries and problems of the present. The truly remarkable industrial achievements of this period—together with the growing economic strength of individual American families—should give us all renewed confidence in the resilience and basic power of the American free enterprise system.

Our record of economic progress at home, moreover, tells only part of the story. Since the end of the war we have seen the successful turning back of Communist expansion in various parts of the world—a development which has moved hand-in-hand with economic recovery and growth.

Shortly after the end of the war, you will recall, increasing Communist pressure on Greece and Turkey was threatening to draw those countries behind the Iron Curtain. In Italy and France, also, the Communist thrust for power was reaching alarming proportions. People were hungry and cold. They were vulnerable to the false promises of the Communist dictators.

The dangers of this situation were well recognized. Programs for aid to Greece and Turkey and for help to Western Europe were put into action. The Marshall Plan, in particular, marked a notable development in international cooperation. It has shown visibly constructive results—results which are clearly seen in the strong swing away from Communism in Western Europe since the early postwar years.

It is not generally recognized, I believe, that the resurgence of industry, trade, and agriculture since the Marshall Plan went into operation has carried all of Western Europe far past the recovery stage. Total industrial production in Western Europe has been lifted not merely to prewar levels, but to much higher levels than in 1938. Transportation has been restored. Steel production has climbed to the highest volume on record, and many other production peaks in both industry and agriculture have been recorded.

A significant contribution to these developments has been made by the programs for the exchange of information and experience between technicians and others in participating countries. In the past two years, such programs have been making remarkable headway. Moreover, an overwhelming proportion of them are now being sponsored by private organizations and groups. Largely as a result of the inspiration originally provided by the Marshall Plan, and by the United Nations programs, the cooperative endeavors of the entire free world have accelerated. National barriers to the flow of information and ideas between free nations are disappearing—to be replaced by a stimulating interchange of thought on an individual basis.

This year, for example, private organizations alone are arranging for something like 40,000 exchange visits between individuals and groups in the various cooperating countries. The study programs and schedules of these groups are practical—and they cover a wide variety of industrial and agricultural activities. For this reason, they are having a profound effect in Europe. In Great Britain and France, in particular, specific programs to improve efficiency are already bringing startling results.

Of even greater significance, however, is the fact that an understanding of American methods is turning the minds of workers and management alike toward a new and revolutionary idea—the fact that increasing productivity is the true source of a rising standard of living. This indeed is the great achievement—and the great lesson—of the American free enterprise system. If that lesson is fully assimilated, the propaganda of Communism, with its deadening insistence on routine thought and action, will have little chance of gaining ground.

There is one thing, however, which is more important than resources and skills. It is of even greater significance than military defenses against aggression—vital as these are.

The one priceless possession of the Western democracies is the cause for which they stand—human freedom. We could not, if we would, confine this faith to one area of the world. Throughout history it has been the most dynamic motivation known to man. In our preoccupation with the material essentials of defense, we must not forget the enormous strength of this single weapon in our battle for a free world.

Far from being dismayed by the difficulties and dangers which surround us, a full realization of the tremendous power which the concept of freedom has always exercised over men's minds should give us heart and courage. The first nations to achieve freedom had to make their struggles alone. Today, there are many of us, and we are united in a cause which has been the hope of men everywhere for many thousands of years.

Against this background, the decision made by the member governments of the United Nations to defend the Korean Republic against unwarranted attack is of overwhelming significance. It has vitalized all of the other efforts of peaceful nations to defend their joint freedom and widen the area in which men can live without fear. This action, in which our Government has taken a leading part, may well mark a great turning point in the effort to eliminate war.

In the 12 months since the outbreak of aggression in Korea, we have rapidly expanded our military preparedness. The North Atlantic Pact has been further implemented for mutual defense. Strong military aid and leadership are being extended to Western European countries in a coordinated mutual assistance program. Continued progress has been made in the development, testing, and production of atomic weapons and other new types of war materials. The Nation has embarked on a great new military production program which is turning out for our armed forces the most modern weapons our inventive ability can devise.

The developments of the postwar years, therefore, make it clear beyond a doubt that we have the basic strength necessary to defend our freedom. The supremacy of our productive power is unquestioned. We have an industrial potential for war production far exceeding that of any other country—while at the same time essential civilian needs are readily being supplied. I truly believe that, short of all-out war, our productive potentiality in this country is strong enough to absorb our vastly expanded defense needs, while at the same time maintaining the civilian economy at a high level. Our allies in the cause of freedom are growing stronger. The outward thrusts of Communism have been successfully repelled, and the free world is united in its determination to build up an invincible defense.

The developments of the postwar years, in short, can give us full confidence that the one road block to peaceful progress—the threat of Communist aggression—will eventually be removed; and that our Nation can then look forward to a new era of world peace and world prosperity.

This is our goal. As President Truman once so effectively said, "We seek a peaceful world, a prosperous world, a free world, a world of good neighbors, living on terms of equality and mutual respect."

REORGANIZATION PLAN NO. 1 OF 1952, PROVIDING FOR REORGANIZATION OF THE BUREAU OF INTERNAL REVENUE

Exhibit 46.—Message of the President, January 14, 1952, transmitting Reorganization Plan No. 1 of 1952

To the Congress of the United States:

I transmit herewith Reorganization Plan No. 1 of 1952, prepared in accordance with the Reorganization Act of 1949 and providing for reorganizations in the Bureau of Internal Revenue of the Department of the Treasury.

A comprehensive reorganization of that Bureau is necessary both to increase the efficiency of its operations and to provide better machinery for assuring honest and impartial administration of the internal revenue laws. The reorganization plan transmitted with this message is essential to accomplish the basic changes in the structure of the Bureau of Internal Revenue which are necessary for the kind of comprehensive reorganization that is now required.

By bringing additional personnel in the Bureau of Internal Revenue under the merit system, Reorganization Plan No. 1 likewise removes what the Commission on Organization of the Executive Branch of the Government described as" one of the chief handicaps to effective organization of the Department. . . ."

It is my determination to maintain the highest standards of integrity and efficiency in the Federal service. While those standards have been observed faithfully by all but a relatively few public servants, the betrayal of their trust by those few demands the strongest corrective action.

The most vigorous efforts are being and will continue to be made to expose and punish every Government employee who misuses his official position. But we must do even more than this. We must correct every defect in organization that contributes to inefficient management and thus affords the opportunity for improper conduct.

The thorough reorganization of the Bureau of Internal Revenue which I propose will be of great help in accomplishing all of these ends. It is an integral part of a program to prevent improper conduct in public service, to protect the Government from insidious influence peddlers and favor seekers, to expose and punish wrongdoers, and to improve the management and efficiency of the executive branch.

I am confident that the Congress and the public are as deeply and earnestly concerned as I am that the public business be conducted entirely upon a basis of fairness, integrity, and efficiency. I therefore hope that the Congress will give speedy approval to Reorganization Plan No. 1, in order that we may move ahead rapidly in achieving the reorganization of the Bureau of Internal Revenue.

The task of collecting the internal revenue has expanded enormously within the past decade. This expansion has been occasioned by the necessary additional taxation brought on by World War II and essential post-war programs. In fiscal year 1940, tax collections made by the Bureau of Internal Revenue were slightly over 5⅓ billions of dollars; in 1951, they totaled almost 50½ billions. In 1940, 19 million tax returns were filed; in 1951, 82 million. In 1940, there were 22,000 employees working for the Bureau; in 1951, there were 57,000.

Throughout this tremendous growth, the structure of the revenue collecting organization has remained substantially unchanged. The present field structure of the Bureau of Internal Revenue is comprised of more than 200 field offices which report directly to Washington. Those 200 offices carry out their functions through more than 2,000 suboffices and posts of duty throughout the country. The

Washington office now provides operating supervision, guidance, and control over the principal field offices through ten separate divisions, thus further adding to the complexities of administration.

Since the end of World War II, many procedural improvements have been made in the Bureau's operations. The use of automatic machines has been greatly increased. The handling of cases has been simplified. One major advance is represented by the recently completed arrangements to expedite criminal prosecutions in tax fraud cases. In these cases, field representatives of the Bureau of Internal Revenue will make recommendations for criminal prosecutions directly to the Department of Justice. These procedural changes have increased the Bureau's efficiency and have made it possible for the Bureau to carry its enormously increased workload. However, improvements in procedure cannot meet the need for organizational changes.

Part of the authority necessary to make a comprehensive reorganization was provided in Reorganization Plan No. 26 of 1950, which was one of several uniform plans giving department heads fuller authority over internal organizations throughout their departments. The studies of the Secretary of the Treasury have culminated since that time in a plan for extensive reorganizations and modernization of the Bureau. However, his existing authority is not broad enough to permit him to effectuate all of the basic features of the plan he has developed.

The principal barrier to effective organization and administration of the Bureau of Internal Revenue which Plan No. 1 removes is the archaic statutory office of collector of internal revenue. Since the collectors are not appointed and cannot be removed by the Commissioner of Internal Revenue or the Secretary of the Treasury, and since the collectors must accommodate themselves to local political situations, they are not fully responsive to the control of their superiors in the Treasury Department. Residence requirements prevent moving a collector from one collection district to another, either to promote impartiality and fairness or to advance collectors to more important positions. Uncertainties of tenure add to the difficulty of attracting to such offices persons who are well versed in the intricacies of the revenue laws and possessed of broad-gauged administrative ability.

It is appropriate and desirable that major political offices in the executive branch of the Government be filled by persons who are appointed by the President by and with the advice and consent of the Senate. On the other hand, the technical nature of much of the Government's work today makes it equally appropriate and desirable that positions of other types be in the professional career service. The administration of our internal revenue laws at the local level calls for positions in the latter category.

Instead of the present organization built around the offices of politically appointed collectors of internal revenue, Plan No. 1 will make it possible for the Secretary of the Treasury to establish not to exceed twenty-five district offices. Each of these offices will be headed by a District Commissioner who will be responsible to the Commissioner of Internal Revenue and will have full responsibility for administering all internal revenue activities within a designated area. In addition, all essential collection, enforcement, and appellate functions can be provided for in each local area and under one roof so far as is practicable. It is not proposed to discontinue any essential facilities which now exist in any local areas. Rather, the facilities will be extended and the service to taxpayers improved. These new arrangements should make it possible for the individual taxpayer to conduct his business with the Bureau much more conveniently and expeditiously.

In addition to making possible greatly improved service to the taxpayer, the establishment of the district offices will provide opportunity in the field service of the Bureau of Internal Revenue for the development of high caliber administrators with experience in all phases of revenue administration. These offices will be the backbone of a modern streamlined pattern of organization and operations with clear and direct channels of responsibility and supervision from the lowest field office to the Commissioner, and through him to the Secretary of the Treasury. The creation of this new framework of district offices is a necessary step in carrying out the over-all reorganization of the Bureau.

Plan No. 1 also makes it possible to provide a new framework of supervisory offices in the headquarters of the Bureau of Internal Revenue. Under Plan No. 1, the offices of Deputy Commissioner, Special Deputy Commissioner, and Assistant Commissioner are abolished. Three Assistant Commissioners, all in the classified civil service, are authorized, and will be available to perform such functions as may be assigned to them. The intention of the Secretary of the Treasury under the comprehensive reorganization is to utilize one Assistant Commissioner to assist the Commissioner of Internal Revenue in supervising the operations of the district offices, another Assistant Commissioner to aid in the preparation of technical rulings and decisions, and the third Assistant Commissioner to supervise for the Commissioner the inspection activities of the Bureau.

Two additional advantages will be obtained when the reorganization around this new framework is completed.

First, the strong inspection service which the Secretary is establishing will keep the work of the Bureau under close and continuous observation. Working under the direct control of the Commissioner of Internal Revenue, it will be responsible for promptly detecting and investigating any irregularities.

Second, the new pattern of organization will strengthen and clarify lines of responsibility throughout the Bureau, thus simplifying and making more effective and uniform the management control of the organization. This is essential in any effort to provide our principal revenue collection agency the best possible administration.

In order to eliminate Presidential appointment and senatorial confirmation with respect to the Assistant General Counsel for the Bureau of Internal Revenue, and in order to provide a method of appointment comparable to that obtaining in the case of other assistant general counsel of the Department of the Treasury, Plan No. 1 abolishes that office and provides in lieu thereof a new office of Assistant General Counsel with appointment under the classified civil service.

The success of the reorganization of the Bureau of Internal Revenue will to a considerable extent depend upon the ability to attract the best qualified persons to the key positions throughout the Bureau. In order to do so, it is necessary to make provision for more adequate salaries for such key positions. Plan No. 1 establishes in the Bureau of Internal Revenue a maximum of 70 offices with titles determined by the Secretary of the Treasury. Those offices are in addition to the offices with specific titles also provided for in Plan No. 1 and to any positions established under other authority vested in the Department of the Treasury. The compensation of these officials will be fixed under the Classification Act of 1949, as amended, but without regard to the numerical limitations on positions set forth in section 505 of that act. This provision will enable the Chairman of the Civil Service Commission, or the President, as the case may be, to fix rates of pay for those offices in excess of the rates established in the Classification Act of 1949 for Grade GS–15 whenever the standards of the classification laws so permit.

All organizational changes under Plan No. 1 will be put into effect as soon as it is possible to do so without disrupting the continued collection of revenue. Plan No. 1 will in any event be effective in its entirety no later than December 1, 1952.

The taking effect of the reorganizations provided for in Reorganization Plan No. 1 of 1952 will make possible many benefits in improved organization and operations which may be expected to produce substantial savings in future years. Those savings should not be expected to be reflected in an immediate reduction in expenditure by the Bureau of Internal Revenue but in an improved service to the public and a more efficient collection of revenue.

It should be emphasized that abolition by Plan No. 1 of the offices of collectors and others will in no way prejudice any right or potential right of any taxpayer. The abolition of offices by Plan No. 1 will not abolish any rights, privileges, powers, duties, immunities, liabilities, obligations, or other attributes of those offices except as they relate to matters of appointment, tenure, and compensation inconsistent with Plan No. 1. Under the Reorganization Act of 1949, all of these attributes of office will attach to the office to which the functions of the abolished office are delegated by the Secretary of the Treasury.

After investigation, I have found and hereby declare that each reorganization included in Reorganization Plan No. 1 of 1952 is necessary to accomplish one or more of the purposes set forth in Section 2 (a) of the Reorganization Act of 1949.

I have found and hereby declare that it is necessary to include in the accompanying Reorganization Plan No. 1, by reason of reorganizations made thereby, provisions for the appointment and compensation of the officers specified therein. The rates of compensation fixed for these officers are not in excess of those which I have found to prevail in respect of comparable officers in the executive branch.

I cannot emphasize too strongly the importance which should be attached to the reorganization plan that I am now transmitting to the Congress. The fair and efficient administration of the Federal internal revenue laws is of vital concern to every citizen. All of us have a right to insist that the Bureau of Internal Revenue be provided with the finest organization that can be devised. All of us are entitled to have that organization manned by personnel who get their jobs and keep them solely because of their own integrity and competence. This reorganization plan will be a major step in achieving those objectives.

HARRY S. TRUMAN.

THE WHITE HOUSE, *January 14, 1952.*

REORGANIZATION PLAN NO. 1 OF 1952

BUREAU OF INTERNAL REVENUE

SECTION 1. *Abolition of existing offices.*—There are abolished the offices of Assistant Commissioner, Special Deputy Commissioner, Deputy Commissioner, Assistant General Counsel for the Bureau of Internal Revenue, Collector, and Deputy Collector, provided for in sections 3905, 3910, 3915, 3931, 3941, and 3990, respectively, of the Internal Revenue Code. The provisions of the foregoing sentence shall become effective with respect to each office abolished thereby at such time as the Secretary of the Treasury shall specify, but in no event later than December 1, 1952. The Secretary of the Treasury shall make such provisions as he shall deem necessary respecting the winding up of the affairs of any officer whose office is abolished by the provisions of this section.

SEC. 2. *Establishment of new offices.*—(*a*) New offices are hereby established in the Bureau of Internal Revenue as follows: (1) three offices each of which shall have the title of "Assistant Commissioner of Internal Revenue," (2) so many offices, not in excess of 25 existing at any one time, as the Secretary of the Treasury shall from time to time determine, each of which shall have the title of "District Commissioner of Internal Revenue," and (3) so many other offices, not in excess of 70 existing at any one time, and with such title or titles, as the Secretary of the Treasury shall from time to time determine.

(*b*) There is hereby established in the Department of the Treasury a new and additional office which shall have the title "Assistant General Counsel."

SEC. 3. *Appointment and compensation.*—Each assistant commissioner and district commissioner, the assistant general counsel, and each other officer provided for in section 2 of this reorganization plan shall be appointed by the Secretary of the Treasury under the classified civil service and shall receive compensation which shall be fixed from time to time pursuant to the classification laws, as now or hereafter amended, except that the compensation may be fixed without regard to the the numerical limitations on positions set forth in section 505 of the Classification Act of 1949, as amended (5 U. S. C. 1105).

SEC. 4. *Transfer of functions.*—There are transferred to the Secretary of the Treasury the functions, if any, that have been vested by statute in officers, agencies, or employees of the Bureau of Internal Revenue of the Department of the Treasury since the effective date of Reorganization Plan No. 26 of 1950 (15 F. R. 4935).

Exhibit 47.—Statement by Secretary of the Treasury Snyder, January 30, 1952, before the Senate Committee on Expenditures on the President's plan for reorganization of the Bureau of Internal Revenue

Mr. Chairman and members of the committee, I welcome this opportunity to discuss with you Reorganization Plan No. 1 of 1952, providing for reorganization of the Bureau of Internal Revenue. This plan, which the President upon my recommendation transmitted to the Congress on January 14, is a culminating step in the continuing process of improving the efficiency and integrity of the Revenue Service. The organizational improvement of the Bureau is a matter which has been of deep concern to me since I assumed my present office in June of 1946.

I know that it has been a matter of deep concern equally to the Congress and its committees. The many and painstaking studies which led to the preparation of Reorganization Plan No. 1 included valuable work by this Committee, particularly in connection with the grant of authority and powers under the earlier parent Reorganization Plan No. 26. Assistance and encouragement came also from the Senate Finance Committee, the Joint Committee on Internal Revenue Taxation, the House Committe on Ways and Means, the House Expenditures Committee, the Kefauver Committee, the King Subcommittee of the House Ways and Means Committee, and also the Senate and House Appropriation Committees. The extensive studies of the Hoover Commission on Organization of the Executive Branch of the Government produced findings and recommendations of great aid.

In order that you might better understand the background of the reorganization plan, I shall first address myself to the basic problems resulting from the growth of the workload of the Bureau of Internal Revenue in recent years and the steps which have already been taken to meet these problems. The last decade has brought a revolutionary increase in the responsibilities of the Revenue Service to meet the exigencies of war and defense financing. In this decade the number of returns has increased fourfold and the volume of tax collections tenfold. With the broadening of the base of the personal income tax, wage and salary withholding was introduced, creating many new problems, not the least of which was that of mass refunding operations. The excess profits tax, the extension of social security coverage, and the wagering tax, has each made a new and substantial contribution to the workload. Our tax system today bears scarcely any resemblance to that of 1940.

The increased workload has by no means been limited to such matters as the processing of returns and tax collection and refund procedures. There has been as striking a growth in the other main operational responsibilities of the Revenue Service—tax enforcement, administration of new tax statutes, and settlement of disputed cases. On the enforcement front, the investigation and prosecution of fraud cases, beginning with the drive on black marketeers in 1945, and extending through the current drive on racketeers, has absorbed more and more time and manpower.

Increase in personnel has not kept pace with this increase in burden. However, the number of returns audited has been more than doubled over the past five years. The additional tax assessments resulting from audit in each of the last several years stand at almost five times the 1940 level.

The heavy volume of recent tax legislation, designed to finance defense expenditures, has severely tried the administrative forces of the Revenue Service. In the space of a little more than a year the Bureau's staff was required to assimilate four major enactments—the Social Security Act of 1950, the Revenue Act of 1950, the Excess Profits Tax Act of 1950, and the Revenue Act of 1951. Moreover, these developments have been accompanied by an increase in appellate work and cases in litigation; at the present time the uncollected taxes backed up in the appellate pipeline amount to $1.8 billion.

With a continuing expansion of these tremendous proportions, the organization of the Revenue Service inevitably has suffered in many directions from stresses and strains.

When I took office I realized that the tremendous expansion which took place during the World War II period was certain to have revealed organizational and procedural weaknesses. I realized also that any change in the organization of the Revenue Service had to be well thought out, with every detail considered, in order not to disrupt or hamper day-to-day operations. With these thoughts uppermost in my mind, I initiated a program of management improvement. The program began with the introduction of a Work Simplification Program, which started at the grass roots by tapping the accumulated knowledge and experience of every employee. This was our first step on the road to reorganization. Congress assisted us in 1946 by the passage of Public Law 600, which authorized the Treasury to pay cash awards for meritorious suggestions.

In October 1946 the first large-scale conference in several years was held in Washington between field and departmental officials of the Revenue Service in order to survey its operational and administrative problems. A month later there was established a special committee on administration to analyze the suggestions made at this conference; the report of this committee was received in August 1947. In July 1948, I created a committee of highly qualified men from both inside and outside the Government to direct the management studies of the Bureau of Internal Revenue and to act as consultant in the solution of administrative problems. In September 1948, Congress authorized the employment of an outstanding firm of management engineers to make a broad-scale study of the Bureau. The firm's report and recommendations were received in August 1949.

The reports and recommendations from these sources, as well as the information and suggestions coming from the congressional groups and the Hoover Commission, have been drawn upon in the development of the reorganization plan now before you.

They have been drawn upon also in our constant efforts to correct weaknesses and improve the efficiency of the Revenue Service to the greatest extent possible under existing authority and within the existing organizational structure. The steps already taken have been in the general direction of the reorganization plan's objectives, and I think it would be helpful to you, as a further presentation of the plan's background, if I reviewed some of these steps.

I have already referred to studies which were initiated in order to get at the root of the Bureau's problems. Here are some of the specific results.

To the extent that the present organization permits, we have decentralized operating functions and strengthened headquarters management control. We have strengthened front-line enforcement, notably through the creation of more than 100 special racket squads to run down criminal tax evaders. We have installed tabulating machines and other modern equipment. We became the first large-scale business users of electronic computers. We have modernized record keeping by microfilming and other means. We have simplified tax collection procedures by introducing a depositary receipt system. We have speeded up our refunding operations.

There have been improvements in the performance of various other major tasks. We have reorganized some of the major administrative divisions along functional lines. We have streamlined the field organization by combining the excise tax agents with the field offices of the Income Tax Division. We have completed an audit control program aimed at more effective selection of returns for investigation. We have improved and simplified tax forms and instructions.

We have been going ahead steadily with the setting up of a strong independent inspection service within the Bureau of Internal Revenue, reporting to the Commissioner.

We are also proceeding with management improvements and the combination of functions which will permit greater efficiency within the scope of the present structure. This is being accomplished, for example, by combining the separate Wage and Excise Tax Divisions of the Bureau, so that one division through one operating head can more effectively do the job formerly done by separate units.

We are taking further steps to speed up all our operations. We have already instituted a new procedure for the reference of criminal tax cases directly from the field to the Department of Justice for prosecution. This change is the result of the study of nearly a thousand cases of tax fraud. The new procedure will mean a saving on the average of four months or more in each case.

As a part of our reexamination of these procedures, and to eliminate delaying factors, we have recently announced two other important changes in enforcement policy.

We announced that we will no longer permit the collateral factor of the taxpayer's health to weigh against our determination that the case is one warranting criminal prosecution. The health of the taxpayer can more appropriately be taken into account by the prosecuting authority or by judicial process.

We have also announced the abandonment of the former voluntary disclosure policy. We abandoned this policy because of its controversial nature as reflected in court decisions, complexities of administration, and the abuses which arose.

These important policy changes will lend impetus to the intensified enforcement activities of the Bureau's special tax fraud drive and racket squad work throughout the country, which are ferreting out the willful tax evaders and resulting in the recovery of additional taxes and penalties due the Government.

These new procedures will in nowise reduce the rights of honest taxpayers.

Obviously, the Federal revenue system must have the public's confidence and support. This means the system's integrity must be unquestioned. Commissioner Dunlap and I, with full authority from the President, have acted promptly to eliminate from the Bureau of Internal Revenue any personnel who brought dishonor on the Service. We have taken strong steps to remove any further opportunities for misconduct. Among the actions taken toward this end have been the following:

(1) All supervisory employees and all other employees dealing with the public or handling Government funds—some 31,000 in all—have been required to execute and file with the Bureau a statement which would reflect their income and net worth. This will be a continuing program.

(2) Employees' tax returns have been subjected to special audit. This too will be a continuing program.

(3) All complaints of misconduct have been and will continue to be promptly investigated.

(4) Quick disciplinary action has been taken as soon as the facts of each case were clearly known.

(5) All collectors appointed in the past year have been prohibited from having any outside activities which might conflict with the full and proper discharge of their duties.

(6) We have cooperated fully with the Kefauver and King Committees.

All of the above steps reflect the constant and ever-increasing efforts on the part of the Department to provide the best Revenue Service which it is humanly possible to provide under the existing structure.

The reorganization plan will permit us to bring the Revenue Service fully up to the requirements of the present day. It will enable us to establish maximum efficiency of operation, and maximum service to the public. It will bring the Service into closer accord with the merit system of Government employment. It will help remove temptations to which, unfortunately, a few Revenue Service employees have succumbed in the past.

A Revenue Service of top efficiency, of unquestioned integrity, and of maximum economy of operation certainly is something to which the American people are entitled. The maintenance of such a Service is the strongest sort of protection for the further success of our voluntary system of taxpayer compliance. A new, adequate, up-to-date architecture has been planned for the Revenue Service with these objectives in mind.

This reorganization plan, which grew out of your studies and efforts and ours, will localize Revenue Service operations. Its effect will be to bring the Revenue Service closer to the taxpayer in his own community. The plan will leave to the Washington headquarters of the Service the proper duty and responsibility of establishing standards and policies for uniform application, administration, and enforcement of the revenue laws throughout the country.

In the taxpayer's local community, it will place the great bulk of tax administration under one man and eventually under one roof. The plan also puts all Revenue employees in a local community under one man.

A taxpayer coming into a local office on internal revenue business can complete his business there, whether it be to purchase revenue stamps, to get tax forms, to get information or assistance in making out a tax return of any type, to pay any and all classes of tax, to have his return checked, or to appeal a proposed assessment.

The number of such local offices will at least equal the number of local offices maintained today, and additional ones will be provided as population changes make it appropriate to establish new ones.

The men in charge in local communities will report directly to an official to be known as a Deputy District Commissioner.

The Deputy District Commissioner will have supervision of geographical areas roughly corresponding to the present 64 internal revenue collection districts. His office will be physically situated in the city in which the office of Collector of Internal Revenue is located today. Thus there will be a Deputy District Commissioner in every State, and in the more populous States more than one.

The 64 or more deputy district commissioners will report to an official to be known as District Commissioner of Internal Revenue.

There will be not to exceed 25 district commissioners, each having supervision over 2 or more deputy district commissioners. The District Commissioner will be suitably located in his region.

Each of the regions supervised by a district commissioner will embrace geographical sections which will insure a fairly adequate distribution of the workload among the district commissioners.

Each of the district commissioners will have complete charge of all Revenue Service matters in his district.

The district commissioners will be the only operating field officials who will report to the Commissioner at Washington.

The total of not to exceed 25 operating field officers who will report directly to the Commissioner at Washington under the plan compares with almost 200 field officers reporting directly to Washington under the present organizational setup.

The plan provides for three assistant commissioners, one of whom will supervise the operational activities of the district commissioners. Another will supervise the Inspection Service, and the third will look after technical matters.

The Commissioner of Internal Revenue will be appointed by the President, by and with the advice of the Senate.

Because of its fundamental importance, I want to revert for a moment to the Inspection Service of the Revenue Bureau.

The Inspection Service is the arm of the Commissioner, by which the operations and the personnel of the Revenue Service are brought under continuous scrutiny to insure efficiency and integrity of performance. The Commissioner is extending the work and expanding the personnel of the Inspection Service so that a closer, more systematic, day-to-day check of the various field and departmental offices of the Revenue Service can be maintained.

It functions directly under the Commissioner and is therefore independent of the rest of the Bureau. It will correct the major defects of the past inspection system which functioned separately in each major division of the Bureau and was responsible separately to each division head.

I would like now to tell you why we are urging adoption of this plan of reorganization. First, let me comment on that part of the plan which provides that all positions in our Revenue Service, except the position of Commissioner, would be filled by civil service men and women. The principal effect of this provision would be to abolish the 64 positions of collectors of internal revenue. There are three reasons we are urging this. They are all simple and they are all sound.

First, the system as we now know it under which collectors of internal revenue are appointed by the Executive Branch outside the civil service is an archaic one of almost a century's standing. It was introduced at a time before the merit system was devised, and then it was perpetuated through decades in our history when our internal revenue system was relatively free of highly technical and legal problems. The official responsibilities of collectors in those days were relatively light. The principal requirement was one of community leadership to encourage local acceptance of Federal taxes. The taxpayer base was narrow and the collectors, in a real sense, acted more or less as mere receivers of tax monies and as conduits of returns, claims, and other documents which were required to be forwarded to Washington for processing and decision. In its day, this system worked well.

With our phenomenal economic growth, however, out tax system has undergone a steady expansion with a consequent need for continual reappraisal of practices and procedures which have now become either obsolete or cumbersome for the mountainous and complex job that confronts the Revenue Service today. The present system of appointing collectors of internal revenue is one of these practices. Since collectors are not appointed and cannot be removed by the Commissioner of Internal Revenue or myself, they are not fully responsive to the control of their superiors in the Treasury Department. Added to this impediment is the uncertainty of office-tenure which attaches to their position.

Secondly, collectors do not hold the policy-making type of office which should properly be subject to Presidential appointment. Their duties are primarily administrative and technical and are clearly of a type which should be within the framework of our Civil Service System.

Lastly, extension of civil service to the positions replacing that of collector, and all other offices in the Revenue Service, excepting only that of Commissioner—which is on a high policy-making level in tax administration—would further the principles of the merit system in an agency of our Government which pre-eminently should be free of any hint or suggestion of favoritism or influence.

It should thereby enable us to attract to the service and hold able men and women who are interested in pursuing Government service as a career but who naturally want to look forward to opportunities for advancement to top positions in that service for which they may be qualified.

Some of the present collectors have civil service status. They are eligible to be appointed to any position, provided they meet the qualification standards prescribed by the United States Civil Service Commission. All such appointments are subject to the approval of the Civil Service Commission.

The remaining collectors may compete in civil service examinations for other positions if they meet the standards prescribed by the Civil Service Commission.

I want to remark here that as a body, the collectors of internal revenue have done excellent work. They have given great assistance in solving our problems and in making possible our accomplishments, and they have borne their full share of the tremendously increased Revenue Service workloads.

I would like now to tell you why the plan provides for the appointment of "not to exceed 25 district commissioners." Here again the reason is simple. At the present time there are almost 200 headquarters field offices reporting to the Commissioner through 7 different separate line divisions. There are 64 main offices in the field engaged in both collecting taxes and in auditing the smaller returns. There are 39 field districts which concern themselves with auditing the larger classes of returns. There are 14 field districts which deal only with the tax fraud aspects of tax cases. There are 12 field districts of the Bureau's Appellate Staff; and there are 15 field districts engaged in the enforcement of the alcohol and tobacco taxes.

The reorganization plan, as I have said, would combine these various types of offices into not more than 25 regional revenue districts, each of which would be headed by a District Commissioner accountable directly to the office of the Commissioner in Washington. I would like to emphasize as strongly as I can at this point, however, that this does not mean that service to taxpayers will be curtailed in any area since there will be up to 70 suboffices and the present network of zone offices and posts of duty throughout the country which have been established to meet the public's needs just as there are now As a matter of fact, not only will there be the same facilities available to taxpayers under the plan as there are at the present time, but these facilities will be expanded to include services which are not now available in all localities where the Bureau now has collectors' offices.

Those of us in the Treasury and in the Bureau who have given intensive study to this plan, and have observed the economies resulting from the management improvements already put in effect over the last few years, are confident that effectuation of this plan is capable of producing potentially large savings. I think it right and proper to point out here, however, that we cannot make a specific estimate of the actual amount of savings that may result, particularly before the plan is actually in operation.

The difficulties of attempting to make precise estimates of savings were recognized and well-stated in a report to the Joint Committee on Internal Revenue Taxation in 1948. This report as published by the Joint Committee said:

"Any substantial change in Bureau procedure will require time to be put into effect. Shortages of appropriate office space in suitable locations, lack of highly specialized mechanical equipment (some of which should be custom-designed for Bureau operations), and the sheer magnitude of the task make it impossible to effect large economies in this housekeeping job within a brief period of time. The Bureau needs a 2- to 4-year period to analyze and diagnose its management problems and to test and experiment with possible solutions. For this activity it should employ the best talent and techniques that are available, both within and without the Bureau organization. The importance of an effective housekeeping job in connection with the collection of the internal revenue is not limited to the economies involved but has an important bearing on the character and cost of the verification and enforcement job."

The impossibility of trying to pin-point specific dollar and cent savings resulting from reorganization was recognized also in the hearings on the Reorganization Act of 1949. It seems clear from the legislative history of that act that what is required is assurance of substantial savings, not specific estimates.

But I do want to indicate some actual areas where substantial economies are likely to result from effectuation of the plan.

The consolidation and simplification of certain functions now widely scattered is one of hese areas.

Anothers the expected merging of offices.

Still at other is the prospective reduction in travel expenses.

Savingn will result from a wider use of mass processing techniques which will be made spossible by the consolidation and merging of operations.

Eventual placement of all personnel in one building in each locality should make for potentially large economies in the use of both personnel and space.

Next, merging of the various enforcement operations under one authority should reduce enforcement costs by eliminating duplication of effort arising from the present division of enforcement activities.

Further decentralization of activities to the field should reduce costs by eliminating multiple handling of mail and records.

Reorganization of the Bureau of Internal Revenue has been brought to the attention of the Congress because, as the President made clear in his message, it involves the grant of congressional sanction in addition to the exercise of administrative authority. The two features of the reorganization plan which definitely require the participation of Congress are:

(1) the abolition of the statutory offices of collectors of internal revenue and

(2) the up-grading of the top administrative positions.

As to the first point, the present organization of the Bureau rests, as you know, on 64 collectors' offices, specifically established by statute nearly a century ago. This was obviously intended by Congress to be the framework around which the collection system was to be built. In any case I would not want to change that basic feature of the Bureau's structure, sanctioned for so long by the Congress, without congressional knowledge.

But there is another reason why the plan has been brought to Congress, and that is because the plan fundamentally and sweepingly changes the Bureau's structure. It is therefore essential for the legislative branch of the Government to be informed of this plan and to hear the reasons for its need, for without the support of the Congress this far-reaching undertaking cannot be expected to produce the hoped-for results.

We have been much heartened by the support which the plan has received from the Congress, from the press and public throughout the country, from the Civil Service Commission, and from many other sources. The action of the House Expenditures Committee in supporting the plan by rejecting a resolution to disapprove it, after intensive examination of the plan during its hearings, reflects the constructive and cooperative spirit with which the Congress has approached consideration of the proposal. The King Subcommittee, as you know, has spent long months in close, careful study of the operations of the Bureau of Internal Revenue, and Chairman King's strong statement in support of the plan in his appearance before the House Expenditures Committee is, in my opinion, significant.

To those who have thus placed their stamp of approval on the plan, and indeed to all American citizens, with their direct and vital interest in it, I want to give the assurance that in putting the plan into effect we shall make every possible effort to see to it that their expectations of far-reaching public benefit are fully realized.

Exhibit 48.—Interview with Secretary of the Treasury Snyder published in U. S. News & World Report, February 8, 1952

Q. *Mr. Snyder, will the plan submitted to Congress recently by the President to reorganize the Internal Revenue Bureau make any difference to the taxpayer in the way his returns are handled?*

A. There is no service that's rendered the taxpayer at this time that will be diminished. Actually the taxpayer will be better served by this new arrangement under the President's reorganization plan.

Q. *In what way will he be better served?*

A. Well, to be specific, many scattered offices and services will be consolidated at the local level for better service. However, there will be no elimination of any present services to the taxpayer in the field.

Q. *He will have as many places to go to take care of his returns as before?*

A. He will have fewer places to go in order to get the same service for the reason that we are going to consolidate into one office various present field activities including the present collector's office. So actually, instead of having to run to three or four or more places in a town, or in a State, the taxpayer will be able to go to one office and get most of his questions answered that come up in connection with his taxes.

Q. *Will he have a direct access to someone in the Government who can tell him if there is something wrong with his return and how it can be corrected?*

A. Yes, if he is trying to get guidance on how to report a certain item before he actually files his return. Then, of course, after he files the return, he will get a greater service through that central office where he initially filed it.

Q. *Do you find that a great many people come to the Government in advance of filing their returns?*

A. Oh, many. We have a tremendous volume of questions that people ask.

Q. *For most people this change doesn't have any real meaning, does it? They still have their taxes withheld, with the payments made by the employer to some central office, and they would know nothing about it, would they?*

A. Of course, all taxpayers are interested in a more efficient tax system. In the long run, all taxpayers will benefit from the improvements we are making. But it is true that unless a taxpayer has a problem in connection with the filing of his return, or in the audit and adjustment of it, he would know no difference immediately because he would go right on mailing it to that one office.

Q. *So the service for the public is for that percentage of the public which has problems up with the Internal Revenue Bureau?*

A. Not entirely. In the case of the man who files his tax return on time, has no questions in his mind about his tax return, pays the correct amount, with no errors revealed on audit, the reorganization plan doesn't affect him one way or another. However, as I previously said, all taxpayers will receive benefits through much better enforcement of the revenue laws and a better-supervised organization.

Q. *But he may file his returns with a different office?*

A. No, that's not going to change.

Q. *But if there are only going to be 25 instead of 64, won't there have to be some other places for people to file?*

A. There will still be the same number of deputy district commissioners who will take over the collectors' duties. The 25 district commissioners will supervise the various field offices within their area. None of the local service to taxpayers is to be eliminated.

Q. *Will titles be changed?*

A. Titles will be changed. Collectors' functions will be performed by deputy district commissioners. There is provision in the reorganization plan for 25 district commissioners. They will be a step above the level of the present collector's office, or the new Deputy District Commissioner.

A lot of functions decentralized from Washington will be put in those district commissioners' offices. So we are there accelerating service to the taxpayer because we are cutting out at least two or three places that he may have to go to in case he gets into difficulties.

Q. *Does this concern all the varieties of taxes, or is this just income taxes?*

A. All types of taxes.

Q. *What particular parts of this plan do you think will be specially effective in preventing a recurrence of the type of thing that's been in the public prints recently?*

A. I think that three features of the plan will go a long way in this direction. The streamlining will pinpoint responsibility and authority so that there will be a straight flow of authority and responsibility from the Commissioner to the lowest field office. You will be able to put your finger on where the responsibility is. Another feature the plan will provide is a continuing and thorough day-to-day check on employee performance and conduct. Finally, the Bureau will be made a blue-ribbon career service with all positions below the Commissioner filled solely in accordance with the civil service merit system.

Collectors Must Qualify

Q. *Everyone will be appointed under civil service?*

A. Yes. There will be only one noncivil service man in the whole organization, and that will be the Commissioner himself.

Q. *Will any of the present politically appointed personnel be blanketed into the civil service jobs?*

A. There will be no blanketing of anyone into civil service.

Q. *They will all have to pass examination?*

A. They will all have to qualify under whatever regulations the Civil Service Commission sets up. They are working on that now.

Q. *Might that be oral or written examinations?*

A. That will be up to the Civil Service Commission.

Q. *But the chances are that most of the present collectors will be better qualified than people on the outside will be?*

A. There are now, of the 64, thirteen collectors and four acting collectors with civil service status. So there are really 17 out of the 64 who already have civil service status.

Q. *They are career people who have come up in the Revenue Service?*

A. That's right.

Q. *Will they be blanketed in?*

A. No. They will have to qualify under the civil service regulations.

Q. *Just how do you think the pinpointing of responsibility will prevent irregularities?*

A. By establishing clear lines of authority and responsibility, each supervisor will know exactly what to expect from his subordinates and what his superiors will expect from him. This will provide a much tighter organization and makes much closer checks possible. In addition, the plan brings together the work of many separate offices and provides for an independent inspection system for close day-to-day check on employee performance.

Full Time Jobs From Now On

Q. *Would it make political pressure at the various local levels throughout the country less likely to occur?*

A. I'm sure that removing appointments from politics will make political pressure less likely.

Q. *Because the men will be less susceptible to the pressure, therefore it will be useless to exert it?*

A. Yes.

Q. *What experience is required today for appointment as collector?*

A. Well, today the law does not require a man to be informed in tax matters to be appointed a collector. I initiated, a little more than a year ago, the tightening up of qualifications and the requirement that we not appoint any collector—and the President has not appointed anyone for a collector's job—unless he has agreed that he will devote his full time to this job.

Q. *This is since when?*

A. Since December '50, when we made it an ironclad rule.

Q. *That was for new collectors?*

A. New collectors, yes.

Q. *You recognized then that some of the old collectors had outside jobs?*

A. I recognized that this job had grown to be so big in size that collectors shouldn't have outside jobs. You see, the collectors were first provided for in a congressional act of 1862, at the time of the first individual income tax. The purpose at that time of having the collector a Presidential appointment was to get a community leader who would help in securing public acceptance of new taxes.

At that time, the collector of internal revenue simply received the income tax payments and sent them on to Washington. There was no field service then for audit or checking, making refunds, or anything of the sort. He simply received the payments with the return and sent them in to Washington. As the job grew with the income tax volume, of course, greater technical problems developed, greater need for decentralization came along, and so some functions were pushed out into the field and the collector's job became more intricate.

During the war years, the job grew tremendously. It grew from the point where in 1940 we had approximately 19 million tax returns handled by the Bureau as compared with last year's 82 million returns of different character—corporate tax, individual tax, and all the various types—82 million tax returns from some 55 million taxpayers.

So you see the job has completely outgrown the original concept of the organizational structure. And as the time went on, the structure of the Bureau was enlarged to meet the problem of the increased work load by adding more units.

Simplifying Saves a Million Hours

When I went into the Treasury in 1946, one of the first things that I did was to start considering what would be the best way to approach a reorganization to build the structure of the Bureau of Internal Revenue to meet its present-day problems. We determined that the best way to do it was to find out the extent of the job we were attacking. We then determined, in 1947, to start what was generally known as a "management committee" in the Treasury, in which we have representatives from all the various operating bureaus in the Treasury. We first set up a very simple thing called a "work simplification program" right down in the various offices, and the biggest results of that, of course, were shown in the internal revenue. For instance, in one single year, we saved a million recorded man-hours simply by a more efficient way of doing the individual job. There were other management improvement steps taken as a result of our own studies and those of congressional committees as well as an outside management engineering firm we hired.

The collection of added income tax revenues, over and above that which was originally voluntarily filed, grew from about 700 million dollars in the year I went into the Treasury up to in the past three years a collection of nearly 2 billion dollars in taxes each year over and above the amount originally reported.

Q. *You mean that people have understated their income?*

A. They have either understated it or made an error that we caught in audit by having more people audit these returns, or else we have found people who had evaded taxes. We get a tremendous amount of leads from the information returns that are sent in. We have about 30,000 people in the Bureau who have actual contact with returns and with the public. There are 57,000 employees in the Bureau and, as I have said, about 30,000 of them have direct contact with the return or with the taxpayer.

We've done practically everything that can be administratively done without congressional approval of the President's reorganization plan.

In arriving at this plan we have also drawn upon studies made by outside management firms and the Hoover Commission, and suggestions and reports made by congressional committees. The President's plan is a composite, drawing the very best from all the studies that have been made.

How Much Resistance to Pressure

Q. *Getting back to this question of preventing a recurrence, you said a moment ago that you thought it would reduce the amount of political pressure from the outside on employees. Do you think also that it might make the employees themselves less conscious of political influence in their relationship with the collector? Haven't they had a feeling that the collector had political influence that they had to be careful of in order to keep their jobs?*

A. In instances, that may have been the case.

Q. *If that is eliminated by the civil service setup, haven't you also got the problem that the head of Internal Revenue is to be a political appointee and can reach down anywhere in the Bureau and cover up if he chooses, sidetrack if he chooses, or fail to prosecute if he chooses?*

A. That becomes more and more difficult of accomplishment with the setup as we have it here. It is less likely to occur, because in the Civil Service System an individual has taken the job as a career, and not on an indefinite term basis.

Q. *And you think they would be courageous enough to resist political pressure?*

A. Yes. Moreover, this new independent inspection service, that we have already started, will provide a systematic, thorough inspection of all offices including employee conduct, and should uncover any irregularities.

Q. *Is there anything in your plan which increases the authority of the local officers in auditing returns—whether they approve this or that deduction? Is there any greater authority in your field offices under this plan than there was before?*

A. Oh, yes, greater authority is given to him in the area of decision. Of course, the authority will be exercised within the scope of policies and regulations laid down in Washington.

Q. *And if he is given greater authority in a local area, do you think he will take that authority and assume that responsibility or will he, in view of all the controversy that has been going on, refer everything back to Washington because he is afraid to take responsibility?*

A. Since the plan will establish clear lines of authority and responsibility, we believe by the reaction we have received in the Bureau itself to this plan, that it is going to be a real morale lifter. We believe that they will be proud to take over the responsibility and authority under this reorganization setup.

Q. *Are most of these collectors going to lose their jobs, or are a good many of them going to be retained?*

A. I think that the majority of them will lose their jobs.

Q. *But they will be eligible to take the examination?*

A. Yes, those who are in the proper age brackets.

Q. *Will you be required to take the fellow who passes with the highest mark in his examination?*

A. That is all governed by rules of the Civil Service Commission.

Q. *Won't political pressure enter there?*

A. No. I don't think so.

Q. *It's a little bit that way in the Post Office where selection from various eligibles sometimes gives a political favorite a preference?*

A. Under this plan we hope to avoid any such difficulty in the Bureau of Internal Revenue—and this is an important point—because there will be no commitment to keep a man in any geographical location.

Official May Be Sent Anywhere

Q. *In other words, he is simply eligible for a position, and may go anywhere in the country?*

A. The Deputy District Commissioner at Baltimore, under this plan, can be moved to Richmond or to St. Louis, or any place. That's another one of the restrictions of the present system—the collector by statutory requirement must live in the place where his job is. Under this new system, he doesn't. And that brings up another very important point. By rotation of personnel we can eliminate the build-up of localized influence, just as we do with our bank examiners. It's a system that we've put into effect in our alcohol tax unit.

Q. *Do you actually rotate them?*

A. There is nothing mandatory about it, but we will have that privilege. It has been one of my basic beliefs that rotation of personnel helps to eliminate temptation. I have carried that through my whole banking life, the moving of bookkeepers from one ledger to another and insisting on periodic vacations and things of that sort. It's been one of the tenets of my administrative experience, and I have put it into operation in the Bureau. I highly recommend to any Commissioner or to any successor of mine that rotation be a very definite policy.

This revenue job is getting too big now not to have all the safeguards for the individual as well as for the public, because you cannot possibly legislate honesty, and there is always some human frailty that will lead into deviations.

Q. *Have you any manifestations as to how the Treasury employees feel about these disclosures?*

A. There is a distinct feeling of indignation against those who have betrayed their trust. Just last night, one of our top career men was talking to me. He said, "I just can't tell you the feeling of indignation that's throughout this whole organization as to this handful of people who cast discredit on this great body of people who are trying to do a good public-service job." That expresses the sentiments of the whole organization.

Steps To Clean Out Wrongdoers

Q. *How does the number of employees removed this year compare with other years—higher or lower?*

A. It's higher. There are many reasons for this. The Bureau started to dig into this more than a year ago.

Q. *Even before the congressional committees exposed them?*

A. Oh, yes. When I first heard rumors of irregularities and so forth, I called the Commissioner in and told him that we must get at the bottom of this problem of irregularities. Since the congressional committees have gotten into this matter we have co-operated with them 100 percent.

Q. *Do you think you have the wrongdoers pretty well cleaned out now?*

A. The Bureau has run down every lead of any description that has come to us, including those from the Kefauver Committee and King Subcommittee and any other congressional source that would give the information to us. We've run every single one of them down. The Commissioner has instituted a special-type audit of past and present income tax returns of each employee who has contact with tax returns or with taxpayers. We have also inaugurated a program under which these employees must answer a periodic financial questionnaire. I think that I can assure you that every effort is being made and will continue to be made to detect and follow through in every case of irregularity that may develop.

Q. *What will be the status of the present collectors? At what point would they cease to be collectors?*

A. Reorganization Plan No. 1 provides that all collectors must be replaced by civil service career employees by December 1.

Q. *The plan becomes effective then?*

A. If the Congress does not vote this plan down in 60 days after it was proposed, then it becomes effective, but it allows until December 1 for abolishing offices.

Q. *But what is the present status without this plan of the people who have outside activities? Haven't you ordered them out?*

A. In the event that this plan doesn't go through, I will recommend to the President that he issue a directive providing that collectors will have to devote their full time to the job and divest themselves of any outside activities.

Q. *Do you know now what those outside activities are?*
A. We have made thorough checks and analyses on each collector, and we know what his outside business activities are.
Q. *If there were a flagrant case, would you ask the collector to resign?*
A. I know of no flagrant cases today. But if one were brought to my attention I would not hesitate to ask the President to remove him.
Q. *Could a tax case be handled by a collector who is a lawyer?*
A. Definitely not.
Q. *Does that apply to their law firms, or just to them? He may have a partner who is handling the case?*
A. It applies to the law firm as well as to the collector.

Setup Can Change by December 1

Q. *If Congress concurs in the President's plan, can you put it into effect by December 1?*
A. Yes. Moving all of the offices together, the physical shifting of operations, the moving into one building, and finding that building these days, and all that, may take us longer than December. But the organizational changes, the changing of the collectors, and all the basic things we know we can do by December 1 because we've done so much of the ground work already.
Q. *Wouldn't you say that all the disclosures have helped get support in Congress for this plan?*
A. I don't think there's any question about that.
Q. *Will more returns be audited under this system—a larger proportion of returns?*
A. Yes, because by this streamlining we are going to consolidate a lot of operations and we are going to be able to assign more people to the enforcement side of the work.
Q. *Will you be hiring more people under this plan than under the present organization?*
A. We are not asking for any more people because of the plan.
Q. *From the discussion we have had here about the Bureau of Internal Revenue, one might infer it is the principal activity in the Treasury Department——*
A. As you know, the Treasury Department has a great many other functions besides the Bureau of Internal Revenue. Treasury responsibilities extend to a wide variety of activities. The Treasury manages the public debt. All Government payments clear through the Treasury. The Treasury provides currency and coins and collects customs. There is also the Coast Guard. There are other enforcement agencies, too, outside the Bureau of Internal Revenue—such as the Secret Service and the Bureau of Narcotics. There is also the Comptroller of the Currency. In addition, the Treasury recommends tax policy to the Congress and assists in the shaping of our foreign financial policy.

U. S. Debt—Public and Private

Q. *Aren't there a lot of problems in managing a debt as large as the one we have now?*
A. There certainly are. Our public debt amounts to almost 260 billion dollars at the present time. This is not only the savings bonds, of course, which are the most familiar type of United States Government obligation to most people, but it is the total of all types of bonds and of shorter-term obligations such as notes, certificates and bills. You can get some idea of the size of the public debt by comparing it with the total of all the private debt in the country—that is, the total of all the mortgages and corporation bonds and fixed-interest securities of all kinds, other than United States Government obligations, outstanding at the present time. The public debt accounts for about 45 per cent of the total of all kinds of debt—both public and private—in the country today.
Q. *Don't you feel that keeping the interest cost down is one of the most important things you have to keep in mind in managing the debt?*
A. I think it would be a mistake to conclude that the Treasury Department believes that keeping down interest costs should be the sole or major goal of debt management. I have never believed that. That is only one of the many objectives of Treasury policy and it is one that I believe to be secondary to our main job of promoting sound economic growth in the country and stability in our financial system.

Q. *What are some of the objectives of Treasury policy that you think are important?*

A. In the first place, and I have said this many times, perhaps our most important goal is that of maintaining confidence in the credit of the United States Government. Another objective of Treasury policy which is of the greatest importance is to work with the Budget Bureau and to co-operate with the Congress in promoting revenue and expenditure programs suited to Government needs and economic conditions at the time.

I think another of our objectives that is very important is to work all the time to bring about better Government service at a lower cost to the taxpayers. When it comes to managing the debt, we think it is important to conduct debt-management operations so as to promote sound economic conditions. We try also in planning our refunding and borrowing operations to provide securities for leading types of investors—for example, insurance companies and mutual savings banks—which will meet their particular needs for investment outlets. Another of our debt-management goals is to maintain a sound Government bond market—this, of course, is one of the important ways we can help maintain confidence in the credit of the Government.

Q. *What about the Federal Reserve?*

A. Another thing that we try to do in debt management is to work co-operatively with other agencies such as the Federal Reserve in making sure that debt management and monetary and credit policy are working toward the same ends. In other words, we want to make sure that we are all pulling together in working toward the economic growth of the country and maintaining reasonable stability in the value of the dollar.

We have other objectives, too, and one of the most important is to assist in shaping and co-ordinating the foreign financial policy of the United States. Every day, of course, the Treasury has to carry on a large volume of financial operations, and we try to conduct these in such a way so as to avoid any dislocating effects in the money markets or elsewhere in the economy. I think all of these economic objectives are important. Holding down the interest cost on the public debt is important, too, but it is not the single controlling objective.

Uncertainties Over Financing

Q. *You will have to be doing quite a bit of new borrowing soon, won't you?*

A. I don't expect that the debt will be going up much during the next few months. On the basis of the figures in the budget, though, we expect we will have to do a sizable amount of borrowing in the July–December period. By far the largest part of the budget deficit estimate for fiscal 1953 is expected to occur during those six months.

Q. *How are you going to do this new borrowing?*

A. That is something that we can't decide until we get much closer to the time we actually need the money. The types of securities used and the other features of the securities have to be decided in light of the circumstances at the time we do our new borrowing.

Q. *What is there to the idea that savings bond redemptions exceed sales?*

A. That has occurred in some months, but the important thing is that the volume of savings bonds outstanding keeps growing. E bonds are now at an all-time peak. Those are the bonds that are bought primarily by the little fellow. There are 4 billion dollars more E bonds outstanding today than there were at the end of the war, and there are more E bonds outstanding than there were at the beginning of the Korean crisis, despite the effect of post-Korea rushes to buy goods.

Q. *But there has been a decline in sales?*

A. Yes, mainly in the large denominations. But small denomimations, those bought by the small buyer, have been increased. Sales of the \$25 and \$50 pieces in 1951 were up 14 percent over 1950.

Reinvestment in E Bonds

Q. *If redemptions exceed sales in some months, how does the total of E bonds outstanding keep going up?*

A. Because of the automatic reinvestment of interest on the 34¾ billion dollars of E bonds outstanding. People who own these bonds automatically reinvest in these bonds a billion dollars of interest that they earn on them each year.

Q. *Are taxes about as high as they can go?*

A. Taxes can go as high as is necessary to finance the services the people want their Government to provide, and no higher. The limits of taxation vary with the times and circumstances. They are obviously higher now when the people are determined to provide themselves with strong defenses than they were in times of peace; by the same token, we would be able and willing to pay much higher taxes if bombs were falling at home and our shores were in danger of invasion. Obviously, too, the ability to pay taxes is higher in times of prosperity and substantially full employment than in periods of economic slack.

Q. *Will we get a tax bill this year?*

A. I am reluctant to indulge in crystal-ball gazing, beyond expressing the belief that when the members of Congress have had an opportunity to study our budgetary and fiscal situation, and to consider the risks involved in sizable deficits under present conditions, they will want to give very serious consideration to the President's recommendation. He proposed legislation to produce at least as much new revenue as last year's tax bill fell short of his recommendation—that is about 5 billion dollars.

Q. *If you collected all the taxes that are due, about how much more would you get? If there were no evasions, that is, what would you get?*

A. An exact answer to your question is not possible. Under our system, the taxpayer computes his own tax liability. It is the function of tax enforcement to catch his errors and under-reporting. We believe that present enforcement programs catch a substantial part of these errors. A detailed study of 1948 income tax returns, for example, indicated that the errors, on balance, amount to about 1½ billion dollars that year and that close to half of this amount was caught by routine audit.

This problem is under continuous study to determine where errors are most likely and where our enforcement personnel can be used most effectively.

Exhibit 49.—Announcements by Acting Secretary of the Treasury Foley, November 16, 1951, and December 7, 1951, of changes in the regulations governing the enrollment of persons for practice before the Treasury Department

November 16, 1951

Acting Secretary of the Treasury E. H. Foley today announced changes in the regulations governing the enrollment of persons for practice before the Treasury which will permit the Department to maintain a closer supervision over enrollees.

In inaugurating the new procedures Mr. Foley said that all persons now enrolled will be required to obtain renewal cards. The current cards will be void after March 31, 1952, and must be returned to the Department's Committee on Practice which is authorized to issue renewal cards to those who meet the requirements.

Treasury field offices have been directed to improve their systems for continuous local check on the qualifications of enrollees. Also improved methods are being adopted to obtain directly at the Department current reports from bar associations, accounting societies, and state authorities regarding cases of disbarments and convictions.

The order calling in outstanding credentials, which is an amendment to Treasury Department Circular 230, has been filed with the Federal Register for publication. The Department will also publicize the new procedures by communication to interested professional societies, and by other means. It is not planned, however, to address individual notices to the thousands of enrollees.

The action is another step in Treasury's co-operation with the King Committee which has been investigating tax procedures and practices.

December 7, 1951

Acting Secretary of the Treasury E. H. Foley today announced that the enrollment cards issued after January 1, 1952, to persons practicing before the Treasury Department will by their terms expire five years after their dates of issue, but will be renewable. At present enrollment cards contain no expiration date.

This change supplements the action taken November 16, 1951, to cancel all outstanding enrollment cards effective March 31, 1952, and to issue renewals upon application of practioners meeting the requirements.

The order fixing expiration dates for the new cards is being filed today with the Federal Register for publication as an amendment to Treasury Department Circular 230.

ORGANIZATION AND PROCEDURE

Exhibit 50.—Reorganization Plan No. 26 of 1950, effective July 31, 1950

DEPARTMENT OF THE TREASURY

SECTION 1. *Transfer of functions to the Secretary.*—(a) Except as otherwise provided in subsection (b) of this section, and subject to the provisions of subsection (c) of this section, there are hereby transferred to the Secretary of the Treasury all functions of all other officers of the Department of the Treasury and all functions of all agencies and employees of such Department.

(b) This section shall not apply to the functions vested by the Administrative Procedure Act (60 Stat. 237) in hearing examiners employed by the Department of the Treasury or to functions vested by any provision of law in the Comptroller of the Currency.

(c) Notwithstanding the transfer to the Secretary of the Treasury of the functions of the United States Coast Guard and of the functions of the Commandant of the Coast Guard, effected by the provisions of subsection (a) of this section, such Coast Guard, together with the said functions, shall operate as a part of the Navy, subject to the orders of the Secretary of the Navy, in time of war or when the President shall so direct, as provided in section 1 of the act of January 28, 1915 (ch. 20, 38 Stat. 800, as amended, 14 U. S. C. 1).

SEC. 2. *Performance of functions of Secretary.*—The Secretary of the Treasury may from time to time make such provisions as he shall deem appropriate authorizing the performance by any other officer, or by any agency or employee, of the Department of the Treasury of any function of the Secretary, including any function transferred to the Secretary by the provisions of this reorganization plan.

SEC. 3. *Administrative Assistant Secretary.*—There shall be in the Department of the Treasury an Administrative Assistant Secretary of the Treasury, who shall be appointed, with the approval of the President, by the Secretary of the Treasury under the classified civil service, who shall perform such duties as the Secretary of the Treasury shall prescribe, and who shall receive compensation at the rate of $14,000 per annum.

SEC. 4. *Incidental transfers.*—The Secretary of the Treasury may from time to time effect such transfers within the Department of the Treasury of any of the records, property, personnel, and unexpended balances (available or to be made available) of appropriations, allocations, and other funds of such Department as he may deem necessary in order to carry out the provisions of this reorganization plan.

Exhibit 51.—Treasury Department orders relating to organization and procedure

NO. 120, JULY 31, 1950, DIRECTING OFFICERS, EMPLOYEES, AND AGENCIES OF THE TREASURY DEPARTMENT TO CONTINUE TO PERFORM THE FUNCTIONS THEY WERE AUTHORIZED TO PERFORM BEFORE JULY 31, 1950

By virtue of the authority vested in me by Reorganization Plan No. 26 of 1950, it is directed that officers, employees, and agencies of the Treasury Department shall continue to perform the functions they were authorized to perform immediately prior to the effective date of the reorganization plan, and authorized regulations and procedures in effect immediately prior to the effective date of the reorganization plan shall continue in effect until changed by the appropriate authority.

JOHN W. SNYDER,
Secretary of the Treasury.

No. 121, July 31, 1950, Transfer of Functions With Respect to Distinctive Papers to the Bureau of Engraving and Printing

1. By virtue of the authority vested in me by Reorganization Plan No. 26 of 1950, all functions incident to the procurement and handling of the distinctive currency and bond papers specified in Department Circular No. 394, as amended, except the functions relating to the control accounts of blank distinctive paper and the audit of work in process at the Bureau of Engraving and Printing, are transferred to the Director of the Bureau of Engraving and Printing, to be exercised by him through such officers and employees of the Bureau of Engraving and Printing as he may designate.

2. The Bureau of the Public Debt shall continue to perform as heretofore the functions relating to the control accounts of blank distinctive paper and the audit of work in process at the Bureau of Engraving and Printing.

3. The unexpended balances of funds available or hereafter made available to the Bureau of the Public Debt for the performance of the functions transferred by paragraph 1 are transferred to the Bureau of Engraving and Printing.

4. Such employees of the Bureau of the Public Debt as are necessary to perform the functions transferred to the Director of the Bureau of Engraving and Printing are transferred to the Bureau of Engraving and Printing. Balances of blank distinctive paper of all kinds, and all records and property of the Treasury Department under the Chief, Division of Paper Custody, and the Superintendent of the Government Mill, are transferred to the Bureau of Engraving and Printing.

5. This order shall become effective on August 1, 1950.

John W. Snyder,
Secretary of the Treasury.

No. 122, August 2, 1950, Directing the Administrative Assistant Secretary To Perform all Functions Formerly Assigned to the Administrative Assistant to the Secretary

By virtue of the authority vested in me as Secretary of the Treasury by the provision of Reorganization Plan No. 26 of 1950, it is hereby ordered that the Administrative Assistant Secretary of the Treasury shall perform all functions formerly assigned to the Administrative Assistant to the Secretary and shall exercise all authorities formerly delegated to the Administrative Assistant to the Secretary.

John W. Snyder,
Secretary of the Treasury.

No. 123, August 8, 1950, Establishing the Treasury Department Deferment Committee

1. There is established a Treasury Department Deferment Committee to which is delegated the authority to approve all requests for deferment from military service made on behalf of employees of the Treasury Department.

2. The Committee shall be constituted as follows:

	Alternates
Chairman—James H. Hard	Joseph A. Jordan
Member—Norman O. Tietjens	John K. Carlock
Member—James J. Maloney	Elmer T. Acken

Each bureau and office shall designate a representative to act as liaison officer between his bureau and the Committee. The Chairman will be notified of the person designated as bureau representative.

3. The Committee shall have the authority to establish procedures and issue instructions for the guidance of the bureaus in submitting requests for deferment; to inform all bureaus of any orders affecting deferment emanating from the President, the Department of Defense, the Selective Service, or other sources outside the Treasury Department; and to maintain all records required by law or regulation affecting deferment of Government employees.

4. This order is effective immediately.

John W. Snyder,
Secretary of the Treasury.

Amendment November 3, 1950, to Treasury Department Order No. 123

1. Mr. John K. Carlock is hereby appointed as a member of the Treasury Department Deferment Committee vice Mr. Norman O. Tietjens, resigned, and Mr. Donald A. Hansen is appointed as the alternate for Mr. Carlock.
2. Treasury Department Order No. 123, dated August 8, 1950, is amended accordingly.

John W. Snyder,
Secretary of the Treasury.

No. 124, August 22, 1950, Delegation of Authority With Respect to the Approval of the Compromise of Certain Cases Arising Under the Internal Revenue Laws

By virtue of and pursuant to authority vested in me by Reorganization Plan No. 26 of 1950, there are hereby conferred and imposed upon the Commissioner of Internal Revenue, all the rights, privileges, powers, and duties conferred and imposed upon the Secretary of the Treasury, the Under Secretary of the Treasury, or any Assistant Secretary of the Treasury by section 3761 of the Internal Revenue Code with respect to the approval of the compromise of any case arising under the internal revenue laws in which the unpaid amount of tax (including any interest, penalty, additional amount or addition to the tax) is less than $500. The rights, privileges, powers, and duties herein conferred and imposed upon the Commissioner of Internal Revenue may be exercised by any officer or agent of the Bureau of Internal Revenue, including the field service, who is so authorized by the Commissioner, under regulations prescribed by him with the approval of the Secretary of the Treasury.

John W. Snyder,
Secretary of the Treasury.

No. 125, September 18, 1950, Delegation of Authority With Respect to Administering Oaths

By virtue of the authority vested in me by section 2 of Reorganization Plan No. 26 of 1950, there is hereby delegated to the heads of the bureaus and offices the authority, vested in the head of an executive department by section 206 of the act of June 26, 1943, 57 Stat. 196 (U. S. Code, 1946 ed., title 5, sec. 16a), to designate in writing officers and employees of their respective bureaus or offices who may administer oaths required by section 1757 of the Revised Statutes, as amended (U. S. Code, 1946 ed., title 5, sec. 16), incident to entrance into the executive branch of the Federal Government, or any other oath required by law in connection with employment therein.

John W. Snyder,
Secretary of the Treasury.

No. 126, September 22, 1950, Designation of Assistant General Counsel Oliphant to Serve as Acting General Counsel

In the absence of the General Counsel for the Treasury Department, Mr. Charles Oliphant, Assistant General Counsel, is hereby designated to serve as Acting General Counsel.

John W. Snyder,
Secretary of the Treasury.

No. 127, December 14, 1950, Authorizing the Director of the Bureau of Engraving and Printing To Approve Requests From Other Departments for the Production of Stamps and Miscellaneous Engraved Work

By virtue of the authority vested in me by Reorganization Plan No. 26 of 1950, the authority of the Commissioner of the Public Debt to approve requests for the production of postage and other stamps and miscellaneous engraved work by the Bureau of Engraving and Printing for delivery to other departments, establishments, and agencies is revoked and that authority is conferred on the Director of the Bureau of Engraving and Printing, effective immediately. The Commissioner of the Public Debt shall continue to approve requests for the engraving and printing of bonds, debentures, and other securities desired by the Territories and island possessions of the United States and by the Farm Credit Administration, Home Loan Bank Board, and other agencies of the Government.

JOHN W. SNYDER,
Secretary of the Treasury.

No. 128, DECEMBER 14, 1950, ESTABLISHING THE DIVISION OF FOREIGN ASSETS CONTROL IN THE OFFICE OF INTERNATIONAL FINANCE

By virtue of the authority vested in me as Secretary of the Treasury, including Section 161 of the Revised Statutes (5 U. S. C. 22), I hereby order that:

(1) There is reestablished in the Office of International Finance the Division of Foreign Funds Control. In order to avoid the confusion which might arise from the coexistence of former foreign funds regulations and the new regulations in Chapter V of Title 31 of the Code of Federal Regulations, the organization shall henceforth be known as the Division of Foreign Assets Control. The Division shall function under the immediate supervision of a Director of Foreign Assets Control, who shall be designated, with my approval, by the Assistant Secretary in charge of international finance.

(2) The Director of Foreign Assets Control shall exercise and perform all authority, duties, and functions which I am authorized or required to exercise or perform under sections 3 and 5 (b) of the Trading With the Enemy Act, as amended, and any proclamations, orders, regulations, or rulings that have been or may be issued thereunder.

(3) The Director of Foreign Assets Control shall be assisted in the exercise and performance of such authority, duties, and functions by such assistants and other staff as may be appointed or detailed for the purpose.

(4) This order shall take effect immediately.

JOHN W. SNYDER,
Secretary of the Treasury.

REVISION APRIL 16, 1951, TO TREASURY DEPARTMENT ORDER No. 129

Under authority conferred upon me by section 161 of the Revised Statutes (5 U. S. C. 22) and Reorganization Plan No. 26 of 1950, it is hereby ordered as follows:

Paragraph "A"—Bureau of Accounts

The following officers of the Bureau of Accounts, in the order of succession enumerated, shall act as Commissioner of Accounts during the absence or disability of the Commissioner of Accounts, or when there is a vacancy in such office:

1. Associate Commissioner of Accounts.
2. Deputy Commissioner of Accounts.
3. Chief Disbursing Officer.
4. Assistant Deputy Commissioner of Accounts.
5. Senior Assistant Chief Disbursing Officer.
6. Assistant Chief Disbursing Officer.
7. Executive Assistant to the Commissioner.
8. Special Assistant to the Associate Commissioner.
9. Chief Accountant.
10. Senior Member of Commissioner's Technical Planning and Advisory Staff.
11. Assistant Commissioner for Administration.
12. Technical Assistant to the Commissioner.
13. Regional Disbursing Officer, New York, N. Y.
14. Regional Disbursing Officer, Philadelphia, Pa.
15. Regional Disbursing Officer, Atlanta, Ga.
16. Regional Disbursing Officer, Minneapolis, Minn.

Paragraph "B"—Bureau of Customs

The following officers of Customs, in the order of succession enumerated, shall act as Commissioner of Customs during the absence or disability of the Commissioner of Customs, or when there is a vacancy in such office:

1. Assistant Commissioner of Customs.
2. Deputy Commissioner of Customs for Investigations.
3. Deputy Commissioner of Customs for Appraisement Administration.
4. Chief, Division of Classification, Entry and Value.
5. Chief, Division of Drawback, Enforcement, and Quota.
6. Chief, Division of Marine Administration.
7. Deputy Commissioner of Customs for Management and Controls.
8. Collector of Customs, New York, N. Y.
9. Assistant Collector of Customs, New York, N. Y.
10. Collector of Customs, Tampa, Fla.
11. Assistant Collector of Customs, Tampa, Fla.
12. Collector of Customs, St. Louis, Mo.

Paragraph "C"—Bureau of Engraving and Printing

The following officers of the Bureau of Engraving and Printing, in the order of succession enumerated, shall act as Director during the absence or disability of the Director, or when there is a vacancy in such office:

1. Associate Director.
2. Assistant Director.
3. Chief, Research and Development Engineering.

Paragraph "D"—Bureau of Internal Revenue

The following officers of the Bureau of Internal Revenue, in the order of succession enumerated, shall act as Commissioner of Internal Revenue during the absence or disability of the Commissioner of Internal Revenue, or when there is a vacancy in such office:

1. Assistant Commissioner of Internal Revenue.
2. Deputy Commissioner, Income Tax Unit, Washington, D. C.
3. Deputy Commissioner, Accounts and Collections Unit, Washington, D. C.
4. Deputy Commissioner, Excise Tax Unit, Washington, D. C.
5. Deputy Commissioner, Employment Tax Unit, Washington, D. C.
6. Deputy Commissioner, Alcohol Tax Unit, Washington, D. C.
7. Collector of Internal Revenue, Sixt District of Missouri, Kansas City Mo.
8. Collector of Internal Revenue, Second District of Texas, Dallas, Tex.
9. Collector of Internal Revenue, District of Massachusetts, Boston, Mass.
10. Collector of Internal Revenue, District of Georgia, Atlanta, Ga.
11. Collector of Internal Revenue, District of Oregon, Portland, Oreg.

Paragraph "E"—Bureau of the Mint

The following officers of the Bureau of the Mint, in the order of succession enumerated, shall act as Director of the Mint during the absence or disability of the Director, or when there is a vacancy in such office:

1. Assistant Director of the Mint.
2. Chief Accountant.
3. Chief, Gold and Silver Division.
4. Superintendent, U. S. Mint, Denver, Colo.
5. Superintendent, U. S. Mint, Philadelphia, Pa.
6. Superintendent, U. S. Mint, San Francisco, Calif.

Paragraph "F"—Bureau of Narcotics

The following officers of the Bureau of Narcotics, in the order of succession enumerated, shall act as Commissioner of Narcotics during the absence or disability of the Commissioner of Narcotics, or when there is a vacancy in such office:

1. Deputy Commissioner, Washington, D. C.
2. Assistant to the Commissioner, Washington, D. C.
3. Chief Counsel, Washington, D. C.
4. District Supervisor, Chicago, Ill.

Paragraph "G"—Bureau of the Public Debt

The following officers of the Bureau of the Public Debt, in the order of succession enumerated, shall act as Commissioner of the Public Debt during the absence or disability of the Commissioner of the Public Debt, or when there is a vacancy in such office:

1. Assistant Commissioner of the Public Debt.
2. Deputy Commissioner of the Public Debt in charge of the Washington Office.
3. Deputy Commissioner of the Public Debt in charge of the Chicago Office.
4. Assistant Deputy Commissioner of the Public Debt in Charge of the Chicago Office.

Paragraph "H"—Office of the Comptroller of the Currency

The following officers of the Office of the Comptroller of the Currency, in the order of succession enumerated, shall act as Comptroller of the Currency during the absence or disability of the Comptroller of the Currency, or when there is a vacancy in such office:

1. First Deputy Comptroller.
2. Second Deputy Comptroller.
3. Third Deputy Comptroller.
4. District Chief Examiner, St. Louis, Mo.
5. District Chief Examiner, Cleveland, Ohio.

Paragraph "I"—Office of the Treasurer of the United States

The following officers of the Office of the Treasurer of the United States, in the order of succession enumerated, shall act as Treasurer of the United States during the absence or disability of the Treasurer of the United States, or when there is a vacancy in such office, unless some other provision shall have been made by the President of the United States for the performance of such functions pursuant to 5 U. S. C. 6:

1. Assistant Treasurer.
2. Deputy and Acting Treasurer.
3. Assistant Deputy Treasurer.
4. Chief, Cash Division.
5. Chief, Division of General Accounts.
6. Chief, Accounting Division.
7. Budget Officer.

Paragraph "J"—United States Coast Guard

The following officers of the U. S. Coast Guard, in the order of succession enumerated, shall act as Commandant during the absence or disability of the Commandant, or when there is a vacancy in such office:

1. Assistant Commandant.
2. Officers of the grade of rear admiral, whose assignment to duty is not restricted by law and who are assigned to and present for duty at Coast Guard Headquarters, in the order of their precedence in grade.
3. Field officers, in the order of their precedence in grade, under the conditions prescribed in Coast Guard Mobilization Planning Memorandum (classified).

Paragraph "K"—United States Secret Service

The following officers of the U. S. Secret Service, in the order of succession enumerated, shall act as Chief during the absence or disability of the Chief, or when there is a vacancy in such office:

1. Assistant Chief.
2. Executive Aide to the Chief.
3. Inspector—Region 1.
4. Inspector—Region 2.
5. Inspector—Region 3.
6. Inspector—Region 4.
7. Special Agent in Charge—New York, N. Y.
8. Special Agent in Charge—Chicago, Ill.
9. Special Agent in Charge—San Francisco, Calif.
10. Special Agent in Charge—Louisville, Ky.
11. Special Agent in Charge—Little Rock, Ark.

Paragraph "L"—United States Savings Bonds Division

The following officers of the U. S. Savings Bonds Division, in the order of succession enumerated, shall act as National Director during the absence or disability of the National Director, or when there is a vacancy in such office:

1. Director of Sales.
2. Executive Officer.
3. State Director, U. S. Savings Bonds Division, Columbus, Ohio.
4. State Director, U. S. Savings Bonds Division, Oklahoma City, Okla.
5. State Director, U. S. Savings Bonds Division, Jefferson City, Mo.

This order supersedes and revokes Treasury Department Order No. 129, dated December 20, 1950.

JOHN W. SNYDER,
Secretary of the Treasury.

No. 98, REVISED JANUARY 12, 1951, DELEGATING OFFICIALS TO SIGN STANDARD MOTOR VEHICLE CERTIFICATES OF RELEASE

1. By virtue of the authority vested in me by section 161 of the Revised Statutes and Reorganization Plan No. 26 of 1950, I hereby delegate to the following officials of the Treasury Department authority to sign Certificates of Release (Standard Form No. 97) for the transfer of the title of a Government-owned motor vehicle from the Federal Government to a private purchaser:

Administrative Assistant Secretary.
Assistant to the Administrative Assistant Secretary.
Commissioner of Accounts.
Commissioner of Customs.
Commissioner of Internal Revenue.
Commissioner of Narcotics.
Commissioner of the Public Debt.
Chief, U. S. Secret Service.
Commandant, U. S. Coast Guard.
Comptroller of the Currency.
Director of Administrative Services.
Director, Bureau of Engraving and Printing.
Director of the Mint.
National Director, U. S. Savings Bonds Division.
Treasurer of the United States.

2. The officials listed in paragraph 1 are authorized to redelegate the authority to sign certificates of release to officials and employees under their supervision.

3. This order supersedes and revokes Treasury Department Order No. 98, dated May 25, 1948, and Treasury Department Order No. 98—Supplement No. 1, dated June 11, 1948.

JOHN W. SNYDER,
Secretary of the Treasury.

No. 130, FEBRUARY 28, 1951, DELEGATION OF AUTHORITY WITH RESPECT TO THE NECESSITY OF OFFICIAL LONG-DISTANCE CALLS

By virtue of the authority vested in me by section 2 of Reorganization Plan No. 26 of 1950, there is hereby delegated to the following officials the authority conferred upon the Secretary of the Treasury by section 4 of the act of May 10, 1939, 53 Stat. 738 (U. S. Code, 1946 ed., title 31, sec. 680a) to designate in writing officers and employees under their jurisdiction who may certify, as required by that act, that the use of a telephone for official long-distance calls was necessary in the interest of the Government:

Administrative Assistant Secretary.
General Counsel.
Commissioner of Internal Revenue.
Commissioner of Customs.
Commissioner of Narcotics.
Commissioner of Accounts.
Commissioner of the Public Debt.
Comptroller of the Currency.
Treasurer of the United States.
Commandant of the United States Coast Guard.
National Director of United States Savings Bonds Division.
Chief, United States Secret Service.
Director of the Technical Staff.
Director, Office of International Finance.
Director of the Mint.
Director, Bureau of Engraving and Printing.
Director of Administrative Services.
Chairman, Committee on Practice.

A certified copy of each order designating an officer or employee of the Treasury Department to so certify pursuant to the above-mentioned act shall be furnished to the General Accounting Office.

Treasury Department Circular No. 613 of June 10, 1939, containing a list of Treasury Department officers designated to certify with respect to the use of long-distance telephones, together with any order or letter amending that circular is hereby revoked.

John S. Graham,
Acting Secretary of the Treasury.

(Note: This order rescinds Treasury Department Circular No. 613 of June 10, 1939.)

No. 131, March 8, 1951, Conferring Upon the Commissioner of Internal Revenue Rights, Privileges, Powers, and Duties With Respect to the Application of Rulings Relating to the Internal Revenue Laws Without Retroactive Effect

By virtue of and pursuant to the authority vested in me by Reorganization Plan No. 26 of 1950, there are hereby conferred and imposed upon the Commissioner of Internal Revenue, all the rights, privileges, powers, and duties conferred and imposed upon the Secretary of the Treasury by section 3791(b) of the Internal Revenue Code with respect to the extent, if any, to which any ruling relating to the internal revenue laws shall be applied without retroactive effect. The rights, privileges, powers, and duties herein conferred and imposed upon the Commissioner of Internal Revenue may be exercised by any officer or agent of the Bureau of Internal Revenue, including the field service, who is so authorized by the Commissioner, under rules prescribed by him. The rights, privileges, powers, and duties referred to in this order do not include those relating to Treasury decisions and regulations prescribed by, or approved by, the Secretary of the Treasury.

John S. Graham,
Acting Secretary of the Treasury.

No. 132, March 22, 1951, Authorizing the Director of the Bureau of Engraving and Printing to Transfer or Loan Dies, Rolls, Plates, and Seals to Governmental and Private Organizations

The authority of the Commissioner of the Public Debt to approve the transfer or loan of dies, rolls, plates, seals, and items of a similar nature in the custody of the Bureau of Engraving and Printing, is hereby revoked.

By virtue of the authority vested in me by Reorganization Plan No. 26 of 1950, the authority to transfer or loan dies, rolls, plates, seals, and items of a similar nature to governmental and private organizations authorized to receive and use such material is hereby conferred on the Director of the Bureau of Engraving and Printing, effective on the date of this order.

E. H. Foley,
Acting Secretary of the Treasury.

No. 133, April 10, 1951, Conferring upon the Commissioner of Internal Revenue the Function Relating to the Signing and Filing of Applications for the Withdrawal of Tax-free Alcohol

By virtue of the authority vested in me as Secretary of the Treasury by Reorganization Plan No. 26 of 1950, there is hereby conferred and imposed upon the Commissioner of Internal Revenue the function performed by the Secretary of the Treasury under sections 182.171 and 182.172 of Regulations 3 (26 CFR 182.171, 182.172) relating to the signing and filing of applications for the withdrawal of tax-free alcohol for the Bureau of Internal Revenue. The function herein conferred and imposed upon the Commissioner of Internal Revenue may be exercised by any officer or agent of the Bureau of Internal Revenue who is so authorized by the Commissioner.

John W. Snyder,
Secretary of the Treasury.

No. 134, July 2, 1951, Delegation of Authority to the Director of the Bureau of Engraving and Printing to Determine Prices for Work and Values of Assets

By virtue of the authority vested in me by section 7 of the act of August 4, 1950 (Public Law 656, 81st Congress), and Reorganization Plan No. 26 of 1950, there is hereby delegated to the Director of the Bureau of Engraving and Printing, effective July 1, 1951:

(1) The authority contained in section 1 of the act of August 4, 1950, to determine prices to be charged for work or services performed by the Bureau of Engraving and Printing; and

(2) The authority contained in section 2 (a) (2) of the act of August 4, 1950, to determine fair and reasonable values for the capitalization of inventories and other physical assets of the Bureau of Engraving and Printing.

John W. Snyder,
Secretary of the Treasury.

No. 135, June 26, 1951, Conferring upon the Director of the Bureau of Engraving and Printing the Final Approval of Contract Invitations, Changes in Formal Contracts, Etc.

By virtue of the authority vested in me as Secretary of the Treasury by Reorganization Plan No. 26 of 1950, there is hereby conferred and imposed upon the Director of the Bureau of Engraving and Printing the function of finally approving the following with respect to that Bureau:

1. Contract invitations, bids, and acceptances.
2. Certifications that periodicals for which advance payments are to be made are for official use.
3. Changes in formal contracts involving an estimated increase or decrease of more than $500.00.
4. Extensions of the period in which contractors may notify the Bureau of Engraving and Printing of delays incurred in furnishing supplies or proceeding with construction where formal contracts are involved.

John W. Snyder,
Secretary of the Treasury.

No. 136, June 29, 1951, Authorizing the Commissioner of Customs to Procure All Printing and Binding for the Bureau of Customs

Under authority conferred upon me by section 161 of the Revised Statutes (5 U. S. C. 22) and Reorganization Plan No. 26 of 1950, it is hereby ordered as follows:

Effective July 1, 1951, the Commissioner of Customs is authorized to procure all printing and binding for the Bureau of Customs in accordance with the provisions of existing law.

John W. Snyder,
Secretary of the Treasury.

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MISCELLANEOUS

Exhibit 52.—Treasury Department and General Accounting Office joint regulations under Public Law No. 784, Eighty-first Congress, approved September 12, 1950

No. 1, September 22, 1950, Procedure for Handling Repayments to Appropriations

1. *Purpose.*—Pursuant to Section 115 (a) of Public Law No. 784, the Secretary of the Treasury and the Comptroller General have determined, in the interest of simplification and improvement, that existing procedures with respect to the handling of repayments to appropriations be modified. All collections representing repayments to appropriations which have not lapsed, including reimbursements and refunds, will be deposited directly in the accounts of disbursing officers and will accordingly be immediately available for disbursement. This will eliminate the necessity for the issuance of covering warrants, the requisitioning of funds, and the use of accountable warrants in connection with repayments to appropriations. The procedure outlined hereinafter will be followed for repayments to appropriations received from sources outside the Government.

2. *Types of repayments to appropriations.*—Repayments to appropriations covered by the instructions in this regulation fall within the two general classes defined as follows:

(*a*) Reimbursements to appropriations which represent amounts collected from outside sources for commodities or services furnished, or to be furnished, and which by law may be credited directly to appropriations.

(*b*) Refunds to appropriations which represent amounts collected from outside sources for payments made in error, overpayments, or adjustments for previous amounts disbursed, including returns of authorized advances.

3. *Accounting for repayments to appropriations.*—The repayments referred to in paragraph 2 of this regulation will be scheduled for credit in the account of a disbursing officer on approved forms, and will be deposited on Treasury Certificate of Deposit Form No. 6599. Such repayments may be scheduled to any disbursing officer for deposit by him to the credit of his own account or to the credit of any other disbursing officer's account as designated by the administrative agency. The receipted copy of the schedule of collections showing the certificate of deposit number and date of deposit shall constitute acceptable posting media for use by the administrative agency in crediting such repayments in their accounts.

4. *Reporting of repayment transactions on account current.*—Disbursing officers will report such repayments to appropriations in the collection column of the receipt section of the account current for each appropriation account.

5. *Special procedures already established.*—This regulation will not apply to the accounting for repayments to appropriations through the accounts of advances for the Department of Defense and the Department of State. The existing procedure prescribed for these agencies where collections are effected through accounts of advances will be continued.

The procedure for handling repayments to appropriations as outlined in General Accounting Office Accounting Systems Memorandum No. 9, Revised, will continue to be followed where the credits result from charges to other appropriations.

Also, this regulation will not apply to the accounting for repayments to the appropriations available for the payment of the principal of an interest on the public debt so long as there continues in effect the present procedure under which such payments are made.

6. *Effective date.*—The procedures outlined in this regulation are to be effective November 1, 1950.

John W. Snyder,
Secretary of the Treasury.

Lindsay C. Warren,
Comptroller General of the United States.

No. 2, April 16, 1951, Procedure for Making Appropriated Funds Available for Disbursement

1. *Purpose.*—Pursuant to Section 115 (a) of Public Law 784, the Secretary of the Treasury and the Comptroller General have determined, in the interest of simplification and improvement, that existing procedures with respect to the requisitioning of appropriated funds by agencies and the advancing of such funds to disbursing officers shall be modified as provided herein. Appropriated funds will be advanced under each separate appropriation head to disbursing officers on the basis of properly executed appropriation warrants except as indicated in paragraph 4 hereof. This will eliminate the requisitioning of funds and the issuance of accountable warrants in connection with funds made available to agencies on appropriation warrants and will result in the discontinuance of certain accounts on the books of the agencies and the Treasury Department.

2. *Method of advancing agency funds to disbursing officers.*—Funds appropriated to agencies will, on the basis of appropriation warrants issued and countersigned, be made immediately available in the checking accounts of appropriate disbursing officers on the books of the Treasurer of the United States. Such funds will be made available by appropriation account as follows:

(*a*) Agency funds advanced to the Chief Disbursing Officer, Treasury Department. Appropriated funds of agencies to be disbursed or funded by the Division of Disbursement will be made available in the accounts of the Chief Disbursing Officer. Funds will be transferred by the Chief Disbursing Officer to other disbursing officers, authorized to obtain advances through his account, on the basis of requests received from administrative agencies concerned.

(*b*) Agency funds advanced to disbursing officers other than the Chief Disbursing Officer, Treasury Department. Appropriated funds of other agencies will be made available in the accounts of the disbursing officer of the agency. Where an agency has more than one disbursing officer, the agency will designate the officer whose account with the Treasurer of the United States is to be credited with the total amount of appropriated funds available to the agency and notify the Treasury Department and the General Accounting Office of such designation. The disbursing officer designated will make such transfers of funds to other disbursing officers, authorized to obtain advances through his account, as necessary for purposes of the agency.

3. *Conditions under which advances of funds may be withheld or withdrawn.*—In the event of delinquency in the rendition of accounts or for other reasons involving the condition of the disbursing officer's account, within the purview of 31 U. S. C. 78, advances to such officer may be withheld or withdrawn, and in the case of such withholding an appropriation warrant may be issued without authorizing an advance.

4. *Appropriated funds exempted from this regulation.*—This regulation will not apply to the following appropriated funds: (1) those in which the unrequisitioned balance is a factor in the computation of interest to be charged or credited; (2) those for the payment of principal and interest on the public debt; (3) those appropriations which are available only for transfer, in the full amount, to some other account on the books of the Treasury; and (4) District of Columbia funds.

5. *Effective date.*—This regulation will become effective May 1, 1951. Any unrequisitioned balances of appropriations not exempted by this regulation remaining on the books of the Treasury as of the close of business April 30, 1951, less the reserves established by the Bureau of the Budget pursuant to Section 1214 of the General Appropriation Act, 1951, approved September 6, 1950, Public Law 759, 81st Congress, will be advanced by the Secretary of the Treasury to the appropriate disbursing officer.

John W. Snyder,
Secretary of the Treasury.

Lindsay C. Warren,
Comptroller General of the United States.

No. 3, June 12, 1951, Procedure for Handling Special, Trust, Revolving, and Deposit Fund Collections

1. *General provisions.*—Pursuant to Section 115 (a) of Public Law 784, the Secretary of the Treasury and the Comptroller General of the United States have determined that existing procedures with respect to the handling of special fund and trust fund receipts which are available for expenditure by the collecting agency, be modified. Except as otherwise provided herein, all such special fund and trust fund receipts will be credited directly in the accounts of disbursing officers and will accordingly be immediately available for disbursement. The issuance of covering warrants and the advancing of funds to disbursing officers in connection with such receipts is hereby eliminated; however, these collections will continue to be accounted for as receipts and as amounts appropriated. The Treasury Department will issue appropriation warrants on an annual basis to be countersigned by the Comptroller General confirming the appropriation of such receipts.

The Secretary of the Treasury and the Comptroller General of the United States have determined that covering warrants will be eliminated in connection with certain special fund and trust fund accounts which are in the nature of revolving fund or deposit fund accounts. Collections for credit to accounts of this nature will be credited directly to revolving fund or deposit fund accounts instead of to receipt accounts. Such collections will be accounted for in the same manner as repayments to general, special, or trust fund appropriations in accordance with the procedures set forth in Treasury Department—General Accounting Office Joint Regulation No. 1.

2. *Types of special fund and trust fund receipts.*—Appropriation receipts relating to special and trust fund accounts fall within two general classes described below:

(*a*) *Available receipts.* Receipts which under law or trust agreement are immediately available in their entirety to the collecting agency as appropriations for expenditure without further action by the Congress. Excluded from this category are receipts to be applied to the retirement of public debt obligations and funds in connection with which the computation of interest charges or credits necessitates the maintenance of accounts for unrequisitioned balances of appropriations on the books of the Treasury.

(*b*) *Unavailable receipts.* Receipts which at the time of collection are not appropriated, and receipts which are not immediately available for expenditure because (1) further action by the Congress is required or congressional limitation has been established as to the amount available for expenditure; (2) amounts credited to receipt accounts are later to be cleared in whole or in part to other receipt accounts before appropriation warrant action is taken; or (3) the amounts of receipts are appropriated or made available to an agency other than the one making collection.

3. *Accounting for special fund and trust fund receipts.*—All receipts for credit to accounts classified as special funds and trust funds will be accounted for by agencies on a gross basis under receipt account symbols assigned by the Treasury Department. Available receipts will concurrently be accounted for in related special fund or trust fund appropriation accounts.

The available receipts described in paragraph 2*a* will be scheduled for credit in the account of a disbursing officer on a special form to be prescribed by the General Accounting Office. Such receipts when credited in the accounts of a disbursing officer will be available for disbursement.

The unavailable receipts described in paragraph 2*b* and the items excluded in paragraph 2*a* are not affected by this Regulation.

4. *Designation of types of receipts by Treasury Department.*—The Treasury Department will assign receipt account symbols for special fund accounts and trust fund accounts. Announcements will designate those receipts which are to be treated as available. Agencies will be guided accordingly in scheduling collections to disbursing officers.

5. *Conditions under which credits to a disbursing officer may be withheld or balances to his credit may be withdrawn.*—In the event of delinquency in the rendition of accounts or for other reasons involving the condition of the disbursing officer's account, within the purview of 31 U. S. C. 78, credits to such officer may be with-

held and balances already to his credit may be withdrawn irrespective of the source of such credits or balances.

6. *Effective date.*—This regulation will be effective July 1, 1951.

JOHN W. SNYDER,
Secretary of the Treasury.
LINDSAY C. WARREN,
Comptroller General of the United States.

Exhibit 53.—Central Reporting Regulation No. 1, approved June 27, 1951, under the Accounting and Auditing Act of 1950 (Part II of Public Law 784), governing reports on foreign currencies which are and can be acquired without payment of United States dollars

AUTHORITY FOR REGULATION

1. This regulation is issued pursuant to Section 114 (a) of the Accounting and Auditing Act of 1950 (64 Stat. 836), which authorizes the Secretary of the Treasury to require from executive agencies reports and information for the effective performance of his responsibility for preparing such reports for the information of the President, the Congress, and the public as will present the results of the financial operations of the Government.

SCOPE OF REGULATION

2. The requirements of the regulation pertain to the preparation and submission of reports and related information regarding:

(*a*) Foreign currencies which can be acquired by the United States Government, without payment of United States dollars, by exercising rights under agreements with foreign governments;

(*b*) Foreign currencies which are acquired by the United States Government, from any source, without payment of United States dollars; and

(*c*) Currencies belonging to foreign governments which, by agreement, are given into the custody of agencies of the United States Government to be expended on behalf of such foreign governments.

PURPOSE OF REGULATION

3. The reports and related information to be submitted under the regulation are intended to bring together periodically information on the foreign currencies, indicated in paragraph 2, with respect to acquisition, disposition, balances on hand, and potential acquisitions based on rights which can be exercised under agreements with foreign governments. At present there is no complete and coordinated information of this character from the standpoint of the United States Government as a whole. Such information is needed centrally for use by those concerned with the consideration of dollar appropriations for agencies which are authorized to expend foreign currencies in addition to their dollar appropriations or funds. The information is needed centrally also by those concerned with policy aspects of utilizing to the best interest of the United States Government, foreign currencies which are and can be acquired without payment of United States dollars. With these purposes in view, reporting requirements under the regulation must be designed to take care of certain special needs of the Bureau of the Budget as well as to provide an adequate basis for the preparation of central reports by the Treasury Department for the use of the Congress and others concerned.

ISSUANCE OF INSTRUCTIONS

4. Reports and related information under the regulation shall be prepared and submitted by executive agencies in accordance with procedural instructions to be issued by the Fiscal Assistant Secretary of the Treasury within the framework of the requirements of the regulation. Such instructions shall have the same force and effect as the regulation.

Information Required Regarding Agreements

5. Each executive agency which is administratively responsible for the collection of foreign currency involving the exercise of rights under an agreement with a foreign government, shall furnish the Treasury Department with such information regarding the agreement as may be required for the interpretation and use of periodic reports to be submitted under the regulation. If an agency is responsible for the collection of a foreign currency or currencies under more than one such agreement, information shall be furnished on each agreement separately. If an agreement has been modified, the original agreement together with all modifying agreements should be treated as one for the purpose of furnishing the information required.

6. After required information is furnished on each agreement it will not be necessary again to furnish information unless subsequently: the information is found, by the agency furnishing it, to have been incorrect in any respect; or the agreement is modified with respect to any of its features on which information had been furnished; or it is decided that additional information should be furnished because it is needed in connection with use of the periodic reports submitted under the regulation.

Periodic Reports Required

7. Each executive agency responsible for furnishing information regarding an agreement, as required in paragraph 5, shall furnish the Treasury Department periodically with a report showing the maximum amount of foreign currency which, as of the date of such report, it is possible for the United States Government to acquire by the exercise of rights under the terms of the agreement. If an agency is responsible for the collection of foreign currencies under more than one agreement, a separate report of the potential acquisitions shall be furnished with respect to each agreement.

8. Each executive agency which is responsible for the collection or expenditure of foreign currencies, acquired without payment of United States dollars, shall furnish the Treasury Department periodically with reports regarding the acquisition, disposition, and balances of such foreign currencies.

9. The Treasury Department shall prepare periodically reports on foreign currencies, acquired without payment of United States dollars, which have been turned over by collecting agencies to the Treasury Department for custody and disposition by sale for United States dollars or transfer to United States Government agencies for use in connection with authorized expenditure programs of such agencies.

10. The Fiscal Assistant Secretary is authorized in his procedural instructions to limit all or any of the aforementioned reports, if desirable, to foreign currencies which are or can be acquired from particular sources within the scope of paragraph 2 of the regulation.

Accounting Support for Reports

11. One of the principles upon which the Treasury Department is proceeding in connection with the responsibility of preparing central financial reports is that such reports should be anchored to a foundation of accounting results obtained from the various agencies of the Government. Hence, executive agencies shall furnish the Treasury Department with such information regarding the accounting support for their reports submitted under the regulation, as may be required for purposes of proper disclosure in central financial reporting.

Effective Date

12. The regulation shall be effective July 1, 1951.

John W. Snyder,
Secretary of the Treasury.

Exhibit 54.—Regulation, approved February 12, 1951, with respect to administrative control over appropriations and other authorizations to incur obligations and make expenditures

[Department Circular No. 880, Office of the Secretary]

TREASURY DEPARTMENT,
Washington, January 2, 1951.

To Heads of Bureaus, Treasury Department:

I. PURPOSE OF REGULATION

1. Section 3679 of the Revised Statutes, as amended (31 U. S. C. 665), was recently revised by Section 1211 of the General Appropriation Act, 1951, approved September 6, 1950 (Public Law 759, 81st Cong., 2d Sess.). Budget-Treasury Regulation No. 1, prescribing certain requirements, relating to apportionments and reports on the status of appropriations and other authorizations, which was revised in September 1950, conforms with the new provisions of law.

2. Both the law and Budget-Treasury Regulation No. 1, as revised, require the head of each executive agency to prescribe, by regulation, a system for administrative control over the expending of appropriations or other authorizations and the fixing of responsibilities for violations of the law in that respect.

3. The purpose of this regulation is to establish the policy and certain related requirements to be observed by each bureau of the Treasury Department in exercising administrative control over expending the appropriations for which it is responsible. Sufficient flexibility is provided to enable each bureau to establish procedures and fix responsibilities which will be adapted to its own particular conditions and needs. Therefore, the provisions of this regulation are to be regarded as minimum requirements and not as preclusive of any other actions which the head of a bureau may find it necessary or desirable to take in order to insure full compliance with provisions of the law. As used in this regulation, the term "bureau" includes the Office of the Secretary, each bureau of the Department, and each major organization having a comparable status.

4. The term "appropriations," when used hereafter in this regulation, shall be understood to include not only appropriations in the ordinary sense but also all other funds or legislative authorizations which are subject to apportionment pursuant to law. The term obligations is used in this regulation in the same sense as in Budget-Treasury Regulation No. 1, Revised.

II. REQUIREMENTS OF LAW

5. The significant provisions of Section 3679 of the Revised Statutes, as changed by Section 1211 of the General Appropriation Act, 1951, are herein summarized for convenient reference.

6. With certain specified exceptions, all appropriations or funds available for obligation for a definite period of time are required to be so apportioned as to prevent obligation or expenditure thereof in a manner which would indicate a necessity for deficiency or supplemental appropriations for such period; and all appropriations or funds not limited to a definite period of time, and all authorizations to create obligations by contract in advance of appropriations, shall be so apportioned as to achieve the most effective and economical use thereof.

7. Any appropriation available to an agency, which is required to be apportioned, is to be apportioned or reapportioned in writing by the Director of the Bureau of the Budget. The head of each agency to which any such appropriation is available shall submit to the Bureau of the Budget information, in such form and manner and at such time or times as the Director may prescribe, as may be required for the apportionment of such appropriation.

8. In apportioning any appropriation, reserves may be established to provide for contingencies, or to effect savings whenever savings are made possible by or through changes in requirements, greater efficiency of operations, or other developments subsequent to the date on which such appropriation was made available.

9. Any appropriation subject to apportionment is to be distributed for apportionment by months, calendar quarters, operating seasons, or other time periods, or by activities, functions, projects, or objects, or by a combination thereof, as may be appropriate. Except as otherwise specified by the Director of the Bureau of the Budget, amounts so apportioned shall remain available for obligation, in

accordance with the terms of the appropriation, on a cumulative basis unless reapportioned. Any appropriation which is apportioned or reapportioned may be divided or subdivided administratively within the limits of such apportionments or reapportionments.

10. Subsections (a), (b), and (h) of Section 3679 of the Revised Statutes, as amended, address certain prohibitions to all officers and employees of the United States:

"(*a*) No officer or employee of the United States shall make or authorize an expenditure from or create or authorize an obligation under any appropriation or fund in excess of the amount available therein; nor shall any officer or employee involve the Government in any contract or other obligation, for the payment of money for any purpose, in advance of appropriations made for such purpose, unless such contract or obligation is authorized by law."

"(*b*) No officer or employee of the United States shall accept voluntary service for the United States or employ personal service in excess of that authorized by law, except in cases of emergency involving the safety of human life or the protection of property."

"(*h*) No officer or employee of the United States shall authorize or create any obligation or make any expenditure (A) in excess of an apportionment or reapportionment, or (B) in excess of the amount permitted by regulations prescribed pursuant to subsection (g) of this section."

11. Subsection (g) of Section 3679 of the Revised Statutes, as amended, provides that the head of each agency, subject to the approval of the Director of the Bureau of the Budget, shall prescribe, by regulation, a system of administrative control (not inconsistent with any accounting procedures prescribed by or pursuant to law) which shall be designed to (A) restrict obligations or expenditures against each appropriation to the amount of apportionments or reapportionments made for each such appropriation, and (B) enable such agency head to fix responsibility for the creation of any obligation or the making of any expenditure in excess of an apportionment or reapportionment.

12. The act provides that in addition to any penalty or liability under other laws, any officer or employee of the United States who shall violate subsection (a), (b), or (h) of Section 3679 of the Revised Statutes, as amended, shall be subjected to appropriate administrative discipline, including, when circumstances warrant, suspension from duty without pay or removal from office; and any officer or employee of the United States who shall knowingly and willfully violate such provisions of law shall, upon conviction, be fined not more than $5,000 or imprisoned for not more than 2 years, or both.

13. In case of a violation of the above quoted provisions by an officer or employee of any agency, the head of the agency concerned is to immediately report to the President, through the Director of the Bureau of the Budget, and to the Congress all pertinent facts, together with a statement of the action taken thereon.

III. Responsibilities for Control

Primary responsibilities

14. In a primary sense, responsibility for exercising administrative control over the incurring of obligations and the making of expenditures within the limitations of an appropriation and of an apportionment or reapportionment of such appropriation, rests with the head of the bureau to which the appropriation is made available. Such control, however, is to be exercised by each bureau head under the general direction of the Under Secretary or Assistant Secretary to whom he reports administratively. Primary responsibility on the part of the head of a bureau involves:

(*A*) Giving approval to a formal financial plan for obtaining and expending each appropriation in the most efficient and economical manner in relation to the performance of authorized functions or activities during the entire fiscal year for which the appropriation is available, including the formal modification of such financial plan whenever necessary in the light of changing conditions or needs;

(*B*) Making formal request for the apportionment, and when necessary for the reapportionment, of each appropriation subject to apportionment under the law; the form and manner of such requests to be in accordance with the requirements of the Director of the Bureau of the Budget;

(*C*) Giving approval to a formal operating procedure, consistent with the provisions of this regulation, which will provide adequate safeguards, with respect to each appropriation, against: incurring deficiencies within the meaning of the law; incurring obligations or making expenditures for other than authorized purposes; and deviating, in any significant respect, from the approved financial plan referred to in item (*A*) above;

(*D*) Formally designating particular positions for the incumbents thereof to exercise subordinate responsibilities, at a reasonably high management level, with respect to the carrying out of the approved operating procedure referred to in item (C) above, except for and to the extent not inconsistent with any designations by the Secretary of the Treasury;

(*E*) Granting authority, in terms which are sufficiently specific, for obligations to be incurred and expenditures to be made within the limitations of each appropriation and the apportionment or reapportionment of such appropriation, except for and to the extent not inconsistent with any grants of authority by the Secretary of the Treasury;

(*F*) Approving the reports on the status of appropriation accounts and subsidiary reports submitted in accordance with the requirements of Budget-Treasury Regulation No. 1, Revised;

(*G*) Taking appropriate corrective action with respect to (1) infractions of the approved internal procedure for administrative control, and (2) violations of the law within the meaning of subsection (a), (b), or (h) of Section 3679 of the Revised Statutes, as amended;

(*H*) Reporting to the Secretary of the Treasury any violation of the provisions of subsection (a), (b), or (h) of Section 3679 of the Revised Statutes, as amended, together with all pertinent facts and a statement of any corrective action taken in the circumstances.

Delegation of authority under primary responsibilities

15. The head of each bureau may delegate authority to particular subordinates with regard to certain primary responsibilities specified in paragraph 14 whenever such delegation of authority is in the interest of good administration and will not impair the efficiency of administrative control contemplated by this regulation. Under all such delegations of authority, such subordinates will be presumed to be acting for the head of the bureau, and therefore, ultimate responsibility for action taken by them will continue to rest with the head of the bureau. Delegations of authority may be made with respect to the aforementioned primary responsibilities except those of: making formal request for the apportionment or reapportionment of an appropriation; designating particular positions for the incumbents thereof to exercise subordinate responsibilities at a reasonably high management level; approving the reports on the status of appropriation accounts and subsidiary reports required by Budget-Treasury Regulation No. 1, Revised; and reporting violations of the law to the Secretary of the Treasury. Such delegations of authority under primary responsibilities of the head of a bureau shall, however, be exclusive of and not inconsistent with any delegations by the Secretary of the Treasury.

Subordinate responsibilities

16. Certain responsibilities of a subordinate nature must be imposed on particular individuals in order that the financial plan and related control procedure approved by the head of a bureau may be carried out effectively. The head of each bureau shall make whatever designations are necessary with respect to subordinate responsibilities to be exercised at a reasonably high level of management, except for and to the extent not inconsistent with any designations by the Secretary of the Treasury. To the extent necessary, and when so authorized, the individuals so designated by the head of a bureau may in turn fix further subordinate responsibilities on officers or employees under their administrative supervision. Subordinate responsibilities relate but are not necessarily confined to:

(*A*) Developing financial plans, at major points of operating control within the bureau, which will provide for the most efficient and economical use of grants of authority to incur obligations and make expenditures in carrying out the over-all financial plan of the head of the bureau for the expending of the appropriation;

(*B*) Taking appropriate action, under grants of authority from the head of the bureau, to incur obligations and make expenditures under an appropriation in carrying out financial plans;

(*C*) Certifying vouchers for disbursement or other charges against an appropriation, under designations approved by the Secretary of the Treasury, in accordance with the provisions of the act of December 29, 1941, as amended (31 U. S. C. 82c);

(*D*) Maintaining such accounting records and making available such financial information as are necessary to disclose currently, for purposes of management and external reporting, the status of each appropriation and each allotment or other subdivision of expending authority under such appropriation;

(*E*) Evaluating results under the over-all and underlying financial plans to assure that each appropriation is being expended in the most efficient and economical manner in accordance with all requirements.

IV. Procedural Requirements

General

17. The formal procedure, to be approved by the head of a bureau, for maintaining administrative control over the expending of appropriations made available to the bureau, shall give recognition to all fundamental processes from the appropriation to the final step involving the disbursement of money in payment for goods and services procured. Such procedure may be in the nature of rules and guides and need not be in great detail. The approved procedure shall, however, represent a unified plan of action, shall specify the nature of subordinate responsibilities and the manner in which they shall be fixed, and shall adequately outline the requirements to be observed with respect to the following basic processes which are involved in obtaining and expending an appropriation:

(*A*) Formulation of an over-all financial plan for carrying on operations for which an appropriation is to be requested for the ensuing fiscal year;

(*B*) Preparation of a budget submission, as a derivative of such over-all financial plan, in justification of the appropriation requested;

(*C*) Modification of the over-all financial plan and related budget submission, if necessary, to bring them in line with departmental and Presidential policy;

(*D*) Modification of the over-all financial plan, if necessary, to bring it in line with the appropriation obtained and the development of underlying financial plans at the points of operating control necessary to implement the over-all plan;

(*E*) Translation of the over-all financial plan into a realistic request for apportionment;

(*F*) Granting of authority to incur obligations and make expenditures, within the limitations of the appropriation and the apportionment of the appropriation, for carrying out the over-all financial plan and the underlying financial plans;

(*G*) Taking of action to procure goods and services under the grants of authority to incur obligations and make expenditures;

(*H*) Approval of disbursements or other charges to be made against the appropriation for payment of goods and services procured, benefits received, or for other authorized expenditures.

18. The term allotments, when used hereafter in this regulation, shall be understood to mean grants of authority by the head of a bureau to incur obligations and make expenditures under an appropriation, referred to in item (*F*) above.

19. In addition to the foregoing processes, which ordinarily follow in the sequence indicated, the formal procedure must cover three other basic processes of a continuous nature which also are important elements of a system of administrative control over the expending of an appropriation. These are:

(*A*) Accounting for the financial transactions, in expending an appropriation, which occur during the period for which the appropriation is available, and supplying related financial information needed as a factor, in management control and for external reporting purposes;

(*B*) Making appraisal, at appropriate times, of operating results and the status of the appropriation to provide assurance that the over-all and underlying financial plans are being properly executed;

(*C*) Reviewing, at appropriate times, the over-all and underlying financial plans and accomplishing any revisions in the financial plans, apportionment, and allotments which may be necessary in the light of changing conditions or needs.

20. This regulation sets forth, in relation to the aforementioned basic processes, certain features which should be incorporated as a minimum in the formal procedure approved by the head of the bureau.

Financial planning

21. This involves more than the technical presentation of a budget in the form required for consideration and inclusion in the annual budget document submitted by the President to the Congress. The essence of management control over obtaining and expending an appropriation is the development and approval

of a comprehensive and unified financial plan, keeping it up to date, seeing that it is properly executed, and evaluating results obtained under the plan. The budget presentation, in the technical form required, the apportionment and reapportionment of the appropriation obtained, and the allotments and suballotments made under the appropriation as apportioned, all should be derivatives of such a financial plan.

22. The over-all financial plan should be developed for the full fiscal year to establish in advance the work to be done, the funds needed to finance such work, and the rates of obligating and expenditure action required to do the work efficiently and economically. While the form and details of over-all financial plans may vary, they shall include, as a minimum, information concerning:

(*A*) The complete program of work to be done, during the fiscal year, according to each activity over which financial control is needed from the standpoint of top management in the bureau; which may involve a more detailed activity classification than that used in the budget submission;

(*B*) The amount of funds required for carrying on each such activity during the fiscal year;

(*C*) The amount of funds required for carrying on all such activities according to the means of financing, e. g., direct appropriation, reimbursement, transfers between appropriations, available balance from prior year, and application of resources such as significant inventories or other actual or potential assets available for future operations;

(*D*) The portion, if any, of the total amount of funds so required which will not need to be used until a subsequent fiscal year if other than an annual appropriation is involved;

(*E*) The amount of funds to be provided organizationally, according to major operating responsibilities, with respect to carrying on each of the aforementioned activities during the entire fiscal year;

(*F*) The amount to be obligated and expended each month with respect to each such activity according to the organizational pattern, i. e., major points of operating responsibility receiving primary allotments;

(*G*) Performance results to be obtained during the fiscal year from the expenditure of funds with respect to each such activity, expressed when appropriate in terms of measurable work or production data.

23. The formal procedure, referred to in paragraph 17, shall establish policy and requirements regarding the form and substance of the over-all financial plan. In addition the procedure shall include guides concerning: (1) the manner in which reliable forecasts and factual data shall be systematically assembled from field offices and other sources for the formulation of the over-all financial plan and keeping it up to date; (2) how data in the over-all financial plan shall be translated into a budget submission for obtaining an appropriation and how such data shall be translated into requests for apportionment and reapportionment of the appropriation obtained; (3) how underlying financial plans at the major points of operating responsibility shall be developed and used to implement the over-all financial plan on the basis of primary allotments provided; and (4) how the over-all and underlying financial plans shall be revised as the basis for effecting any necessary changes in the plans and related apportionment and allotments.

24. Requests for the apportionment and reapportionment of appropriations shall be prepared in the form and at such times required by the Director of the Bureau of the Budget and shall be transmitted to the Bureau of the Budget through the Budget Officer of the Treasury Department.

25. Since the exact amount which may be expended under authority of an appropriation sometimes is not determinable until a future date, as for instance an appropriation of receipts from a given source, the over-all financial plan and related apportionment may have to be based to some extent on estimates during the life of an appropriation. If estimates of receipts, reimbursements, transfers from other appropriations, or other transactions are significant factors in a financial plan in arriving at the amount available for incurring obligations and making expenditures, extreme care must be exercised throughout the fiscal year, particularly in the last quarter, to appraise previous estimates in the light of more current information. Prompt action shall be taken to modify the financial plan and related apportionment when so dictated by such appraisals of the estimates previously used. It is the responsibility of the head of a bureau concerned to insure that in no case are obligations incurred or expenditures made in excess of the amount ultimately determined as available under an appropriation.

Action under financial plans

26. Allotments are the means by which authority to incur obligations and make expenditures under an appropriation is administratively passed on by the head of a bureau to subordinates in responsible positions at the points of operating control within the bureau. Such allotments should be derivatives of the over-all financial plan and must be kept not only within the limitations of the appropriation but also within the limitations of the apportionment or reapportionment of the appropriation.

27. Allotments within a bureau shall be made only to subordinates who administratively are made responsible for and given authority to control the operations which must be performed in taking the action required under the allotments. Each allotment shall be a formal document signed by proper authority and shall specify, as a minimum, the purpose or purposes for which obligations may be incurred, the aggregate amount available and period of time allowed for that purpose, and the subordinate who is to be responsible for the action indicated. Primary allotments may carry the authority to make suballotments, when necessary, within the limitations of the primary allotments. The same principles and requirements indicated herein with respect to primary allotments shall apply to suballotments.

28. With respect to working funds, established under the authority of section 601 of the Economy Act (31 U. S. C. 686), and allotments to other agencies or bureaus, the responsibility for keeping within the limitations of a working fund or external allotment will rest entirely with the receiving agency or bureau under its own administrative procedure. The head of the bureau administering the appropriation from which a working fund or external allotment is made shall make provision in his procedure for securing and using whatever information is needed concerning the status of the working fund or external allotment and the results obtained in relation to his own financial plan.

29. Allotments within the bureau and to other agencies or bureaus, and working funds, shall be changed promptly whenever necessary to keep them in line with modifications made in the over-all financial plan and related apportionment or reapportionment of the appropriation.

30. Action to be taken under an allotment involves the procurement of goods or services for the purpose or purposes authorized and the approval of related disbursements or other charges against the appropriation affected. As allotments must be kept within the limitations of an appropriation and related apportionment, so procurement or other action resulting ultimately in disbursements or other final charges against the appropriation must be kept within the limitations of allotments. It shall be the responsibility of allottees to see that this is done. Since it is seldom practicable for the allottee personally to take the procurement and other action required under an allotment, he must with respect to the taking of such action be permitted to fix subordinate responsibilities and to issue operating instructions to the extent necessary within the framework and requirements of the formal procedure approved by the head of the bureau for general application. Such designations by allottees of subordinate responsibilities shall, however, be exclusive of and not inconsistent with any designations by the Secretary of the Treasury and the head of the bureau concerned.

31. It is in the procurement and other such action stage that control over the expending of an appropriation must, in the final sense, be exercised. In order that control at this point shall be realistic and effective, each person receiving primary allotments shall develop and make use of a financial plan for the expending of the allotments he is to receive during the entire fiscal year based on the over-all financial plan for the bureau. This underlying financial plan must be kept consistent with modifications made in the over-all financial plan.

32. Another important requirement for control, to which special recognition must be given at this stage, is having information currently available regarding financial transactions or other actions taken or contemplated which have financial implications in relation to the work still to be done under an allotment or suballotment. In conducting operations under rigid limitations with respect to the incurring of obligations and making expenditures, some form of financial records and document control are essential in connection with efficient management. Whether certain actions of a commitment or obligation nature, as distinguished from accrued expenditures and disbursements, are recorded in the allotment accounts or other formal accounts or are kept track of in other records or by a process of document control and analysis, is a matter which should be determined by each bureau in the light of practical considerations and the particular needs involved.

This is likewise true of the manner in which the use of all such records is integrated with the exercise of operating responsibilities to assure that the limitations of allotments are being observed and the appropriation is being expended efficiently

33. Basically there are only two methods of assuring that obligations incurred do not exceed an allotment or suballotment. One is to require that all obligating documents be checked against the available balance of the related allotment or suballotment account before the obligating action is taken. As contrasted with this method, those responsible for authorizing procurement or other obligating action may maintain memorandum records or controls in the simplest form necessary to provide them with information on the spot as to the obligating action which can safely be taken. Such memorandum records, if used, should be considered as an extension of the formal accounting records and maintained in a manner consistent with the technical requirements of those charged with responsibility for the accounting function in the bureau. Under the second method, the responsibility for not exceeding the amount of an allotment or suballotment will rest directly with those authorized to incur obligations. Documentation evidencing all commitment or obligation action taken should, however, be furnished promptly to those performing the accounting and financial reporting function, whether or not such documentation is to be reflected in reports on the status of appropriations, apportionments, and allotments based on entries made in the formal accounting records. Which of the two methods outlined is used, as a device for control over obligating action, will depend on what is most practicable, economical, and efficient and also on other features of control which may be embodied in the bureau's procedure.

34. Regardless of the procedure followed with respect to controlling obligating action, all vouchers for the payment of goods and services procured shall be checked against formal accounting controls to determine that funds are available before the vouchers in approved form are sent to a disbursing officer for payment.

35. The formal procedure approved by the head of the bureau, referred to in paragraph 17, shall establish the nature of the responsibilities involved in this matter and the principles according to which records and document control shall be maintained and other control devices used. Moreover, such procedure should make provision not only for the development of information concerning the status of an appropriation and related apportionment and allotments from the standpoint of unobligated balances and unpaid obligations but also information regarding commitments which have not yet matured into formal contracts, orders, or other obligations in a legal sense but will have an important bearing on future expenditures in relation to the work still to be done during the fiscal year. Several examples of such commitments are: the compensation which will have to be paid to employees during the remainder of the fiscal year based on present payroll requirements; the rent which will have to be paid for space to be occupied for the remainder of a fiscal year under a rental contract; and the future expense which will be incurred in connection with incompleted official travel. To the extent that such commitments exist they represent as firm a lien on unobligated balances within the fiscal year as some actions, such as purchase orders or contracts, which are construed as legal obligations even though they may be subject to cancellation action.

36. In connection with the foregoing, it must be understood that record keeping and document control are only supplementary devices for management purposes and they cannot take the place of proper planning of financial requirements for work still to be done, in which commitments, unpaid obligations, and expenditures plus projections to the end of the fiscal year for anticipated actions of this nature, all are essential factors.

37. The keeping of accounts, which is only one of the major factors involved in the system of a bureau for administrative control over the expending of appropriations, does not become operative and responsibility in connection therewith does not commence until proper documentation, evidencing financial transactions and possibly other actions which have financial implications, is received by those responsible for maintaining the accounting records. The accounting system of each bureau shall be designed and operated in accordance with the requirements specified in Section 113 of the Accounting and Auditing Act of 1950 (Public Law 784, 81st Congress, Second Session). More specifically with respect to the system of administrative control over the expending of appropriations, the accounting system shall provide for the development, through records and to the extent necessary through document control and analysis, of information concerning the status of appropriations, apportionments, allotments, and unpaid obligations, and

such other related information as the head of the bureau may determine is necessary for effective control and efficient administration. In this connection, it shall be the responsibility of those charged with the accounting to:

(*A*) Maintain the formal accounting records currently and accurately on the basis of proper documentation received;

(*B*) Notify immediately an allotter, allottee, or any other officer or employee concerned of each instance in which the entry of an allotment, obligation, expenditure, or other accounting document reflects that authority evidenced in the accounts or other controls maintained, is exceeded;

(*C*) Advise the allottee whenever the status of an allotment account indicates there may be danger of exceeding the amount of an allotment; and

(*D*) Prepare such reports on the status of appropriations, apportionments, and allotments and unpaid obligations as may be necessary for management purposes and to comply with external reporting requirements.

38. The protection intended to be afforded by accounting shall not by itself relieve an allotter of the responsibility for making allotments within (1) the amount currently available under the apportionment or reapportionment of an appropriation, or (2) the amount which ultimately will be available under an appropriation for the incurring of obligations or the making of expenditures; nor shall it relieve an allottee of the responsibility for incurring obligations or making expenditures within the amount of an allotment or suballotment.

Infractions of procedure and violations of law

39. The head of each bureau shall establish requirements and methods to be used within the bureau in ascertaining and reporting infractions of operating procedure and violations of the provisions of subsection (a), (b), or (h) of Section 3679 of the Revised Statutes, as amended, in order that such disciplinary or other corrective action may be taken as would be proper in the circumstances. Such requirements and methods shall be incorporated in the formal procedure approved by the head of the bureau, referred to in paragraph 17 of this regulation. In case a violation of law occurs the head of the bureau concerned shall see that a prompt investigation is made of the contributing causes as a basis for fixing responsibility for the violation.

40. A violation of the provisions of subsection (a) of Section 3679 of the Revised Statutes, as amended, shall be deemed to have taken place when:

(*A*) It becomes clear that the total amount of obligations incurred or expenditures made exceeds the amount available therefor under an appropriation even though the amount available was indefinite at the time the appropriation was made and must be ultimately determined at some future date; or

(*B*) The Government has been involved in any contract or other obligation, for the payment of money for any purpose, in advance of appropriations made for such purpose, unless such contract or obligation is authorized by law.

41. A violation of the provisions of subsection (b) of Section 3679 of the Revised Statutes, as amended, shall be deemed to have taken place when voluntary service for the United States has been accepted or personal service has been employed in excess of that authorized by law, except in cases of emergency involving the safety of human life or the protection of property.

42. A violation of the provisions of subsection (h) of Section 3679 of the Revised Statutes, as amended, shall be deemed to have taken place when it becomes clear that:

(*A*) The total amount of obligations incurred or expenditures made exceeds the amount available therefor under an apportionment or reapportionment of an appropriation; or

(*B*) The amount of obligations incurred or expenditures made exceeds the amount available therefor under an allotment or suballotment.

43. Any violation of subsection (a), (b), or (h) of Section 3679 of the Revised Statutes, as amended, shall be reported by the head of the bureau concerned, to the Secretary of the Treasury, through the Administrative Assistant Secretary, immediately after the violation becomes known and has been investigated. The report shall be submitted in original and three carbon copies and shall contain as a minimum, information concerning:

(*A*) The name and official position of the officer or employee, or of each if more than one is involved, who the head of the bureau has determined to be responsible for the violation.

(*B*) All pertinent facts and conclusions concerning the violation, including an explanation of the cause of the violation and any circumstances believed to be extenuating by the responsible officer or employee, or of each if more than one is involved.

(*C*) A concise statement concerning the investigation made of the matter.

(*D*) A statement of authorized disciplinary action or other corrective measures taken with respect to the matter, including action, if necessary, to effect procedural changes or establish further safeguards to prevent recurrence of the violation.

V. General Provisions

44. Action to comply with the various requirements and provisions of this regulation shall be instituted at once by each bureau in order that the regulation shall be fully implemented in the Department as early as practicable but not later than June 30, 1951. This procedure established and action taken by each bureau pursuant to this regulation will be subject to such departmental review, from time to time, as the Secretary of the Treasury may direct.

45. The Secretary of the Treasury, may at any time, or from time to time, supplement or amend the provisions of this regulation to the extent and in the manner consistent with law.

John W. Snyder,
Secretary of the Treasury.

Note.—This regulation was approved February 12, 1951, by the Director of the Bureau of the Budget pursuant to subsection (g) of Section 1211 of the General Appropriation Act, 1951.

Exhibit 55.—Regulations relating to delivery of checks and warrants to addresses outside the United States, its Territories, and possessions

[Department Circular No. 655, Accounts]

Treasury Department,
Washington, D. C., February 19, 1951.

Section 211.3 (a) of Department Circular No. 655, dated March 19, 1941 (31 C. F. R. 211.3 (a)), as amended, is hereby further amended to read as follows:

"The Secretary of the Treasury hereby determines that postal, transportation, or banking facilities in general or local conditions in Albania, Bulgaria, Czechoslovakia, Estonia, Hungary, Latvia, Lithuania, Poland, Rumania, the Union of Soviet Socialist Republics, the Russian Zone of Occupation of Germany, and the Russian Sector of Occupation of Berlin, Germany, are such that there is not a reasonable assurance that a payee in those areas will actually receive checks or warrants drawn against funds of the United States, or agencies or instrumentalities thereof, and be able to negotiate the same for full value."

Except to the extent they have been authorized by appropriate unrevoked licenses, or are authorized by specific license issued by the Department of Justice, Office of Alien Property, remittances by United States Government agencies from any accounts in which a German or Japanese interest existed on or before December 31, 1946, will continue to be restricted by Executive Order No. 8389, as amended, and rules and regulations issued pursuant thereto, including in particular General Ruling 11A, as amended. Attention is directed to the provisions of Public Law No. 622, 79th Congress, 2d Session, which prohibits among other things, payments of veterans' benefits to German or Japanese citizens or subjects residing in Germany or Japan. Attention also is directed to the Foreign Assets Control Regulations issued by the Secretary of the Treasury on December 17, 1950, pursuant to Executive Order No. 9193, which prohibit transactions involving payments to nationals of China and North Korea except to the extent that they have been authorized by appropriate license.

Wm. McC. Martin, Jr.,
Acting Secretary of the Treasury.

[Department Circular No. 655, Accounts]

TREASURY DEPARTMENT,
Washington, D. C., April 17, 1951.

Section 211.3 (a) of Department Circular No. 655, dated March 19, 1941, (31 C. F. R. 211.3 (a)), as amended, is hereby further amended to read as follows:

"The Secretary of the Treasury hereby determines that postal, transportation, or banking facilities in general or local conditions in Albania, Bulgaria, Communist-controlled China, Czechoslovakia, Estonia, Hungary, Latvia, Lithuania, Poland, Rumania, the Union of Soviet Socialist Republics, the Russian Zone of Occupation of Germany, and the Russian Sector of Occupation of Berlin, Germany, are such that there is not a reasonable assurance that a payee in those areas will actually receive checks or warrants drawn against funds of the United States, or agencies or instrumentalities thereof, and be able to negotiate the same for full value."

Except to the extent they have been authorized by appropriate unrevoked licenses, or are authorized by specific license issued by the Department of Justice, Office of Alien Property, remittances by United States Government agencies from any accounts in which a German or Japanese interest existed on or before December 31, 1946, will continue to be restricted by Executive Order No. 8389, as amended, and rules and regulations issued pursuant thereto, including in particular General Ruling 11A, as amended. Attention is directed to the provisions of Public Law No. 622, 79th Congress, 2d Session, which prohibits among other things, payments of veterans' benefits to German or Japanese citizens or subjects residing in Germany or Japan. Attention also is directed to the Foreign Assets Control Regulations issued by the Secretary of the Treasury on December 17, 1950, pursuant to Executive Order No. 9193, which prohibit transactions involving payments to nationals of China and North Korea except to the extent that they have been authorized by appropriate license.

E. H. FOLEY,
Acting Secretary of the Treasury.

Exhibit 56.—Letter of the Postmaster General to the Secretary of the Treasury certifying extraordinary expenditures contributing to the deficiencies of postal revenues for the fiscal year 1951

WASHINGTON, D. C., *November 23, 1951.*

THE HONORABLE THE SECRETARY OF THE TREASURY.

DEAR MR. SECRETARY: Pursuant to the provisions of the act of June 9, 1930 (39 U. S. C. 793), embodied in section 18.7, Postal Laws and Regulations of 1948, the amounts set forth below with respect to certain mailings during the fiscal year ended June 30, 1951, as determined under our present system of estimating, are certified to you in order that they may be separately classified on the books of the Treasury Department:

(a) The estimated amount which would have been collected at regular rates of postage on matter mailed during the year by officers of the Government (other than those of the Post Office Department) under the penalty privilege, including registry fees:		
Postage	$58, 333, 365	
Registry fees, including surcharges	25, 909, 707	
Total		$84, 243, 072
(b) The estimated amount which would have been collected at regular rates of postage on matter mailed during the year by:		
1. Members of Congress under the franking privilege	$1, 436, 917	
2. By others under the franking privilege	72, 498	
Total		1, 509, 415
(c) The estimated amount which would have been collected during the year at regular rates of postage on publications going free in the county		793, 273
(d) The estimated amount which would have been collected at regular rates of postage on matter mailed free to the blind during the year		121, 381

(e) The estimated difference between the postage revenue collected during the year on mailings of newspapers and periodicals published by and in the interests of religious, educational, scientific, philanthropic, agricultural, labor, and fraternal organizations, and that which would have been collected at zone rates of postage $484, 978

(f) The estimated excess during the year of the cost of aircraft service over the postage revenues derived from air mail 17, 743, 434

Grand total 104, 895, 553

Both revenues and costs are based on preliminary data. The total cost of handling and transporting air mail is not included in item (f). Under the system of estimating used in prior years and followed for 1951, the cost of the items considered amounted to $143,778,775 for the fiscal year 1951. This estimated amount includes only payments to air carriers (exclusive of $2,650,080 based on preliminary figures for the fiscal year, paid to air carriers for star route service in Alaska related to other than air mails), personnel costs at air mail fields, and the extra transportation cost involved in getting mail to and from air mail fields. Preliminary figures for the fiscal year 1951 indicate that the total cost of handling and transporting air mail, as determined by Cost Ascertainment procedure, amounted to $194,171,091. The combined revenue from foreign and domestic air mail was $126,035,341. This total revenue includes the revenue from both domestic and foreign air parcel post.

Sincerely yours,

J. M. Donaldson,
Postmaster General.

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TABLES

NOTE.—In tables where figures have been rounded to a specified unit, the components may not necessarily add to totals. Percentages are calculated on unrounded figures.

EXPLANATION OF BASES USED IN TABLES

Figures in the following tables are shown on various bases, namely: (1) daily Treasury statements, (2) Public Debt accounts, (3) warrants issued, (4) checks issued, and (5) collections reported by collecting officers.

Daily Treasury statements.—The figures shown in the *Daily Statement of the United States Treasury* are compiled from the latest daily reports received by the Treasurer of the United States from Government depositaries and Treasury offices holding Government funds. The daily Treasury statement, therefore, is a current report compiled from latest available information, and, by reason of the promptness with which the information is obtained and made public, it has come into general use as showing the receipts and expenditures of the Government covering a given period and the condition of the Treasury as it is ascertainable from day to day. The current assets and liabilities of the Treasurer's accounts are also shown. The figures as shown in current daily Treasury statements are the basis for the budget estimates of receipts and expenditures, public debt, and condition of the Treasury submitted to Congress by the President. Effective with the beginning of the fiscal year 1947 expenditures of the several departments and establishments serviced by the Division of Disbursement, Treasury Department, are reported in the daily Treasury statement on the basis of checks issued. A clearing account is provided to take care of outstanding checks. Beginning July 1, 1948, such expenditures are reported as of the day on which checks are issued in payment of obligations, through the use of teletype facilities.

The method of reporting transactions in the daily Treasury statement relating to purchases, sales, and redemptions of Government securities for account of trust funds and Government agencies was revised, effective November 1, 1950. Page 3 includes a separate section showing investments of trust accounts, wholly owned Government corporations and certain other agencies, where the transactions involved clear through the accounts of the Treasurer of the United States. Investment transactions of wholly owned Government corporations and of certain agencies, which appeared previously in the Budget and reported on page 2 of the daily Treasury statement, are shown in the new section on page 3.

The basis of appropriating social security employment taxes on employees and employers was changed, effective January 1, 1951. This change is explained under "Collections reported by collecting officers (receipts)" on page 676.

Effective July 1, 1951, the reporting of expenditure transactions in accounts representing allocations from various funds appropriated to the President and transfers between departments are now classified in the daily Treasury statement under the particular programs or agencies to which the funds were appropriated.

Public Debt accounts.—On account of the distance of some of the Treasury offices and depositaries from the Treasury, it is obvious that the reports from all offices covering a particular day's transactions cannot be received and assembled in the Treasury at one time without delaying for several days the publication of the daily Treasury statement. It is not practicable to delay the publication of the daily Treasury statement in order to include the latest reports. It is necessary, therefore, in order to exhibit the actual public debt receipts and expenditures for any given fiscal year, to take into consideration those reports covering the transactions toward the end of the fiscal year concerned which have not been received in the Treasury until the succeeding fiscal year, and to eliminate receipts and expenditures relating to the preceding fiscal year. After taking into consideration these reports the revised figures indicate the status of the public debt on the basis of actual transactions during the period under review as reflected by the Public Debt accounts. This is known as "the basis of Public Debt accounts."

Warrants issued (receipts).—Section 305 of the Revised Statutes provides that receipts for all moneys received by the Treasurer of the United States shall be endorsed upon warrants signed by the Secretary of the Treasury, without which warrants, so signed, no acknowledgment for money received into the Public Treasury shall be valid. Section 115 of Public Law 784, 81st Congress, approved

September 12, 1950, modified this law by authorizing the Secretary of the Treasury and the Comptroller General of the United States, under certain conditions, to issue joint regulations waiving the requirement for the issuance and countersignature of warrants for the receipt and disbursement of public money. Pursuant to this authority, joint regulations were issued during the fiscal year 1951 under which all collections representing repayments to appropriations are deposited directly in the accounts of disbursing officers without issuing covering warrants. Similar regulations were issued with respect to special fund and trust fund receipts which are immediately available in their entirety to the collecting agency as appropriations for expenditure without further action by the Congress. The special fund and trust fund receipts are continued to be accounted for as receipts and as amounts appropriated. Accordingly, under current procedures, the types of receipts covered into the Treasury by warrant are primarily revenues and miscellaneous receipts.

Certificates of deposit covering actual deposits in Treasury offices and depositaries, upon which covering warrants are based, cannot reach the Treasury simultaneously, and for that reason all receipts for a fiscal year cannot be covered into the Treasury by warrants of the Secretary immediately upon the close of that fiscal year. It is necessary to have all certificates of deposit before a statement can be issued showing the total receipts for a particular fiscal year on a warrant basis. The figures thus compiled and contained in this report are on a warrants-issued basis. Table 2 for years prior to 1916 shows receipts on this basis.

Warrants issued (expenditures).—The Constitution of the United States provides that no money shall be drawn from the Treasury but in consequence of appropriations made by law. Section 305 of the Revised Statutes requires that the Treasurer of the United States shall disburse the moneys of the United States upon warrants drawn by the Secretary of the Treasury.

As stated in the section preceding, Public Law 784, Eighty-first Congress, approved September 12, 1950, modified the requirement with respect to the use of warrants for the disbursement of public money. During the fiscal year 1951 the Secretary of the Treasury and the Comptroller General of the United States issued joint regulations which authorize the full amount of appropriations, with few exceptions, to be advanced to disbursing officers simultaneously with the issuance of the appropriation warrants.

As far as the appropriation accounts are concerned, before the fiscal year 1916 Treasury reports of expenditures were based on the amount of warrants issued and charged to the appropriation accounts. Such expenditures necessarily included the balances of funds remaining unexpended to the credit of the disbursing officers at the close of the fiscal year.

Checks issued (expenditures).—This basis, more than any other, reflects the real expenditures of the Government. Expenditures for a given fiscal year on the basis of checks issued differ from the corresponding figures on the basis of warrants in that the former include expenditures made by disbursing officers from credits granted during the previous fiscal year, and exclude the amount of unexpended balances remaining to their credit at the end of the fiscal year. A detailed explanation of the basis of checks issued will be found on page 89 of the Secretary's report for 1927.

Collections reported by collecting officers (receipts).—Statements showing receipts on a collection basis are compiled from reports received by the various administrative offices from collecting officers in the field, such as collectors of internal revenue and collectors of customs. These reports cover the collections actually made by these officers during the period specified. The collections are then deposited in a designated Government depositary to the credit of the Treasurer of the United States, and the depositary renders a report to the Treasurer.

Effective January 1, 1950, a revision was made in the accounting for deposits of income taxes withheld under the Withholding Tax Act of 1943 and social security taxes withheld under the Federal Insurance Contributions Act. This revision provided for the covering into the Treasury of both types of withholdings so that the Federal old-age and survivors insurance trust fund would benefit by the earlier deposit of social security taxes. These deposits, which are made directly with depositaries and not recorded by collectors of internal revenue until quarterly tax returns are filed, are included in statements of receipts on a collection basis as receipts of the Secretary of the Treasury in the fiscal year in which deposited and as receipts of the collectors in the fiscal year in which returns are filed. Public Law 734, Eighty-first Congress, approved August 28, 1950, changes the basis of appropriation to the Federal old-age and survivors insurance trust fund. Effective January 1, 1951, social security employment taxes on employees and employers, together with withheld income taxes, are paid into the Treasury in combined amounts without separation as to type of tax. Appropriations of amounts equivalent to such taxes credited to the Federal old-age and survivors insurance trust fund are based initially on estimates by the Secretary of the Treasury and are later adjusted on the basis of wage records maintained by the Social Security Administration.

The reports of the collecting officers and the receipts on a covering warrant basis do not coincide for the reasons that the collecting officers make collections during the last few days of the fiscal year which are not deposited until after the close of the fiscal year and because withheld taxes are deposited directly in depositaries in advance of receipts submitted to the collectors with returns. The receipts are reported on a collection basis merely for statistical purposes and to furnish information as to detailed sources of revenue. Classification of such items on the basis of deposits has been found to be impracticable and uneconomical. Table 7 shows receipts on the basis of reports of collectors of internal revenue.

DESCRIPTION OF ACCOUNTS THROUGH WHICH TREASURY OPERATIONS ARE EFFECTED

All receipts of the Government are covered or credited into the general fund of the Treasury from which all expenditures are made. Receipts and expenditures, however, are classified in the Treasury's records according to the class of accounts through which operations are effected. Transactions are segregated in order to exhibit separately those effected through general and special accounts, as contrasted with those effected through trust accounts. This classification was first shown for the warrants and checks-issued bases and on the daily Treasury statements beginning with the July 1, 1933, issue, in order to conform to the practice of the Bureau of the Budget. In some tables in this report, however, transactions in the three types of accounts are combined for purposes of historical comparison. A brief general explanation of the three classes of accounts is presented below.

General accounts.—The principal sources of general account receipts are income taxes, miscellaneous internal revenue, social security taxes, taxes upon carriers and their employees, and customs duties. In addition, a large number of miscellaneous receipts come under this head, including such items as proceeds of Government-owned securities (except those which are applicable to public debt retirement), sale of surplus and condemned property, Panama Canal tolls, fees (including consular and passport fees), fines, penalties, forfeitures, rentals, royalties, reimbursements, immigration head tax, sale of public land, seigniorage on coinage of subsidiary silver and minor coins, etc. Moneys represented in the general accounts may be withdrawn from the Treasury only in pursuance of appropriations made by Congress. There are six classes of appropriations payable through the general accounts of the Treasury, namely: (a) One-year, which are available for incurring obligations only during a specified fiscal year; (b) multiple-year, which are available for incurring obligations for a definite period in excess of one fiscal year; (c) no-year, which are available until exhausted for incurring obligations for an indefinite period of time; (d) definite, in which the amount is stated in the appropriation act as a specific sum of money; (e) indefinite, the amount of which is not stated in the appropriation act as a specific sum of money but is determinable only at some future date, such as an appropriation of the receipts from a certain source; and (f) permanent, which is automatically made each year over a period of time without annual action by Congress by virtue of standing legislation.

A statement of general account receipts and expenditures is, therefore, in the nature of a general operating statement, and gives a picture of the relationship between the general revenues of the Government and the operating expenditures (including capital outlays and fixed charges) chargeable against them.

Special accounts.—Special account receipts may be generally defined as funds received under special authorizations of law which may be expended only for the particular purposes specified therein. Special account receipts may not be used for the general expenditures of the Government. The more important items of receipts included under this heading, from the standpoint of amounts other than those applicable to the retirement of the public debt are the reclamation fund, Alaska Railroad fund, and Mineral Leasing Act under the Department of the Interior; and the national forest funds under the Department of Agriculture. There are many other special account receipts of lesser importance. Details of these accounts, which are summarized under miscellaneous receipts in table 118, are given in the *Combined Statement of Receipts, Expenditures and Balances.*

Trust accounts.—Trust account receipts represent moneys received by the Government for the benefit of individuals or classes of individuals and are used for purposes specified in the trust. Moneys held in trust, being payable to or for the use of beneficiaries only, are not available for general expenditures of the Government. There are several classes of trust account receipts, the beneficiaries under which may be either individuals or groups of individuals. The accounts may represent (*a*) moneys received directly from or for account of individuals, as in the case of moneys received from foreign governments or other sources in trust for citizens of the United States or others under the act of February 27, 1896; (*b*) moneys collected as revenues and held in trust, such as the proceeds of sales of Indian lands which are held as interest-bearing funds for the benefit of Indian tribes; (*c*) proceeds of grants from the general accounts of the Treasury in pursuance of treaty or other obligations such as the perpetual trust fund created for the Ute Indians under section 5 of the act of June 15, 1880; (*d*) deposits, donations, or contributions for specified purposes, such as funds received for the purchase of lands in the national parks; and (*e*) deposits to be held until appropriate disposition thereof can be made, such as proceeds from the redemption of bonds found and whose owners are unknown.

Checking accounts of Government corporations.—Commencing with the fiscal year 1947, the practice of reporting net operations of wholly owned Government corporations and certain other business-type activities on page 3 of the daily Treasury statement was discontinued and since then such transactions (except sales or redemptions of their obligations in the market) have been included in budget expenditures on page 2 of the daily Treasury statement. Expenditures for corporations, the disbursements of which are not handled by the Division of Disbursement, Treasury Department, are included in the daily Treasury statement on the basis of checks paid by the Treasurer of the United States

SUMMARY OF FISCAL

TABLE 1.—*Summary of fiscal operations,*

[On basis of daily Treasury

Fiscal year or month	Budget receipts and expenditures			Trust account and other transactions, net receipts, or expenditures (−) [5]
	Net receipts [2]	Expenditures [3 4]	Surplus, or deficit (−)	
1932	$1,923,913,117	$4,659,202,825	−$2,735,289,708	−$5,178,050
1933	2,021,212,943	4,622,865,028	−2,601,652,085	−5,009,989
1934	3,064,267,912	6,693,899,854	−3,629,631,943	834,880,108
1935	3,729,913,845	6,520,965,945	−2,791,052,100	402,724,190
1936	4,068,936,689	8,493,485,919	−4,424,549,230	187,063,025
1937	4,978,600,695	7,756,021,409	−2,777,420,714	3,314,169
1938	5,761,623,749	6,938,240,347	−1,176,616,598	98,934,030
1939	5,103,396,943	8,965,554,983	−3,862,158,040	1,209,673,564
1940	5,264,663,044	9,182,682,204	−3,918,019,161	442,538,143
1941	7,227,281,383	13,386,553,742	−6,159,272,358	907,790,781
1942	12,696,286,084	34,186,528,816	−21,490,242,732	−1,612,785,695
1943	22,201,501,787	79,621,932,152	−57,420,430,365	−337,796,138
1944	43,891,672,699	95,315,065,241	−51,423,392,541	−2,221,918,654
1945	44,761,609,047	98,702,525,172	−53,940,916,126	791,293,666
1946	40,026,888,964	60,703,059,573	−20,676,170,609	−523,587,210
1947	40,042,606,290	39,288,818,630	753,787,660	−1,102,524,942
1948 [7]	42,210,770,493	33,791,300,649	8,419,469,844	−294,342,662
1949 [7]	38,245,667,810	40,057,107,858	−1,811,440,048	−494,733,365
1950	37,044,733,557	40,166,835,915	−3,122,102,357	99,137,360
1951	48,142,604,533	44,632,821,908	3,509,782,624	679,223,478
1950—July	1,880,818,085	3,012,932,542	−1,132,114,457	−98,560,608
August	2,859,606,239	2,515,202,898	344,403,342	147,103,782
September	4,604,530,793	3,520,472,633	1,084,058,160	−26,547,448
October	2,056,440,473	3,170,016,558	−1,113,576,085	−16,638,158
November	2,850,767,026	3,102,432,553	−251,665,527	168,896,801
December	4,211,496,095	3,741,955,572	469,540,524	44,594,787
1951—January	4,448,411,000	3,808,188,859	640,222,141	−83,174,359
February	4,257,355,606	3,210,746,080	1,046,609,526	226,945,033
March	8,111,991,337	4,058,152,412	4,053,838,925	−33,713,728
April	2,626,250,164	4,006,852,674	−1,380,602,510	−68,712,932
May	3,146,403,550	4,516,675,145	−1,370,271,596	135,529,318
June	7,088,534,164	5,969,193,983	1,119,340,181	283,500,990

[1] Guaranteed obligations for 1934–39 on basis of Public Debt accounts, and for 1940 and subsequent years on basis of daily Treasury statements. Excludes guaranteed obligations held by the Treasury.

[2] Total budget receipts less amounts appropriated to Federal old-age and survivors insurance trust fund and refunds of receipts. See also footnote 3.

[3] Effective Jan. 3, 1949, amounts refunded by the Government, principally for the overpayment of taxes, are being reported as deductions from total receipts rather than as expenditures. Also, effective July 1, 1948, payments to the Treasury, principally by wholly owned Government corporations for retirement of capital stock and for disposition of earnings, have been excluded in reporting both budget receipts and expenditures. Neither of these changes affects the size of the budget surplus or deficit. Prior year figures have been adjusted accordingly for comparative purposes.

[4] Figures exclude amounts for public debt retirements which are chargeable to the sinking fund, etc., under special provisions of law; and include net expenditures of wholly owned Government corporations and agencies except, beginning with the fiscal year 1951, their net investments in public debt securities. See also footnote 5.

[5] Comprises trust accounts; sales and redemptions of securities of Government corporations, etc., in the market (net); increment on gold; seigniorage on silver; and miscellaneous funds and accounts. Also includes, beginning with the fiscal year 1951, investments of wholly owned Government corporations in public debt securities, which were previously included in budget expenditures. See table 4. Figures exclude retirement of national bank notes chargeable against increment on gold (fiscal years 1935–39).

[6] Clearing account for outstanding checks and interest coupons, and telegraphic reports from Federal Reserve Banks; excess of receipts, or expenditures (−).

OPERATIONS

fiscal years 1932–51 and monthly 1951

statements,[1] see p. 675]

Clearing account [8]	Public debt net increase, or decrease (−)	General fund balance net increase, or decrease (−)	Amount, end of period			
			General fund balance	Debt outstanding		
				Public debt	Guaranteed obligations [1]	Total
------------	$2, 685, 720, 952	−$54, 746, 805	$417, 197, 178	$19, 487, 002, 444	------------	$19, 487, 002, 444
------------	3, 051, 670, 116	445, 008, 042	862, 205, 221	22, 538, 672, 560	------------	22, 538, 672, 560
------------	4, 514, 468, 854	1, 719, 717, 020	2, 581, 922, 240	27, 053, 141, 414	$680, 767, 817	27, 733, 909, 231
------------	1, 647, 751, 210	−740, 576, 701	1, 841, 345, 539	28, 700, 892, 625	4, 122, 684, 692	32, 823, 577, 316
------------	5, 077, 650, 869	840, 164, 664	2, 681, 510, 204	33, 778, 543, 494	4, 718, 033, 242	38, 496, 576, 735
------------	2, 646, 070, 239	−128, 036, 307	2, 553, 473, 897	36, 424, 613, 732	4, 664, 604, 533	41, 089, 218, 265
------------	740, 126, 583	−337, 555, 984	2, 215, 917, 913	37, 164, 740, 315	4, 852, 791, 651	42, 017, 531, 967
------------	3, 274, 792, 096	622, 307, 620	2, 838, 225, 533	40, 439, 532, 411	5, 450, 834, 099	45, 890, 366, 510
------------	2, 527, 998, 627	−947, 482, 391	1, 890, 743, 141	42, 967, 531, 038	5, 529, 070, 655	48, 496, 601, 693
------------	5, 993, 912, 498	742, 430, 921	2, 633, 174, 062	48, 961, 443, 536	6, 370, 252, 580	55, 331, 696, 116
------------	23, 461, 001, 581	357, 973, 154	2, 991, 147, 216	72, 422, 445, 116	4, 568, 259, 630	76, 990, 704, 746
------------	64, 273, 645, 214	6, 515, 418, 710	9, 506, 565, 926	136, 696, 090, 330	4, 099, 943, 046	140, 796, 033, 376
------------	64, 307, 296, 891	10, 661, 985, 696	20, 168, 551, 622	201, 003, 387, 221	1, 623, 069, 301	202, 626, 456, 522
------------	57, 678, 800, 189	4, 529, 177, 729	24, 697, 729, 352	258, 682, 187, 410	433, 158, 392	259, 115, 345, 802
------------	10, 739, 911, 763	−10, 459, 846, 056	14, 237, 883, 295	269, 422, 099, 173	476, 384, 859	269, 898, 484, 033
$554, 706, 981	−11, 135, 716, 065	−10, 929, 746, 366	3, 308, 136, 929	258, 286, 383, 109	89, 520, 185	258, 375, 903, 294
−507, 106, 039	−5, 994, 136, 596	1, 623, 884, 548	4, 932, 021, 477	252, 292, 246, 513	73, 460, 818	252, 365, 707, 331
366, 441, 900	478, 113, 347	−1, 461, 618, 165	3, 470, 403, 312	252, 770, 359, 860	27, 275, 408	252, 797, 635, 268
482, 656, 886	4, 586, 992, 491	2, 046, 684, 380	5, 517, 087, 692	257, 357, 352, 351	19, 503, 034	257, 376, 855, 385
−214, 140, 135	−2, 135, 375, 536	1, 839, 490, 432	7, 356, 578, 123	255, 221, 976, 815	29, 227, 169	255, 251, 203, 984
30, 670, 938	183, 393, 924	−1, 016, 610, 203	4, 500, 477, 489	257, 540, 746, 275	16, 130, 989	257, 556, 877, 264
−139, 899, 680	333, 146, 160	684, 753, 603	5, 185, 231, 092	257, 873, 892, 435	17, 557, 266	257, 891, 449, 702
−79, 839, 057	−658, 220, 700	319, 450, 955	5, 504, 682, 047	257, 215, 671, 735	19, 862, 007	257, 235, 533, 742
49, 462, 170	−278, 671, 957	−1, 359, 424, 029	4, 145, 258, 018	256, 936, 999, 778	21, 761, 230	256, 958, 761, 008
−62, 811, 633	139, 619, 736	−5, 960, 623	4, 139, 297, 395	257, 076, 619, 514	23, 504, 524	257, 100, 124, 038
−51, 969, 394	−369, 048, 325	93, 117, 591	4, 232, 414, 986	256, 707, 571, 189	23, 733, 799	256, 731, 304, 988
246, 883, 307	−582, 702, 405	221, 228, 684	4, 453, 643, 671	256, 124, 868, 783	17, 774, 102	256, 142, 642, 885
−160, 857, 731	−184, 189, 529	928, 507, 300	5, 382, 150, 971	255, 940, 679, 254	17, 515, 878	255, 958, 195, 132
110, 558, 337	−943, 673, 048	3, 187, 010, 486	8, 569, 161, 457	254, 997, 006, 207	20, 637, 632	255, 017, 643, 839
105, 523, 707	−269, 895, 000	−1, 613, 686, 735	6, 955, 474, 722	254, 727, 111, 206	20, 665, 145	254, 747, 776, 351
−304, 439, 789	365, 985, 007	−1, 173, 197, 060	5, 782, 277, 662	255, 093, 096, 213	29, 335, 086	255, 122, 431, 299
42, 578, 690	128, 880, 602	1, 574, 300, 462	7, 356, 578, 123	255, 221, 976, 815	29, 227, 169	255, 251, 203, 984

[7] Sec. 114 (f) of the Economic Cooperation Act of 1948, approved Apr. 3, 1948, required that the sum of $3,000,000,000 be transferred to a trust fund entitled "Foreign Economic Cooperation Trust Fund," and "considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures." The effect of this was to charge the budget in the fiscal year 1948 for expenditures made in the fiscal year 1949, with consequent effect on the budget surplus or deficit of those years. This bookkeeping transaction had no effect on the actual timing of either receipts or expenditures. In order to simplify comparison of figures between years, the transactions shown in this table do not take into account the transfer of $3,000,000,000 in the fiscal year 1948 to the Foreign Economic Cooperation trust fund; expenditures of $3,000,000,000 during the fiscal year 1949 from the Foreign Economic Cooperation trust fund are treated as budget expenditures in this table. If effect is given to sec. 114 (f) of the Economic Cooperation Act of 1948, the budget results for the fiscal years 1948 and 1949 would be as follows:

	Fiscal year 1948	*Fiscal year 1949*
Budget receipts	$42, 210, 770, 493	$38, 245, 667, 810
Budget expenditures	36, 791, 300, 649	37, 057, 107, 858
Budget surplus	5, 419, 469, 844	1, 188, 559, 952

RECEIPTS AND

TABLE 2.—*Receipts and expenditures,*

[On basis of warrants issued from 1789 to 1915, and on basis of daily Treasury statements for 1916 and sub- 1930. Trust accounts excluded for 1931 and subse-

Year	Receipts					
	Customs (including tonnage tax)	Internal revenue		Other receipts [2]	Total receipts [3]	Net receipts [4]
		Income and profits taxes	Other			
1789-91	$4,399,473			$19,440	$4,418,913	$4,418,913
1792	3,443,071		$208,943	17,946	3,669,960	3,669,960
1793	4,255,307		337,706	59,910	4,652,923	4,652,923
1794	4,801,065		274,090	356,750	5,431,905	5,431,905
1795	5,588,461		337,755	188,318	6,114,534	6,114,534
1796	6,567,988		475,290	1,334,252	8,377,530	8,377,530
1797	7,549,650		575,491	563,640	8,688,781	8,688,781
1798	7,106,062		644,358	150,076	7,900,496	7,900,496
1799	6,610,449		779,136	157,228	7,546,813	7,546,813
1800	9,080,933		809,396	958,420	10,848,749	10,848,749
1801	10,750,779		1,048,033	1,136,519	12,935,331	12,935,331
1802	12,438,236		621,899	1,935,659	14,995,794	14,995,794
1803	10,479,418		215,180	369,500	11,064,098	11,064,098
1804	11,098,565		50,941	676,801	11,826,307	11,826,307
1805	12,936,487		21,747	602,459	13,560,693	13,560,693
1806	14,667,698		20,101	872,132	15,559,931	15,559,931
1807	15,845,522		13,051	539,446	16,398,019	16,398,019
1808	16,363,551		8,211	688,900	17,060,662	17,060,662
1809	7,296,021		4,044	473,408	7,773,473	7,773,473
1810	8,583,309		7,431	793,475	9,384,215	9,384,215
1811	13,313,223		2,296	1,108,010	14,423,529	14,423,529
1812	8,958,778		4,903	837,452	9,801,133	9,801,133
1813	13,224,623		4,755	1,111,032	14,340,410	14,340,410
1814	5,998,772		1,662,985	3,519,868	11,181,625	11,181,625
1815	7,282,942		4,678,059	3,768,023	15,729,024	15,729,024
1816	36,306,875		5,124,708	6,246,088	47,677,671	47,677,671
1817	26,283,348		2,678,101	4,137,601	33,099,050	33,099,050
1818	17,176,385		955,270	3,453,516	21,585,171	21,585,171
1819	20,283,609		229,594	4,090,172	24,603,375	24,603,375
1820	15,005,612		106,261	2,768,797	17,880,670	17,880,670
1821	13,004,447		69,028	1,499,905	14,573,380	14,573,380
1822	17,589,762		67,666	2,575,000	20,232,428	20,232,428
1823	19,088,433		34,242	1,417,991	20,540,666	20,540,666
1824	17,878,326		34,663	1,468,224	19,381,213	19,381,213
1825	20,098,713		25,771	1,716,374	21,840,858	21,840,858
1826	23,341,332		21,590	1,897,512	25,260,434	25,260,434
1827	19,712,283		19,886	3,234,195	22,966,364	22,966,364
1828	23,205,524		17,452	1,540,654	24,763,630	24,763,630
1829	22,681,966		14,503	2,131,158	24,827,627	24,827,627
1830	21,922,391		12,161	2,909,564	24,844,116	24,844,116
1831	24,224,442		6,934	4,295,445	28,526,821	28,526,821
1832	28,465,237		11,631	3,388,693	31,865,561	31,865,561
1833	29,032,509		2,759	4,913,159	33,948,427	33,948,427
1834	16,214,957		4,196	5,572,783	21,791,936	21,791,936
1835	19,391,311		10,459	16,028,317	35,430,087	35,430,087
1836	23,409,941		370	27,416,485	50,826,796	50,826,796
1837	11,169,290		5,494	13,779,369	24,954,153	24,954,153
1838	16,158,800		2,467	10,141,295	26,302,562	26,302,562
1839	23,137,925		2,553	8,342,271	31,482,749	31,482,749
1840	13,499,502		1,682	5,978,931	19,480,115	19,480,115
1841	14,487,217		3,261	2,369,682	16,860,160	16,860,160
1842	18,187,909		495	1,787,794	19,976,198	19,976,198
1843 [1]	7,046,844		103	1,255,755	8,302,702	8,302,702
1844	26,183,571		1,777	3,136,026	29,321,374	29,321,374
1845	27,528,113		3,517	2,438,476	29,970,106	29,970,106
1846	26,712,668		2,897	2,984,402	29,699,967	29,699,967
1847	23,747,865		375	2,747,529	26,495,769	26,495,769
1848	31,757,071		375	3,978,333	35,735,779	35,735,779
1849	28,346,739			2,861,404	31,208,143	31,208,143
1850	39,668,686			3,934,753	43,603,439	43,603,439
1851	49,017,568			3,541,736	52,559,304	52,559,304
1852	47,339,327			2,507,489	49,846,816	49,846,816
1853	58,931,866			2,655,188	61,587,054	61,587,054
1854	64,224,190			9,576,151	73,800,341	73,800,341
1855	53,025,794			12,324,781	65,350,575	65,350,575
1856	64,022,863			10,033,836	74,056,699	74,056,699

Footnotes at end of table.

EXPENDITURES

fiscal years 1789–1951 [1]

sequent years, see p. 675. General, special, emergency, and trust accounts combined from 1789 through quent years. For explanation of accounts, see p. 677]

Expenditures					
Department of the Army (formerly War Department) [5] [6]	Department of the Navy [5]	Interest on the public debt	All other [7]	Total expenditures [3]	Surplus, or deficit (−)
$632, 804	$570	$2, 349, 437	$1, 286, 216	$4, 269, 027	$149, 886
1, 100, 702	53	3, 201, 628	777, 149	5, 079, 532	−1, 409, 572
1, 130, 249	----------------	2, 772, 242	579, 822	4, 482, 313	170, 610
2, 639, 098	61, 409	3, 490, 293	800, 039	6, 990, 839	−1, 558, 934
2, 480, 910	410, 562	3, 189, 151	1, 459, 186	7, 539, 809	−1, 425, 275
1, 260, 264	274, 784	3, 195, 055	996, 883	5, 726, 986	2, 650, 544
1, 039, 403	382, 632	3, 300, 043	1, 411, 556	6, 133, 634	2, 555, 147
2, 009, 522	1, 381, 348	3, 053, 281	1, 232, 353	7, 676, 504	223, 992
2, 466, 947	2, 858, 082	3, 186, 288	1, 155, 138	9, 666, 455	−2, 119, 642
2, 560, 879	3, 448, 716	3, 374, 705	1, 401, 775	10, 786, 075	62, 674
1, 672, 944	2, 111, 424	4, 412, 913	1, 197, 301	9, 394, 582	3, 540, 749
1, 179, 148	915, 562	4, 125, 039	1, 642, 369	7, 862, 118	7, 133, 676
822, 056	1, 215, 231	3, 848, 828	1, 965, 538	7, 851, 653	3, 212, 445
875, 424	1, 189, 833	4, 266, 583	2, 387, 602	8, 719, 442	3, 106, 865
712, 781	1, 597, 500	4, 148, 999	4, 046, 954	10, 506, 234	3, 054, 459
1, 224, 355	1, 649, 641	3, 723, 408	3, 206, 213	9, 803, 617	5, 756, 314
1, 288, 686	1, 722, 064	3, 369, 578	1, 973, 823	8, 354, 151	8, 043, 868
2, 900, 834	1, 884, 068	3, 428, 153	1, 719, 437	9, 932, 492	7, 128, 170
3, 345, 772	2, 427, 759	2, 866, 075	1, 641, 142	10, 280, 748	−2, 507, 275
2, 294, 324	1, 654, 244	2, 845, 428	1, 362, 514	8, 156, 510	1, 227, 705
2, 032, 828	1, 965, 566	2, 465, 733	1, 594, 210	8, 058, 337	6, 365, 192
11, 817, 798	3, 959, 365	2, 451, 273	2, 052, 335	20, 280, 771	−10, 479, 638
19, 652, 013	6, 446, 600	3, 599, 455	1, 983, 784	31, 681, 852	−17, 341, 442
20, 350, 807	7, 311, 291	4, 593, 239	2, 465, 589	34, 720, 926	−23, 539, 301
14, 794, 294	8, 660, 000	5, 754, 569	3, 499, 276	32, 708, 139	−16, 979, 115
16, 012, 097	3, 908, 278	7, 213, 259	3, 453, 057	30, 586, 691	17, 090, 980
8, 004, 237	3, 314, 598	6, 389, 210	4, 135, 775	21, 843, 820	11, 255, 230
5, 622, 715	2, 953, 695	6, 016, 447	5, 232, 264	19, 825, 121	1, 760, 050
6, 506, 300	3, 847, 640	5, 163, 538	5, 946, 332	21, 463, 810	3, 139, 565
2, 630, 392	4, 387, 990	5, 126, 097	6, 116, 148	18, 260, 627	−379, 957
4, 461, 292	3, 319, 243	5, 087, 274	2, 942, 944	15, 810, 753	−1, 237, 373
3, 111, 981	2, 224, 459	5, 172, 578	4, 491, 202	15, 000, 220	5, 232, 208
3, 096, 924	2, 503, 766	4, 922, 685	4, 183, 465	14, 706, 840	5, 833, 826
3, 340, 940	2, 904, 582	4, 996, 562	9, 084, 624	20, 326, 708	−945, 495
3, 659, 914	3, 049, 084	4, 366, 769	4, 781, 462	15, 857, 229	5, 983, 629
3, 943, 194	4, 218, 902	3, 973, 481	4, 900, 220	17, 035, 797	8, 224, 637
3, 938, 978	4, 263, 877	3, 486, 072	4, 450, 241	16, 139, 168	6, 827, 196
4, 145, 545	3, 918, 786	3, 098, 801	5, 231, 711	16, 394, 843	8, 368, 787
4, 724, 291	3, 308, 745	2, 542, 843	4, 627, 454	15, 203, 333	9, 624, 294
4, 767, 129	3, 239, 429	1, 913, 533	5, 222, 975	15, 143, 066	9, 701, 050
4, 841, 836	3, 856, 183	1, 383, 583	5, 166, 049	15, 247, 651	13, 279, 170
5, 446, 035	3, 956, 370	772, 562	7, 113, 983	17, 288, 950	14, 576, 611
6, 704, 019	3, 901, 357	303, 797	12, 108, 379	23, 017, 552	10, 930, 875
5, 696, 189	3, 956, 260	202, 153	8, 772, 967	18, 627, 569	3, 164, 367
5, 759, 157	3, 864, 939	57, 863	7, 890, 854	17, 572, 813	17, 857, 274
12, 169, 227	5, 807, 718	----------------	12, 891, 219	30, 868, 164	19, 958, 632
13, 682, 734	6, 646, 915	----------------	16, 913, 847	37, 243, 496	−12, 289, 343
12, 897, 224	6, 131, 596	14, 997	14, 821, 242	33, 865, 059	−7, 562, 497
8, 916, 996	6, 182, 294	399, 834	11, 400, 004	26, 899, 128	4, 583, 621
7, 097, 070	6, 113, 897	174, 598	10, 932, 014	24, 317, 579	−4, 837, 464
8, 805, 565	6, 001, 077	284, 978	11, 474, 253	26, 565, 873	−9, 705, 713
6, 611, 887	8, 397, 243	773, 550	9, 423, 081	25, 205, 761	−5, 229, 563
2, 957, 300	3, 727, 711	523, 595	4, 649, 469	11, 858, 075	−3, 555, 373
5, 179, 220	6, 498, 199	1, 833, 867	8, 826, 285	22, 337, 571	6, 983, 803
5, 752, 644	6, 297, 245	1, 040, 032	9, 847, 487	22, 937, 408	7, 032, 698
10, 792, 867	6, 454, 947	842, 723	9, 676, 388	27, 766, 925	1, 933, 042
38, 305, 520	7, 900, 636	1, 119, 215	9, 956, 041	57, 281, 412	−30, 785, 643
25, 501, 963	9, 408, 476	2, 390, 825	8, 075, 962	45, 377, 226	−9, 641, 447
14, 852, 966	9, 786, 706	3, 565, 578	16, 846, 407	45, 051, 657	−13, 843, 514
9, 400, 239	7, 904, 709	3, 782, 331	18, 456, 213	39, 543, 492	4, 059, 947
11, 811, 793	9, 005, 931	3, 696, 721	23, 194, 572	47, 709, 017	4, 850, 287
8, 225, 247	8, 952, 801	4, 000, 298	23, 016, 573	44, 194, 919	5, 651, 897
9, 947, 291	10, 918, 781	3, 665, 833	23, 652, 206	48, 184, 111	13, 402, 943
11, 733, 629	10, 798, 586	3, 071, 017	32, 441, 630	58, 044, 862	15, 755, 479
14, 773, 826	13, 312, 024	2, 314, 375	29, 342, 443	59, 742, 668	5, 607, 907
16, 948, 197	14, 091, 781	1, 953, 822	36, 577, 226	69, 571, 026	4, 485, 673

TABLE 2.—*Receipts and expenditures,*

Year	Receipts: Customs (including tonnage tax)	Internal revenue: Income and profits taxes	Internal revenue: Other	Other receipts [2]	Total receipts [3]	Net receipts [4]
1857	$63,875,905			$5,089,408	$68,965,313	$68,965,313
1858	41,789,621			4,865,745	46,655,366	46,655,366
1859	49,565,824			3,920,641	53,486,465	53,486,465
1860	53,187,512			2,877,096	56,064,608	56,064,608
1861	39,582,126			1,927,805	41,509,931	41,509,931
1862	49,056,398			2,931,058	51,987,456	51,987,456
1863	69,059,642	$2,741,858	$34,898,930	5,996,861	112,697,291	112,697,291
1864	102,316,153	20,294,732	89,446,402	52,569,484	264,626,771	264,626,771
1865	84,928,261	60,979,329	148,484,886	39,322,129	333,714,605	333,714,605
1866	179,046,652	72,982,159	236,244,654	69,759,155	558,032,620	558,032,620
1867	176,417,811	66,014,429	200,013,108	48,188,662	490,634,010	490,634,010
1868	164,464,600	41,455,598	149,631,991	50,085,894	405,638,083	405,638,083
1869	180,048,427	34,791,856	123,564,605	32,538,859	370,943,747	370,943,747
1870	194,538,374	37,775,874	147,123,882	31,817,347	411,255,477	411,255,477
1871	206,270,408	19,162,651	123,935,503	33,955,383	383,323,945	383,323,945
1872	216,370,287	14,436,862	116,205,316	27,094,403	374,106,868	374,106,868
1873	188,089,523	5,062,312	108,667,002	31,919,368	333,738,205	333,738,205
1874	163,103,834	139,472	102,270,313	39,465,137	304,978,756	304,978,756
1875	157,167,722	233	110,007,261	20,824,835	288,000,051	288,000,051
1876	148,071,985	588	116,700,144	29,323,148	294,095,865	294,095,865
1877	130,956,493	98	118,630,310	31,819,518	281,406,419	281,406,419
1878	130,170,680		110,581,625	17,011,574	257,763,879	257,763,879
1879	137,250,048		113,561,611	23,015,526	273,827,185	273,827,185
1880	186,522,064		124,009,374	22,995,173	333,526,611	333,526,611
1881	198,159,676	3,022	135,261,364	27,358,231	360,782,293	360,782,293
1882	220,410,730		146,497,596	36,616,924	403,525,250	403,525,250
1883	214,706,497		144,720,369	38,860,716	398,287,582	398,287,582
1884	195,067,490	55,628	121,530,445	31,866,307	348,519,870	348,519,870
1885	181,471,939		112,498,726	29,720,041	323,690,706	323,690,706
1886	192,905,023		116,805,936	26,728,767	336,439,726	336,439,726
1887	217,286,893		118,823,391	35,292,993	371,403,277	371,403,277
1888	219,091,174		124,296,872	35,878,029	379,266,075	379,266,075
1889	223,832,742		130,881,514	32,335,803	387,050,059	387,050,059
1890	229,668,585		142,606,706	30,805,693	403,080,984	403,080,984
1891	219,522,205		145,686,250	27,403,992	392,612,447	392,612,447
1892	177,452,964		153,971,072	23,513,748	354,937,784	354,937,784
1893	203,355,017		161,027,624	21,436,988	385,819,629	385,819,629
1894	131,818,531		147,111,233	27,425,552	306,355,316	306,355,316
1895	152,158,617	77,131	143,344,541	29,149,130	324,729,419	324,729,419
1896	160,021,752		146,762,865	31,357,830	338,142,447	338,142,447
1897	176,554,127		146,688,574	24,479,004	347,721,705	347,721,705
1898	149,575,062		170,900,642	84,845,631	405,321,335	405,321,335
1899	206,128,482		273,437,162	36,394,977	515,960,621	515,960,621
1900	233,164,871		295,327,927	38,748,054	567,240,852	567,240,852
1901	238,585,456		307,180,664	41,919,218	587,685,338	587,685,338
1902	254,444,708		271,880,122	36,153,403	562,478,233	562,478,233
1903	284,479,582		230,810,124	46,591,016	561,880,722	561,880,722
1904	261,274,565		232,904,119	46,908,401	541,087,085	541,087,085
1905	261,798,857		234,095,741	48,380,087	544,274,685	544,274,685
1906	300,251,878		249,150,213	45,582,355	594,984,446	594,984,446
1907	332,233,363		269,666,773	63,960,250	665,860,386	665,860,386
1908	286,113,130		251,711,127	64,037,650	601,861,907	601,861,907
1909	300,711,934		246,212,644	57,395,920	604,320,498	604,320,498
1910	333,683,445	20,951,781	268,981,738	51,894,751	675,511,715	675,511,715
1911	314,497,071	33,516,977	289,012,224	64,806,639	701,832,911	701,832,911
1912	311,321,672	28,583,304	293,028,896	59,675,332	692,609,204	692,609,204
1913	318,891,396	35,006,300	309,410,666	60,802,868	724,111,230	724,111,230
1914	292,320,014	71,381,275	308,659,733	62,312,145	734,673,167	734,673,167
1915	209,786,672	80,201,759	335,467,887	72,454,509	697,910,827	697,910,827
1916	213,185,846	124,937,253	387,764,776	56,646,673	782,534,548	782,534,548
1917	225,962,393	359,681,228	449,684,980	88,996,194	1,124,324,795	1,124,324,795
1918	179,998,385	2,314,006,292	872,028,020	298,550,168	3,664,582,865	3,664,582,865
1919	184,457,867	3,018,783,687	1,296,501,292	652,514,290	5,152,257,136	5,152,257,136
1920	322,902,650	3,944,949,288	1,460,082,287	966,631,164	6,694,565,389	6,694,565,389
1921	308,564,391	3,206,046,158	1,390,379,823	719,942,589	5,624,932,961	5,624,932,961
1922	356,443,387	2,068,128,193	1,145,125,064	539,407,507	4,109,104,151	4,109,104,151
1923	561,928,867	1,678,607,428	945,865,333	820,733,853	4,007,135,481	4,007,135,481
1924	545,637,504	1,842,144,418	953,012,618	671,250,162	4,012,044,702	4,012,044,702

Footnotes at end of table.

fiscal years 1789–1951 [1]—Continued

Expenditures					
Department of the Army (formerly War Department) [5 6]	Department of the Navy [5]	Interest on the public debt	All other [7 8]	Total expenditures [3 8]	Surplus, or deficit (—) [8]
$19,261,774	$12,747,977	$1,678,265	$34,107,692	$67,795,708	$1,169,605
25,485,383	13,984,551	1,567,056	33,148,280	74,185,270	—27,529,904
23,243,823	14,642,990	2,638,464	28,545,700	69,070,977	—15,584,512
16,409,767	11,514,965	3,177,315	32,028,551	63,130,598	—7,065,990
22,981,150	12,420,888	4,000,174	27,144,433	66,546,645	—25,036,714
394,368,407	42,668,277	13,190,325	24,534,810	474,761,819	—422,774,363
599,298,601	63,221,964	24,729,847	27,490,313	714,740,725	—602,043,434
690,791,843	85,725,995	53,685,422	35,119,382	865,322,642	—600,695,871
1,031,323,361	122,612,945	77,397,712	66,221,206	1,297,555,224	—963,840,619
284,449,702	43,324,118	133,067,742	59,967,855	520,809,417	37,223,203
95,224,415	31,034,011	143,781,592	87,502,657	357,542,675	133,091,335
123,246,648	25,775,503	140,424,046	87,894,088	377,340,285	28,297,798
78,501,991	20,000,758	130,694,243	93,668,286	322,865,278	48,078,469
57,655,676	21,780,230	129,235,498	100,982,157	309,653,561	101,601,916
35,799,992	19,431,027	125,576,566	111,369,603	292,177,188	91,146,757
35,372,157	21,249,810	117,357,840	103,538,156	277,517,963	96,588,905
46,323,138	23,526,257	104,750,688	115,745,162	290,345,245	43,392,960
42,313,927	30,932,587	107,119,815	122,267,544	302,633,873	2,344,883
41,120,646	21,497,626	103,093,545	108,911,576	274,623,393	13,376,658
38,070,889	18,963,310	100,243,271	107,823,615	265,101,085	28,994,780
37,082,736	14,959,935	97,124,512	92,167,292	241,334,475	40,071,944
32,154,148	17,365,301	102,500,875	84,944,003	236,964,327	20,799,552
40,425,661	15,125,127	105,327,949	106,069,147	266,947,884	6,879,301
38,116,916	13,536,985	95,757,575	120,231,482	267,642,958	65,883,653
40,466,461	15,686,672	82,508,741	122,051,014	260,712,888	100,069,405
43,570,494	15,032,046	71,077,207	128,301,693	257,981,440	145,543,810
48,911,383	15,283,437	59,160,131	142,053,187	265,408,138	132,879,444
39,429,603	17,292,601	54,578,379	132,825,661	244,126,244	104,393,626
42,670,578	16,021,080	51,386,256	150,149,021	260,226,935	63,463,771
34,324,153	13,907,888	50,580,146	143,670,952	242,483,139	93,956,587
38,561,026	15,141,127	47,741,577	166,488,451	267,932,181	103,471,096
38,522,436	16,926,438	44,715,007	167,760,920	267,924,801	111,341,274
44,435,271	21,378,809	41,001,484	192,473,414	299,288,978	87,761,081
44,582,838	22,006,206	36,099,284	215,352,383	318,040,711	85,040,273
48,720,065	26,113,896	37,547,135	253,392,808	365,773,904	26,838,543
46,895,456	29,174,139	23,378,116	245,575,620	345,023,331	9,914,453
49,641,773	30,136,084	27,264,392	276,435,704	383,477,953	2,341,676
54,567,930	31,701,294	27,841,406	253,414,651	367,525,281	—61,169,965
51,804,759	28,797,796	30,978,030	244,614,713	356,195,298	—31,465,879
50,830,921	27,147,732	35,385,029	238,815,764	352,179,446	—14,036,999
48,950,268	34,561,546	37,791,110	244,471,235	365,774,159	—18,052,454
91,992,000	58,823,985	37,585,056	254,967,542	443,368,583	—38,047,248
229,841,254	63,942,104	39,896,925	271,391,896	605,072,179	—89,111,558
134,774,768	55,953,078	40,160,333	289,972,668	520,860,847	46,380,005
144,615,697	60,506,978	32,342,979	287,151,271	524,616,925	63,068,413
112,272,216	67,803,128	29,108,045	276,050,860	485,234,249	77,243,984
118,629,505	82,618,034	28,556,349	287,202,239	517,006,127	44,874,595
165,199,911	102,956,102	24,646,490	290,857,397	583,659,900	—42,572,815
126,093,894	117,550,308	24,590,944	299,043,768	567,278,914	—23,004,229
137,326,066	110,474,264	24,308,576	298,093,372	570,202,278	24,782,168
149,775,084	97,128,469	24,481,158	307,744,131	579,128,842	86,731,544
175,840,453	118,037,097	21,426,138	343,892,632	659,196,320	—57,334,413
192,486,904	115,546,011	21,803,836	363,907,134	693,743,885	—89,423,387
189,823,379	123,173,717	21,342,979	359,276,990	693,617,065	—18,105,350
197,199,491	119,937,644	21,311,334	352,753,043	691,201,512	10,631,399
184,122,793	135,591,956	22,616,300	347,550,285	689,881,334	2,727,870
202,128,711	133,262,862	22,899,108	366,221,282	724,511,963	—400,733
208,349,746	139,682,186	22,863,957	364,185,542	735,081,431	—408,264
202,160,134	141,835,654	22,902,897	393,688,117	760,586,802	—62,675,975
183,176,439	153,853,567	22,900,869	374,125,327	734,056,202	48,478,346
377,940,870	239,632,757	24,742,702	1,335,365,422	1,977,681,751	—853,356,956
4,869,955,286	1,278,840,487	189,743,277	6,358,163,421	12,696,702,471	—9,032,119,606
9,009,075,789	2,002,310,785	619,215,569	6,884,277,812	18,514,879,955	—13,362,622,819
1,621,953,095	736,021,456	1,020,251,622	3,025,117,668	6,403,343,841	291,221,548
1,118,076,423	650,373,836	999,144,731	2,348,332,700	5,115,927,690	509,005,271
457,756,139	476,775,194	991,000,759	1,447,075,808	3,372,607,900	736,496,251
397,050,596	333,201,362	1,055,923,690	1,508,451,881	3,294,627,529	712,507,952
357,016,878	332,249,137	940,602,913	1,418,809,037	3,048,677,965	963,366,737

TABLE 2.—*Receipts and expenditures,*

Year	Receipts					
	Customs (including tonnage tax)[9]	Internal revenue		Other receipts[2]	Total receipts[3]	Net receipts[4]
		Income and profits taxes	Other			
1925	$547, 561, 226	$1, 760, 537, 824	$828, 638, 068	$643, 411, 567	$3, 780, 148, 685	$3, 780, 148, 685
1926	579, 430, 093	1, 982, 040, 088	855, 599, 289	545, 686, 220	3, 962, 755, 690	3, 962, 755, 690
1927	605, 499, 983	2, 224, 992, 800	644, 421, 542	654, 480, 116	4, 129, 394, 441	4, 129, 394, 441
1928	568, 986, 188	2, 173, 952, 557	621, 018, 666	678, 390, 745	4, 042, 348, 156	4, 042, 348, 156
1929	602, 262, 786	2, 330, 711, 823	607, 307, 549	492, 968, 067	4, 033, 250, 225	4, 033, 250, 225
1930	587, 000, 903	2, 410, 986, 978	628, 308, 036	551, 645, 785	4, 177, 941, 702	4, 177, 941, 702
1931	378, 354, 005	1, 860, 394, 295	569, 386, 721	381, 503, 611	3, 189, 638, 632	3, 115, 556, 923
1932	327, 754, 969	1, 057, 335, 853	503, 670, 481	116, 964, 134	2, 005, 725, 437	1, 923, 913, 117
1933	250, 750, 251	746, 206, 445	858, 217, 512	224, 522, 534	2, 079, 696, 742	2, 021, 212, 943
1934	313, 434, 302	817, 961, 481	1, 822, 642, 347	161, 515, 919	3, 115, 554, 050	3, 064, 267, 912
1935	343, 353, 034	1, 099, 118, 638	2, 178, 571, 390	179, 424, 141	3, 800, 467, 202	3, 729, 913, 845
1936	386, 811, 594	1, 426, 575, 434	2, 086, 276, 174	216, 293, 413	4, 115, 956, 615	4, 068, 936, 689
1937	486, 356, 599	2, 163, 413, 817	2, 433, 726, 286	210, 093, 535	5, 293, 590, 237	4, 978, 600, 695
1938	359, 187, 249	2, 640, 284, 711	3, 034, 033, 726	208, 155, 541	6, 241, 661, 227	5, 761, 623, 749
1939	318, 837, 311	2, 188, 757, 289	2, 972, 463, 558	187, 765, 468	5, 667, 823, 626	5, 103, 396, 943
1940	348, 590, 636	2, 125, 324, 635	3, 177, 809, 353	241, 643, 315	5, 893, 367, 939	5, 264, 663, 044
1941	391, 870, 013	3, 469, 637, 849	3, 892, 037, 133	242, 066, 585	7, 995, 611, 580	7, 227, 281, 383
1942	388, 948, 427	7, 960, 464, 973	5, 032, 652, 915	294, 614, 145	13, 676, 680, 460	12, 696, 286, 084
1943	324, 290. 778	16, 093, 668, 781	6. 050, 300, 218	934, 062, 619	23, 402, 322, 396	22, 201, 501, 787
1944	431, 252, 168	34, 654, 851, 852	7, 030, 135, 478	3, 324, 809, 903	45. 441, 049, 402	43, 891, 672, 699
1945	354, 775, 542	35. 173, 051, 373	8, 728, 950, 555	3, 493, 528, 901	47, 750, 306, 371	44, 761, 609, 047
1946	435, 475, 072	30, 884, 796, 016	9, 425, 537, 282	3, 492, 326, 920	44, 238, 135, 290	40, 026, 888. 964
1947	494, 078, 260	29, 305, 568, 454	10, 073, 840, 241	4, 634, 701, 652	44, 508, 188, 607	40, 042, 606, 290
1948 [11]	421, 723, 028	31, 170, 968, 403	10, 682, 516, 849	3, 823, 599, 033	46, 098, 807, 314	42, 210, 770, 493
1949 [11]	384, 484. 796	29. 482, 283, 759	10. 825. 001, 116	2. 081, 735. 850	42, 773, 505. 520	38. 245. 667, 810
1950	422, 650, 329	28, 262, 671, 097	11, 185, 936, 012	1, 439, 370, 414	41, 310, 627, 852	37, 044. 733, 557
1951 [12]	624, 008, 052	37, 752, 553, 688	13, 353. 541, 306	1, 638, 568, 845	53, 368, 671, 892	48, 142, 604, 533

NOTE.—For postal receipts and expenditures, see table 10.

[1] From 1789 to 1842 the fiscal year ended Dec. 31; from 1844 to date, on June 30. Figures for 1843 are for a half year, Jan. 1 to June 30.

[2] Comprises railroad unemployment insurance contributions, proceeds of Government-owned securities, Panama Canal tolls, etc., proceeds from sales of surplus property (act Oct. 3, 1944), deposits resulting from renegotiation of war contracts (see table 5), seigniorage, and other miscellaneous.

[3] Effective Jan. 3, 1949, amounts refunded by the Government, principally for the overpayment of taxes, are being reported as deductions from total receipts rather than as expenditures. Also, effective July 1, 1948, payments to the Treasury, principally by wholly owned Government corporations for retirement of capital stock and for disposition of earnings, have been excluded in reporting both budget receipts and expenditures. Neither of these changes affects the size of the budget surplus or deficit. Prior year figures, beginning with the fiscal year 1931, have been adjusted accordingly for comparative purposes. The amounts that have been adjusted on account of refunds of receipts and capital transfers for the fiscal years 1931 through 1948 are as follows:

	Refunds of receipts	*Capital transfers*		*Refunds of receipts*	*Capital transfers*
1931	$74, 081, 709	------------	1940	$78, 704, 895	$43, 756, 731
1932	81, 812, 320	------------	1941	80, 189, 469	299, 741, 000
1933	58, 483, 709	------------	1942	84, 775. 537	18, 000, 000
1934	51, 286, 138	------------	1943	70, 325, 408	9, 815, 514
1935	70, 553, 357	------------	1944	257, 254, 269	------------
1936	47, 019, 926	------------	1945	1, 678, 777, 924	16, 167, 609
1937	49, 989, 542	$250, 000	1946	2, 973, 027, 879	37, 881, 965
1938	93, 037, 478	------------	1947	3, 006, 090, 396	210, 136, 503
1939	61, 426, 683	------------	1948	2, 271, 874, 777	262, 896, 807

[4] Net receipts equal total receipts less (a) appropriations to Federal old-age and survivors insurance trust fund beginning with the fiscal year 1937 and (b) refunds of receipts beginning with the fiscal year 1931.

fiscal years 1789–1951 [1]—Continued

Expenditures						
Department of the Army (formerly War Department)[5, 6]	Department of the Navy [5]	Department of the Air Force [10]	Interest on the public debt	All other [7, 8]	Total expenditures [3, 8]	Surplus, or deficit (—)[9]
$370, 980, 708	$346, 142, 001	....	$881, 806, 662	$1, 464, 175, 961	$3, 063, 105, 332	$717, 043, 353
364, 089, 945	312, 743, 410	....	831, 937, 700	1, 588, 840, 768	3, 097, 611, 823	865, 143, 867
369, 114, 122	318, 909, 096	....	787, 019, 578	1, 498, 986, 878	2, 974, 029, 674	1, 155, 364, 766
400, 989, 683	33[illegible], 335, 492	....	731, 764, 476	1, 639, 175, 204	3, 103, 264, 855	939, 083, 301
425, 947, 194	364, 561, 544	....	678, 330, 400	1, 830, 020, 348	3, 298, 859, 486	734, 390, 739
464, 853, 515	374, 165, 639	....	659, 347, 613	1, 941, 902, 117	3, 440, 268, 884	737, 672, 818
486, 141, 754	353, 768, 185	....	611, 559, 704	2, 125, 964, 360	3, 577, 434, 003	−461, 877, 080
476, 305, 311	357, 517, 834	....	599, 276, 631	3, 226, 103, 049	4, 659, 202, 825	−2, 735, 289, 708
434, 620, 860	349, 372, 794	....	689, 365, 106	3, 149, 506, 267	4, 622, 865, 028	−2, 601, 652, 085
408, 586, 783	296, 927, 490	....	756, 617, 127	5, 231, 768, 454	6, 693, 899, 854	−3, 629, 631, 943
487, 995, 220	436, 265, 532	....	820, 926, 353	4, 775, 778, 841	6, 520, 965, 945	−2, 791, 052, 100
618, 587, 184	528, 882, 143	....	749, 396, 802	6, 596, 619, 790	8, 493, 485, 919	−4, 424, 549, 230
628, 104, 285	556, 674, 066	....	866, 384, 331	5, 704, 858, 728	7, 756, 021. 409	−2, 777, 420, 714
644, 263, 842	596, 129, 739	....	926, 280, 714	4, 771, 566, 052	6, 938, 240, 348	−1, 176, 616, 598
695, 256, 481	672, 722, 327	....	940, 539, 764	6, 657, 036, 411	8, 965, 554, 983	−3, 862, 158, 040
907, 160, 151	891, 484, 523	....	1, 040, 935, 697	6, 343, 101, 833	9, 182, 682, 204	−3, 918, 019, 161
3, 938, 943, 048	2, 313, 057, 956	....	1, 110, 692, 812	6, 023, 859, 926	13, 386, 553, 742	−6, 159, 272, 358
14, 325, 508, 098	8, 579, 588, 976	....	1, 260, 085, 336	10, 021, 346, 406	34, 186, 528, 816	−21, 490, 242, 732
42, 525, 562, 523	20, 888, 349, 026	....	1, 808, 160, 396	14, 399, 860, 208	79, 621, 932, 152	−57, 420, 430, 365
49, 438, 330, 158	26, 537, 633, 877	....	2, 608, 979, 806	16, 730, 121, 400	95, 315, 065, 241	−51, 423, 392, 541
50, 490, 101, 935	30, 047, 152, 135	....	3, 616, 686, 048	14, 548, 585, 054	98, 702, 525, 172	−53, 940, 916, 126
27, 986, 769, 041	15, 164, 412, 379	....	4, 721, 957, 683	12, 829, 920, 470	60, 703, 059, 573	−20, 676, 170, 609
9, 172. 138, 869	5, 597, 203, 036	....	4, 957, 922, 484	19, 561, 554, 240	39, 288, 818, 630	753, 787, 660
7, 698, 556, 403	4, 284, 619, 125	....	5, 211, 101, 865	16, 597, 023, 255	33, 791, 300, 649	8, 419, 469, 844
7. 862, 397, 097	4, 434, 705, 920	$1, 690, 460, 724	5, 339, 396, 336	20, 730, 147, 780	40, 057, 107, 858	−1, 811, 440, 048
5, 789, 467, 599	4, 129, 545, 653	3, 520, 632, 580	5, 749. 913, 064	20, 977. 277, 019	40, 166, 835, 915	−3, 122. 102. 357
8, 600, 736, 521	5, 862, 702, 461	6, 358, 041, 275	5, 612, 654, 812	18, 198, 686, 839	44, 632, 821, 908	3, 509, 782, 624

[5] Excludes civil expenditures under War and Navy Departments in Washington through 1915. Subsequent to 1915 includes all expenditures made by the Department of the Army (including rivers and harbors and Panama Canal) and the Department of the Navy.

[6] Title was changed pursuant to act of July 26, 1947. Figures for Department of the Army include expenditures of Department of the Air Force from funds made available prior to fiscal year 1949. Expenditures for Office of the Secretary of Defense are included in "All other."

[7] Includes civil expenditures under War and Navy Departments in Washington through 1915; expenditures of Office of Secretary of Defense; unavailable funds charged off under act of June 3, 1922 (42 Stat. 1592); and expenditures for "Government corporations (wholly owned), etc. (net)".

[8] The practice of including statutory debt retirements in budget expenditures was discontinued effective with fiscal year 1948. Such expenditures are not included in this table, nor does the "Surplus or deficit" take into account such expenditures. Table 26 shows details of statutory debt retirements.

[9] Beginning with 1932, tonnage tax has been covered into Treasury as miscellaneous receipts included in "Other receipts."

[10] Expenditures for the Department of the Air Force formerly included under Department of the Army. See table 3, footnote 9.

[11] Sec. 114 (f) of the Economic Cooperation Act of 1948, approved Apr. 3, 1948, required that the sum of $3,000,000,000 be transferred to a trust fund entitled "Foreign Economic Cooperation Trust Fund" and "considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures." The effect of this was to charge the budget in the fiscal year 1948 for expenditures made in the fiscal year 1949, with consequent effect on the budget surplus or deficit of those years. This bookkeeping transaction had no effect on the actual timing of either receipts or expenditures. In order to simplify comparison of figures between years, the transactions shown in this table do not take into account the transfer of $3,000,000,000 in the fiscal year 1948 to the Foreign Economic Cooperation trust fund; expenditures of $3,000,000,000 during the fiscal year 1949 from the Foreign Economic Cooperation trust fund are treated as budget expenditures in this table. If effect is given to sec. 114 (f) of the Economic Cooperation Act of 1948, the budget results for the fiscal years 1948 and 1949 would be as follows:

	Fiscal year 1948	*Fiscal year 1949*
Budget receipts	$42, 210, 770, 493	$38, 245, 667, 810
Budget expenditures	36, 791, 300, 649	37, 057, 107, 858
Budget surplus	5, 419, 469, 844	1, 188, 559, 952

[12] Beginning with the fiscal year 1951, investments of wholly owned Government corporations in public debt securities are excluded from budget expenditures and included with other investments under "Trust account and other transactions." See table 4.

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TABLE 3.—*Budget receipts and expenditures, in detail, monthly for fiscal year 1951 and totals for 1950 and 1951*

[On basis of daily Treasury statements, see p. 675]

Receipts	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
Internal revenue:							
Income tax withheld and social security taxes:							
Income tax withheld, and employment taxes	$635,310,212.46	$1,739,051,618.64	$1,003,630,527.11	$695,479,310.14	$1,908,083,929.87	$1,227,362,028.51	$811,409,757.08
Tax on employers of 8 or more	1,784,981.07	13,470,335.64	1,346,647.35	1,979,855.24	12,397,754.95	2,716,243.28	16,319,432.55
Unclassified							7,490.39
Income tax, other	594,012,775.15	345,482,255.80	2,815,959,988.93	590,838,312.51	319,956,965.88	2,175,230,712.61	2,708,726,108.02
Miscellaneous internal revenue	737,179,624.51	948,300,550.59	775,317,331.71	807,525,268.36	746,263,688.05	764,142,541.40	853,416,005.98
Taxes on carriers and their employees	874,575.78	10,491,845.81	125,988,319.73	2,762,913.86	9,817,081.63	132,960,613.36	1,566,625.30
Customs	39,008,278.38	52,238,490.62	46,887,403.97	57,283,635.40	54,179,552.78	53,718,305.67	57,041,523.16
Miscellaneous receipts:							
Railroad unemployment insurance contributions for administrative expenses	14,115.36	50,606.05	2,266,056.49	6,873.27	67,216.71	2,365,285.91	8,516.10
Surplus property (act Oct. 3, 1944)	14,328,457.13	5,240,334.38	292,964.18	19,783,983.36	9,051,907.73	11,693,387.70	11,592,940.28
Other miscellaneous receipts:							
Panama Canal, tolls, etc	2,370,850.56	2,451,095.81	1,515,368.78	3,174,038.44	1,851,899.76	1,837,467.56	2,323,457.56
Proceeds of Government-owned securities	44,363,496.98	16,814,635.09	23,533,812.59	27,066,596.22	24,164,125.57	56,465,312.51	54,091,403.00
Seigniorage:							
Silver Purchase Act of 1934 [1]							
Other	1,168,241.16	1,041,327.15	3,149,450.47	1,541,543.34	8,281,656.22	4,139,861.30	4,747,272.74
Other	77,602,649.54	103,163,473.14	41,912,704.87	92,719,223.29	89,567,628.85	40,919,578.70	100,161,651.08
Total budget receipts	2,148,018,258.08	3,237,796,568.72	4,841,800,576.18	2,300,161,553.43	3,183,683,408.00	4,473,551,338.51	4,621,412,183.24
Deduct:							
Appropriation to Federal old-age and survivors insurance trust fund [2]	200,875,832.78	316,310,388.87	185,074,327.17	181,498,233.15	287,928,330.25	239,130,948.32	131,330,554.49
Refunds of receipts:							
Customs refunds and drawbacks	1,038,187.75	1,292,665.95	716,431.53	1,380,948.57	1,182,622.22	1,178,135.61	1,125,843.75
Internal revenue:							
Excess profits tax refund bonds	[a] 14,883.39	[a] 17,992.25	[a] 70,544.94	[a] 317,493.23	[a] 24,622.03	[a] 86,956.06	[a] 12,605.00
Income and other taxes	65,176,695.90	58,857,640.03	50,857,795.02	60,441,545.94	43,024,356.94	21,395,785.14	39,289,350.17
Moneys erroneously received and covered	85,091.18	130,803.38	167,038.51	156,251.70	154,906.08	124,632.29	174,382.54
Under renegotiated contracts	39,112.89	1,609,273.53	532,529.45	561,280.10	650,788.21	312,697.92	1,093,657.52
Unclassified	135.64	7,549.88	[a] 7,793.62	314.07			
Net budget receipts	1,880,818,085.33	2,859,606,239.33	4,604,530,793.06	2,056,440,473.13	2,850,767,026.33	4,211,496,095.29	4,448,410,999.77

Receipts	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
Internal revenue:							
Income tax withheld and social security taxes:							
Income tax withheld, and employment taxes	$2,417,798,124.15	$1,512,160,617.84	$728,568,914.61	$2,572,023,083.83	$1,403,269,641.42	$16,654,147,765.66	$12,179,579,369.12
Tax on employers of 8 or more	146,981,493.72	13,963,010.44	3,502,323.62	15,578,089.22	3,496,543.07	233,536,710.15	226,305,730.01
Unclassified	[b] 7,887.29	179.10	217.80	[b] 228.83	228.83		
Income tax, other	1,280,962,330.75	6,151,879,437.62	1,687,940,243.74	482,057,768.16	5,064,895,767.21	24,217,942,666.38	18,189,479,533.09
Miscellaneous internal revenue	796,630,508.29	838,362,877.11	689,544,687.59	747,024,559.60	719,251,012.98	9,422,958,656.17	8,303,070,276.84
Taxes on carriers and their employees	6,507,671.01	139,526,819.24	3,021,472.54	4,813,539.96	139,177,718.23	577,509,196.45	550,172,199.95
Customs	49,333,959.69	59,003,109.37	53,810,572.74	53,374,239.14	48,128,980.75	624,008,051.67	422,650,328.57
Miscellaneous receipts:							
Railroad unemployment insurance contributions for administrative expenses	62,048.98	2,338,829.39	74,028.58	128,494.45	2,414,275.87	9,796,347.16	9,126,415.39
Surplus property (act Oct. 3, 1944)	5,339,041.36	17,976,776.15	51,351,467.86	14,853,264.74	52,655,910.86	214,160,435.73	263,748,605.67
Other miscellaneous receipts:							
Panama Canal, tolls, etc	1,613,264.47	2,115,935.61	1,915,750.61	1,958,997.69	2,100,482.07	25,228,608.92	27,187,780.89
Proceeds of Government-owned securities	58,847,872.07	14,331,435.90	19,787,481.85	12,042,487.59	76,840,696.47	428,349,355.84	286,647,579.22
Seigniorage:							
Silver Purchase Act of 1934 [1]							
Other	4,558,484.86	1,436,969.70	3,350,757.58	2,504,256.43	7,017,121.22	42,936,942.17	23,425,604.23
Other	51,562,865.11	57,549,578.90	46,592,779.95	132,706,858.95	83,638,163.16	918,097,155.54	829,234,428.85
Total budget receipts	4,820,189,777.17	8,810,645,576.37	3,289,460,699.07	4,039,065,410.93	7,602,886,542.14	53,368,671,891.84	41,310,627,851.83
Deduct:							
Appropriation to Federal old-age and survivors insurance trust fund [2]	373,786,741.26	239,310,200.23	150,088,517.96	534,030,633.29	280,172,035.77	3,119,536,743.54	2,106,387,805.50
Refunds of receipts:							
Customs refunds and drawbacks	949,272.75	861,786.10	1,284,564.72	1,570,489.97	2,743,442.07	15,324,390.99	16,091,134.15
Internal revenue:							
Excess profits tax refund bonds	[a] 10,021.85	[a] 26,922.34	[a] 52,404.41	[a] 940.07	[a] 1,718.13	[a] 637,103.70	[a] 1,575,371.35
Income and other taxes	187,240,517.17	457,923,562.08	511,119,853.52	356,819,493.11	230,922,044.20	2,083,068,639.22	2,137,031,321.54
Moneys erroneously received and covered	102,410.81	143,265.00	95,470.63	140,534.76	112,765.21	1,587,552.09	2,173,004.50
Under renegotiated contracts	764,107.25	443,491.72	674,646.90	101,536.27	403,809.35	7,186,931.11	5,783,572.96
Unclassified	1,143.49	[a] 1,143.49	[a] 114.00	114.00		205.97	2,827.16
Net budget receipts	4,257,355,606.29	8,111,991,337.07	2,626,250,163.75	3,146,403,549.60	7,088,534,163.67	48,142,604,532.62	37,044,733,557.37

Footnotes at end of table.

TABLE 3.—*Budget receipts and expenditures, in detail, monthly for fiscal year 1951 and totals for 1950 and 1951*—Continued

Expenditures [3]	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
Legislative establishment	$4,607,105.59	$5,546,593.12	$6,381,133.82	$7,008,356.52	$6,259,321.54	$5,748,691.28	$1,470,762.31
The Judiciary	2,060,263.16	1,957,179.85	1,873,281.97	2,098,924.21	2,178,140.70	1,936,438.90	2,414,149.70
Agriculture Department:							
Agricultural Research Administration:							
Agricultural and industrial chemistry	468,617.87	752,545.24	522,283.83	515,025.19	553,770.22	571,372.88	585,657.79
Animal industry:							
Eradication of foot-and-mouth disease	[c] 348,739.56	394,935.81	[c] 415,254.34	[c] 998,157.48	49,002.27	1,108,204.56	[c] 332,002.91
Other	1,760,008.45	2,583,842.69	1,797,462.54	1,759,724.86	1,870,552.10	1,872,370.40	1,843,337.70
Dairy industry	83,637.94	152,960.36	102,008.83	124,215.76	133,942.03	113,218.30	118,900.51
Entomology and plant quarantine	1,071,565.92	1,524,468.15	985,041.43	894,386.64	933,414.26	954,784.33	907,147.75
Experiment stations (including payments to States)	1,878,616.41	52,603.30	628,820.72	2,790,035.73	990,332.85	652,754.86	2,806,057.02
Human nutrition and home economics	67,866.81	156,190.03	111,339.24	101,696.16	128,609.51	94,758.83	104,485.03
Plant industry, soils, and agricultural engineering	744,906.96	1,215,764.89	814,926.01	1,009,409.90	759,945.32	823,362.82	740,314.36
Other	229,702.17	342,562.62	158,873.09	[c] 42,565.98	195,127.86	10,879.46	201,388.48
Unclassified	34.43	[c] 34.43					
Farmers' Home Administration:							
Loans	5,487,975.47	13,448,658.60	13,122,116.98	10,523,030.41	8,303,773.26	10,395,306.42	17,348,105.13
Other	1,342,354.93	1,986,879.37	2,121,521.91	2,121,346.98	2,164,252.95	2,150,793.74	2,319,135.48
Forest service:							
Cooperation with States in fire protection of non-Federal forests	35,277.90	302,095.32	236,738.64	950,005.43	1,363,408.05	476,047.70	1,162,671.15
Forest development roads and trails	[c] 255,849.65	1,078,914.98	918,990.43	901,669.29	1,334,534.41	704,326.80	841,892.86
Management and protection of national forests, and forestry research	6,833,582.98	5,358,866.95	4,947,997.18	3,911,907.89	2,711,008.52	2,238,670.08	2,503,930.64
Other	[c] 1,538,116.79	543,468.50	298,978.10	181,041.76	327,861.48	345,723.19	8,764,541.30
Unclassified	5.80	[c] 5.80					[c] 7.30
Production and Marketing Administration:							
Commodity Credit Corporation (net)	313,080,229.29	[c] 200,985,168.59	[c] 299,177,790.37	[c] 171,434,566.64	16,261,967.51	[c] 49,127,245.64	[c] 32,278,757.39
Agricultural Adjustment Act of 1938: [4]							
Local administration, sec. 388	8,617,601.27	2,177,109.61	4,011,907.88	3,655,034.58	5,268,121.21	2,567,495.62	2,659,870.77
National-State expenses, sec. 392	1,249,939.47	1,529,049.14	1,132,516.57	148,497.44	71,407.64	857,347.94	355,614.52
Conservation and use of agricultural land resources [4]	36,870,966.97	14,791,441.11	7,151,790.97	9,838,286.89	13,602,104.00	13,296,766.69	16,056,703.48
Marketing services	775,567.30	1,132,974.80	843,829.79	958,705.64	1,095,286.22	1,028,248.75	914,141.64
National school lunch program [4]	268,428.09	[c] 38,393.98	234,601.85	30,067,980.30	2,463,917.13	1,444,993.66	24,541,306.31
Removal of surplus agricultural commodities [4]	4,085,212.24	2,035,745.61	2,159,398.68	4,844,361.36	5,004,249.89	1,807,337.26	5,459,853.73
Sugar Act [4]	126,026.31	10,936.56	16,792,137.14	2,174,392.70	438,420.02	5,300,525.62	13,978,059.00
Other	69,848.33	100,486.08	30,389.72	37,080.19	105,730.86	33,669.60	60,220.38
Unclassified		44.76	[c] 44.76				

Expenditures [3]	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
Legislative establishment	$4,139,839.27	$6,835,497.48	$1,605,361.65	$6,456,369.60	$5,195,364.17	$61,254,396.35	$56,028,687.55
The Judiciary	1,870,909.51	1,958,621.65	2,284,622.04	1,969,396.35	2,516,723.74	25,118,651.78	24,187,501.15
Agriculture Department:							
Agricultural Research Administration:							
Agricultural and industrial chemistry	552,859.84	727,655.24	546,493.83	553,136.68	575,844.42	6,925,263.03	5,634,479.49
Animal industry:							
Eradication of foot-and-mouth disease	533,598.06	[c] 569,893.00	152,094.57	592,277.89	76,335.45	242,401.32	40,566,704.02
Other	1,762,936.20	2,500,430.11	1,851,635.71	1,755,996.66	1,853,824.94	23,212,122.36	23,544,341.39
Dairy industry	125,287.44	158,157.80	125,322.12	125,524.66	136,780.11	1,499,955.86	1,081,667.21
Entomology and plant quarantine	850,998.62	1,336,090.36	567,569.54	845,188.77	930,469.83	11,801,125.60	13,532,228.22
Experiment stations (including payments to States)	45,534.14	53,435.58	2,793,994.57	42,591.46	41,863.66	12,776,640.30	7,764,350.06
Human nutrition and home economics	96,067.28	157,740.50	96,093.05	104,922.61	98,329.50	1,318,098.55	822,691.86
Plant industry, soils, and agricultural engineering	697,503.28	1,120,428.49	730,741.23	844,076.37	789,593.09	10,290,972.72	8,509,496.98
Other	76,731.53	176,079.73	197,497.60	166,850.73	148,753.63	1,861,880.92	2,626,623.25
Unclassified	22.80	[c] 22.80					
Farmers' Home Administration:							
Loans	20,255,200.96	25,730,857.53	13,162,886.58	8,195,264.86	6,863,837.98	152,837,014.18	157,391,791.67
Other	2,144,672.25	2,939,348.13	2,237,713.01	2,321,870.18	2,241,517.61	26,091,406.54	24,509,551.80
Forest service:							
Cooperation with States in fire protection of non-Federal forests	1,878,481.51	912,777.51	927,053.53	872,819.48	118,416.21	9,235,792.43	9,244,678.52
Forest development roads and trails	447,034.37	659,790.96	737,278.82	811,727.81	1,620,571.01	9,800,882.09	13,337,715.84
Management and protection of national forests, and forestry-research	2,675,100.04	2,732,785.78	2,654,510.17	2,446,264.97	2,805,811.63	41,820,436.83	38,770,843.41
Other	355,216.83	315,070.24	396,333.32	509,130.88	507,282.13	11,006,530.94	13,820,888.53
Unclassified	133.32	[c] 126.02					
Production and Marketing Administration:							
Commodity Credit Corporation (net)	[c] 94,658,395.99	[c] 51,974,120.89	[c] 11,568,755.04	[c] 14,188,844.63	4,112,833.22	[c] 591,938,615.16	1,713,342,525.38
Agricultural Adjustment Act of 1938: [4]							
Local administration, sec. 388	1,188,711.56	1,629,599.28	2,557,623.01	2,481,850.84	3,791,826.02	40,606,751.65	43,687,186.64
National-State expenses, sec. 392	1,033,031.17	1,270,069.78	1,332,557.76	1,024,562.57	1,004,538.40	11,009,132.40	10,949,341.71
Conservation and use of agricultural land resources [4]	14,882,766.06	28,660,861.14	40,204,328.31	44,862,161.32	32,461,813.32	272,679,990.26	212,399,201.47
Marketing services	862,099.35	985,069.92	767,056.83	682,829.41	784,129.04	10,829,938.69	10,398,899.08
National school lunch program [4]	7,030,718.98	3,137,995.62	11,721,963.83	1,329,367.89	467,939.07	82,670,818.75	83,065,841.09
Removal of surplus agricultural commodities [4]	2,727,496.00	5,189,938.92	3,673,702.57	3,533,176.59	4,982,869.71	45,503,342.56	96,038,183.21
Sugar Act [4]	9,960,743.89	11,353,036.52	5,262,952.58	996,226.54	1,467,973.92	67,861,430.80	59,522,892.91
Other	30,506.54	48,901.80	64,305.61	33,437.19	28,402.82	642,979.12	79,133.91
Unclassified	11.50	[c] 11.50					

Footnotes at end of table.

TABLE 3.—*Budget receipts and expenditures, in detail, monthly for fiscal year 1951 and totals for 1950 and 1951*—Continued

Expenditures [3]	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
Agriculture Department—Continued							
Rural Electrification Administration:							
Loans (including rural telephone loans)	$17,204,554.59	$25,897,667.75	$13,923,724.60	$44,893,062.00	$26,573,496.11	$18,872,246.15	$21,200,192.68
Other	608,917.66	904,321.56	632,961.60	647,574.68	628,479.08	625,853.94	608,020.75
Soil conservation service	4,291,229.57	5,853,993.31	3,918,626.79	4,015,262.79	4,003,949.04	4,026,046.38	5,293,439.59
Agricultural economics	387,103.85	609,433.50	413,405.93	422,868.74	393,346.10	366,613.02	349,890.77
Extension service (including payments to States)	15,780,458.81	124,090.75	76,028.86	93,198.33	144,792.24	88,615.03	14,981,531.98
Farm Credit Administration:							
Federal Farm Mortgage Corporation (net)	c 781,586.79	c 1,056,383.62	c 989,637.83	c 1,571,018.69	c 1,647,357.11	c 1,502,598.68	c 1,428,818.83
Other corporate operations (net)	c 167,490.50	c 367,893.09	c 519,994.39	530,426.83	c 472,366.45	c 1,454,013.86	c 747,602.80
Other	224,394.64	307,413.64	191,184.46	237,498.11	192,249.93	187,839.33	327,716.66
Federal Crop Insurance Corporation:							
Insurance operations (net)	c 1,753,090.73	719,679.44	195,054.03	c 1,544,533.77	c 1,045,449.23	251,023.40	1,480,583.35
Other	290,162.01	366,199.68	285,034.54	363,019.77	1,022,526.97	270,761.31	577,963.80
Flood control	499,443.32	693,646.14	653,378.29	667,470.61	673,604.15	680,237.24	600,527.78
Foreign aid and relief:							
Assistance to Greece and Turkey	-----	-----	-----	2,986.08	-----	-----	-----
China Aid Act of 1948	-----	56,567.30	250,700.39	381,082.28	9,367.58	121,700.81	3,363,236.67
Foreign Aid Act of 1947	-----	-----	-----	-----	-----	-----	-----
Relief to people of countries devastated by war	-----	-----	-----	-----	-----	-----	-----
Other [5]	14,881,141.55	6,378,319.40	7,335,003.05	4,443,420.18	16,871.02	8.00	3,086.47
Surplus property disposal	c 1,323.46	704.37	488.91	-----	36,612.83	36,271.85	-----
Other	3,946,329.66	3,456,514.98	2,562,430.03	1,628,814.82	647,294.91	1,612,366.64	1,210,463.41
Unclassified	c 19,071.62	19,137.83	-----	-----	-----	-----	-----
Atomic Energy Commission	48,554,820.91	52,335,597.77	53,112,019.60	66,164,449.62	59,463,261.99	61,502,347.16	86,283,084.23
Civil Service Commission:							
Employees' retirement funds (United States share)	-----	-----	305,000,000.00	-----	-----	-----	-----
Other	1,488,677.13	1,970,119.62	1,356,365.79	1,444,418.54	1,410,740.24	1,379,791.72	2,022,626.60
Commerce Department:							
Civil aeronautics	12,481,485.63	14,708,717.21	16,167,858.13	15,918,042.58	15,753,181.45	14,119,595.48	12,623,242.64
Maritime activities:							
Liquidation of War Shipping Administration obligations	584,190.42	1,233,262.50	906,784.37	170,263.96	672,434.40	870,080.34	1,244,383.32
Payments for United Nations relief and rehabilitation	-----	-----	-----	-----	-----	-----	-----
Other	10,163,174.41	c 5,390,657.86	10,406,688.64	14,361,484.07	12,672,382.64	16,934,830.59	20,649,817.67
Unclassified	c 123.84	-----	-----	-----	-----	-----	-----

Expenditures [3]	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
Agriculture Department—Continued							
Rural Electrification Administration:							
Loans (including rural telephone loans)	$17,399,948.01	$20,888,338.35	$18,722,084.86	$23,290,909.59	$19,420,301.07	$268,286,525.76	$286,658,652.25
Other	630,743.40	912,740.79	605,926.93	629,326.31	677,578.64	8,112,445.34	6,804,885.51
Soil conservation service	4,079,198.35	5,614,809.44	4,195,628.77	4,415,906.55	4,182,166.55	53,890,257.13	54,532,250.21
Agricultural economics	352,553.08	721,866.14	264,498.19	420,218.00	429,406.80	5,131,204.12	4,588,248.41
Extension service (including payments to States)	562,278.92	110,547.37	96,051.45	82,704.28	83,164.24	32,223,462.26	32,016,705.76
Farm Credit Administration:							
Federal Farm Mortgage Corporation (net)	c 923,149.17	c 1,117,979.37	c 980,220.67	c 1,008,511.05	c 935,761.51	c 13,943,023.32	c 19,040,434.10
Other corporate operations (net)	c 709,180.22	c 1,046,361.68	c 2,725,411.43	c [6] 486,946.49	c [7] 317,478.92	c 8,484,313.00	c 4,331,106.69
Other	204,510.67	298,525.40	212,544.72	212,483.55	207,609.33	2,803,970.44	2,905,665.90
Federal Crop Insurance Corporation:							
Insurance operations (net)	754,310.39	564,307.07	300,399.45	100,967.28	c 2,214,634.01	c 2,191,383.33	1,997,056.96
Other	307,919.63	359,383.71	315,823.05	1,048,987.40	323,505.19	5,531,287.06	4,688,145.34
Flood control	507,052.39	681,138.01	631,130.26	579,148.66	619,166.54	7,485,943.39	6,732,532.12
Foreign aid and relief:							
Assistance to Greece and Turkey						2,986.08	c 3,875.22
China Aid Act of 1948	3,488,803.71	4,738,871.85	3,145,119.69	1,045,098.68	669,331.16	17,269,880.12	2,428,691.34
Foreign Aid Act of 1947							c 26,038.20
Relief to people of countries devastated by war							1,208.49
Other [5]		1,533,050.05	11,248,527.47	12,720,454.94	4,939,930.86	63,499,812.99	58,805,746.84
Surplus property disposal						72,754.50	485,165.01
Other	1,803,601.86	1,440,718.15	1,720,306.54	1,467,903.83	2,053,541.53	23,550,286.36	31,614,019.65
Unclassified					1,095,690.56	1,095,756.77	c 23,349.74
Atomic Energy Commission	92,722,085.56	72,671,034.57	86,864,205.32	102,924,509.31	125,538,268.02	908,135,684.06	524,464,824.08
Civil Service Commission:							
Employees' retirement funds (United States share)						305,000,000.00	302,504,728.00
Other	1,414,610.40	1,503,940.32	1,503,217.11	1,645,196.05	2,399,532.79	19,539,236.31	20,939,272.58
Commerce Department:							
Civil aeronautics	11,027,832.47	14,152,651.56	13,212,248.20	11,877,464.22	12,079,164.48	164,121,484.05	165,907,948.66
Maritime activities:							
Liquidation of War Shipping Administration obligations	269,538.31	478,244.97	1,064,027.75	207,884.83	1,030,913.71	8,732,008.88	10,096,504.96
Payments for United Nations relief and rehabilitation							c 1,592.80
Other	9,662,200.99	670,976.69	8,594,153.49	12,592,926.64	c 11,078,352.26	100,239,625.71	83,629,758.80
Unclassified						c 123.84	c 13,934.19

Footnotes at end of table.

TABLE 3.—*Budget receipts and expenditures, in detail, monthly for fiscal year 1951 and totals for 1950 and 1951*—Continued

Expenditures [3]	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
Commerce Department—Continued							
Public roads:							
Assistance to Greece and Turkey	$5,059.48	$169.45	$33,385.72	$75,770.24	$104,396.11	$829.02	$5,866.25
Other	39,835,252.89	53,457,991.61	49,655,042.53	47,188,279.89	49,035,975.50	38,321,733.15	25,817,270.54
Unclassified							
Armed Forces Leave Act of 1946					131.22		
China Aid Act of 1948							
Surplus property disposal							
Other	9,251,892.69	8,423,415.85	8,043,677.80	7,550,002.11	9,027,912.60	8,268,501.55	5,854,938.55
Defense Department:							
Office of the Secretary of Defense:							
Retired pay—military services [8]	24,074,278.54	25,063,696.50	23,374,168.31	16,719,411.28	17,732,569.66	15,232,646.30	16,088,721.37
Other	845,054.20	230,577.17	c 514,204.60	1,333,102.54	2,748,621.27	c 1,638,660.49	9,560,672.58
Air Force: [9]							
As processed in Air Force accounts (checks-issued basis): [10]							
Appropriation expenditures	367,479,364.99	345,778,901.22	490,779,435.11	390,392,753.36	439,522,008.97	475,544,757.00	404,880,562.00
Special deposits (net)	3,363,836.36	c 1,666,517.42	c 1,815,945.31	3,908,204.59	c 3,881,335.13	c 2,449,863.38	c 2,477,729.22
Clearing account [11]	19,236,808.65	20,601,723.30	c 51,517,642.26	31,283,005.56	31,537,154.27	c 44,946,204.54	81,727,172.44
Other Air Force expenditures	105,171.01	113,003.65	157,306.28	3,185.07	c 117.41	1,825,683.20	c 1,138,499.94
Unclassified		c 1,311,631.55	1,311,631.55	1,494.47	c 1,494.47	c 16,573.77	15,931.59
Army: [10]							
Military functions:							
Armed Forces Leave Act of 1946: [12]							
Bonds issued	2,950.00	19,325.00	119,275.00	148,050.00	61,750.00	39,675.00	35,925.00
Cash payments	16,378.72	231,295.03	39,996.00	87,704.91	129,716.59	61,931.54	64,331.08
Assistance to Greece and Turkey	6,122,479.83	9,579,491.91	9,228,607.91	11,155,244.46	6,128,236.81	1,751,585.83	3,098,906.37
Care and handling of surplus property overseas	68,701.96	5,682.29	19,995.19	c 899.07	17,276.27	1,341.16	8,920.44
China Aid Act of 1948	861.80	c 2,018.08	c 595.92	c 4,723.99	c 265.47	31.61	25,322.61
Foreign Aid Act of 1947		25,186.14					
Relief to people of countries devastated by war	196.06	110,471.44					
Special deposits (net)	10,177,065.74	c 15,804,888.93	c 23,819,905.55	c 5,976,263.55	43,621,182.52	c 10,981,217.77	10,586,631.32
Other	243,289,065.63	345,921,203.95	386,255,584.95	451,799,446.35	516,972,393.63	515,605,103.01	494,280,441.32
Unclassified	327.74	1,372.86	12,672.17	c 15,433.65	501,203.60	c 499,784.98	c 61.27

Expenditures[1]	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
Commerce Department—Continued							
Public roads:							
Assistance to Greece and Turkey				$77,756.63		$303,232.90	$150,056.68
Other	$23,692,879.23	$21,161,173.13	$19,678,542.82	30,847,220.82	$39,585,895.49	438,277,257.60	485,505,487.20
Unclassified							[c] 518.16
Armed Forces Leave Act of 1946					393.66	524.88	67,271.67
China Aid Act of 1948		604.32		2,453.34	26.15	3,083.81	
Surplus property disposal					[c] 89.00	[c] 89.00	350.06
Other	3,870,726.06	11,849,702.82	8,617,873.15	8,306,466.12	5,852,718.78	94,917,828.08	125,259,190.58
Defense Department:							
Office of the Secretary of Defense:							
Retired pay—military services [8]	16,306,535.61	16,431,694.38	81,515,977.98	26,993,134.11	26,945,006.90	306,477,840.94	149,752,549.07
Other	598,001.48	1,472,888.61	10,303,157.45	4,320,923.18	6,783,296.79	36,043,430.18	10,769,935.47
Air Force: [9]							
As processed in Air Force accounts (checks-issued basis): [10]							
Appropriation expenditures	630,178,118.47	625,245,568.77	672,523,017.99	722,132,447.54	650,764,355.27	6,215,221,290.69	3,506,125,134.98
Special deposits (net)	[c] 807,694.60	[c] 4,318,895.18	6,611,531.11	[c] 6,401,478.71	[c] 8,736,763.38	[c] 18,672,650.27	(13)
Clearing account [11]	[c] 147,419,459.39	35,477,469.15	[c] 57,825,016.35	16,589,849.67	102,937,417.53	37,682,278.03	
Other Air Force expenditures	628,461.48	[c] 500,215.01	457,607.46	[c] 370,496.66	1,733,797.37	3,014,886.50	(13)
Unclassified	683.55	[c] 41.37		1,050,032.51	[c] 1,050,032.51		
Army: [10]							
Military functions:							
Armed Forces Leave Act of 1946: [12]							
Bonds issued	22,900.00	9,350.00	6,075.00	5,950.00	1,775.00	473,000.00	67,000.00
Cash payments	81,929.78	94,504.05	60,626.82	66,936.90	53,173.65	988,525.07	121,710.56
Assistance to Greece and Turkey	3,305,124.73	4,475,813.74	2,082,117.09	1,444,654.81	757,137.80	59,129,401.29	106,839,217.28
Care and handling of surplus property overseas	[c] 9,097.68	561.67	[c] 1,799.79	[c] 1,579.35	[c] 35.13	109,067.96	6,608,281.22
China Aid Act of 1948	6,463.39	117,810.18	19,772.67	224,012.53	15,783.68	402,455.01	120,990.07
Foreign Aid Act of 1947						25,186.14	29,488.45
Relief to people of countries devastated by war						110,667.50	163.71
Special deposits (net)	[c] 14,270,053.84	[c] 26,998,257.40	2,677,860.40	[c] 24,920,426.59	[c] 88,528,464.43	[c] 144,236,738.08	(13)
Other	555,208,114.21	760,742,317.25	921,878,146.68	858,937,055.74	927,649,792.64	6,978,538,665.36	4,032,038,244.88
Unclassified	40,133.01	[c] 26,291.27	[c] 13,810.47	4,027,766.37	[c] 4,027,766.37	327.74	1,564,811.59

Footnotes at end of table.

TABLE 3.—*Budget receipts and expenditures, in detail, monthly for fiscal year 1951 and totals for 1950 and 1951*—Continued

Expenditures[3]	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
Defense Department—Continued							
Army—Continued							
Clearing account[11]	c $17,138,440.82	$60,481,352.03	c $90,063,828.89	c $34,987,689.40	c $107,488,016.71	$34,098,393.69	$21,202,412.11
Civil functions:							
Agricultural commodities and raw materials for occupied areas (revolving fund)	151,391.29	119,695.67	418,085.14	48,080.24	c 269,977.06	10.00	-----
Government and relief in occupied areas	39,567,732.75	9,581,295.79	22,368,661.97	26,477,691.13	23,096,889.08	28,349,659.71	30,388,654.48
Panama Canal	1,294,830.71	2,228,560.05	2,139,282.65	2,734,469.58	1,701,474.18	1,583,304.76	2,242,651.71
River and harbor work and flood control	68,458,800.08	63,803,119.19	66,528,714.72	71,981,506.08	67,595,011.53	59,645,405.17	56,088,117.85
Other	17,699,545.09	c 5,030,524.23	c 520,416.41	44,121,465.34	c 7,322,731.80	c 3,717,838.06	c 7,731,096.68
Unclassified	-----	-----	-----	-----	-----	-----	-----
Navy:							
Armed Forces Leave Act of 1946:[12]							
Bonds issued	61,125.00	43,700.00	29,125.00	33,800.00	28,750.00	20,275.00	30,550.00
Cash payments	c 7,557.19	16,531.98	17,575.19	42,389.85	18,199.26	20,112.23	1,994.38
Assistance to Greece and Turkey	51,368.95	95,014.56	230.82	2,178.44	124.03	29.24	5.62
Care and handing of surplus property overseas	-----	-----	-----	-----	-----	-----	-----
Payments for United Nations relief and rehabilitation	-----	-----	-----	-----	-----	-----	-----
Other	308,621,966.91	322,823,064.73	268,694,382.69	379,343,929.62	454,366,194.99	479,933,015.75	560,289,241.77
Unclassified	-----	1,311,649.93	c 1,311,649.93	-----	-----	c 159,216.87	159,216.87
Defense Production (act of Sept. 8, 1950):							
Agriculture Department	-----	-----	-----	-----	-----	207,393.65	141,959.11
Commerce Department	-----	-----	-----	-----	348,092.61	420,430.64	628,739.74
Council of Economic Advisers	-----	-----	-----	-----	-----	-----	-----
Defense Transport Administration	-----	-----	-----	-----	50,795.91	c 7,240.68	146,182.12
Economic Stabilization Agency	-----	-----	-----	1,943.17	64,390.86	83,351.10	221,592.09
General Services Administration	-----	-----	-----	-----	4,619.00	-----	c 59,465.46
Interior Department	-----	-----	-----	-----	-----	337,505.75	91,159.51
Reconstruction Finance Corporation—loans	-----	-----	-----	-----	-----	-----	207,877.31
Other	-----	-----	-----	-----	-----	11,809.46	50,225.06
Unclassified	-----	-----	-----	-----	-----	-----	-----
Economic Cooperation Administration:							
Economic Cooperation Act:							
Agriculture Department	16,028,961.76	9,300,750.40	1,842,314.08	17,487,803.00	19,375,594.41	12,464,784.70	22,574,734.86
Commerce Department	187,776.24	142,803.63	340,981.93	369,990.18	665,542.02	621,009.87	738,839.90
Defense Department:							
Army	508,706.31	2,100,609.33	1,861,711.38	3,955,222.22	520,201.51	643,647.63	724,450.10
Navy	-----	-----	-----	-----	-----	-----	-----

Expenditures [3]	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
Defense Department—Continued							
Army—Continued							
Clearing account [11]	[c] $9,884,633.21	[c] $6,797,438.06	[c] $82,750,926.74	$3,574,264.86	$205,410,600.15	[c] $24,343,950.99	
Civil functions:							
Agricultural commodities and raw materials for occupied areas (revolving fund)			[c] 178.56		10.00	467,116.72	[c] $10,506,321.52
Government and relief in occupied areas	32,608,491.31	14,362,238.76	26,865,258.08	80,545,727.50	18,891,885.60	353,104,186.16	789,979,339.81
Panama Canal	1,413,766.58	2,235,271.30	2,380,595.31	1,950,424.70	2,598,399.42	24,503,030.95	22,895,377.03
River and harbor work and flood control	35,546,032.61	44,106,678.30	46,264,423.84	53,665,012.57	56,094,762.91	689,777,584.85	729,729,142.12
Other	35,699,152.81	[c] 9,324,324.35	147,883.76	595,063.97	519,084.63	65,135,264.07	24,804,506.58
Unclassified					1.47	1.47	
Navy:							
Armed Forces Leave Act of 1946: [12]							
Bonds issued	13,050.00	15,925.00	9,025.00	7,675.00	6,150.00	299,150.00	80,825.00
Cash payments	28,499.62	33,592.38	29,241.20	21,686.86	41,144.72	263,410.48	183,839.86
Assistance to Greece and Turkey			854,008.47	30,069.77	346,160.93	1,379,190.83	15,197,128.59
Care and handling of surplus property overseas							143,148.71
Payments for United Nations relief and rehabilitation							889.90
Other	534,980,059.15	584,868,674.66	524,356,817.63	718,057,817.81	619,878,675.15	5,756,213,840.86	4,109,666,894.80
Unclassified		[c] 13,886.06	44,537.30	[c] 30,651.24	.80	.80	[c] 138,211.88
Defense Production (act of Sept. 8, 1950):							
Agriculture Department	213,663.98	246,439.53	262,124.71	230,046.17	283,834.60	1,585,461.75	
Commerce Department	787,679.73	1,717,206.95	1,663,715.92	2,407,447.26	2,713,818.17	10,687,131.02	
Council of Economic Advisers		3,094.64	1,546.36	1,573.21	15,152.33	21,366.54	
Defense Transport Administration	47,049.80	70,223.80	121,663.99	134,661.17	190,121.55	753,457.66	
Economic Stabilization Agency	785,320.72	2,290,091.32	2,749,846.53	3,390,918.32	5,110,348.90	14,697,803.01	
General Services Administration	10,590.58	22,109,934.73	[c] 2,148,384.43	52,806,600.03	59,867,439.75	132,591,334.20	
Interior Department	272,454.90	478,465.42	335,430.06	316,991.47	528,868.50	2,360,875.61	
Reconstruction Finance Corporation—loans	669,924.69	795,493.71	2,647,522.97	172,677.20	2,623,331.35	7,116,827.23	
Other	79,737.50	344,156.71	239,014.95	614,611.50	354,570.83	1,694,126.01	
Unclassified		[c] 4,530,119.60	4,530,119.60				
Economic Cooperation Administration:							
Economic Cooperation Act:							
Agriculture Department	17,198,414.97	32,598,236.40	21,033,680.71	35,693,444.59	35,867,463.13	241,466,183.01	373,191,528.91
Commerce Department	759,755.18	488,002.92	6,018,227.92	9,623,015.70	33,839,206.64	53,795,152.13	4,201,329.02
Defense Department:							
Army	796,393.34	70,228.05	314,068.82	564,363.58	517,320.70	12,576,922.97	57,882,079.50
Navy			[c] 72,101.04			[c] 72,101.04	[c] 107,437.99

Footnotes at end of table.

TABLE 3.—*Budget receipts and expenditures, in detail, monthly for fiscal year 1951 and totals for 1950 and 1951*—Continued

Expenditures [3]	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
Economic Cooperation Administration—Con.							
Economic Cooperation Act—Con.							
Economic Cooperation Administration	$180,720,382.06	$162,123,942.10	$201,941,794.31	$208,929,662.84	$158,510,457.44	$146,296,473.39	$168,306,933.63
Export-Import Bank of Washington:							
Loans	2,000,000.00	17,100,000.00	1,600,000.00	4,800,000.00	26,021,000.00	7,300,000.00	16,700,000.00
Payments under guarantees	[c] 5,620.48	137,070.49	144,096.33	225,554.62	[c] 78,356.36	110,288.46	194,181.03
Federal Security Agency	1,473.40	7,859.26	10,107.11	16,367.34	34,157.73	20,495.18	9,692.22
General Services Administration	4,868.43	6,700.05	7,901.89	8,811.65	[c] 10,948.05	2,310.05	11,671.85
Interior Department					5,000.00		60.49
Labor Department	10,398.72	5,582.47	5,482.94	9,728.39	6,819.92	12,452.61	11,579.20
Post Office Department							
State Department			80,000.00		104,853.00		
Unclassified							
Assistance to Greece and Turkey	29,240.64	984.71	1,234,258.07	461,868.51	506,653.15	[c] 7,590.66	67,508.34
China Aid Act of 1948	525,989.02	[c] 874,581.07	219,586.68	662,857.61	136,178.15	1,309,661.16	817,156.98
Foreign Aid Act of 1947							
Relief to people of countries devastated by war							
Other	10,448,411.27	8,243,735.09	11,358,368.66	10,737,673.08	9,228,981.13	6,108,653.89	2,919,892.66
Executive Office of the President:							
Bureau of the Budget	253,663.96	278,270.61	269,210.01	258,247.58	256,401.74	266,792.46	457,329.69
Executive proper	136,209.33	137,285.59	149,678.46	141,499.39	153,926.36	189,260.93	173,042.34
Office for Emergency Management	101,382.30	1,054.69		[c] 3.80		[c] 30.35	38.61
Relief to people of countries devastated by war							
Other	434,582.83	235,032.05	374,882.04	351,161.62	443,243.47	361,150.36	501,776.97
Unclassified							
Export-Import Bank of Washington	[c] 17,158,512.03	3,858,864.66	4,822,897.32	12,772,268.82	5,235,222.38	[c] 27,615,508.42	12,949,036.11
Federal Security Agency:							
Social Security Administration:							
Administrative expenses	1,293.75	56.56					
Grants to States (social security)	123,751,671.63	100,065,092.79	73,142,789.25	124,901,456.88	100,006,972.97	71,494,013.99	145,531,034.17
Other	274,151.26	412,125.76	126,312.32	289,545.25	4,031,394.52	288,536.08	329,122.61
Unclassified							
Assistance to Greece and Turkey		3.50					
China Aid Act of 1948			826.80	1,388.03	2,995.13	7,224.97	11,917.45
Office of Education	5,353,189.03	9,786,864.97	[c] 266,989.71	226,666.09	1,758,605.03	879,831.85	12,983,719.15
Payments for United Nations relief and rehabilitation	41.77						
Public Health Service	25,725,749.40	25,253,972.04	19,778,631.01	19,390,228.93	23,680,047.12	18,775,248.77	22,043,151.08
Surplus property disposal	120,713.64	[c] 23,768.41	23,582.85	23,293.79	17,126.93	18,043.66	35,630.28
Other	516,332.28	2,506,226.95	1,226,137.67	3,858,018.81	2,201,584.12	2,418,791.54	6,409,677.78
Unclassified	[c] 23,750.00	23,750.00	36.00	[c] 36.00	247.95	[c] 247.95	

Expenditures [3]	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
Economic Cooperation Administration—Con.							
Economic Cooperation Act—Continued							
Economic Cooperation Administration	$154,106,994.86	$180,044,150.17	$155,311,796.82	$185,666,795.46	$465,847,172.72	$2,367,806,555.80	$2,897,812,913.68
Export-Import Bank of Washington:							
Loans	15,200,000.00	9,000,000.00	19,300,000.00	4,450,000.00	8,150,000.00	131,621,000.00	182,032,049.17
Payments under guarantees	[c] 24,441.24	[c] 24,877.16	255,097.05	[c] 310,684.40	52,027.05	674,335.39	517,652.53
Federal Security Agency	24,104.28	25,480.07	18,518.51	21,781.60	32,158.03	222,194.73	144,169.88
General Services Administration	[c] 28,564.87	56,370.37	70,182.47	30,382.32	33,886.82	193,572.98	1,494,377.60
Interior Department	1,282.24	217.90	208.62	838.07	975.15	8,582.47	
Labor Department	15,122.60	13,978.74	17,116.79	22,930.15	30,040.52	161,233.05	30,036.06
Post Office Department							5,738,029.00
State Department			374,500.00		120,500.00	679,853.00	498,316.88
Unclassified					527,884.52	527,884.52	
Assistance to Greece and Turkey	2,518.87		1,464,784.43	[c] 1,356.92		3,758,869.14	3,822,350.43
China Aid Act of 1948	1,558,775.44	1,825,038.46	1,098,743.74	2,017,067.92	4,011,067.00	13,307,541.09	[c] 12,077,055.15
Foreign Aid Act of 1947							[c] 870,519.49
Relief to people of countries devasted by war							[c] 8,663.53
Other	13,023.14	297,844.89	121,416.34	3,960.65	4,079.97	59,486,040.77	38,106,615.39
Executive Office of the President:							
Bureau of the Budget	368,045.69	268,351.29	277,242.79	314,356.69	278,833.35	3,546,745.86	3,363,980.99
Executive proper	145,162.61	152,479.37	152,640.49	153,113.62	162,489.17	1,846,787.66	1,743,281.91
Office for Emergency Management	[c] 88.56	1.99	9.00	30,311.95		132,675.83	83,336.28
Relief to people of countries devasted by war							[c] 14.81
Other	257,835.07	304,008.95	303,509.67	243,036.21	288,140.00	4,098,359.24	2,737,935.48
Unclassified							187.77
Export-Import Bank of Washington	6,468,913.43	10,957,382.79	39,140,389.49	7,177,005.39	29,085,001.14	87,692,961.08	45,024,065.94
Federal Security Agency:							
Social Security Administration:							
Administrative expenses		[c] 3.09				1,347.22	21,083.61
Grants to States (social security)	108,040,898.09	61,062,574.82	125,973,804.88	116,986,758.07	62,864,989.78	1,213,822,057.32	1,146,187,138.44
Other	271,366.21	362,607.89	283,937.77	235,980.21	319,173.08	7,224,252.96	7,384,764.84
Unclassified							[c] 4,255.76
Assistance to Greece and Turkey						3.50	[c] 11,899.36
China Aid Act of 1948	21,889.01	66,747.38	58,485.39	45,351.19	99,668.57	316,493.92	
Office of Education	1,072,413.58	2,237,137.49	3,424,361.77	5,292,491.89	14,931,464.04	57,679,755.18	33,523,549.50
Payments for United Nations relief and rehabilitation						41.77	1,160.22
Public Health Service	20,172,986.39	19,147,297.34	20,831,410.32	22,566,380.78	15,140,662.50	252,505,765.68	200,299,235.92
Surplus property disposal	25,687.61	30,097.33	25,041.20	27,916.62	27,451.66	350,817.16	60,775.34
Other	2,043,628.80	2,637,050.96	5,967,229.61	2,162,908.35	1,910,655.94	33,858,242.81	42,732,447.50
Unclassified							4,255.76

Footnotes at end of table.

TABLE 3.—*Budget receipts and expenditures, in detail, monthly for fiscal year 1951 and totals for 1950 and 1951*—Continued

Expenditures[1]	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
General Services Administration:							
Assistance to Greece and Turkey		$89.41	$49,561.92	$27.23	[c] $165.97	$209.67	$48.40
China Aid Act of 1948	$1,886,898.48	973,083.37	542,501.97	301,322.08	463,248.30	1,135,462.02	1,326,622.28
Foreign Aid Act of 1947							
General Supply Fund	268,766.62	[c] 11,474.87	[c] 1,641,353.14	[c] 1,881,262.90	2,644,806.27	2,813,622.96	169,666.02
Payments for United Nations relief and rehabilitation	11.00	11.10					
Public buildings construction	2,785,367.59	2,815,476.35	4,005,702.65	3,173,483.10	3,657,812.78	3,280,287.92	2,647,448.00
Relief to people of countries devastated by war		5.72					
Strategic and critical materials	40,455,161.96	42,392,264.11	29,978,122.97	51,722,337.92	50,922,749.55	45,232,394.99	55,295,589.84
Operating expenses	7,593,140.63	9,561,571.42	8,535,680.71	9,014,296.76	9,102,040.92	7,695,909.95	11,020,934.01
Other	1,039,531.76	2,737,433.89	2,249,423.60	2,497,591.71	3,291,935.55	2,618,322.96	2,853,804.27
Unclassified							
Housing and Home Finance Agency:							
Office of Administrator:							
Federal National Mortgage Association [14]			26,111,620.32	55,939,272.84	58,743,081.30	47,108,538.63	64,489,738.06
Slum clearance program:							
Loans				655,657.11	95,479.80	122,066.50	152,019.02
Other	2,523,296.83	1,138,704.17	1,397,664.36	1,772,940.83	962,756.86	1,644,580.33	1,142,928.89
Federal Housing Administration [15]	[c] 3,452,869.48	3,480,083.42	5,648,602.54	[c] 2,899,725.24	[c] 5,594,724.55	[c] 7,708,157.25	[c] 6,932,171.56
Home Loan Bank Board:							
Home Owners' Loan Corporation	[c] 16,409,838.38	[c] 14,592,020.48	[c] 10,092,866.03	[c] 10,528,710.58	[c] 10,650,860.80	[c] 12,147,155.59	[c] 5,950,004.52
Other	[c] 353,246.58	114,302.49	[c] 133,810.80	[c] 125,935.48	[c] 675,976.44	[c] 1,713,476.17	[c] 2,357,004.35
Unclassified							
Public Housing Administration	743,458.75	8,186,087.59	3,211,874.34	20,032,297.93	8,790,575.91	6,686,793.10	11,082,019.97
Interior Department:							
Bureau of Reclamation	28,284,196.87	34,772,753.49	29,823,600.57	29,012,513.00	26,877,089.28	22,768,377.78	20,104,871.05
Surplus property disposal							
Other	24,503,983.12	29,126,846.62	20,851,408.98	29,417,225.71	41,722,001.55	22,605,635.50	21,717,703.87
Unclassified	[c] 114.47	250,114.47	[c] 249,883.40	[c] 116.60	15.00		[c] 15.00
Justice Department	10,442,026.76	11,193,371.73	13,895,683.36	13,822,387.59	9,462,246.96	12,181,863.04	13,461,756.36

Expenditures [3]	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
General Services Administration:							
Assistance to Greece and Turkey	$207.90	c $32.87				$49,945.69	$117,553.42
China Aid Act of 1948	821,778.61	1,908,362.08	$3,562,705.14	$2,540,718.62	$3,130,036.45	18,592,739.40	4,239,084.97
Foreign Aid Act of 1947							1,373.30
General Supply Fund	c 4,904,555.80	2,923,853.12	1,941,553.57	2,021,185.47	6,382,623.79	10,727,431.11	99,916.12
Payments for United Nations relief and rehabilitation						22.10	c 168.35
Public buildings construction	2,817,273.84	3,037,378.25	3,005,888.44	3,524,561.04	2,657,299.02	37,407,978.98	19,019,046.68
Relief to people of countries devastated by war						5.72	c 23.44
Strategic and critical materials	85,740,171.55	72,444,696.59	71,998,698.21	62,627,627.67	46,700,650.56	655,510,465.92	438,933,256.64
Operating expenses	6,855,997.08	10,432,095.33	8,613,329.34	10,822,641.21	9,237,159.93	108,484,797.29	101,142,687.66
Other	2,437,037.01	2,571,484.91	2,642,141.96	105,271.08	4,079,455.74	29,123,434.44	24,810,503.14
Unclassified		4,530,119.60	c 4,530,119.60				5,000.00
Housing and Home Finance Agency:							
Office of Administrator:							
Federal National Mortgage Association [14]	53,610,487.43	54,889,820.61	13,246,439.92	5,360,605.81	25,100,339.01	404,599,943.93	
Slum clearance program:							
Loans	225,184.45	312,499.86	175,565.50	189,245.31	171,467.68	2,099,185.23	16,281.00
Other	1,271,905.14	1,700,999.72	1,185,011.30	3,924,462.84	c 5,305,493.49	13,359,757.78	2,347,855.55
Federal Housing Administration [15]	c 1,791,922.94	1,122,378.69	c 507,035.97	6,763,777.69	c 3,533,533.47	c 15,405,298.12	3,486,249.35
Home Loan Bank Board:							
Home Owners' Loan Corporation	c 3,050,529.46	c 1,098,653.24	310,705.63	c 83,412.23	15,026.23	c 84,278,319.45	c 247,331,620.71
Other	c 1,174,025.34	c 1,369,340.07	c 1,068,959.03	c 799,999.41	c 1,987,634.26	c 11,645,105.44	c 28,080,347.56
Unclassified					c 1.47	c 1.47	
Public Housing Administration	16,190,747.18	15,004,896.78	15,849,145.26	34,111,208.84	11,660,083.76	151,549,189.41	c 138,158.27
Interior Department:							
Bureau of Reclamation	19,026,144.25	21,631,064.60	21,780,912.48	21,965,585.99	22,489,135.30	298,536,244.66	299,999,243.94
Surplus property disposal							31,932.28
Other	21,379,328.48	32,427,154.57	20,878,133.06	23,253,736.54	25,275,080.61	313,158,247.61	276,275,228.76
Unclassified	c 30.00	30.00					c 1,669.05
Justice Department	12,288,371.58	16,636,891.17	11,984,409.19	13,057,381.02	12,881,887.88	151,308,276.64	131,049,516.74

Footnotes at end of table.

TABLE 3.—*Budget receipts and expenditures, in detail, monthly for fiscal year 1951 and totals for 1950 and 1951*—Continued

Expenditures [3]	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
Korean aid:							
Agriculture Department							$74,520.84
Commerce Department	$24,841.29	$24,725.36	$30,459.29	$22,856.36	[c] $110.00	$3,225.47	[c] 4,127.19
Defense Department:							
Army	59,684.64	5,672.87	492.86	366,363.43	1,041.98	653.72	13.70
Economic Cooperation Administration	1,579,247.15	2,126,114.02	1,679,270.67	966,656.30	7,994.06	1,872,071.07	498,837.02
General Services Administration	751,953.97	1,007,018.33	[c] 45,302.31	1,386,346.62	4,103,391.72	1,134,032.63	3,773,172.73
Interior Department	1,304.66	327.21	2,209.05	148.28	1,251.38		4.90
Post Office Department							
State Department	47,585.46	100.38		53,821.07	53,244.82	238,150.05	1,362.61
Unclassified	[c] 46,850.09	46,850.09					
Labor Department:							
Bureau of Employment Security	6,201,309.63	806,549.98	3,044,969.08	16,568,418.96	40,862,732.07	1,376,726.41	41,367,761.00
Other	3,460,623.55	4,227,582.82	3,977,463.02	4,487,444.19	4,234,887.88	4,974,173.83	4,698,776.10
Mutual Defense Assistance:							
Agriculture Department		1,065,971.61	476,842.13	58,776.53	597.00	68.00	1,672,587.31
Defense Department:							
Office of the Secretary	18,722.97	6,565.33	8,018,156.21	23,010.06	17,696.67	436,161.41	47,216.63
Air Force	1,791,119.01	1,100,044.04	1,348,246.79	3,627,001.87	13,781,053.40	8,816,753.91	5,300,509.08
Army	5,037,197.01	9,699,473.41	19,336,223.10	37,750,891.89	45,995,091.28	45,470,647.61	42,698,144.35
Navy	6,783,406.22	1,848,170.48	2,444,056.54	7,920,860.23	8,049,592.88	13,756,219.40	7,633,748.39
Economic Cooperation Administration				996,734.98	362,751.91	15,756.25	4,093,505.85
Federal Security Agency	1,437.28	3,149.72	3,214.88	3,919.31	3,853.70	11,033.33	167.02
General Services Administration	453,319.24	167,363.60	[c] 51,736.21	158,155.06	[c] 500,972.73	8,251.30	7,177.56
State Department	83,560.37	794,951.38	336,802.42	88,892.12	[c] 1,296,890.11	261,731.77	243,752.48
Unclassified	486.37	[c] 261.55					
Post Office Department (deficiency):							
Current year			150,000,000.00		80,000,000.00	30,000,000.00	
Prior years							
Railroad Retirement Board:							
Railroad Retirement Account	25,800,000.00	26,000,000.00	331,372,000.00	80,500,200.00			62,318,849.00
Acquisition of service and compensation data							
Administrative expenses	8,920.90	[c] 163.50				124.34	
Railroad unemployment insurance administration fund	540,570.90	840,795.74	412,879.54	378,103.51	528,673.43	384,501.26	505,742.39
Railroad unemployment insurance administration fund (transfers to unemployment trust fund)							

Expenditures [3]	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
Korean aid:							
Agriculture Department	$1,081,620.45		$62,991.33	$436,732.05	$91.03	$1,655,955.70	
Commerce Department	c 601.74					101,268.84	$284,841.29
Defense Department:							
Army	2,371,378.29	$1,277.50	42.20	158.71	1,450,000.00	4,256,779.90	4,133,320.94
Economic Cooperation Administration	82,627.60	196,746.20	504,233.55	288,056.63	1,679,934.70	11,481,788.97	12,695,459.87
General Services Administration	2,678,831.57	1,233,385.58	605,864.68	1,637,325.19	693,879.85	18,959,900.56	22,622,518.10
Interior Department		2,122.88				7,368.36	6,201.98
Post Office Department							10,000.00
State Department	17,690.57	8,218.49	18,795.45			438,968.90	7,552.50
Unclassified							
Labor Department:							
Bureau of Employment Security	420,480.27	605,572.46	1,979,084.98	29,497,985.71	40,667,997.22	183,399,587.77	214,004,959.64
Other	3,804,163.72	4,334,841.90	4,881,604.86	1,115,239.85	4,172,153.76	48,368,955.48	43,757,480.41
Mutual Defense Assistance:							
Agriculture Department	6,745,560.26	4,735,243.24	455,416.67	82,315.80	1,250,104.70	16,543,483.25	
Defense Department:							
Office of the Secretary	c 332,447.19	35,865.51	48,235.35	10,024,105.03	25,021,404.61	43,364,692.59	39,984.18
Air Force	20,732,441.54	10,743,160.36	7,437,072.24	7,122,292.68	38,995,775.34	120,795,470.26	14,507,444.54
Army	51,919,172.63	49,375,536.55	73,018,189.54	112,418,641.53	86,999,817.71	579,719,026.61	23,160,246.59
Navy	5,290,879.92	14,021,486.82	9,330,348.55	9,424,717.62	18,115,482.05	104,618,969.10	4,518,576.29
Economic Cooperation Administration	347,454.37	1,895,812.35	2,832,867.68	946,545.38	3,681,377.61	15,172,806.38	
Federal Security Agency	1,737.99	163.50	3,612.22	1,345.01	22.50	33,656.46	
General Services Administration	15.42	13,900.63	4,909.42	46,004.71	56,265.48	362,653.48	
State Department	270,588.75	444,825.94	1,396,242.44	298,969.66	199,331.89	3,122,759.11	2,115,998.73
Unclassified	c 75.59	151.18	c 75.59			224.82	c 224.82
Post Office Department (deficiency):							
Current year	60,000,000.00		25,000,000.00	270,000,000.00	7,000,000.00	622,000,000.00	[16] 558,000,000.00
Prior years					2,169,405.59	2,169,405.59	[16] 34,514,046.05
Railroad Retirement Board:							
Railroad Retirement Account			82,000,000.00			607,991,049.00	582,832,720.00
Acquisition of service and compensation data							26.00
Administrative expenses					530.62	9,412.36	788,805.21
Railroad unemployment insurance administration fund	494,320.54	385,825.99	331,459.40	632,237.16	338,254.54	5,773,364.40	6,901,543.52
Railroad unemployment insurance administration fund (transfers to unemployment trust fund)							5,437,873.00

Footnotes at end of table.

TABLE 3.—*Budget receipts and expenditures, in detail, monthly for fiscal year 1951 and totals for 1950 and 1951*—Continued

Expenditures [3]	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
Reconstruction Finance Corporation	$23,770,092.99	$55,837,884.69	$2,843,583.44	[c] $7,428,850.99	[c] $110,660,221.51	[c] $8,526,685.57	[c] $18,436,612.56
State Department:							
Foreign service retirement fund							
Foreign aid and relief:							
Assistance to Greece and Turkey	62,756.15	19,702.39	18,310.27	[c] 254,697.05	15,701.11	33,248.92	3,718.91
China Aid Act of 1948	173,129.02	181,264.41	35,402.59	200,983.70	290,622.72	276,971.19	287,957.95
International Children's Emergency Fund	815,635.48	3,014,203.59	39,429.28			977,664.21	
Relief to people of countries devastated by war							
Surplus property disposal [17]	3,227.75	14.00	[c] 13.76	[c] 13.56	342.33		180.50
United Nations headquarters, loan for construction and furnishing	[c] 551,440.46	4,000,000.00		3,300,000.00			3,740,000.00
Other	19,906,232.65	18,793,318.77	47,329,741.16	32,515,030.73	26,442,847.20	19,860,159.40	11,035,402.55
Unclassified	[c] 479,079.24	478,768.55	590.06	[c] 590.06			
Tennessee Valley Authority	3,898,457.39	3,386,360.21	4,319,447.72	4,879,562.74	2,888,887.49	4,763,420.13	3,305,674.06
Treasury Department:							
Coast Guard:							
Armed Forces Leave Act of 1946: [12]							
Bonds issued					[c] 175.00		
Cash payments	10,229.32	3,304.27	2,921.34	2,596.31	4,959.10	1,718.08	4,069.09
Other	12,340,685.83	16,812,488.23	14,494,230.04	14,782,525.64	12,065,881.59	13,593,131.27	14,783,001.29
Unclassified	965.45	[c] 965.45	[c] 50.00	50.00			
Customs	2,847,727.81	4,681,105.03	2,821,199.80	3,091,831.56	2,903,027.81	2,780,187.19	4,408,276.57
Fiscal service:							
Interest on the public debt: [18]							
Public issues	270,884,846.95	133,712,292.29	645,189,771.13	228,351,650.49	140,563,393.65	957,813,221.40	309,123,375.98
Special issues [19]	175,450.11	434,488.60	870,724.14	962,205.70	942,045.31	10,094,606.64	204,693,230.98
Claims and judgments, various agencies [20]	9,427,648.99	2,676,981.25	4,045,857.97	45,469,071.88	3,644,288.17	2,335,344.06	5,277,590.87
Other	5,355,707.91	6,168,746.91	4,900,060.50	4,786,379.83	5,105,639.11	4,944,442.64	6,933,935.68
Unclassified			29,615.14	[c] 29,615.14	1,098,913.04	[c] 1,098,913.04	
Internal Revenue:							
Interest on refunds of receipts	8,818,602.30	7,982,703.97	7,946,968.94	11,826,965.18	7,124,829.09	25,300,588.71	3,068,710.53
Other	18,365,486.91	26,094,565.01	18,263,816.09	18,241,206.74	18,422,885.25	18,249,984.97	28,131,911.85
Unclassified		[c] 7,478.40	7,478.40				
China Aid Act of 1948							
Loans, advances, and capital subscriptions							
Other	2,665,299.76	3,521,062.10	3,654,025.72	1,955,613.08	3,762,630.67	2,883,843.19	2,166,566.97
Unclassified	[c] 33,138.55	33,138.55	[c] 30,000.00	83,270.61	[c] 1,152,183.65	1,098,913.04	139,712.88

Expenditures [3]	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
Reconstruction Finance Corporation	[c] $8,097,513.70	[c] $2,866,729.38	$11,375,328.24	[c] $5,284,826.47	[c] $10,992,684.11	[c] $78,467,234.93	$588,856,408.94
State Department:							
Foreign service retirement fund							2,187,000.00
Foreign aid and relief:							
Assistance to Greece and Turkey	1,525.19	[c] 28,567.86	78,217.64	373.78	370.85	[c] 49,339.70	179,849.61
China Aid Act of 1948	421,926.94	273,697.53	203,216.51	223,875.75	178,085.33	2,747,133.64	1,518,744.71
International Children's Emergency Fund	100,000.00					4,946,932.56	11,765,542.93
Relief to people of countries devastated by war							931.24
Surplus property disposal [17]	1,214.58		341.10	7.45		5,300.39	32,884.39
United Nations headquarters, loan for construction and furnishing	[c] 137,938.04		3,600,000.00			13,950,621.50	26,227,300.00
Other	22,922,712.15	23,846,427.07	14,550,172.65	20,721,688.71	25,850,368.47	283,774,101.51	297,118,601.79
Unclassified	12.58	[c] 12.58			694.00	383.31	[c] 360.74
Tennessee Valley Authority	3,874,996.57	5,734,346.92	10,154,471.47	7,885,752.75	1,621,521.89	56,712,899.34	17,755,213.34
Treasury Department:							
Coast Guard:							
Armed Forces Leave Act of 1946: [12]							
Bonds issued						[c] 175.00	[c] 800.00
Cash payments	3,425.41	5,033.12	3,466.94	4,965.90	2,499.06	49,187.94	4,505.38
Other	15,712,648.99	13,595,457.97	16,160,925.58	14,014,804.42	9,661,039.78	168,016,820.63	144,559,397.70
Unclassified							
Customs	2,842,510.63	2,835,898.29	3,031,931.22	2,759,345.59	2,686,766.37	37,689,807.87	36,477,513.62
Fiscal Service:							
Interest on the public debt: [18]							
Public issues	153,967,910.37	576,466,069.72	250,323,190.06	160,084,308.43	913,961,216.60	4,740,441,247.07	4,868,484,878.97
Special issues [19]	[c] 1,969,876.05	3,536,700.49	2,187,971.58	3,275,690.56	643,070,575.27	872,213,565.43	881,428,184.93
Claims and judgments, various agencies [20]	10,052,112.39	4,206,458.16	2,562,675.84	3,803,181.54	5,133,367.73	98,634,578.85	69,923,762.67
Other	4,187,054.04	5,702,348.85	5,241,192.23	4,825,699.70	6,518,055.25	64,669,262.65	65,478,792.53
Unclassified	[c] 41.67	41.67	31,902.61	[c] 31,902.61	47,434.20	47,434.20	
Internal Revenue:							
Interest on refunds of receipts	9,253,449.67	7,129,030.77	4,835,428.10	7,429,407.34	8,541,036.74	109,257,721.34	92,653,472.28
Other	18,564,876.62	20,154,879.31	20,333,199.89	19,728,940.36	19,393,439.87	243,945,192.87	228,740,167.28
Unclassified							
China Aid Act of 1948	[c] 1,793.04					[c] 1,793.04	
Loans, advances, and capital subscriptions							[c] 750,000.00
Other	6,638,114.30	3,930,210.39	2,878,237.01	2,728,374.86	4,124,017.68	40,907,995.73	32,425,463.81
Unclassified	[c] 184,917.57	45,204.69	[c] 31,902.61	31,902.61	[c] 47,434.20	[c] 47,434.20	202,096.62

Footnotes at end of table.

TABLE 3.—*Budget receipts and expenditures, in detail, monthly for fiscal year 1951 and totals for 1950 and 1951*—Continued

Expenditures [3]	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
Veterans' Administration:							
National service life insurance fund	$1, 748, 324. 43	$2, 102, 166. 19	$2, 177, 997. 80	$3, 352, 555. 11	$4, 941, 636. 65	$5, 752, 649. 50	$10, 937, 312. 25
Other:							
Benefits under Servicemen's Readjustment Act	186, 872, 731. 44	178, 206, 828. 08	143, 853, 062. 40	195, 450, 324. 20	204, 683, 595. 60	179, 912, 840. 77	173, 924, 200. 51
Pensions and compensations	181, 892, 767. 21	182, 104, 857. 20	178, 845, 745. 35	182, 362, 722. 61	182, 156, 048. 35	181, 016, 534. 41	180, 578, 484. 67
Other	78, 852, 998. 41	103, 986, 882. 18	77, 407, 473. 88	79, 192, 256. 11	77, 973, 782. 30	76, 218, 963. 86	107, 011, 895. 38
Unclassified	[c] 5. 75	622. 67	[c] 622. 67	11, 690. 72	[c] 11, 526. 72	[c] 164. 00	
Other agencies:							
Independent offices and commissions:							
General Accounting Office	2, 670, 620. 92	3, 814, 132. 26	2, 539, 248. 87	2, 531, 173. 31	2, 559, 885. 30	2, 311, 122. 01	3, 483, 398. 59
Interstate Commerce Commission	875, 174. 58	948, 047. 82	850, 068. 66	842, 513. 90	796, 270. 12	1, 296, 813. 45	754, 670. 05
National Advisory Committee for Aeronautics	4, 222, 662. 62	6, 158, 904. 92	4, 223, 809. 94	5, 758, 413. 50	4, 843, 472. 77	4, 564, 468. 30	5, 916, 574. 90
Philippine War Damage Commission	4, 869, 833. 28	7, 132, 896. 39	18, 570, 166. 90	51, 117, 836. 71	12, 445, 293. 99	241, 569. 93	72, 188. 33
Selective Service System	937, 925. 30	1, 427, 337. 28	1, 552, 443. 50	1, 882, 983. 29	2, 000, 935. 72	2, 419, 917. 28	2, 493, 600. 80
Other	4, 638, 977. 86	5, 493, 940. 09	4, 846, 349. 89	4, 380, 841. 45	4, 806, 282. 70	3, 679, 338. 83	5, 946, 767. 45
District of Columbia (Federal contributions)	3, 000, 000. 00		7, 800, 000. 00				
Post Office Department:							
Other (excluding deficiencies and expenditures from postal revenues)	64, 946. 78	37, 324. 12	833, 647. 42	376, 875. 10	1, 770, 079. 28	764, 280. 63	15, 809. 57
Adjustment for disbursing officers' checks outstanding		[c] 62. 00					1, 191. 38
Unclassified					[c] 164. 00	164. 00	
Total budget expenditures	3, 012, 932, 542. 45	2, 515, 202, 897. 63	3, 520, 472, 632. 76	3, 170, 016, 557. 89	3, 102, 432, 553. 04	3, 741, 955, 571. 55	3, 808, 188, 858. 66
Budget surplus, or deficit (−)	−1,132,114,457. 12	344, 403, 341. 70	1, 084, 058, 160. 30	−1,113,576,084. 76	−251, 665, 526. 71	469, 540, 523. 74	640, 222, 141. 11

Expenditures [3]	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
Veterans' Administration:							
National service life insurance fund	$8,520,569.48	$1,897,807.42	$400,554.69	$1,137,821.28	$384,607.16	$43,354,001.96	$472,751,518.89
Other:							
Benefits under Servicemen's Readjustment Act	160,359,384.60	193,077,742.42	168,476,371.83	164,353,006.86	144,973,040.56	2,094,143,129.27	2,798,333,412.20
Pensions and compensations	180,123,137.24	182,345,378.63	180,873,349.10	180,836,590.61	161,258,428.39	2,154,394,043.77	2,223,807,519.09
Other	76,665,370.36	78,383,020.61	77,566,018.72	78,626,109.10	77,234,242.77	989,119,013.68	1,022,339,395.25
Unclassified	254.18	c 254.18				c 5.75	c 4,053.38
Other agencies:							
Independent offices and commissions:							
General Accounting Office	2,321,606.87	2,325,329.48	2,369,933.08	2,358,763.16	2,359,709.97	31,644,923.82	34,796,172.01
Interstate Commerce Commission	837,272.74	885,228.52	916,484.18	997,167.10	814,991.17	10,814,702.29	11,652,443.98
National Advisory Committee for Aeronautics	5,238,299.22	5,437,402.61	5,082,892.65	5,056,229.09	5,072,544.68	61,575,675.20	54,454,368.79
Philippine War Damage Commission	388,785.04	369,324.81	200,857.05	c 5,041.00	6,121.63	95,409,833.06	150,321,570.69
Selective Service System	2,462,448.35	2,761,464.97	2,739,284.64	3,394,993.96	3,129,320.45	27,202,655.54	10,304,377.47
Other	5,151,522.60	5,853,359.81	5,077,018.45	5,360,758.99	5,576,078.89	60,811,237.01	58,571,613.93
District of Columbia (Federal contributions)						10,800,000.00	12,000,000.00
Post Office Department:							
Other (excluding deficiencies and expenditures from postal revenues)	578,458.42	19,524.58	1,618,055.05	1,021,628.40	8,322.71	7,108,952.06	4,025,982.84
Adjustment for disbursing officers' checks outstanding		c .97	1.30			1,129.71	17,205.05
Unclassified							c 1,132.23
Total budget expenditures	3,210,746,079.95	4,058,152,412.17	4,006,852,673.64	4,516,675,145.47	5,969,193,983.16	44,632,821,908.37	40,166,835,914.82
Budget surplus, or deficit (−)	1,046,609,526.34	4,053,838,924.90	−1,380,602,509.89	−1,370,271,595.87	1,119,340,180.51	3,509,782,624.25	−3,122,102,357.45

[a] Counter-entry (add).
[b] Counter-entry (deduct).
[c] Excess of credits (deduct).
[1] This item of seigniorage, which was classified under trust account receipts through June 30, 1950, represents the difference between the cost value and the monetary value of silver bullion revalued and held to secure the silver certificates issued on account of silver acquired under the Silver Purchase Act of 1934.
[2] Represents appropriations of "Social security—employment taxes" to the Federal old-age and survivors insurance trust fund, as provided under sec. 109 (a) (2) of the Social Security Act Amendments of 1950.
[3] Expenditures are "net," after allowance for reimbursements to appropriations, receipts of revolving fund appropriations, and receipts credited to disbursing accounts of corporations and agencies having authority to use collections without formal covering into the Treasury. When such credits exceed expenditures the items are indicated by the prefix "c." Sales and redemptions in the market of obligations of Government corporations and investments of wholly owned government corporations in public debt securities are shown in table 4.
[4] The two accounts shown under the heading "Agricultural Adjustment Act of 1938" are those to which transfers are made of amounts estimated by the Secretary of Agriculture to be required for national and State and for local operating expenses in carrying out acts administered by the Production and Marketing Administration. Expenditures shown for the programs designated by footnote (i. e., Conservation and use of agricultural land resources, National school-lunch program, Removal of surplus agricultural commodities, and Sugar Act) are therefore exclusive of amounts transferred to these two accounts.
[5] Represents expenditures from funds allocated to the Department of Agriculture from appropriations for "Relief in Occupied Areas of Germany."
[6] Includes $650,000 subscription to paid-in surplus of the Federal Intermediate Credit Bank, Columbia, S. C., from the revolving fund provided therefor by the Farm Credit Act as amended.

[7] Includes $500,000 subscription to paid-in surplus of the Federal Intermediate Credit Bank, St. Louis, Mo., from the revolving fund provided therefor by the Farm Credit Act, as amended.

[8] Included under applicable services prior to September 1949.

[9] Certain expenditures on behalf of the Department of the Air Force which are still being made out of appropriations to the Department of the Army are included in the expenditures of the latter department.

[10] Expenditures of the Air Force and certain expenditures of the Army are on a checks-issued basis as reported by the Departments of the Army and Air Force. As final reports for the latest month are not available in time to effect complete classification by the middle of the following month, the classification for that month is preliminary and will be revised the succeeding month to a final basis.

[11] This clearing account is used to enable the Treasurer to classify receipts and expenditures on the basis of reports of transactions effected in the accounts of the Departments of the Army and Air Force. The figures reported for this account represent the difference between the net amount of paid checks and certificates of deposit cleared by the Treasurer of the United States and the net amount of receipts and expenditures as reported by the Army and Air Force.

[12] Administrative expenses in carrying out provisions of act are included under "Other".

[13] Comparative figures are not available on account of changes in classifications.

[14] The Federal National Mortgage Association was transferred from the Reconstruction Finance Corporation to the Housing and Home Finance Agency effective Sept. 7, 1950, pursuant to Reorganization Plan No. 22, therefore comparative figures are not available.

[15] Transactions of the Mutual Mortgage Insurance Fund are reported under "Special deposits (net)," effective July 1, 1950.

[16] Revised to adjust classification.

[17] Does not include expenditures from direct appropriations for expenses of disposal in foreign areas.

[18] Commencing Nov. 1, 1949, interest on the public debt is reported as an expenditure when such interest becomes due and payable, as distinguished from the previous practice of showing the expenditure on the basis of interest paid by the Treasurer of the United States.

[19] The accounts for which special issues are held are shown in the Monthly Public Debt Statement, appearing on pages 5 and 8 of the *Daily Statement of the United States Treasury*, for the first business day of each month. Some of such accounts also hold marketable obligations, the interest on which is included in public issues on the line above.

[20] Represents judgments and damage claims not payable under Tort Claims Act.

TABLE 4.—*Trust account and other transactions, in detail, monthly for fiscal year 1951 and totals for 1950 and 1951*

[On basis of daily Treasury statements, see p. 675]

Trust accounts, etc. Receipts	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
Federal employees' retirement funds:							
Civil service retirement fund:							
Deductions from salaries and other receipts	$30, 418, 654. 69	$31, 188, 256. 05	$28, 302, 927. 10	$34, 084, 953. 64	$32, 166, 657. 29	$29, 177, 582. 45	$33, 958, 246. 00
District of Columbia and Government corporations contributions	1, 907. 000. 00	209, 387. 05	--------	--------	1, 068. 22	--------	--------
Interest and profits on investments	60, 530. 83	132, 602. 74	211, 827. 12	258, 938. 36	390, 771. 06	403, 364. 73	501, 964. 19
Transfers from general fund (United States share)	--------	--------	305, 000, 000. 00	--------	--------	--------	--------
Foreign service retirement fund:							
Deductions from salaries and other receipts	65, 754. 31	43, 177. 52	30, 909. 64	69, 619. 09	63, 090. 51	49, 060. 60	56, 771. 33
Interest and profits on investments	221. 92	570. 74	953. 42	1, 282. 19	1, 610. 96	2, 109. 59	2, 519. 45
Transfers from general fund (United States share)	--------	--------	--------	--------	--------	--------	--------
Unclassified	[a] 13, 636. 85	--------	[a] 5, 457. 96	5, 457. 96	--------	--------	[a] 167. 80
Federal old-age and survivors insurance trust fund:							
Appropriations [1]	200, 875, 832. 78	316, 310, 388. 87	185, 074, 327. 17	181, 498, 233. 15	287, 928, 330. 25	239, 130, 948. 32	131, 330, 554. 49
Deposits by States	--------	--------	--------	--------	--------	--------	--------
Interest and profits on investments	--------	--------	10, 870, 694. 71	--------	--------	16, 714, 378. 24	115, 073, 542. 79
Transfers from general fund	--------	--------	--------	--------	3, 694, 000. 00	--------	--------
Railroad retirement account:							
Interest on investments	575. 34	--------	188, 630. 14	255, 698. 63	324, 443. 84	399, 008. 22	478, 767. 12
Transfers from general fund	25, 800, 000. 00	26, 000, 000. 00	331, 372, 000. 00	80, 500, 200. 00	--------	--------	62, 318, 849. 00
Unemployment trust fund:							
Deposits by States	35, 112, 500. 36	287, 555, 852. 09	9, 321, 637. 35	37, 516, 323. 93	256, 759, 850. 33	21, 884, 042. 67	34, 463, 158. 72
Interest on investments	46, 484. 38	--------	4, 095, 491. 74	209, 324. 05	--------	6, 498, 753. 87	70, 709, 268. 74
Railroad unemployment insurance account:							
Deposits by Railroad Retirement Board	207, 651. 59	76, 140. 03	3, 399, 438. 40	10, 345. 89	100, 551. 87	3, 472, 037. 49	13, 106. 13
Transfers from railroad unemployment insurance administration fund	--------	--------	--------	--------	--------	--------	--------
Veterans' life insurance funds:							
Government life insurance fund:							
Interest and profits on investments	--------	9, 205. 48	36, 917. 81	--------	35, 671. 23	36, 917. 81	17, 835. 62
Premiums and other receipts	5, 248, 002. 79	2, 101, 292. 97	2, 798, 806. 45	3, 331, 487. 17	3, 136, 301. 79	2, 879, 032. 13	4, 767, 889. 49
National service life insurance fund:							
Interest on investments	31, 849. 32	49, 331. 52	61, 232. 89	82, 397. 25	65, 749. 32	38, 342. 47	37, 569. 86
Premiums and other receipts	27, 288, 538. 91	38, 967, 593. 90	26, 154, 755. 32	43, 159, 535. 63	38, 669, 808. 36	30, 484, 750. 93	48, 880, 357. 58
Transfers from general fund	1, 748, 324. 43	2, 102, 166. 19	2, 177, 997. 80	3, 352, 555. 11	4, 941, 636. 65	5, 752, 649. 50	10, 937, 312. 25

TABLE 4.—*Trust account and other transactions, in detail, monthly for fiscal year 1951 and totals for 1950 and 1951*—Continued

Trust accounts, etc. Receipts	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
Federal employees' retirement funds:							
Civil service retirement fund:							
Deductions from salaries and other receipts	$29,751,880.38	$31,873,981.01	$35,264,381.03	$37,610,038.53	$23,428,158.26	$377,225,716.43	$357,753,133.07
District of Columbia and Government corporations contributions	-----	-----	-----	-----	-----	2,117,455.27	2,004,152.64
Interest and profits on investments	543,123.29	715,002.00	802,609.59	905,590.48	159,634,072.67	164,560,397.06	143,174,184.13
Transfers from general fund (United States share)	-----	-----	-----	-----	-----	305,000,000.00	302,504,728.00
Foreign service retirement fund:							
Deductions from salaries and other receipts	48,574.31	66,003.19	40,447.02	51,277.83	57,118.29	641,803.64	687,912.87
Interest and profits on investments	2,844.93	3,242.74	3,592.33	3,953.97	636,650.94	659,553.18	653,809.10
Transfers from general fund (United States share)	-----	-----	-----	-----	-----	-----	2,187,000.00
Unclassified	3,224.69	[a] 3,006.89	2,563.59	5,068,874.10	[a] 5,070,707.69	[a] 12,856.85	13,636.85
Federal old-age and survivors insurance trust fund:							
Appropriations [1]	373,786,741.26	239,310,200.23	150,088,517.96	534,030,633.29	280,172,035.77	3,119,536,743.54	2,106,387,805.50
Deposits by States	-----	-----	-----	43,939.26	823,265.15	867,204.41	-----
Interest and profits on investments	-----	10,870,694.71	7,916,385.09	-----	125,946,135.83	287,391,831.37	256,778,439.42
Transfers from general fund	-----	-----	-----	-----	-----	3,694,000.00	3,604,000.00
Railroad retirement account:							
Interest on investments	537,534.25	587,884.93	654,641.10	729,657.54	66,010,308.84	70,167,149.95	62,201,104.14
Transfers from general fund	-----	-----	82,000,000.00	-----	-----	607,991,049.00	582,832,720.00
Unemployment trust fund:							
Deposits by States	207,791,638.11	21,652,051.69	39,247,021.51	393,383,853.12	17,940,856.56	1,362,628,786.44	1,098,794,731.66
Interest on investments	-----	4,074,115.10	2,713,352.19	-----	75,779,778.56	164,126,568.63	167,066,533.53
Railroad unemployment insurance account:							
Deposits by Railroad Retirement Board	93,336.48	3,508,377.77	111,709.29	269,909.91	3,621,686.29	14,884,291.14	9,728,111.50
Transfers from railroad unemployment insurance administration fund	-----	-----	-----	-----	-----	-----	5,437,873.00
Veterans' life insurance funds:							
Government life insurance fund:							
Interest and profits on investments	72,493.15	72,205.48	79,397.26	102,363.01	44,233,000.00	44,696,006.85	44,529,349.32
Premiums and other receipts	3,181,041.05	3,686,652.72	3,936,112.01	2,272,869.72	3,758,547.74	41,098,036.03	42,887,962.56
National service life insurance fund:							
Interest on investments	45,427.40	39,361.63	261,591.79	1,378,643.84	158,231,935.07	160,323,432.36	204,954,454.26
Premiums and other receipts	40,663,156.26	57,829,085.48	31,490,527.11	49,737,848.76	46,737,734.92	480,063,693.16	398,651,337.16
Transfers from general fund	8,520,569.48	1,897,807.42	400,554.69	1,137,821.28	384,607.16	43,354,001.96	472,751,518.89

Footnotes at end of table.

Trust accounts, etc. Receipts and expenditures	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
RECEIPTS							
Other trust accounts:							
Adjusted service certificate fund:							
Interest on loans and investments	$1,004.15	$1,700.26	$1,247.67	$138.85	$1,725.75	$70.00	$202,542.92
District of Columbia:							
Revenues from taxes, etc	4,840,192.14	5,407,459.63	14,933,582.00	21,233,333.74	5,996,127.33	5,607,737.75	7,641,332.51
Transfers from general fund (United States share)	3,000,000.00		7,800,000.00				
Indian tribal funds	649,947.11	1,380,448.02	1,460,735.91	33,635,639.87	8,536,235.51	994,871.37	1,135,344.53
Insular possessions	768.53	486.77	845.58	965.81	770.21	541.97	646.59
Other	[a] [2] 12,492,704.66	14,192,426.95	24,583,502.41	52,567,761.68	38,459,383.15	15,721,976.94	48,988,217.74
Increment resulting from reduction in the weight of the gold dollar	8,747.10	3,704.36	2,692.69	4,783.82	13,949.10	6,636.51	6,695.13
Seigniorage [3]							
Unclassified	1,818,876.57	428,045.59	[a] 392,871.06	[a] 13,833.74	[a] 65,126.52	[a] 148,839.17	132,300.65
Total receipts	326,625,115.74	726,160,236.73	957,482,824.30	491,765,142.08	681,222,606.21	379,105,974.39	571,654,625.03
EXPENDITURES (Except investments)							
Federal employees' retirement funds:							
Civil service retirement fund:							
Annuities and refunds	23,367,625.79	22,391,017.17	21,136,472.54	21,074,228.03	22,365,354.62	22,027,703.65	22,316,835.26
Foreign service retirement fund:							
Annuities and refunds	93,648.53	104,744.00	96,492.31	98,484.42	117,453.10	106,101.82	102,460.98
Federal old-age and survivors insurance trust fund:							
Administrative expenses:							
Salaries and expenses, Bureau of Old-Age and Survivors Insurance	3,284,780.59	4,977,425.15	3,489,246.63	3,735,096.80	4,086,075.51	3,973,845.02	5,806,974.14
Reimbursements to general fund [4]	1,234,515.42	1,234,515.42	1,234,515.42	2,334,837.48	1,275,392.48	1,275,392.50	1,279,354.82
Benefit payments	64,801,829.93	63,984,127.04	68,091,463.87	119,994,755.64	127,517,360.08	136,917,413.52	141,716,802.56
Railroad retirement account:							
Administrative expenses	351,697.73	463,838.23	471,333.85	508,545.52	367,259.83	424,183.73	481,218.12
Benefit payments	26,010,109.76	25,988,339.33	25,919,550.99	25,910,592.01	26,308,934.74	25,983,387.97	26,218,756.30
Unemployment trust fund:							
Railroad Unemployment Insurance Account:							
Benefit payments	4,178,685.77	5,245,271.48	4,504,327.11	4,507,831.73	4,555,403.81	4,602,105.43	5,854,254.02
Transfer to railroad unemployment insurance contributions for administrative expenses [5]							
State accounts:							
Withdrawals by States	89,020,000.00	84,275,000.00	59,950,000.00	56,650,000.00	55,119,500.00	68,145,000.00	96,425,000.00

TABLE 4.—*Trust account and other transactions, in detail, monthly for fiscal year 1951 and totals for 1950 and 1951*—Continued

Trust accounts, etc. Receipts and expenditures	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
RECEIPTS							
Other trust accounts:							
Adjusted service certificate fund:							
Interest on loans and investments		$471.23		$789.04		$209,689.87	$223,366.98
District of Columbia:							
Revenues from taxes, etc.	$5,302,586.16	19,366,447.95	$19,418,364.44	7,854,744.02	$5,388,513.05	122,990,420.72	117,597,647.23
Transfers from general fund (United States share)						10,800,000.00	12,000,000.00
Indian tribal funds	4,464,957.22	2,810,793.48	1,217,678.38	725,455.20	1,200,437.28	58,212,543.88	19,544,195.62
Insular possessions		[a] 3,820.89	33.48	58.26	152.93	1,449.24	5,907.61
Other	32,735,540.34	31,179,321.96	90,853,450.32	19,543,191.25	[a] [2] 5,145,595.43	351,186,472.65	251,666,641.61
Increment resulting from reduction in the weight of the gold dollar	17,887.64	1,714.78	3,625.69	8,449.04	1,490.96	80,376.82	82,444.84
Seigniorage [3]							1,392,257.58
Unclassified	[a] 23,807.12	27,799.49	185,455.66	473,761.80	[a] 646,685.84	1,775,076.31	637,265.18
Total receipts	707,538,749.28	429,566,387.21	466,692,011.53	1,055,333,723.25	1,003,123,497.31	7,796,270,893.06	6,668,734,224.25
EXPENDITURES (Except investments)							
Federal employees' retirement funds:							
Civil service retirement fund:							
Annuities and refunds	21,236,274.57	22,785,785.25	23,745,206.59	24,507,903.96	23,115,924.44	270,070,331.87	267,290,026.50
Foreign service retirement fund:							
Annuities and refunds	118,593.40	115,741.57	110,640.52	102,720.30	101,298.07	1,268,379.02	1,162,830.35
Federal old-age and survivors insurance trust fund:							
Administrative expenses:							
Salaries and expenses, Bureau of Old-Age and Survivors Insurance	3,985,696.46	4,394,570.90	5,080,056.11	4,585,053.56	4,450,762.23	51,849,583.10	42,251,332.92
Reimbursements to general fund [4]	1,279,354.82	1,279,354.82	2,056,694.15	2,056,694.15	2,056,694.14	18,597,315.62	14,589,904.69
Benefit payments	151,700,069.44	154,830,186.82	154,684,512.96	156,805,969.07	157,043,498.31	1,498,087,989.24	727,266,479.24
Railroad retirement account:							
Administrative expenses	382,989.55	311,210.71	355,506.66	376,208.76	372,466.28	4,866,458.97	4,452,527.71
Benefit payments	26,338,514.99	26,746,518.67	26,723,397.62	27,034,659.35	26,968,532.60	316,151,294.33	299,910,724.21
Unemployment trust fund:							
Railroad Unemployment Insurance Account:							
Benefit payments	4,442,327.36	4,762,782.53	3,546,168.37	3,088,729.91	2,746,451.16	52,034,338.68	143,903,728.47
Transfer to railroad unemployment insurance contributions for administrative expenses [5]							2,644,401.52
State accounts:							
Withdrawals by States	69,440,000.00	66,770,000.00	62,970,500.00	72,125,000.00	67,380,000.00	848,270,000.00	1,879,000,000.00

Footnotes at end of table.

Trust accounts, etc. Expenditures (except investments)	Fiscal year 1951 July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
Veterans' life insurance funds:							
Government life insurance fund:							
Benefits and refunds	$8,022,792.42	$7,181,110.74	$5,937,252.60	$5,585,407.22	$5,110,288.48	$5,339,649.12	$6,283,695.60
National service life insurance fund:							
Benefits and refunds	27,565,266.77	29,361,529.40	29,134,531.61	31,043,828.53	31,805,176.88	32,674,659.29	34,886,704.62
Special dividends	28,855,058.91	15,914,595.56	10,998,045.05	11,196,112.33	7,801,619.10	4,390,623.54	3,362,520.74
Other trust accounts:							
Adjusted service certificate fund:							
Other	37,309.58	32,241.06	26,811.35	35,393.25	27,655.55	33,235.28	19,088.87
District of Columbia	11,909,096.18	8,996,371.58	4,600,232.22	17,891,118.11	7,686,307.61	9,175,625.39	11,476,754.77
Indian tribal funds	810,260.12	1,381,732.34	2,943,620.34	901,006.00	1,412,983.28	2,327,188.96	1,054,232.49
Mutual defense assistance trust fund:							
Defense Department:							
Office of the Secretary							3,080.50
Air Force	1,400.00		1,666.49	2,732.78	25,621.76	42,130.72	81,736.61
Army		9.96	86.10	135,328.29	202,297.14	81,054.26	1,757,128.81
Navy	1,482.94	.30					
Other	15,163,881.27	15,801,500.83	25,580,645.64	14,469,046.86	11,928,827.70	11,246,479.79	12,899,207.89
Chargeable against increment on gold—melting losses, etc		723.00					
Unclassified	23,696.82	[b] 23,696.82	5,082.48	[b] 5,062.48	[b] 500,205.25	500,155.25	2.68
Special deposits (net):							
District of Columbia	[b] 145,377.35	161,014.97	[b] 499,601.30	[b] 1,159,415.32	167,832.92	6,877.61	[b] 127,371.46
Government corporations (partially owned)	61,061,855.81	172,960,477.53	98,485,933.17	32,903,439.14	41,722,143.16	41,645,110.23	[b] 129,961,847.87
Indian tribal funds	467,448.49	582,546.94	[b] 821,341.28	[b] 1,696,166.08	[b] 1,468,819.84	10,081,841.81	[b] 9,308,257.54
Other	[b] 31,214,861.81	[b] 12,320,183.03	[b] 9,976,090.65	14,500,333.45	[b] 25,877,214.03	2,494,186.82	[b] 10,974,397.19
Unclassified							
Total expenditures	334,902,203.67	448,694,252.18	351,310,276.54	360,617,473.71	321,757,248.63	383,493,951.71	221,653,935.72
Excess of receipts, or expenditures (−)	−8,277,087.93	277,465,984.55	606,172,547.76	131,147,668.37	359,465,357.58	−4,387,977.32	350,000,689.31

TABLE 4.—*Trust account and other transactions, in detail, monthly for fiscal year 1951 and totals for 1950 and 1951*—Continued

Trust accounts, etc. Expenditures (except investments)	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
Veterans' life insurance funds:							
Government life insurance fund:							
Benefits and refunds	$6,029,914.39	$6,878,169.19	$6,487,739.36	$6,425,198.59	$8,106,526.23	$77,387,743.94	$113,640,438.62
National service life insurance fund:							
Benefits and refunds	32,005,592.08	36,672,278.55	34,185,989.04	35,055,528.54	37,008,625.37	391,399,710.68	354,917,034.16
Special dividends	3,345,459.84	2,515,192.69	11,418,094.47	54,410,522.22	68,030,862.65	222,238,707.10	2,632,988,510.20
Other trust accounts:							
Adjusted service certificate fund:							
Other	24,471.28	23,290.91	26,692.75	28,858.03	18,232.96	333,280.87	572,480.60
District of Columbia	9,059,580.67	8,755,156.04	3,179,702.08	13,539,116.88	15,350,873.73	121,619,935.26	123,493,640.32
Indian tribal funds	1,692,477.25	2,865,001.17	4,026,943.30	1,232,932.50	1,085,632.62	21,734,010.37	17,735,529.99
Mutual defense assistance trust fund:							
Defense Department:							
Office of the Secretary	[b] 3,080.50	----------	----------	----------	----------	----------	----------
Air Force	266,566.75	2,141,387.23	1,285,133.80	112,225.89	3,736,665.73	7,697,267.76	[b] 1,400.00
Army	60,598.55	169,939.24	1,300,241.13	1,529,167.86	87,011.39	5,322,862.73	----------
Navy	----------	----------	111,363.64	686,167.27	245,439.20	1,044,453.35	56,161.40
Other	3,637,084.34	20,071,299.10	24,900,694.86	61,668,241.73	11,699,224.44	229,066,134.45	227,825,910.30
Chargeable against increment on gold—melting losses, etc	----------	----------	----------	----------	107.91	830.91	612.38
Unclassified	[b] 40,115.79	40,143.11	[b] 74,640.36	74,640.36	----------	----------	[b] 5.09
Special deposits (net):							
District of Columbia	32,988.38	102,989.89	[b] 151,611.63	153,659.88	41,826.46	[b] 1,416,186.95	339,986.16
Government corporations (partially owned)	1,949,392.80	11,206,229.91	[b] 26,281,171.96	[b] 17,663,457.47	22,257,512.65	310,285,617.10	[b] 44,498,945.46
Indian tribal funds	217,138.87	86,763.62	[b] 3,168,009.91	1,627,342.88	[b] 1,895,107.99	[b] 5,294,620.03	[b] 2,950,914.34
Other	[b] 78,856,922.21	[b] 34,547,473.02	66,938,312.66	[b] 32,298,237.47	[b] 344,767,693.90	[b] 496,900,240.38	143,074,043.38
Unclassified	----------	----------	----------	----------	[b] 1,095,691.36	[b] 1,095,691.36	[b] 119.98
Total expenditures	258,344,967.29	338,976,518.90	403,458,156.21	417,264,846.75	104,145,675.32	3,944,619,506.63	6,949,664,918.25
Excess of receipts, or expenditures (−)	449,193,781.99	90,589,868.31	63,233,855.32	638,068,876.50	898,977,821.99	3,851,651,386.43	−280,930,694.00

Footnotes at end of table.

Investments of Government agencies in public debt securities (net) [6]	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
Trust accounts:							
Federal employees' retirement funds:							
Civil service retirement fund	$7,287,000.00	$10,248,000.00	$316,816,000.00	$10,389,000.00	$4,449,000.00	$10,448,000.00	$18,121,000.00
Foreign service retirement fund	[c] 45,000.00	[c] 56,000.00	[c] 48,000.00	[c] 42,000.00	[c] 37,000.00	[c] 59,000.00	[c] 56,000.00
Federal old-age and survivors insurance trust fund	210,000,000.00	67,000,000.00	[7] 162,917,616.58	130,000,000.00	35,000,000.00	[7] 80,908,496.99	197,700,000.00
Railroad retirement account	[c] 1,000,000.00		305,872,000.00	55,000,000.00	[c] 25,800,000.00	[c] 26,800,000.00	35,118,000.00
Unemployment trust fund	[c] 63,000,000.00	210,000,000.00	[c] [7] 45,007,480.40	[c] 28,000,000.00	198,000,000.00	[c] [7] 47,027,285.53	
Veterans' life insurance funds:							
Government life insurance fund		[c] 3,000,000.00	[c] 5,000,000.00		[c] 3,000,000.00	[c] 2,500,000.00	[c] 1,000,000.00
National service life insurance fund	[c] 1,500,000.00	[c] 3,200,000.00	[c] 9,300,000.00	800,000.00	[c] 850,000.00	7,200,000.00	17,700,000.00
Adjusted service certificate fund	[c] 42,000.00	[c] 50,000.00	[c] 45,000.00		[c] 50,000.00		202,000.00
District of Columbia funds [8]	23,000.00		521,500.00	1,000,000.00	998,000.00		
General post fund, Veterans' Administration					[c] 1,000.00		
Indian tribal funds [8]	895,850.00	[c] 188,345.00	[c] 5,225.00	[c] 501,500.00	1,190,000.00	[c] 10,022,100.00	9,764,100.00
Philippine account for payment of pre-1934 bonds [8]		[c] 691,000.00					3,018,000.00
Other [9]				[c] 10,000.00	700.00		
Wholly owned Government corporations and agencies:							
Federal Housing Administration:							
Mutual mortgage insurance fund					13,967,650.00	3,500,000.00	
Other					6,100,000.00	4,000,000.00	8,969,250.00
Federal Savings and Loan Insurance Corporation					800,000.00	1,500,000.00	2,500,000.00
Federal Intermediate Credit Banks [8]	[c] 500,000.00		1,500,000.00	12,130,000.00	2,350,000.00	[c] 2,500,000.00	
Home Owners' Loan Corporation					[c] 2,000,000.00		
Inland Waterways Corporation					[c] 50,000.00		
Production Credit Corporations					507,300.00	1,140,200.00	485,500.00
Other Government corporations:							
Federal Deposit Insurance Corporation [8]	57,000,000.00	2,000,000.00				[c] 28,000,000.00	57,000,000.00
Federal home loan banks [8]	[c] 52,300,000.00	[c] 65,390,000.00	52,190,000.00	[c] 32,300,000.00	[c] 39,271,000.00	48,346,000.00	77,680,000.00
Total investment transactions (net)	156,818,850.00	216,672,655.00	780,411,411.18	148,465,500.00	192,303,650.00	40,134,311.46	427,201,850.00

TABLE 4.—*Trust accounts and other transactions, in detail, monthly for fiscal year 1951 and totals for 1950 and 1951*—Continued

Investments of Government agencies in public debt securities (net) [6]	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
Trust accounts:							
Federal employees' retirement funds:							
Civil service retirement fund	$4,249,000.00	$9,304,000.00	$11,670,000.00	$6,729,000.00	$163,530,000.00	$573,240,000.00	$540,478,000.00
Foreign service retirement fund	[c] 52,000.00	[c] 52,000.00	[c] 49,000.00	[c] 66,000.00	579,000.00	17,000.00	2,353,000.00
Federal old-age and survivors insurance trust fund	82,000,000.00	[7] 166,917,616.58	[7] 66,965,595.48	211,500,000.00	[7] 267,067,016.84	1,677,976,342.47	1,414,152,395.70
Railroad retirement account	[c] 27,000,000.00	[c] 26,200,000.00	55,800,000.00	[c] 26,500,000.00	38,400,000.00	356,890,000.00	337,600,000.00
Unemployment trust fund	139,000,000.00	[c] [7] 40,007,566.54	[c] [7] 40,004,795.63	325,000,000.00	[7] 40,980,548.62	649,933,420.52	[c] 724,068,323.78
Veterans' life insurance funds:							
Government life insurance fund	[c] 3,500,000.00	[c] 3,000,000.00	[c] 3,000,000.00	[c] 3,500,000.00	36,000,000.00	8,500,000.00	[c] 26,500,000.00
National service life insurance fund	12,550,000.00	8,150,000.00	[c] 700,000.00	[c] 37,600,000.00	100,250,000.00	93,500,000.00	[c] 1,945,541,000.00
Adjusted service certificate fund		[c] 50,000.00		[c] 50,000.00		[c] 85,000.00	[c] 313,000.00
District of Columbia funds [8]			8,020,000.00	4,000,000.00	[c] 8,020,000.00	6,542,500.00	([10])
General post fund, Veterans' Administration						[c] 1,000.00	([10])
Indian tribal funds [8]	[c] 222,500.00	[c] 374,150.00	[c] 1,000.00	[c] 68,500.00	[c] 483,300.00	[c] 16,670.00	([10])
Philippine account for payment of pre-1934 bonds [8]				91,000.00	143,000.00	2,561,000.00	([10])
Other [9]						[c] 9,300.00	([10])
Wholly owned Government corporations and agencies:							
Federal Housing Administration:							
Mutual mortgage insurance fund				[11] 3,200,000.00	5,200,000.00	[12] 25,867,650.00	([10])
Other				[11] 4,700,000.00	2,250,000.00	[12] 26,019,250.00	([10])
Federal Savings and Loan Insurance Corporation	1,350,000.00	1,000,000.00	750,000.00	1,000,000.00	2,000,000.00	10,900,000.00	([10])
Federal Intermediate Credit Banks [8]	6,000,000.00	9,000,000.00	4,000,000.00		5,500,000.00	37,480,000.00	([10])
Home Owners' Loan Corporation						[c] 2,000,000.00	([10])
Inland Waterways Corporation						[c] 50,000.00	([10])
Production Credit Corporations	337,000.00	84,100.00	2,627,500.00	952,500.00	[c] 749,000.00	5,385,100.00	([10])
Other Government corporations:							
Federal Deposit Insurance Corporation [8]	3,000,000.00		2,500,000.00		[c] 31,000,000.00	62,500,000.00	([10])
Federal home loan banks [8]	[c] 8,620,000.00	2,637,000.00	[c] 1,680,000.00	[c] 2,100,000.00	42,200,000.00	21,392,000.00	([10])
Total investment transactions (net)	209,091,500.00	127,409,000.04	106,898,299.85	487,288,000.00	663,847,265.46	[13] 3,556,542,292.99	[c] 401,838,928.08

Footnotes at end of table.

Sales and redemptions of obligations of Government corporations, etc., in the market (net)	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
Guaranteed by the United States:							
Commodity Credit Corporation	$1, 230, 619. 95	$191, 647. 65	$6, 134. 38	$3, 201. 71	[b] 1, 440, 568. 39	$527, 374. 23	$122, 572. 85
Federal Farm Mortgage Corporation	24, 500. 00	19, 600. 00	30, 200. 00	11, 700. 00	23, 000. 00	21, 400. 00	13, 000. 00
Federal Housing Administration	2, 098, 250. 00	[b] 1, 690, 900. 00	[b] 2, 365, 400. 00	[b] 1, 942, 900. 00	[b] 369, 500. 00	[b] 792, 550. 00	5, 784, 500. 00
Home Owners' Loan Corporation	18, 675. 00	53, 375. 00	24, 325. 00	28, 775. 00	43, 775. 00	14, 500. 00	39, 625. 00
Public Housing Administration							
Not guaranteed by the United States:							
Federal home loan banks	[b] 70, 000, 000. 00	[b] 85, 000, 000. 00	[b] 145, 390, 000. 00	405, 000. 00		[b] 88, 895, 000. 00	
Federal land banks	92, 600. 00	115, 800. 00	3, 300. 00	809, 500. 00	8, 200. 00	7, 000. 00	9, 000. 00
Home Owners' Loan Corporation	25. 00	25. 00	25. 00	5, 050. 00		200. 00	4, 500. 00
Total sales and redemptions (net)	[b] 66, 535, 330. 05	[b] 86, 310, 452. 35	[b] 147, 691, 415. 62	[b] 679, 673. 29	[b] 1, 735, 093. 39	[b] 89, 117, 075. 77	5, 973, 197. 85
Clearing account for outstanding checks, interest coupons, and telegraphic reports from Federal Reserve Banks: [14]							
Excess of receipts (credits), or expenditures (charges) (−)	30, 670, 938. 14	−139, 899, 680. 13	−79, 839, 057. 35	49, 462, 170. 45	−62, 811, 633. 09	−51, 969, 393. 99	246, 883, 307. 05

[a] Counter-entry (deduct).
[b] Excess of credits (deduct).
[c] Excess of redemptions, sales, or repayments (deduct).
[1] Represents appropriations of "Social security—employment taxes" to the Federal old-age and survivors insurance trust fund, as provided under sec. 109 (a) (2) of the Social Security Act Amendments of 1950.
[2] Reduction due to transfer to budget receipts of $25,000,000 in July 1950 and $30,000,000 in June 1951 representing proceeds of merchant ship sales and charter of vessels.
[3] This item of seigniorage, which was classified under trust account receipts through June 30, 1950, represents the difference between the cost value and the monetary value of silver bullion revalued and held to secure the silver certificates issued on account of silver acquired under the Silver Purchase Act of 1934.

TABLE 4.—*Trust accounts and other transactions, in detail, monthly for fiscal year 1951, and totals for 1950 and 1951*—Continued

Sales and redemptions of obligations of Government corporations, etc., in the market (net)	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
Guaranteed by the United States:							
Commodity Credit Corporation	$644, 873. 68	$115, 970. 96	[b] $71, 737. 83	$101, 833. 55	[b] $13, 782. 66	$1, 418, 140. 08	$9, 476, 973. 61
Federal Farm Mortgage Corporation	11, 300. 00	27, 800. 00	12, 300. 00	8, 800. 00	1, 500. 00	205, 100. 00	346, 500. 00
Federal Housing Administration	[b] 415, 400. 00	[b] 3, 290, 900. 00	4, 550. 00	[b] 8, 816, 150. 00	92, 000. 00	[b] 11, 704, 400. 00	[b] 2, 692, 400. 00
Home Owners' Loan Corporation	17, 450. 00	25, 375. 00	27, 375. 00	35, 575. 00	28, 200. 00	357, 025. 00	640, 300. 00
Public Housing Administration							1, 000. 00
Not guaranteed by the United States:							
Federal home loan banks	12, 890, 000. 00	5, 000. 00	25, 075, 000. 00	23, 920, 000. 00	[b] 48, 495, 000. 00	[b] 375, 485, 000. 00	83, 145, 000. 00
Federal land banks	7, 500. 00	9, 000. 00	1, 000. 00	500. 00	14, 600. 00	1, 078, 000. 00	[b] 69, 153, 200. 00
Home Owners' Loan Corporation	1, 525. 00	2, 350. 00		1, 000. 00	2, 050. 00	16, 750. 00	6, 700. 00
Total sales and redemptions (net)	13, 157, 248. 68	[b] 3, 105, 404. 04	25, 048, 487. 17	15, 251, 558. 55	[b] 48, 370, 432. 66	[b] 384, 114, 384. 92	21, 770, 873. 61
Clearing account for outstanding checks, interest coupons, and telegraphic reports from Federal Reserve Banks: [14]							
Excess of receipts (credits), or expenditures (charges) (−)	−160, 857, 730. 54	110, 558, 337. 14	105, 523, 706. 75	−304, 439, 789. 21	42, 578, 689. 82	−214, 140, 134. 96	482, 656, 886. 25

[4] Represents reimbursement for certain administrative expenses met out of general fund appropriations.

[5] Represents transfer from the Railroad Unemployment Insurance Account to Railroad unemployment insurance contributions for administrative expenses, to adjust funds available for administrative expenses on account of retroactive credits taken by contributors under Public Law No. 744, approved June 23, 1948.

[6] Represents investment transactions which clear through accounts of the Treasurer of the United States.

[7] Reduced by repayments on account of accrued interest or premium purchased.

[8] Transactions for the months July through October previously reflected under "Special deposits (net)."

[9] Transactions for the months July through October previously reflected under "Other trust funds and accounts."

[10] Comparative figures are not available on account of changes in classifications.

[11] Revised to adjust classification.

[12] Includes investments during the period July–October 1950, previously classified as budget expenditures, and adjusted in the following months:

Mutual mortgage insurance fund:	
November 1950	$7, 967, 650
Other:	
November 1950	1, 100, 000
January 1951	8, 969, 250
June 1951	[a] 1, 100, 000

[13] Includes net charges in the amount of $17,583,000 arising out of investment transactions during the period July–October 1950, which were previously reflected as budget expenditures.

[14] This clearing account for outstanding checks, outstanding unpaid interest on the public debt, and telegraphic reports is used to enable the Treasurer to classify expenditures immediately upon the receipt of advice concerning the issuance of checks by disbursing officers of the Treasury Department and advice relating to interest on the public debt becoming due and payable, and also to enable the Treasurer to reflect transactions in cash assets on the basis of telegraphic reports received from Federal Reserve Banks. When the bank transcripts are received, the items involved are cleared from this account.

TABLE 5.—*Budget receipts and expenditures by major classifications,*[1 2] *fiscal years 1943–51*

[In millions of dollars. On basis of daily Treasury statements, see p. 675]

Classification	1943	1944	1945	1946	1947	1948	1949	1950	1951
RECEIPTS									
Internal revenue:									
Income and profits taxes:									
Withheld by employers [3]		8,393	10,289	9,392	10,013	11,436	9,842	10,073	13,535
Other	16,094	26,262	24,884	21,493	19,292	19,735	19,641	18,189	24,218
Subtotal	16,094	34,655	35,173	30,885	29,306	31,171	29,482	28,263	37,753
Employment taxes:									
Old-age insurance	1,130	1,292	1,310	1,238	1,459	1,616	1,690	2,106	3,120
Unemployment insurance	158	180	185	180	185	208	223	226	234
Railroad retirement	209	267	285	283	380	557	564	550	578
Subtotal	1,498	1,739	1,780	1,701	2,024	2,381	2,477	2,883	3,931
Miscellaneous internal revenue	4,553	5,291	6,949	7,725	8,049	8,301	8,348	8,303	9,423
Total internal revenue	22,144	41,685	43,902	40,310	39,379	41,853	40,307	39,449	51,106
Railroad unemployment insurance contributions	10	12	13	13	14	15	10	9	10
Customs	324	431	355	435	494	422	384	423	624
Other:									
Renegotiation of war contracts [4]	558	2,235	2,041	1,063	279	162	76	27	28
Surplus property			101	501	2,886	1,929	589	264	214
Other [2]	366	1,077	1,338	1,915	1,456	1,719	1,407	1,140	1,387
Total budget receipts [2]	23,402	45,441	47,750	44,238	44,508	46,099	42,774	41,311	53,369
Less:									
Appropriations to Federal old-age and survivors insurance trust fund [5]	1,130	1,292	1,310	1,238	1,459	1,616	1,690	2,106	3,120
Refunds of receipts [2 6]	70	257	1,679	2,973	3,006	2,273	2,838	2,160	2,107
Net receipts [2]	22,202	43,892	44,762	40,027	40,043	42,211	38,246	37,045	48,143
EXPENDITURES									
National defense and related activities:									
Department of the Air Force [7]							1,690	3,506	6,237
Department of the Army [7]	42,265	49,242	50,337	27,800	6,911	6,046	5,417	4,090	6,875
Department of the Navy [7]	20,888	26,538	30,047	15,161	4,998	4,171	4,412	4,110	5,756
Payments under Armed Forces Leave Act					1,986	270	10	1	2
U. S. Maritime Commission [8]	2,776	3,812	3,227	694	271	277	136		
United Nations Relief and Rehabilitation Administration			114	664	1,501	268	25	(*)	(*)
Surplus property disposal agencies				106	442	325	98	7	1
R. F. C. and affiliates [9]	3,189	2,682	472	328	138				
Strategic and critical materials					11	99	299	439	656
Other [10]	6,180	7,447	6,305	4,117	554	44	71	225	431
Subtotal	75,297	89,720	90,501	48,870	16,812	11,500	12,158	12,378	19,958
International finance and aid:									
Bretton Woods Agreements Act				159	1,426				
Export-Import Bank of Washington				568	938	465	−60	45	88
Credit to United Kingdom					2,050	1,700			
Greek-Turkish assistance						161	279	121	65
Government and relief in occupied areas					514	881	1,333	753	354
Economic Cooperation Act [11]						134	4,043	3,523	2,810
Mutual defense assistance								44	884
Other						803	420	170	232
Subtotal [11]				727	4,928	4,143	6,016	4,657	4,431

Footnotes at end of table.

TABLE 5.—*Budget receipts and expenditures, by major classifications,*[1 2] *fiscal years 1943–51*—Continued

[In millions of dollars]

Classification	1943	1944	1945	1946	1947	1948	1949	1950	1951
EXPENDITURES—Continued									
Interest on the public debt [12]	1,808	2,609	3,617	4,722	4,958	5,211	5,339	5,750	5,613
Veterans' Administration	602	730	2,060	4,253	7,259	6,469	6,878	6,517	5,281
Other expenditures:									
Department of Agriculture [13]	585	696	969	−203	1,226	782	2,656	2,984	636
Department of Commerce [14]	61	71	92	98	149	172	239	385	379
Housing and home finance	−354	−360	−307	−246	129	−68	−56	−270	460
Postal deficiency	15	−29	1	161	242	310	524	593	624
Public works [15]	535	425	313	359	690	1,126	1,520	1,577	1,531
Reconstruction Finance Corporation [16]	−727	−247	−288	−23	215	438	314	589	−71
Social security program [17]	732	798	807	845	1,066	1,619	1,696	1,967	2,027
Atomic Energy Commission	....	....	....	....	159	456	647	524	908
Miscellaneous [18]	1,068	901	937	1,142	1,456	1,633	2,124	2,515	2,857
Subtotal	1,914	2,256	2,525	2,133	5,332	6,467	9,666	10,865	9,350
Total budget expenditures [1 2]	79,622	95,315	98,703	60,703	39,289	33,791	40,057	40,167	44,633
Budget surplus, or deficit (−)	−57,420	−51,423	−53,941	−20,676	754	8,419	−1,811	−3,122	3,510

NOTE.—More detail on current expenditures is shown in table 3.

*Less than $500,000.

[1] Expenditures exclude amounts for public debt retirement which are chargeable to the sinking fund, etc., under special provisions of law. Expenditures include transfers to trust accounts and net expenditures of wholly owned Government corporations and agencies, except investments by such corporations and agencies in public debt securities, beginning fiscal year 1951; and payments to the Treasury as explained in footnote 2.

[2] Amounts refunded by Government are reported as deductions from total receipts. Both receipts and expenditures exclude payments to the Treasury, principally by wholly owned Government corporations for retirement of capital stock and for disposition of earnings. (See also table 2, footnote 3.)

[3] The Social Security Act Amendments of 1950 (Public Law 734), approved Aug. 28, 1950, changed the basis of appropriating social security employment taxes on employers and employees. Effective Jan. 1, 1951, these taxes and withheld income taxes are paid into the Treasury in combined amounts without separation as to type of tax. The amounts of such taxes credited currently as appropriations to the Federal old-age and survivors insurance trust fund are based initially on estimates by the Secretary of the Treasury and are later adjusted on the basis of wage records maintained by the Social Security Administration. Beginning January 1951, for purposes of this table, the amount credited to the trust fund is included under "Employment taxes" as receipts for old-age insurance, and the balance of the combined receipts is shown under income and profits taxes as "Withheld by employers."

[4] Includes so-called voluntary returns.

[5] Represents appropriations equal to "Social security—employment taxes" collected and deposited as provided under section 201 (a) of the Social Security Act Amendments of 1939.

[6] Excludes interest on refunds, which is included under "Other expenditures: Miscellaneous."

[7] Department of the Army expenditures include those on behalf of Department of the Air Force which are made out of appropriations to Department of the Army, but exclude, principally, expenditures for government and relief in occupied areas, Greek-Turkish assistance, UNRRA, surplus property disposal overseas, other international finance and aid, payments under Armed Forces Leave Act, river and harbor work and flood control, and Panama Canal. (See also footnotes 15 and 18.) Department of the Navy expenditures exclude, principally, those for Greek-Turkish assistance, payments under Armed Forces Leave Act, surplus property disposal overseas, and UNRRA.

[8] Effective Sept. 1, 1946, expenditures of War Shipping Administration are included with expenditures of U. S. Maritime Commission. In 1950 all expenditures for the Commission are included under "Other expenditures: Department of Commerce."

[9] Expenditures of Reconstruction Finance Corporation and affiliates for activities other than national defense and related activities are included under "Other expenditures." National defense and related activities expenditures for 1948 and thereafter are not segregated from other expenditures.

[10] Beginning July 1, 1946, consists of expenditures for Office of Selective Service Records and National Advisory Committee for Aeronautics; beginning March 1948, expenditures for Office of Secretary of Defense also are included.

[11] To simplify comparison of figures, transactions relating to the Foreign Economic Cooperation trust fund, established under section 114 (f) of the Economic Cooperation Act of 1948 (62 Stat. 150) have been consolidated with budget expenditures.

[12] Commencing Nov. 1, 1949, interest on the public debt is reported as an expenditure when such interest becomes due and payable, as distinguished from the previous practice of showing the expenditure on the basis of interest paid by the Treasurer of the United States.

[13] Comprises Department of Agriculture expenditures, except those for UNRRA, surplus property disposal, other national defense and related activities prior to July 1947; international finance and aid; and forest roads and trails, included under "Public works" in this table.

[14] Comprises Department of Commerce expenditures, including U. S. Maritime Commission (see footnote 7), except those for national defense and related activities prior to 1947; international finance and aid; public roads, included under "Public works"; and administrative expenses, Social Security Act, included under "Social Security Program."

[15] Consists of expenditures for the following: Public roads, except assistance to Greece and Turkey; public buildings, consisting of construction only, beginning with July 1949; and Bureau of Community Facilities (these three categories of expenditures having been under the Federal Works Agency until it was abolished by Public Law 162, approved June 30, 1949); Bureau of Reclamation; Tennessee Valley Authority; river and harbor work and flood control under the Department of the Army; and forest roads and trails under the Department of Agriculture. Prior to July 1949, included all other Federal Works Agency expenditures except those included under national defense and related activities.

[16] Excludes expenditures shown under "National defense and related activities." (See footnote 8.)

[17] Comprises budget expenditures under Social Security, Railroad Retirement, and Railroad Unemployment Insurance Acts.

[18] Includes expenditures for executive departments not included elsewhere in this table (including interest on refunds) and for legislative and judicial functions; Government contributions to Federal employees' retirement; Panama Canal, except war expenditures; and other miscellaneous.

TABLE 6.—*Trust account and other transactions by major classifications, fiscal years 1943–51*

[In millions of dollars. On basis of daily Treasury statements, see p. 675]

Classification	1943	1944	1945	1946	1947	1948	1949	1950	1951
TRUST ACCOUNTS, ETC.									
RECEIPTS									
Federal old-age and survivors insurance trust fund	1,218	1,395	1,434	1,386	1,623	1,807	1,924	2,367	3,411
Railroad retirement account	221	273	324	312	323	797	625	645	678
Unemployment trust fund	1,399	1,567	1,508	1,280	1,289	1,313	1,173	1,281	1,542
National service life insurance fund	316	905	2,127	2,351	1,504	740	690	1,076	684
Government life insurance fund	90	94	97	103	134	90	92	87	86
Government employees' retirement funds [1]	374	501	557	614	578	594	680	809	850
Adjusted service certificate fund	1	1	10	1	1	−6	(*)	(*)	(*)
Miscellaneous [2]	336	351	1,028	1,666	792	1,179	529	403	545
Total receipts [3]	3,954	5,085	7,086	7,712	6,244	6,515	5,714	6,669	7,796
EXPENDITURES (Except investments)									
Federal old-age and survivors insurance trust fund [4]	177	217	267	358	466	559	661	784	1,569
Railroad retirement account	130	134	141	152	173	222	278	304	321
Unemployment trust fund	176	61	71	1,146	869	859	1,314	2,026	900
National service life insurance fund	6	31	128	280	282	302	348	2,988	614
Government life insurance fund	30	34	25	50	67	70	61	114	77
Government employees' retirement funds [1]	85	103	151	267	323	244	222	268	271
Other trust funds and accounts [5]	260	233	428	1,574	1,073	1,234	526	370	387
Special deposit accounts (net)	−271	−508	−1,669	647	372	367	414	96	−194
Total expenditures	593	305	−458	4,474	3,625	3,857	3,824	6,950	3,945
Net receipts, or expenditures (−) of trust accounts, etc.	3,361	4,780	7,544	3,238	2,619	2,658	1,890	−281	3,852

Footnotes at end of table.

TABLE 6.—*Trust account and other transactions by major classifications, fiscal years 1943–51*—Continued

[In millions of dollars. On basis of daily Treasury statements, see p. 675]

Classification	1943	1944	1945	1946	1947	1948	1949	1950	1951
NET INVESTMENTS OF GOVERNMENT AGENCIES IN PUBLIC DEBT SECURITIES [6]									
Federal old-age and survivors insurance trust fund	1,035	1,172	1,137	1,002	1,194	1,194	1,294	1,414	1,678
Railroad retirement account	86	140	182	156	148	569	346	338	357
Unemployment trust fund	1,228	1,503	1,437	102	443	446	−160	−724	650
National service life insurance fund	314	862	1,974	2,053	1,234	461	353	−1,946	94
Government life insurance fund	61	60	73	47	60	32	32	−26	8
Government employees' retirement funds [1]	280	393	399	309	282	363	447	543	573
Other trust funds and accounts [7]	(*)	−1	−2	−2	(*)	−6	(*)	(*)	9
Government corporations and agencies [8]									187
Total net investments	3,004	4,129	5,200	3,668	3,362	3,060	2,311	−402	3,557
NET REDEMPTIONS, OR SALES (−), OF OBLIGATIONS OF GOVERNMENT AGENCIES IN THE MARKET									
Guaranteed	599	2,683	1,276	160	387	16	46	8	−10
Not guaranteed	95	190	277	−66	−28	−123	28	14	−374
Total net redemptions or sales	694	2,874	1,553	95	359	−107	74	22	−384
Net of trust account and other transactions, excess of receipts, or expenditures (−)	−338	−2,222	791	−524	−1,103	−294	−495	99	679

*Less than $500,000.

[1] Consists of civil service and foreign service retirement funds. Since September 1949 the civil service fund has included the former Alaska Railroad and Canal Zone retirement funds.

[2] Includes District of Columbia, Indian tribal funds, island possessions, increment resulting from reduction in weight of gold dollar, and seigniorage on silver through 1950.

[3] Excludes Foreign Economic Cooperation trust fund. See table 1, footnote 7.

[4] Includes reimbursement for certain administrative expenses met out of general fund appropriations.

[5] Includes adjusted service certificate fund, District of Columbia, Indian tribal funds, expenditures chargeable against increment on gold, and beginning 1950, Mutual Defense Assistance Trust Fund. Excludes net investments in public debt securities beginning 1951. (See footnote 7.)

[6] Consists of transactions which clear through accounts of the Treasurer of the United States.

[7] Consists of adjusted service certificate fund prior to 1951; beginning with that year includes also investments of other accounts which for prior years are included in expenditures of "Other trust funds and accounts" and "Special deposit accounts (net)".

[8] Consists of net investments of Government corporations which for prior years are included in expenditures of "Special deposit accounts (net)," and net investments of wholly owned Government corporations and agencies which for prior years are included in budget expenditures.

TABLE 7.—*Internal revenue collections by tax sources, fiscal years 1929–51* [1]

[In thousands of dollars. On basis of reports of collections, see p. 676]

Fiscal year	Income and profits taxes					Employment taxes			Miscellaneous internal revenue taxes		
	Individual taxes			Corporation income and excess profits [4]	Total income and profits taxes	Social security	Railroad retirement	Total employment taxes	Capital stock [5]	Estate	Gift
	Withheld by employers [2 3]	Other	Total individual taxes								
1929	----------	1,095,541	1,095,541	1,235,733	2,331,274	----------	----------	----------	5,956	61,897	----------
1930	----------	1,146,845	1,146,845	1,263,414	2,410,259	----------	----------	----------	47	64,770	----------
1931	----------	833,648	833,648	1,026,393	1,860,040	----------	----------	----------	----------	48,078	----------
1932	----------	427,191	427,191	629,566	1,056,757	----------	----------	----------	----------	47,422	----------
1933	----------	352,574	352,574	394,218	746,791	----------	----------	----------	----------	29,693	4,617
1934	----------	419,509	419,509	400,146	819,656	----------	----------	----------	80,168	103,985	9,153
1935	----------	527,113	527,113	578,675	1,105,788	----------	----------	----------	91,508	140,441	71,671
1936	----------	674,416	674,416	753,030	1,427,446	----------	48	48	94,943	218,781	160,059
1937	----------	1,091,741	1,091,741	1,088,087	2,179,828	265,458	287	265,745	137,499	281,636	23,912
1938	----------	1,286,312	1,286,312	1,342,718	2,629,030	593,185	149,476	742,660	139,349	382,175	34,699
1939	----------	1,028,834	1,028,834	1,156,281	2,185,114	631,002	109,427	740,429	127,203	332,280	28,436
1940	----------	982,017	982,017	1,147,592	2,129,609	711,473	122,048	833,521	132,739	330,886	29,185
1941	----------	1,417,655	1,417,655	2,053,469	3,471,124	787,985	137,871	925,856	166,653	355,194	51,864
1942	----------	3,262,800	3,262,800	4,744,083	8,006,884	1,014,953	170,409	1,185,362	281,900	340,323	92,217
1943	686,015	5,943,917	6,629,932	9,668,956	16,298,888	1,287,554	211,151	1,498,705	328,795	414,531	32,965
1944	7,823,435	10,437,570	18,261,005	14,766,796	33,027,802	1,473,361	265,011	1,738,372	380,702	473,466	37,745
1945	10,264,219	8,770,094	19,034,313	16,027,213	35,061,526	1,494,420	284,758	1,779,177	371,999	596,137	46,918
1946	9,857,589	8,846,947	18,704,536	12,553,602	31,258,138	1,416,570	284,258	1,700,828	352,121	629,601	47,232
1947	9,842,282	9,501,015	19,343,297	9,676,757	29,020,054	1,644,810	379,555	2,024,365	1,597	708,794	70,497
1948	11,533,577	9,464,204	20,997,781	10,174,410	31,172,191	1,821,229	560,113	2,381,342	1,723	822,380	76,965
1949	10,055,502	7,996,320	18,051,822	11,553,669	29,605,491	1,913,379	562,734	2,476,113	6,138	735,781	60,757
1950	9,888,976	7,264,332	17,153,308	10,854,351	28,007,659	2,096,537	548,038	2,644,575	266	657,441	48,785
1951	[3] 13,089,769	9,907,539	[3] 22,997,308	14,387,569	[3] 37,384,878	[3] 3,047,702	579,778	[3] 3,627,480	([5])	638,523	91,207

Footnotes at end of table.

TABLE 7.—*Internal revenue collections by tax sources, fiscal years 1929–51* [1]—Continued

[In thousands of dollars]

Fiscal year	Miscellaneous internal revenue taxes—Continued												
	Liquor taxes					Tobacco taxes				Stamp taxes			
	Distilled spirits	Fermented malt liquors	Wines	Other, including special taxes	Total liquor taxes	Cigarettes	Cigars	Other	Total tobacco taxes, etc.	Bonds, issues of capital stock, deeds of conveyance, etc.[6]	Transfers of capital stock and similar interest sales	All other	Total stamp taxes
1929	11,590	----------	293	894	12,777	342,034	22,872	69,539	434,445	17,868	37,596	8,709	64,174
1930	10,718	----------	239	738	11,695	359,881	21,443	69,015	450,339	22,611	46,698	8,419	77,729
1931	9,579	----------	228	625	10,432	358,961	18,296	67,019	444,277	14,757	25,520	6,676	46,954
1932	7,907	----------	187	610	8,704	317,565	14,434	66,580	398,579	9,199	17,696	5,346	32,241
1933	6,745	33,090	290	3,050	43,174	328,440	11,479	62,821	402,739	16,035	33,188	8,115	57,338
1934	68,468	163,271	3,411	23,762	258,911	350,299	11,806	63,063	425,169	16,259	38,066	12,255	66,580
1935	165,539	211,214	6,780	27,393	410,926	385,472	11,439	61,865	458,776	17,935	15,747	9,451	43,133
1936	222,210	244,581	8,968	29,484	505,243	425,502	11,984	63,299	500,785	28,163	33,055	7,772	68,990
1937	273,635	277,455	5,991	36,750	593,831	476,043	13,063	62,816	551,923	28,652	31,351	9,917	69,919
1938	259,780	269,347	5,892	32,651	567,669	493,452	12,479	61,846	567,777	20,084	18,355	7,794	46,233
1939	283,401	259,696	6,395	38,113	587,605	504,050	12,544	63,190	579,784	19,366	17,064	4,652	41,083
1940	317,553	264,574	8,060	33,878	624,064	533,057	12,552	62,464	608,073	18,145	15,528	5,008	38,681
1941	428,462	316,737	11,423	63,247	819,869	616,756	13,151	67,805	697,712	22,073	12,176	4,808	39,057
1942	574,250	366,159	23,986	83,770	1,048,165	704,949	14,292	61,551	780,792	22,875	13,028	5,798	41,702
1943	781,707	455,634	33,663	152,476	1,423,480	835,260	23,172	65,425	923,857	21,766	15,585	7,805	45,155
1944	898,706	559,152	34,095	126,091	1,618,045	904,046	30,259	54,178	988,483	26,243	17,096	7,460	50,800
1945	1,484,303	638,682	47,391	139,487	2,309,864	836,753	36,678	58,714	932,145	33,157	24,852	7,518	65,528
1946	1,746,577	650,824	60,844	67,917	2,526,162	1,072,971	41,454	51,094	1,165,519	47,393	30,369	9,915	87,676
1947	1,685,362	661,418	57,196	70,780	2,474,756	1,145,268	48,354	44,146	1,237,768	49,106	21,963	8,909	79,978
1948	1,436,226	697,097	60,962	61,035	2,255,320	1,208,204	46,752	45,325	1,300,280	50,771	20,374	8,321	79,466
1949	1,397,949	686,368	65,782	60,504	2,210,601	1,232,735	45,590	43,550	1,321,875	46,667	17,910	8,251	72,828
1950	1,421,893	667,411	72,601	57,291	2,219,196	1,242,851	42,170	43,443	1,328,464	50,156	23,823	10,669	84,648
1951	1,746,834	665,009	67,254	67,711	2,546,808	1,293,973	44,275	42,148	1,380,396	56,105	28,679	8,323	93,107

Fiscal year	Miscellaneous internal revenue taxes—Continued												
	Manufacturers' excise taxes [7]												
	Gasoline	Lubricating oils	Passenger automobiles and motorcycles	Automobile trucks	Parts and accessories for automobiles	Tires and tubes	Electrical energy	Refrigerators, air conditioners, etc.	Radio receiving sets, phonographs, phonograph records	Musical instruments	Jewelry	Furs	Toilet preparations
1929													
1930													
1931													
1932													
1933	124, 929	16, 233	12, 574	1, 654	3, 597	14, 980	28, 563	2, 112	2, 207		3, 068	7, 546	9, 603
1934	202, 575	25, 255	32, 527	5, 048	5, 696	27, 630	33, 134	5, 526	3, 157		4, 669	7, 655	10, 813
1935	161, 532	27, 800	38, 003	6, 158	6, 456	26, 638	32, 577	6, 664	3, 025		2, 010	2, 676	12, 644
1936	177, 340	27, 103	48, 201	7, 000	7, 110	32, 208	33, 575	7, 939	5, 075		3, 111	3, 321	13, 302
1937	196, 533	31, 463	65, 265	9, 031	10, 086	40, 819	35, 975	9, 913	6, 754		728	5, 920	18, 319
1938	203, 648	31, 565	43, 365	6, 697	7, 989	31, 567	38, 455	8, 829	5, 849		398	5, 342	16, 337
1939	207, 019	30, 497	42, 723	6, 008	7, 935	34, 819	39, 859	6, 958	4, 834		84	368	11, 531
1940	226, 187	31, 233	59, 351	7, 866	10, 630	41, 555	42, 339	9, 954	6, 080		64	160	7, 758
1941	343, 021	38, 221	81, 403	10, 747	13, 084	51, 054	47, 021	13, 279	6, 935		19	64	6, 684
1942	369, 587	46, 432	77, 172	18, 361	28, 088	64, 811	49, 978	16, 246	20, 113	2, 325	38	46	3, 552
1943	288, 786	43, 318	1, 424	4, 230	20, 478	18, 345	48, 705	5, 966	7, 377	1, 280	4	37	438
1944	271, 217	52, 473	1, 222	3, 247	31, 551	40, 334	51, 239	2, 406	5, 292	633	4	14	80
1945	405, 563	92, 865	2, 558	20, 847	49, 440	75, 257	57, 004	1, 637	6, 769	927	10	5	20
1946	405, 695	74, 602	25, 893	37, 144	68, 871	118, 092	59, 112	9, 229	17, 287	2, 839	(*)	15	10
1947	433, 676	82, 015	204, 680	62, 099	99, 932	174, 927	63, 014	37, 352	72, 348	10, 151	(*)	14	3
1948	478, 638	80, 887	270, 958	91, 963	122, 951	159, 284	69, 701	58, 473	74, 799	10, 573	(8)	(8)	(8)
1949	503, 647	81, 760	332, 812	136, 797	120, 138	150, 899	79, 347	77, 833	55, 642	9, 293	(8)	(8)	(8)
1950	526, 732	77, 610	452, 066	123, 630	88, 733	151, 795	85, 704	64, 316	47, 853	8, 865	(8)	(8)	(8)
1951	569, 048	97, 238	653, 363	121, 285	119, 475	198, 383	93, 184	96, 319	135, 194	10, 756	(8)	(8)	(8)

Footnotes at end of table.

TABLE 7.—*Internal revenue collections by tax sources, fiscal years 1929–51* [1]—Continued

[In thousands of dollars]

Fiscal yea7	Miscellaneous internal revenue taxes—Continued												
	Manufacturers' excise taxes—Continued			Retailers' excise taxes					Miscellaneous taxes				
												Admissions	
	Luggage	All other	Total manufacturers' excise taxes	Jewelry	Furs	Toilet preparations	Luggage, handbags, wallets	Total retailers' excise taxes	Telephone, telegraph, etc., including local service	Transportation of persons	Transportation of property	General admissions	Cabarets
1929		5,712	5,712									5,419	664
1930		2,665	2,665									3,519	712
1931		138	138									2,271	508
1932		87	87									1,460	399
1933		16,534	243,600						14,565			14,771	750
1934		21,606	385,291						19,251			14,019	595
1935		15,362	342,145						19,741			14,426	954
1936		17,431	382,716						21,098			15,773	1,339
1937		19,777	450,581						24,570			18,185	1,555
1938		17,111	417,152						23,977			19,284	1,517
1939		4,340	396,975						24,094			18,029	1,442
1940		3,975	447,152						26,368			20,265	1,623
1941		5,842	617,373						27,331			68,620	2,343
1942	2,834	72,316	771,898	41,501	19,744	18,922		80,167	75,023	21,379		107,633	7,400
1943	5,682	58,676	504,746	88,366	44,223	32,677		165,266	158,161	87,132	82,556	138,054	16,397
1944	4,777	38,974	503,462	113,373	58,726	44,790	8,343	225,232	231,474	153,683	215,488	178,563	26,726
1945	6	69,602	782,511	184,220	79,418	86,615	73,851	424,105	341,587	234,182	221,088	300,589	56,877
1946	15	103,867	922,671	223,342	91,706	95,574	81,423	492,046	380,082	226,750	220,121	343,191	72,077
1947	49	185,135	1,425,395	236,615	97,481	95,542	84,588	514,227	417,691	244,003	275,701	392,873	63,350
1948	(*)	231,008	1,649,234	217,899	79,539	91,852	80,632	469,923	468,776	246,323	317,203	385,101	53,527
1949	(*)	223,363	1,771,533	210,688	61,946	93,969	82,607	449,211	535,910	251,389	337,030	385,844	48,857
1950	(*)	208,750	1,836,053	190,820	45,781	94,995	77,532	409,128	559,620	228,738	321,193	371,244	41,453
1951	2	289,430	2,383,677	210,239	57,604	106,339	82,831	457,013	644,980	237,617	381,342	346,492	42,646

TABLE 7.—*Internal revenue collection by tax sources, fiscal years 1929–51* [1]—Con.

Fiscal year	Miscellaneous internal revenue taxes—Continued					Agricultural adjustment taxes	Grand total
	Miscellaneous taxes—Continued				Total miscellaneous internal revenue		
	Club dues and initiation fees	Sugar	All other [9]	Total miscellaneous taxes			
1929	11, 245	----------	5, 492	22, 820	607, 780	----------	2, 939, 054
1930	12, 521	----------	5. 891	22, 642	629, 887	----------	3, 040, 146
1931	11, 478	----------	4, 053	18, 310	568, 188	----------	2, 428, 229
1932	9, 205	----------	2, 876	13, 939	500, 972	----------	1, 557, 729
1933	6, 679	----------	55, 122	91. 886	873, 048	----------	1, 619, 839
1934	5, 986	----------	112, 052	151, 902	1. 481. 160	371, 423	2. 672, 239
1935	5, 784	----------	50, 276	91, 181	1, 649, 781	510, 746	3, 266, 315
1936	6, 091	----------	28, 695	72, 997	2, 004, 513	62, 323	3, 494, 331
1937	6, 288	----------	28, 835	79, 433	2, 188, 735	----------	4, 634, 308
1938	6, 551	30, 569	35, 206	117, 104	2, 272, 158	----------	5, 643, 848
1939	6, 217	65, 414	28, 260	143, 456	2, 236, 821	----------	5, 162, 364
1940	6, 335	68, 145	26, 125	148, 861	2, 359, 641	----------	5, 322, 771
1941	6, 583	74, 835	27, 121	206, 832	2, 954, 553	----------	7, 351, 534
1942	6, 792	68, 230	114, 049	400, 505	3, 837, 670	----------	13, 029, 915
1943	6, 520	53, 552	189, 963	732, 335	4, 571, 131	----------	22, 368, 724
1944	9, 182	68, 789	191, 497	1, 075, 402	5, 353, 336	----------	40, 119, 510
1945	14, 160	73, 294	188, 652	1, 430, 428	6, 959, 634	----------	43, 800, 338
1946	18, 899	56, 732	172, 077	1, 489, 929	7, 712, 956	----------	40, 671, 922
1947	23, 299	59, 152	74, 773	1, 550, 842	8, 063, 854	----------	39, 108, 273
1948	25, 499	71, 247	88, 035	1, 655, 711	8, 311, 003	----------	41, 864, 536
1949	27, 790	76, 174	89, 799	1, 752, 792	8, 381, 515	----------	40, 463, 119
1950	28, 740	71, 188	98, 732	1, 720, 908	8, 304, 892	----------	38, 957. 126
1951	30, 120	80, 192	79, 208	1, 842, 597	9, 433, 328	----------	50, 445, 686

NOTE.—Collection basis figures, which are used in this table, are compiled from reports received from collectors of internal revenue. Receipts, as reported in the daily Treasury statement and shown in certain other tables, differ from collection basis figures inasmuch as they are compiled from daily reports from depositaries and offices holding Government funds. Beginning with the fiscal year 1950, collection basis figures include deposits of withheld taxes made directly with the depositaries. Amounts reported by collectors and depositaries do not coincide, usually because collections made in the last few days of the fiscal year are not deposited until after its close and because certain withheld taxes are paid directly into designated Federal depositaries. Further explanation of bases of figures appears on p. 675.

Specific differences between this table and the daily Treasury statement occur as follows: In accordance with accounting procedure specified by statutory provisions, "Miscellaneous internal revenue," under the subhead "Manufacturers' excise taxes, All other," includes taxes collected on firearms, shells, and cartridges beginning in 1943, and beginning in 1951, collections of the tax on fishing rods, creels, etc.; and under the subhead "Miscellaneous taxes, All other," beginning in 1893, includes taxes collected on hydraulic mining. These collections are shown in the daily Treasury statement first as "Miscellaneous internal revenue" but subsequently are transferred into special accounts under "Miscellaneous receipts." The figures in this table for 1935 and subsequent years, with the exception mentioned in footnote 4, exclude collections for credit to specified trust accounts for certain island possessions, etc. These trust account collections are shown in the appropriate trust accounts in the daily Treasury statement.

Beginning with 1948 the figures for repealed taxes except those shown separately in this table have been placed under "Miscellaneous taxes: All other."

*Less than $500.

[1] For figures for 1863–1915, see 1929 annual report, p. 419; and for 1916–28, see 1947 annual report, p. 310.

[2] Includes collections from Victory tax.

[3] Beginning January 1951, withheld income taxes and social security employment taxes on employees and employers are paid into the Treasury in combined amounts without separation as to type of tax. For purposes of comparison, estimated figures for 1951 are shown.

[4] Includes income tax on Alaska Railroad except for 1935, 1936, and 1937, when these collections were credited to trust accounts; and excess profits taxes formerly shown separately.

[5] Repealed for years ending after June 30, 1945. Beginning with 1951 included under "Miscellaneous taxes: All other."

[6] Originally schedule A, act of Oct. 22, 1914; includes also foreign insurance policies and passage tickets (the latter repealed Apr. 1, 1947).

[7] Includes taxes on sales under act of Oct. 22, 1914; manufacturers', consumers', and dealers' excise taxes under war revenue and subsequent acts; and for 1932 and subsequent years, manufacturers' excise taxes under act of 1932, as amended. Soft drink taxes are included under "Miscellaneous taxes: All other." In 1951 quick-freeze units are included under "Refrigerators", etc., and television sets under "Radio receiving sets", etc.

[8] Included under "Miscellaneous taxes: All other."

[9] Includes collections from sources other than the miscellaneous taxes shown, and also (a) certain delinquent taxes collected under repealed laws, except automobile taxes for 1929 and 1930 which are included under "Manufacturers' excise taxes: All other," and capital stock taxes for 1929 and 1930 which are shown under "Capital stock"; (b) internal revenue collected through customs offices for 1929–33; subsequently such collections are included with "Distilled spirits"; (c) dividends and soft drink taxes; (d) taxes paid by manufacturers of and dealers in adulterated and process or renovated butter, mixed flour, and filled cheese; and (e) repealed taxes not separately shown.

TABLE 8.—*Customs collections* [1] *and refunds, fiscal years 1950 and 1951*

[On basis of accounts of Bureau of Customs]

	1950	1951	Percentage increase, or decrease (−)
Collections:			
Duties:			
Consumption entries	$285, 199, 335	$447, 305, 232	56. 8
Warehouse withdrawals	126, 643, 448	164, 349, 623	29. 8
Mail entries	2, 244, 742	2, 720, 367	21. 2
Baggage entries	980, 559	1, 428, 359	45. 7
Informal entries	1, 954, 192	1, 697, 594	−13. 1
Appraisement entries	303, 069	281, 895	−7. 0
Increased and additional duties	6, 936, 099	7, 028, 160	1. 3
Withheld duties	145, 978	83, 635	−42. 7
Other duties	660, 965	914, 226	38. 3
Total duties	425, 068, 387	625, 809, 091	47. 2
Miscellaneous:			
Violations of customs laws	864, 102	853, 539	−1. 2
Navigation fines	34, 545	74, 616	116. 0
Storage and related charges	116, 165	179, 567	54. 6
Tonnage tax	2, 332, 778	2, 507, 671	7. 5
Fees	337, 194	401, 664	19. 1
Recoveries	15, 519	17, 343	11. 8
Sale of Government property	80, 421	12, 667	−84. 3
All other customs receipts	42, 677	111, 614	161. 5
Total miscellaneous	3, 823, 401	4, 158, 681	8. 8
Total customs collections	428, 891, 788	629, 967, 772	46. 9
Refunds:			
Excessive duties	7, 750, 508	7, 122, 298	−8. 1
Drawback payments	8, 234, 783	7, 050, 868	−14. 4
Other	46, 640	34, 766	−25. 5
Total refunds	16, 031, 931	14, 207, 932	−11. 4

NOTE.—Additional customs statistics will be found in tables 83 through 97.

[1] Excludes customs duties of Puerto Rico, which are deposited to the credit of the Government of Puerto Rico, but includes fines and other minor collections of Puerto Rico.

TABLE 9.—*Amounts deposited by the Federal Reserve Banks in the Treasury as miscellaneous receipts representing interest charges on Federal Reserve notes, fiscal years 1949–51* [1]

Federal Reserve Bank	Fiscal year 1949	Fiscal year 1950	Fiscal year 1951
Boston	$12, 456, 620. 50	$12, 891, 827. 59	$12, 554, 064. 33
New York	44, 689, 397. 82	45, 615, 875. 75	44, 348, 917. 17
Philadelphia	13, 529, 144. 71	13, 361, 806. 33	12, 702, 265. 00
Cleveland	17, 906, 917. 56	17, 855, 373. 22	17, 744, 810. 48
Richmond	12, 125, 675. 35	12, 168, 313. 53	12, 119, 994. 85
Atlanta	9, 499, 611. 97	10, 435, 742. 72	10, 172, 245. 27
Chicago	26, 742, 689. 97	28, 652, 829. 15	28, 780, 750. 93
St. Louis	10, 087, 837. 53	10, 235, 201. 54	10, 021, 698. 70
Minneapolis	5, 760, 361. 06	6, 139, 097. 66	5, 895, 797. 16
Kansas City	8, 775, 734. 20	9, 183, 715. 66	8, 588, 691. 11
Dallas	8, 363, 120. 55	8, 303, 111. 20	8, 617, 901. 89
San Francisco	17, 082, 969. 89	17, 032, 136. 47	17, 289, 171. 15
Total	187, 020, 081. 11	191, 875, 030. 82	188, 836, 308. 04

[1] Comparable total amounts deposited in the fiscal years 1947 and 1948 were $15,268,883.47 and $99,781,558.87, respectively.

TABLE 10.—*Postal receipts and expenditures, fiscal years 1911–51* [1]

Year	As reported by the Post Office Department				Treasury accounts	
	Postal revenues	Postal expenditures [2]: Extraordinary expenditures as reported under act of June 9, 1930 [3]	Postal expenditures [2]: Other	Surplus, or deficit (−)	Surplus revenue paid into Treasury [4]	Grants from Treasury to cover postal deficiencies [5]
1911	$237, 879, 824		$237, 660, 705	$219, 118		$133, 784
1912	246, 744, 016		248, 529, 539	−1, 785, 523		1, 568, 195
1913	266, 619, 526		262, 108, 875	4, 510, 651		1, 027, 369
1914	287, 934, 566		283, 558, 103	4, 376, 463	$3, 800, 000	
1915	287, 248, 165		298, 581, 474	−11, 333, 309	3, 500, 000	6, 636, 593
1916	312, 057, 689		306, 228, 453	5, 829, 236		5, 500, 000
1917	329, 726, 116		319, 889, 904	9, 836, 212	5, 200, 000	
1918	388, 975, 962		324, 849, 188	64, 126, 774	48, 630, 701	2, 221, 095
1919	436, 239, 126		362, 504, 274	73, 734, 852	89, 906, 000	343, 511
1920	437, 150, 212		[7] 418, 722, 295	18, 427, 917	5, 213, 000	[6] 114, 854
1921	463, 491, 275		[7] 619, 634, 948	−156, 143, 673		[6] 130, 128, 458
1922	484, 853, 541		[7] 545, 662, 241	−60, 808, 700	81, 494	[6] 64, 346, 235
1923	532, 827, 925		556, 893, 129	−24, 065, 204		32, 526, 915
1924	572, 948, 778		587, 412, 755	−14, 463, 976		12, 638, 850
1925	599, 591, 478		639, 336, 505	−39, 745, 027		23, 216, 784
1926	659, 819, 801		679, 792, 180	−19, 972, 379		39, 506, 490
1927	683, 121, 989		714, 628, 189	−31, 506, 201		27, 263, 191
1928	693, 633, 921		725, 755, 017	−32, 121, 096		32, 080, 202
1929	696, 947, 578		782, 408, 754	−85, 461, 176		94, 699, 744
1930	705, 484, 098	$39, 669, 718	764, 030, 368	−98, 215, 987		91, 714, 451
1931	656, 463, 383	48, 047, 308	754, 482, 265	−146, 066, 190		145, 643, 613
1932	588, 171, 923	53, 304, 423	740, 418, 111	−205, 550, 611		202, 876, 341
1933	587, 631, 364	61, 691, 287	638, 314, 969	−112, 374, 892		117, 380, 192
1934	586, 733, 166	66, 623, 130	564, 143, 871	−44, 033, 835		52, 003, 296
1935	630, 795, 302	69, 537, 252	627, 066, 001	−65, 807, 951		63, 970, 405
1936	665, 343, 356	68, 585, 283	685, 074, 398	−88, 316, 324		86, 038, 862
1937	726, 201, 110	51, 587, 336	721, 228, 506	−46, 614, 732		41, 896, 945
1938	728, 634, 051	42, 799, 687	729, 645, 920	−43, 811, 556		44, 258, 861
1939	745, 955, 075	48, 540, 273	736, 106, 665	−38, 691, 863		41, 237, 263
1940	766, 948, 627	53, 331, 172	754, 401, 694	−40, 784, 239		40, 870, 336
1941	812, 827, 736	58, 837, 470	778, 108, 078	−24, 117, 812		30, 064, 048
1942	859, 817, 491	73, 916, 128	800, 040, 400	−14, 139, 037		18, 308, 869
1943	966, 227, 289	122, 343, 916	830, 191, 463	13, 691, 909		14, 620, 875
1944	1, 112, 877, 174	126, 639, 650	942, 345, 968	43, 891, 556	1, 000, 000	[7] −28, 999, 995
1945	1, 314, 240, 132	116, 198, 782	1, 028, 902, 402	169, 138, 948	188, 102, 579	649, 769
1946	1, 224, 572, 173	100, 246, 983	1, 253, 406, 696	−129, 081, 506		160, 572, 098
1947	1, 299, 141, 041	92, 198, 225	1, 412, 600, 531	−205, 657, 715	12, 000, 000	241, 787, 174
1948	1, 410, 971, 284	96, 222, 339	1, 591, 583, 096	−276, 834, 152		310, 213, 451
1949	1, 571, 851, 202	120, 118, 663	2, 029, 203, 465	−577, 470, 926		524, 297, 262
1950	1, 677, 486, 967	119, 960, 324	2, 102, 988, 758	−545, 462, 114		592, 514, 046
1951	1, 776, 816, 354	104, 895, 553	2, 236, 503, 513	−564, 582, 711		624, 169, 406

[1] For figures from 1789 through 1910, see Secretary's annual report for 1946, p. 419.

[2] Postal expenditures include adjusted losses, etc.—postal funds and expenditures from postal balances, but are exclusive of departmental expenditures in Washington, D. C., to the close of fiscal year 1922, and amounts transferred to the civil service retirement and disability fund, fiscal years 1921 to 1926, inclusive. For 1927 and subsequent years salary deductions are included in "Postal expenditures," the deductions having been paid to and deposited by disbursing clerks for credit of the retirement fund.

[3] See explanation in exhibit 56.

[4] On basis of warrants issued for 1914 and 1915, and on basis of daily Treasury statements from 1916 to date.

[5] On basis of warrants issued prior to 1922 and on basis of daily Treasury statements for 1922 and thereafter. Represents advances from the general fund of the Treasury to the Postmaster General to meet deficiencies in the postal revenues. These figures do not include any allowances for offsets on account of extraordinary expenditures or the cost of free mailings contributing to the deficiency of postal revenues certified to the Secretary of the Treasury by the Postmaster General pursuant to the act of Congress approved June 9, 1930. Excludes amounts transferred to the civil service retirement and disability fund under act of May 22, 1920 (41 Stat. 614), and amendments thereto on account of salary deductions of 2½ percent, as follows: 1921, $6,519,683.59; 1922, $7,899,006.28; 1923, $8,284,081.00; 1924, $8,679,658.60; 1925, $10,266,977.00; and 1926, $10,472,-289.59. See note 2. Actual advances from general fund are reduced by repayments from prior year advances.

[6] Exclusive of general fund payments from the appropriation "Additional compensation, Postal Service" under authority of the act approved Nov. 8, 1919, in the amounts of $35,698,400, $1,374,015, and $6,700 for 1920, 1921, and 1922, respectively.

[7] Repayment of unexpended portion of prior years' advances.

PUBLIC DEBT, GUARANTEED OBLIGATIONS, ETC.

Outstanding public debt, guaranteed obligations, etc.

TABLE 11.—*Principal of the public debt, 1790–1951* [1]

[On basis of Public Debt accounts from 1790 through 1919, and on basis of daily Treasury statements from 1920 to date, see p. 675 [1]]

Date	Total gross debt	Date	Total gross debt	Date	Total gross debt
December 31—		December 31—		December 31—	
1790	$75, 463, 477	1812	$55, 962, 828	1833	$4, 760, 082
1791	77, 227, 925	1813	81, 487, 846	1834	37, 733
1792	80, 358, 634	1814	99, 833, 660	1835	37, 513
1793	78, 427, 405	1815	127, 334, 934	1836	336, 958
1794	80, 747, 587	1816	123, 491, 965	1837	3, 308, 124
1795	83, 762, 172	1817	103, 466, 634	1838	10, 434, 221
1796	82, 064, 479	1818	95, 529, 648	1839	3, 573, 344
1797	79, 228, 529	1819	91, 015, 566	1840	5, 250, 876
1798	78, 408, 670	1820	89, 987, 428	1841	13, 594, 481
1799	82, 976, 294	1821	93, 546, 677	1842	20, 201, 226
1800	83, 038, 051	1822	90, 875, 877	June 30—	
1801	80, 712, 632	1823	90, 269, 778	1843	32, 742, 922
1802	77, 054, 686	1824	83, 788, 433	1844	23, 461, 653
1803	86, 427, 121	1825	81, 054, 060	1845	15, 925, 303
1804	82, 312, 151	1826	73, 987, 357	1846	15, 550, 203
1805	75, 723, 271	1827	67, 475, 044	1847	38, 826, 535
1806	69, 218, 399	1828	58, 421, 414	1848	47, 044, 862
1807	65, 196, 318	1829	48, 565, 407	1849	63, 061, 859
1808	57, 023, 192	1830	39, 123, 192	1850	63, 452, 774
1809	53, 173, 218	1831	24, 322, 235	1851	68, 304, 796
1810	48, 005, 588	1832	7, 001, 699	1852	66, 199, 342
1811	45, 209, 738				

June 30	Interest-bearing [2]	Matured	Noninterest-bearing [3]	Total gross debt	Gross debt per capita
1853	$59, 642, 412	$162, 249		$59, 804, 661	$2.32
1854	42, 044, 517	199, 248		42, 243, 765	1.59
1855	35, 418, 001	170, 498		35, 588, 499	1.30
1856	31, 805, 180	168, 901		31, 974, 081	1.13
1857	28, 503, 377	197, 998		28, 701, 375	.99
1858	44, 743, 256	170, 168		44, 913, 424	1.50
1859	58, 333, 156	165, 225		58, 498, 381	1.91
1860	64, 683, 256	160, 575		64, 843, 831	2.06
1861	90, 423, 292	159, 125		90, 582, 417	2.80
1862	365, 356, 045	230, 520	$158, 591, 390	524, 177, 955	15.79
1863	707, 334, 255	171, 970	411, 767, 456	1, 119, 773, 681	32.91
1864	1, 360, 026, 914	366, 629	455, 437, 271	1, 815, 830, 814	52.08
1865	2, 217, 709, 407	2, 129, 425	458, 090, 180	2, 677, 929, 012	75.01
1866	2, 322, 116, 330	4, 435, 865	429, 211, 734	2, 755, 763, 929	75.42
1867	2, 238, 954, 794	1, 739, 108	409, 474, 321	2, 650, 168, 223	70.91
1868	2, 191, 326, 130	1, 246, 334	390, 873, 992	2, 583, 446, 456	67.61
1869	2, 151, 495, 065	5, 112, 034	388, 503, 491	2, 545, 110, 590	65.17
1870	2, 035, 881, 095	3, 569, 664	397, 002, 510	2, 436, 453, 269	61.06
1871	1, 920, 696, 750	1, 948, 902	399, 406, 489	2, 322, 052, 141	56.72
1872	1, 800, 794, 100	7, 926, 547	401, 270, 191	2, 209, 990, 838	52.65
1873	1, 696, 483, 950	51, 929, 460	402, 796, 935	2, 151, 210, 345	50.02
1874	1, 724, 930, 750	3, 216, 340	431, 785, 640	2, 159, 932, 730	49.05
1875	1, 708, 676, 300	11, 425, 570	436, 174, 779	2, 156, 276, 649	47.84
1876	1, 696, 685, 450	3, 902, 170	430, 258, 158	2, 130, 845, 778	46.22
1877	1, 697, 888, 500	16, 648, 610	393, 222, 793	2, 107, 759, 903	44.71
1878	1, 780, 735, 650	5, 594, 070	373, 088, 595	2, 159, 418, 315	44.82
1879	1, 887, 716, 110	37, 015, 380	374, 181, 153	2, 298, 912, 643	46.72
1880	1, 709, 993, 100	7, 621, 205	373, 294, 567	2, 090, 908, 872	41.60
1881	1, 625, 567, 750	6, 723, 615	386, 994, 363	2, 019, 285, 728	39.18
1882	1, 449, 810, 400	16, 260, 555	390, 844, 689	1, 856, 915, 644	35.16
1883	1, 324, 229, 150	7, 831, 165	389, 898, 603	1, 721, 958, 918	31.83
1884	1, 212, 563, 850	19, 655, 955	393, 087, 639	1, 625, 307, 444	29.35
1885	1, 182, 150, 950	4, 100, 745	392, 299, 474	1, 578, 551, 169	27.86
1886	1, 132, 014, 100	9, 704, 195	413, 941, 255	1, 555, 659, 550	26.85
1887	1, 007, 692, 350	6, 114, 915	451, 678, 029	1, 465, 485, 294	24.75
1888	936, 522, 500	2, 495, 845	445, 613, 311	1, 384, 631, 656	22.89
1889	815, 853, 990	1, 911, 235	431, 705, 286	1, 249, 470, 511	20.23
1890	711, 313, 110	1, 815, 555	409, 267, 919	1, 122, 396, 584	17.80
1891	610, 529, 120	1, 614, 705	393, 662, 736	1, 005, 806, 561	15.63
1892	585, 029, 330	2, 785, 875	380, 403, 636	968, 218, 841	14.74
1893	585, 037, 100	2, 094, 060	374, 300, 606	961, 431, 766	14.36
1894	635, 041, 890	1, 851, 240	380, 004, 687	1, 016, 897, 817	14.89
1895	716, 202, 060	1, 721, 590	378, 989, 470	1, 096, 913, 120	15.76
1896	847, 363, 890	1, 636, 890	373, 728, 570	1, 222, 729, 350	17.25

Footnotes at end of table.

TABLE 11.—*Principal of the public debt, 1790–1951* [1]—Continued

June 30	Interest-bearing [2]	Matured	Noninterest-bearing [3]	Total gross debt	Gross debt per capita
1897	$847,365,130	$1,346,880	$378,081,703	$1,226,793,713	$16.99
1898	847,367,470	1,262,680	384,112,913	1,232,743,063	16.77
1899	1,046,048,750	1,218,300	389,433,654	1,436,700,704	19.21
1900	1,023,478,860	1,176,320	238,761,733	1,263,416,913	16.60
1901	987,141,040	1,415,620	233,015,585	1,221,572,245	15.74
1902	931,070,340	1,280,860	245,680,157	1,178,031,357	14.88
1903	914,541,410	1,205,090	243,659,413	1,159,405,913	14.38
1904	895,157,440	1,970,920	239,130,656	1,136,259,016	13.83
1905	895,158,340	1,370,245	235,828,510	1,132,357,095	13.51
1906	895,159,140	1,128,135	246,235,695	1,142,522,970	13.37
1907	894,834,280	1,086,815	251,257,098	1,147,178,193	13.19
1908	897,503,990	4,130,015	276,056,398	1,177,690,403	13.28
1909	913,317,490	2,883,855	232,114,027	1,148,315,372	12.69
1910	913,317,490	2,124,895	231,497,584	1,146,939,969	12.41
1911	915,353,190	1,879,830	236,751,917	1,153,984,937	12.29
1912	963,776,770	1,760,450	228,301,285	1,193,838,505	12.52
1913	965,706,610	1,659,550	225,681,585	1,193,047,745	12.27
1914	967,953,310	1,552,560	218,729,530	1,188,235,400	11.99
1915	969,759,090	1,507,260	219,997,718	1,191,264,068	11.85
1916	971,562,590	1,473,100	252,109,878	1,225,145,568	12.02
1917	2,712,549,477	14,232,230	248,836,878	2,975,618,585	28.77
1918	11,985,882,436	20,242,5[illegible]0	237,503,733	12,243,628,719	117.11
1919	25,234,496,274	11,109,370	236,428,775	25,482,034,419	242.54
1920	24,062,500,285	6,745,237	230,075,945	24,299,321,467	228.23
1921	23,738,900,085	10,688,160	227,862,308	23,977,450,553	220.91
1922	22,710,338,105	25,250,880	227,792,723	22,963,381,708	208.65
1923	22,007,043,612	98,738,910	243,924,844	22,349,707,365	199.64
1924	20,981,242,042	30,278,200	239,292,747	21,250,812,989	186.23
1925	20,210,906,915	30,258,980	275,027,993	20,516,193,888	177.12
1926	19,383,770,860	13,359,900	246,085,555	19,643,216,315	167.32
1927	18,252,664,666	14,718,585	244,523,681	18,511,906,932	155.51
1928	17,317,694,182	45,335,060	241,263,959	17,604,293,201	146.09
1929	16,638,941,379	50,749,199	241,397,905	16,931,088,484	139.04
1930	15,921,892,350	31,716,870	231,700,611	16,185,309,831	131.51
1931	16,519,588,640	51,819,095	229,873,756	16,801,281,492	135.45
1932	19,161,273,540	60,079,385	265,649,519	19,487,002,444	156.10
1933	22,157,643,120	65,911,170	315,118,270	22,538,672,560	179.48
1934	26,480,487,870	54,266,830	518,386,714	27,053,141,414	214.07
1935	27,645,241,089	230,662,155	824,989,381	28,700,892,625	225.55
1936	32,988,790,135	169,363,395	620,389,964	33,778,543,494	263.79
1937	35,800,109,418	118,529,815	505,974,499	36,424,613,732	282.75
1938	36,575,925,880	141,362,460	447,451,975	37,164,740,315	286.27
1939	39,885,969,732	142,283,140	411,279,539	40,439,532,411	308.98
1940	42,376,495,928	204,591,190	386,443,919	42,967,531,038	r 325.23
1941	48,387,399,539	204,999,860	369,044,137	48,961,443,536	r 367.09
1942	71,968,418,098	98,299,730	355,727,288	72,422,445,116	r 537.13
1943	135,380,305,795	140,500,090	1,175,284,445	136,696,090,330	r 999.83
1944	199,543,355,301	200,851,160	1,259,180,760	201,003,387,221	r 1,452.44
1945	256,356,615,818	268,667,135	2,056,904,457	258,682,187,410	r 1,848.60
1946	268,110,872,218	376,406,860	934,820,095	269,422,099,173	r 1,905.42
1947	255,113,412,039	230,913,536	2,942,057,534	258,286,383,109	r 1,792.05
1948	250,063,348,379	279,751,730	1,949,146,403	252,292,246,513	r 1,720.71
1949	250,761,636,723	244,757,458	1,763,965,680	252,770,359,860	r 1,694.75
1950	255,209,353,372	264,770,705	1,883,228,274	257,357,352,351	r 1,696.61
1951	252,851,765,497	512,046,600	1,858,164,718	255,221,976,815	1,653.37

r Revised in accordance with Bureau of the Census estimated population for continental United States as of July 1.

[1] The outstanding principal of the public debt for the years 1790–1852, except for 1835, are taken from the annual report of the Secretary for 1909; the 1835 figure is taken from the annual reports of the Secretary for 1834–35, pp. 504 and 629. The detailed figures for 1790–1852 are not available on a basis comparable to those of subsequent years. Figures for 1853–85 are taken from the "Statement of Receipts and Expenditures of the Government from 1855 to 1885 and Principal of Public Debt from 1791 to 1885," compiled from the official records of the Register's office. From 1886–1919 the figures are taken from the monthly debt statements and revised figures published in the annual reports of the Secretary of the Treasury. From 1920 to date, the figures are taken from the Statement of the Public Debt published in the daily Treasury statements. From 1790–1842 the fiscal year ended December 31; and from 1843 to date the fiscal year ended June 30.

[2] Exclusive of the bonds issued to the Pacific railways (provision having been made by law to secure the Treasury against both principal and interest) and the Navy pension fund (which was in no sense a debt, the principal being the property of the United States).

[3] Includes old demand notes; United States notes (gold reserve deducted since 1900); postal currency and fractional currency less the amounts officially estimated to have been destroyed; deposits held by the Treasury for the retirement of Federal Reserve Bank notes, and for national bank notes of national banks failed, in liquidation, and reducing circulation, which prior to 1890 were not included in the published debt statements; and also special notes of U. S. issued to International Bank for Reconstruction and Development and International Monetary Fund. Does not include gold, silver, or currency certificates, or Treasury notes of 1890 for redemption of which an exact equivalent of the respective kinds of money or bullion was held in the Treasury.

TABLE 12.—*Public debt and guaranteed obligations, June 30, 1934–51*

June 30	Gross public debt	Guaranteed obligations held outside the Treasury [1]			Total gross public debt and guaranteed obligations	
		Interest-bearing	Matured	Total	Total	Per capita [2]
1934	$27,053,141,414	$680,767,817		$680,767,817	$27,733,909,231	$219.46
1935	28,700,892,625	4,122,684,692		4,122,684,692	32,823,577,316	257.95
1936	33,778,543,494	4,718,033,242		4,718,033,242	38,496,576,735	300.63
1937	36,424,613,732	4,664,594,533	$10,000	4,664,604,533	41,089,218,265	318.95
1938	37,164,740,315	4,852,559,151	232,500	4,852,791,651	42,017,531,967	323.65
1939	40,439,532,411	5,450,012,899	821,200	5,450,834,099	45,890,366,510	350.63
1940	42,967,531,038	5,497,556,555	31,514,100	5,529,070,655	48,496,601,693	r 367.08
1941	48,961,443,536	6,359,619,105	10,633,475	6,370,252,580	55,331,696,116	r 414.85
1942	72,422,445,116	4,548,529,255	19,730,375	4,568,259,630	76,990,704,746	r 571.02
1943	136,696,090,330	4,091,686,621	8,256,425	4,099,943,046	140,796,033,376	r 1,029.82
1944	201,003,387,221	1,515,638,626	107,430,675	1,623,069,301	202,626,456,522	r 1,464.17
1945	258,682,187,410	409,091,867	24,066,525	433,158,392	259,115,345,802	r 1,851.70
1946	269,422,099,173	466,671,984	9,712,875	476,384,859	269,898,484,033	r 1,908.79
1947	258,286,383,109	83,212,285	6,307,900	89,520,185	258,375,903,294	r 1,792.67
1948	252,292,246,513	68,768,043	4,692,775	73,460,818	252,365,707,331	r 1,721.21
1949	252,770,359,860	23,862,383	3,413,025	27,275,408	252,797,635,268	r 1,694.93
1950	257,357,352,351	17,077,809	2,425,225	19,503,034	257,376,855,385	r 1,696.08
1951	255,221,976,815	27,364,069	1,863,100	29,227,169	255,251,203,984	1,653.56

NOTE.—Gross public debt on basis of daily Treasury statements. Guaranteed obligations from 1934 through 1939 on basis of Public Debt accounts, and for 1940 and subsequent years on basis of daily Treasury statements.

r Revised.

1 Consists of obligations issued by certain Government corporations and credit agencies, obligations which are guaranteed by the United States as to both principal and interest. They were first authorized in 1932, but no such obligations were outstanding at the end of the fiscal years 1932 and 1933.

2 Based on Bureau of the Census estimated population for continental United States as of July 1 of each year.

TABLE 13.—*Public debt, by security classes, June 30, 1941–51*

[In millions of dollars. On basis of daily Treasury statements, see p. 675]

Class	June 30, 1941	June 30, 1942	June 30, 1943	June 30, 1944	June 30, 1945	June 30, 1946	June 30, 1947	June 30, 1948	June 30, 1949	June 30, 1950	June 30, 1951
Interest-bearing:											
Public issues:											
Marketable issues:											
Treasury bills	1,603	2,508	11,864	14,734	17,041	17,039	15,775	13,757	11,536	13,533	13,614
Certificates of indebtedness		3,096	16,561	28,822	34,136	34,804	25,296	22,588	29,427	18,418	9,509
Treasury notes	5,698	6,689	9,168	17,405	23,497	18,261	8,142	11,375	3,596	20,404	35,806
Treasury bonds:											
Bank eligible	30,215	37,202	48,809	58,083	69,693	65,864	69,686	62,826	60,789	53,159	42,772
Bank restricted [1]		882	8,711	21,161	36,756	53,459	49,636	49,636	49,636	49,636	36,061
Panama Canal loan bonds	50	50	50	50	50	50	50	50	50	50	50
Conversion bonds of 1946–47	29	29	29	29	29	13					
Postal savings bonds	117	117	117	117	117	117	116	114	112	110	106
Total marketable issues	37,713	50,573	95,310	140,401	181,319	189,606	168,702	160,346	155,147	155,310	137,917
Nonmarketable issues:											
Treasury notes—tax series and savings series		3,015	7,495	9,557	10,136	6,711	5,560	4,394	4,860	8,472	7,818
United States savings bonds	4,314	10,188	21,256	34,606	45,586	49,035	51,367	53,274	56,260	57,536	57,572
Depositary bonds		79	226	474	505	427	325	316	369	285	319
Armed forces leave bonds							1,793	563	396	297	47
Treasury bonds—investment series								959	954	954	14,526
Adjusted service bonds of 1945	241	229	222	217							
Total nonmarketable issues	4,555	13,510	29,200	44,855	56,226	56,173	59,045	59,506	62,839	67,544	80,281
Total public issues	42,267	64,083	124,509	185,256	237,545	245,779	227,747	219,852	217,986	222,853	218,198
Special issues:											
Adjusted service certificate fund (certificates)	19	18	18	17	14	12	12	6	6	5	5
Alaska Railroad retirement fund (notes)	1	1	2	2	2	2	3	3	3	(2)	(2)
Canal Zone Postal Savings System (notes)		1	2	4	4	4	4	3	3	2	1
Canal Zone retirement fund (notes)	5	7	8	9	10	11	12	13	14	(2)	(2)
Civil service retirement fund (notes) [3]	645	783	1,060	1,451	1,848	2,155	2,435	2,795	3,238	3,801	4,374
Farm tenant mortgage insurance fund (notes)								1	1	1	1
Federal Deposit Insurance Corporation (notes)	90	95	103	98	97	120	408	549	666	808	868
Federal home loan bank (notes)								37	117	119	77
Federal old-age and survivors insurance trust fund (certificates)				380	1,648	3,401	5,995	7,709	9,003	10,418	12,096
Federal old-age and survivors insurance trust fund (notes)	1,328	2,610	4,044	4,386	3,660	2,509	1,109				

Footnotes at end of table.

TABLE 13.—*Public debt, by security classes, June 30, 1941–51*—Continued

[In millions of dollars]

Class	June 30, 1941	June 30, 1942	June 30, 1943	June 30, 1944	June 30, 1945	June 30, 1946	June 30, 1947	June 30, 1948	June 30, 1949	June 30, 1950	June 30, 1951
Interest-bearing—Continued											
Special issues—Continued											
Federal Savings and Loan Insurance Corporation (notes)	5	5	106	27	37	49	62	74	95	79	86
Foreign service retirement fund (notes)	5	5	6	7	8	9	10	12	14	17	17
Government life insurance fund (adjusted service bonds)	500	500	500	500	500	----	----	----	----	----	----
Government life insurance fund (certificates)	----	----	----	----	86	682	1,254	1,286	1,318	1,292	1,300
Government life insurance fund (notes)	31	37	38	2	2	2	----	----	----	----	----
Mutual mortgage insurance fund (notes)	----	----	----	----	----	----	14	4	----	----	----
National service life insurance fund (notes)	3	39	352	1,213	3,187	5,240	6,474	6,935	7,288	5,342	5,436
Old-age reserve account (notes)	1,053	524	----	----	----	----	----	----	----	----	----
Postal Savings System (notes)	88	55	197	264	461	779	1,624	1,909	1,949	1,799	706
Railroad retirement account (notes)	74	92	178	319	501	657	806	1,374	1,720	2,058	2,414
Unemployment trust fund (certificates)	2,273	3,114	4,257	5,610	6,747	6,699	7,142	7,500	7,340	6,616	7,266
War housing insurance fund (notes)	----	----	----	----	----	----	3	----	----	----	7
Total special issues	6,120	7,885	10,871	14,287	18,812	22,332	27,366	30,211	32,776	32,356	34,653
Total interest-bearing debt	48,387	71,968	135,380	199,543	256,357	268,111	255,113	250,063	250,762	255,209	252,852
Matured debt on which interest has ceased	205	98	141	201	269	376	231	280	245	265	512
Debt bearing no interest:											
Special notes of the United States:											
International Bank for Reconstruction and Development series	----	----	----	----	----	----	416	66	41	----	----
International Monetary Fund series	----	----	----	----	----	----	1,724	1,161	1,063	1,270	1,283
United States savings stamps [4]	----	----	213	197	178	96	70	58	52	49	48
Excess profits tax refund bonds	----	----	----	134	1,028	58	19	9	5	3	2
United States notes (less gold reserve)	191	191	191	191	191	191	191	191	191	191	191
Deposits for retirement of national bank and Federal Reserve Bank notes	173	159	766	732	655	584	517	459	407	365	328
Other debt bearing no interest	6	6	6	6	6	6	6	6	6	6	6
Total debt bearing no interest	369	356	1,175	1,259	2,057	935	2,942	1,949	1,764	1,883	1,858
Total gross debt	48,961	72,422	136,696	201,003	258,682	269,422	258,286	252,292	252,770	257,357	255,222

NOTE.—For information on composition of public debt beginning June 30, 1916, see 1947 annual report, p. 361.

[1] For explanation, see table 117, footnote 5.

[2] See footnote 3.

[3] Includes special issues transferred from Canal Zone retirement fund and Alaska Railroad retirement fund pursuant to the act of July 21, 1949 (5 Stat. 740).

[4] Sales of these stamps commenced May 1, 1941, as a special defense series of postal savings stamps, which were obligations of Postal Savings System. Beginning Oct. 1, 1942, this special series was replaced by a Treasury issue of United States war savings stamps, and all outstanding stamps became public debt obligations.

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TABLE 14.—*Guaranteed obligations held outside the Treasury,*[1] *classified by issuing Government corporations and other business-type activities, June 30, 1941–51*

[Face amount, in thousands of dollars]

Agency	June 30, 1941	June 30, 1942	June 30, 1943	June 30, 1944	June 30, 1945	June 30, 1946	June 30, 1947	June 30, 1948	June 30, 1949	June 30, 1950	June 30, 1951
UNMATURED OBLIGATIONS											
Commodity Credit Corporation (notes, etc.)	696, 252	701, 054	480, 065	561, 202	375, 161	424, 147	45, 002	41, 703	10, 909	1, 432	14
Federal Farm Mortgage Corporation (bonds)	1, 269, 388	929, 764	929, 764	----	----	----	----	----	----	----	----
Federal Housing Administration:											
Mutual mortgage insurance fund (debentures)	8, 049	8, 620	8, 797	8, 518	8, 347	8, 370	7, 497	7, 445	7, 480	7, 673	8, 433
Housing insurance fund (debentures)	9, 304	12, 844	14, 662	13, 043	9, 538	7, 038	5, 938	5, 938	3, 938	3, 440	1, 390
War housing insurance fund (debentures)	----	----	----	1, 972	16, 045	27, 117	24, 775	13, 682	1, 536	4, 532	17, 528
Public Housing Administration [2] (notes)	226, 256	114, 157	114, 157	----	----	----	----	----	----	----	----
Home Owners' Loan Corporation (bonds)	2, 408, 921	1, 562, 839	1, 533, 482	754, 904	----	----	----	----	----	----	----
Reconstruction Finance Corporation (notes)	1, 741, 449	1, 219, 251	1, 010, 760	176, 000	----	----	----	----	----	----	----
Total unmatured obligations	6, 359, 619	4, 548, 529	4, 091, 687	1, 515, 639	409, 092	466, 672	83, 212	68, 768	23, 862	17, 078	27, 364
MATURED OBLIGATIONS											
Commodity Credit Corporation	----	42	137	7	82	----	----	----	----	----	----
Federal Farm Mortgage Corporation	142	13, 977	1, 959	42, 913	7, 830	3, 714	2, 425	1, 738	1, 188	841	636
Federal Housing Administration:											
Mutual mortgage insurance fund	26	13	16	17	----	----	----	----	----	----	----
Public Housing Administration [2]	----	5	----	66	8	2	2	2	1	----	----
Home Owners' Loan Corporation	10, 466	5, 292	5, 863	64, 251	16, 128	5, 988	3, 878	2, 953	2, 224	1, 584	1, 227
Reconstruction Finance Corporation	----	401	281	176	19	8	3	----	----	----	----
Total matured obligations	10, 633	19, 730	8, 256	107, 431	24, 067	9, 713	6, 308	4, 693	3, 413	2, 425	1, 863
Total, based on guarantees	6, 370, 253	4, 568, 260	4, 099, 943	1, 623, 069	433, 158	476, 385	89, 520	73, 461	27, 275	19, 503	29, 227

NOTE.—Figures on basis of daily Treasury statements. For reconciliation to basis of Public Debt accounts for 1951, see table 17.

[1] For obligations held by Treasury and reflected in the public debt, see table 65.
[2] Pursuant to Reorganization Plan No. 3 of 1947, which became law on July 27, 1947, name changed from Federal Public Housing Authority to Public Housing Administration.

TABLE 15.—*Contingent liabilities, June 30, 1941–51* [1]

[Face amount, in thousands of dollars]

	June 30, 1941	June 30, 1942	June 30, 1943	June 30, 1944	June 30, 1945	June 30, 1946	June 30, 1947	June 30, 1948	June 30, 1949	June 30, 1950	June 30, 1951
ON CREDIT OF THE UNITED STATES											
U. S. Postal Savings System (funds due depositors)	1,309,447	1,481,865	1,468,021	1,905,864	2,458,558	3,013,502	3,374,809	3,434,802	3,327,630	3,168,686	2,852,613
Canal Zone Postal Savings System (funds due depositors)	3,153	5,772	7,551	8,548	9,446	9,782	9,846	9,371	9,171	8,914	7,207
Tennessee Valley Authority [2] (bonds)	8,300	8,300	8,300	6,300	6,300	2,000					
Total, based on credit of the United States	1,320,900	1,495,936	1,483,873	1,920,712	2,474,304	3,025,283	3,384,655	3,444,173	3,336,801	3,177,600	2,859,820
OTHER OBLIGATIONS											
Federal Reserve System (Federal Reserve notes)	6,714,688	9,361,095	13,487,909	18,176,122	22,190,211	23,316,334	23,406,827	23,054,407	22,753,616	22,315,103	22,702,915

NOTE.—Figures through 1942 on basis of Public Debt accounts, and for 1943 and subsequent years on basis of daily Treasury statements.

[1] Does not include contingent liability on guaranteed and insured loans to veterans which, as of Dec. 31, 1950, amounted to $5,204,700,000; also does not include contingent liability on war production and contract termination guaranteed loans of the Department of the Army which, as of May 31, 1951, amounted to $656,328.63; and contingent liability on loans guaranteed by various agencies pursuant to Defense Production Act of 1950.

[2] Bonds held by Reconstruction Finance Corporation.

TABLE 16.—*Maturity* [1] *distribution of marketable, interest-bearing public debt and guaranteed obligations, June 30, 1941–51*

[In millions of dollars]

	June 30, 1941	June 30, 1942	June 30, 1943	June 30, 1944	June 30, 1945	June 30, 1946	June 30, 1947	June 30, 1948	June 30, 1949	June 30, 1950	June 30, 1951
Within 1 year	4,078	8,087	35,811	51,246	60,646	62,091	52,442	49,870	52,302	42,448	60,860
1 to 5 years	18,239	17,388	20,843	25,061	34,801	35,057	42,522	46,124	39,175	51,802	31,022
5 to 10 years	9,940	17,126	23,051	33,889	41,516	32,847	18,932	10,464	15,067	15,926	16,012
10 to 15 years	8,362	6,447	6,641	9,783	11,679	16,012	13,326	12,407	13,715	19,281	21,226
15 to 20 years	3,436	3,336	3,653	10,246	19,281	21,227	27,076	41,481	34,888	25,853	8,797
Over 20 years	----------	2,716	9,309	11,343	13,396	22,372	14,405	----------	----------	----------	----------
Various (Federal Housing Administration debentures)	17	21	23	24	34	43	38	27	13	16	27
Total	44,072	55,122	99,333	141,591	181,353	189,649	168,740	160,373	155,160	155,325	137,944

[1] Due or first becoming callable.

TABLE 17.—*Summary of public debt and guaranteed obligations by security classes, June 30, 1951*

Class of security	Computed rate of interest [1]	Amount outstanding on basis of Public Debt accounts	Net adjustment to basis of daily Treasury statement [2]	Amount outstanding on basis of daily Treasury statement
PUBLIC DEBT				
Interest-bearing debt:				
Public issues:				
Marketable obligations:	*Percent*			
Treasury bills	[3] 1.569	$13,613,559,000.00		$13,613,559,000.00
Certificates of indebtedness	1.875	9,513,984,000.00	−$4,821,000.00	9,509,163,000.00
Treasury notes	1.399	35,801,609,000.00	+4,087,000.00	35,805,696,000.00
Treasury bonds	2.327	78,832,116,550.00	+300,000.00	78,832,416,550.00
Other bonds	2.660	156,088,960.00		156,088,960.00
Total marketable obligations	1.981	137,917,357,510.00	−434,000.00	137,916,923,510.00
Nonmarketable obligations:				
Treasury savings notes	1.567	7,804,374,500.00	+13,330,400.00	7,817,704,900.00
United States savings bonds	2.742	57,560,418,864.28	+11,593,772.94	57,572,012,637.22
Depositary bonds	2.000	318,559,000.00		318,559,000.00
Armed forces leave bonds	2.500	40,540,900.00	+6,729,550.00	47,270,450.00
Treasury bonds, investment series	2.734	14,526,239,000.00	−290,000.00	14,525,949,000.00
Total nonmarketable obligations	2.623	80,250,132,264.28	+31,363,722.94	80,281,495,987.22
Total public issues	2.217	218,167,489,774.28	+30,929,722.94	218,198,419,497.22
Special issues:				
Adjusted service certificate fund	4.000	5,165,000.00		5,165,000.00
Canal Zone, Postal Savings System	2.000	500,000.00		500,000.00
Civil service retirement fund	3.997	4,373,818,000.00		4,373,818,000.00
Farm tenant mortgage insurance fund	2.000	1,000,000.00		1,000,000.00
Federal Deposit Insurance Corporation	2.000	868,000,000.00		868,000,000.00
Federal home loan banks	1.821	77,000,000.00		77,000,000.00
Federal old-age and survivors insurance trust fund	2.125	12,096,300,000.00		12,096,300,000.00
Federal Savings and Loan Insurance Corporation	2.000	85,962,000.00		85,962,000.00
Foreign service retirement fund	3.974	16,867,000.00		16,867,000.00
Government life insurance fund	3.500	1,300,000,000.00		1,300,000,000.00
National service life insurance fund	3.000	5,435,644,000.00		5,435,644,000.00
Postal Savings System	2.000	706,000,000.00		706,000,000.00
Railroad retirement account	3.000	2,414,490,000.00		2,414,490,000.00
Unemployment trust fund	2.125	7,266,000,000.00		7,266,000,000.00
War housing insurance fund	2.000	6,600,000.00		6,600,000.00
Total special issues	2.606	34,653,346,000.00		34,653,346,000.00
Total interest-bearing debt	2.270	252,820,835,774.28	+30,929,722.94	252,851,765,497.22

Matured debt on which interest has ceased	----------	506,954,985.26	+5,091,614.75	512,046,600.01
Debt bearing no interest:				
International Monetary Fund	----------	1,283,000,000.00	----------	1,283,000,000.00
Other	----------	575,301,003.59	−136,285.89	575,164,717.70
Total gross public debt	----------	255,186,091,763.13	+35,885,051.80	255,221,976,814.93
GUARANTEED OBLIGATIONS NOT OWNED BY THE TREASURY				
Interest-bearing debt:				
Commodity Credit Corporation	----------	----------	+13,782.66	13,782.66
Federal Housing Administration	2.656	27,350,286.23	----------	27,350,286.23
Total interest-bearing guaranteed debt	2.656	27,350,286.23	+13,782.66	27,364,068.89
Matured debt on which interest has ceased	----------	1,857,475.00	+5,625.00	1,863,100.00
Total guaranteed obligations not owned by the Treasury	----------	29,207,761.23	+19,407.66	[4] 29,227,168.89
Total gross public debt and guaranteed obligations	----------	255,215,299,524.36	+35,904,459.46	255,251,203,983.82

[1] Based on daily Treasury statement.
[2] Adjustment is occasioned by items in transit on June 30, 1951, not shown in daily Treasury statement.
[3] Computed on true discount basis.
[4] For details see table 19.

TABLE 18.—*Description of public debt issues outstanding June 30, 1951*

[On basis of Public Debt accounts,[14] see p. 675]

Title of loan and rate of interest	Authorizing act	Tax status	Date of loan	When redeemable or payable [5]	Interest payment date	Average price received (per $100)	Amount issued	Amount retired	Amount outstanding
INTEREST-BEARING DEBT									
Public issues									
Marketable:									
Treasury bills (maturity value), series maturing and approximate yield to maturity (%):[6]									
July 5, 1951...1.517	(1)	(a)	April 5, 1951	July 5, 1951	Sold at a discount; payable at par on maturity.	99.617 Cash	$940,325,000.00		$1,001,554,000.00
						Exchange	61,229,000.00		
July 12, 1951...1.528	(1)	(a)	April 12, 1951	July 12, 1951		99.614 Cash	839,148,000.00		1,000,403,000.00
						Exchange	161,255,000.00		
July 19, 1951...1.529	(1)	(a)	April 19, 1951	July 19, 1951		99.613 Cash	844,056,000.00		1,000,536,000.00
						Exchange	156,480,000.00		
July 26, 1951...1.506	(1)	(a)	April 26, 1951	July 26, 1951		99.619 Cash	967,293,000.00		1,002,833,000.00
						Exchange	35,540,000.00		
Aug. 2, 1951...1.508	(1)	(a)	May 3, 1951	Aug. 2, 1951		99.619 Cash	1,073,603,000.00		1,101,993,000.00
						Exchange	28,390,000.00		
Aug. 9, 1951...1.566	(1)	(a)	May 10, 1951	Aug. 9, 1951		99.604 Cash	1,047,537,000.00		1,100,004,000.00
						Exchange	52,467,000.00		
Aug. 16, 1951...1.626	(1)	(a)	May 17, 1951	Aug. 16, 1951		99.589 Cash	837,113,000.00		1,100,696,000.00
						Exchange	263,583,000.00		
Aug. 23, 1951...1.591	(1)	(a)	May 24, 1951	Aug. 23, 1951		99.598 Cash	1,064,826,000.00		1,100,883,000.00
						Exchange	36,057,000.00		
Aug. 30, 1951...1.600	(1)	(a)	May 31, 1951	Aug. 30, 1951		99.596 Cash	947,308,000.00		1,100,688,000.00
						Exchange	153,380,000.00		
Sept. 6, 1951...1.555	(1)	(a)	June 7, 1951	Sept. 6, 1951		99.607 Cash	1,081,371,000.00		1,101,467,000.00
						Exchange	20,096,000.00		

Sept. 13, 1951..1.467	(1)	(a)	June 14, 1951	Sept. 13, 1951		99.629 Cash	959, 079, 000. 00		1, 001, 228, 000. 00
						Exchange	42, 149, 000. 00		
Sept. 20, 1951..1. 445	(1)	(a)	June 21, 1951	Sept. 20, 1951		99.635 Cash	943, 522, 000. 00		1, 000, 902, 000. 00
						Exchange	57, 380, 000. 00		
Sept. 27, 1951..1. 527	(1)	(a)	June 28, 1951	Sept. 27, 1951		99.614 Cash	971, 572, 000. 00		1, 000, 372, 000. 00
						Exchange	28, 800, 000. 00		
Total Treasury bills							13, 613, 559, 000. 00		13, 613, 559, 000. 00
Certificates of indebtedness:									
1⅞% Series A-1952	(1)	(b)	June 15, 1951	Apr. 1, 1952	Apr. 1, 1952	Exchange at par	9, 513, 984, 000. 00		9, 513, 984, 000. 00
Treasury notes:									
1¼% Series A-1951	(1)	(b)	Feb. 1, 1950	Oct. 1, 1951	Apr. 1, Oct. 1	do	1, 918, 367, 000. 00		1, 918, 367, 000. 00
1¼% Series B-1951	(1)	(b)	Mar. 1, 1950	July 1, 1951	Jan. 1, July 1	do	2, 741, 130, 000. 00	$2, 605, 361, 000. 00	135, 769, 000. 00
1¼% Series C-1951	(1)	(b)	Apr. 1, 1950	July 1, 1951	do	do	886, 286, 000. 00	830, 407, 000. 00	55, 879, 000. 00
1¼% Series D-1951	(1)	(b)	June 1, 1950	July 1, 1951	July 1, 1951	do	4, 817, 642, 000. 00	4, 565, 231, 000. 00	252, 411, 000. 00
1¼% Series E-1951	(1)	(b)	July 1, 1950	Aug. 1, 1951	Aug. 1, 1951	do	5, 351, 142, 000. 00		5, 351, 142, 000. 00
1¼% Series F-1951	(1)	(b)	Sept. 15, 1950	Oct. 15, 1951	Oct. 15, 1951	do	5, 940, 578, 000. 00		5, 940, 578, 000. 00
1¼% Series G-1951	(1)	(b)	Oct. 1, 1950	Nov. 1, 1951	Nov. 1, 1951	do	5, 253, 075, 000. 00		5, 253, 075, 000. 00
1⅜% Series A-1954	(1)	(b)	Dec. 15, 1949	Mar. 15, 1954	Mar. 15, Sept. 15	do	4, 675, 069, 000. 00		4, 675, 069, 000. 00
1½% Series A-1955	(1)	(b)	Mar. 15, 1950	Mar. 15, 1955	do	do	5, 365, 079, 000. 00		5, 365, 079, 000. 00
1¾% Series B-1955	(1)	(b)	Dec. 15, 1950	Dec. 15, 1955	June 15, Dec. 15	do	6, 853, 793, 000. 00		6, 853, 793, 000. 00
1½% Series EA-1956	(1)	(b)	Apr. 1, 1951	Apr. 1, 1956	Apr. 1, Oct. 1	do	447, 000. 00		447, 000. 00
Total Treasury notes							43, 802, 608, 000. 00	8, 000, 999, 000. 00	35, 801, 609, 000. 00
Treasury bonds:									
3% of 1951-55	(1)	(c)	Sept. 15, 1931	Called for redemption on Sept. 15, 1951.	Mar. and Sept. 15	Par	800, 424, 000. 00	44, 995, 000. 00	755, 429, 000. 00
2¼% of 1951-53	(1)	(c)	Dec. 22, 1939	On and after Dec. 15, 1951: on Dec. 15, 1953.	June and Dec. 15	Par	100, 000, 000. 00		
						Exchange at par	1, 018, 051, 100. 00		
							1, 118, 051, 100. 00		1, 118, 051, 100. 00
2% of 1951-55	(1)	(b)	Dec. 15, 1941	On and after Dec. 15, 1951: on Dec. 15, 1955.	do	Par	532, 687, 950. 00	22, 275, 500. 00	510, 412, 450. 00
2½% of 1952-54	(1)	(b)	Mar. 31, 1941	On and after Mar. 15, 1952: on Mar. 15, 1954.	Mar. and Sept 15	Par	576, 145, 150. 00		
						Exchange at par	447, 423, 200. 00		
							1, 023, 568, 350. 00		1, 023, 568, 350. 00

Footnotes at end of table.

TABLE 18.—*Description of public debt issues outstanding June 30, 1951*—Continued

Title of loan and rate of interest	Authorizing act	Tax status	Date of loan	When redeemable or payable [5]	Interest payment date	Average price received (per $100)	Amount issued	Amount retired	Amount outstanding
INTEREST-BEARING DEBT—Continued									
Public issues—Continued									
Marketable—Continued									
Treasury bonds—Con.									
2% of 1951-53	(1)	(*b*)	Sept. 15, 1943	On and after Mar. 15, 1952: on Sept. 15, 1953. [7]	Mar. and Sept. 15	Par	$6,884,359,000.00		
						Exchange at par	1,101,903,500.00		
							7,986,262,500.00	$4,500.00	$7,986,258,000.00
2¼% of 1952-55	(1)	(*b*)	Feb. 15, 1942	On and after June 15, 1952: on June 15, 1955.	June and Dec. 15	Par	1,510,795,300.00	10,014,000.00	1,500,781,300.00
2% of 1952-54 (dated June 26, 1944).	(1)	(*b*)	June 26, 1944	On and after June 15, 1952: on June 15, 1954.	do	Par	5,825,482,000.00	3,500.00	5,825,478,500.00
2% of 1952-54 (dated Dec. 1, 1944).	(1)	(*b*)	Dec. 1, 1944	On and after Dec. 15, 1952: on Dec. 15, 1954.	do	Par	7,922,077,000.00		
						Exchange at par	739,900,500.00		
							8,661,977,500.00	4,500.00	8,661,973,000.00
2% of 1953-55	(1)	(*c*)	Oct. 7, 1940	On and after June 15, 1953: on June 15, 1955.	June and Dec. 15	Exchange at par	724,677,900.00		724,677,900.00
2¼% of 1954-56	(1)	(*c*)	July 22, 1940	On and after June 15, 1954: on June 15, 1956.	do	Par	680,692,350.00	500.00	680,691,850.00
2⅞% of 1955-60	(1)	(*c*)	Mar. 15, 1935	On and after Mar. 15, 1955: on Mar. 15, 1960.	Mar. and Sept. 15	Exchange at par and $100.50.	2,304,429,200.00		
						101.59375	101,971,000.00		
						101.56250	106,541,000.00		
						100.78125	98,215,000.00		
							2,611,156,200.00	65,050.00	2,611,091,150.00
2½% of 1956-58	(1)	(*b*)	June 2, 1941	On and after Mar. 15, 1956: on Mar. 15, 1958.	do	Par	661,750,800.00		
						Exchange at par	786,996,850.00		
							1,448,747,650.00	1,000.00	1,448,746,650.00
2¾% of 1956-59	(1)	(*c*)	Sept. 15, 1936	On and after Sept. 15, 1956: on Sept. 15, 1959.	do	Par	981,848,050.00	22,000.00	981,826,050.00

2¼% of 1956–59	(1)	(b)	Feb. 1, 1944	On and after Sept. 15, 1956: on Sept. 15, 1959.[8]	do	Par Exchange at par	3,727,687,000.00 94,871,500.00		
							3,822,558,500.00	3,500.00	3,822,555,000.00
2¾% of 1958–63	(1)	(c)	June 15, 1938	On and after June 15, 1958: on June 15, 1963.	June and Dec. 15	Exchange at par	918,780,600.00		918,780,600.00
2¼% of 1959–62 (dated June 1, 1945).	(1)	(b)	June 1, 1945	On and after June 15, 1959: on June 15, 1962.[8]	do	Par	5,284,068,500.00	21,500.00	5,284,047,000.00
2¼% of 1959–62 (dated Nov. 15, 1945).	(1)	(b)	Nov. 15, 1945	On and after Dec. 15, 1959: on Dec. 15, 1962.[8]	do	Par	3,469,671,000.00	38,000.00	3,469,633,000.00
2¾% of 1960–65	(1)	(c)	Dec. 15, 1938	On and after Dec. 15, 1960: on Dec. 15, 1965.	do	Par Exchange at par Exchange at $102.375.	402,892,800.00 188,196,700.00 894,295,600.00		
							1,485,385,100.00	1,000.00	1,485,384,100.00
2½% of 1962–67	(1)	(b)	May 5, 1942	On and after June 15, 1962: on June 15, 1967.[8]	do	Par	2,118,164,500.00	23,100.00	2,118,141,400.00
2½% of 1963–68	(1)	(b)	Dec. 1, 1942	On and after Dec. 15, 1963: on Dec. 15, 1968.[8]	do	Par	2,830,914,000.00	105,500.00	2,830,808,500.00
2½% of 1964–69 (dated Apr. 15, 1943).	(1)	(b)	Apr. 15, 1943	On and after June 15, 1964: on June 15, 1969.[8]	do	Par	3,761,904,000.00	714,500.00	3,761,189,500.00
2½% of 1964–69 (dated Sept. 15, 1943).	(1)	(b)	Sept. 15, 1943	On and after Dec. 15, 1964: on Dec. 15, 1969.[8]	do	Par Exchange at par	3,778,754,000.00 59,444,000.00		
							3,838,198,000.00	280,500.00	3,837,917,500.00
2½% of 1965–70	(1)	(b)	Feb. 1, 1944	On and after Mar. 15, 1965: on Mar. 15, 1970.[8]	Mar. and Sept. 15	Par Exchange at par	5,120,861,500.00 76,533,000.00		
							5,197,394,500.00	347,000.00	5,197,047,500.00
2½% of 1966–71	(1)	(b)	Dec. 1, 1944	On and after Mar. 15, 1966: on Mar. 15, 1971.[8]	do	Par Exchange at par	3,447,511,500.00 33,353,500.00		
							3,480,865,000.00	152,000.00	3,480,713,000.00
2½% of 1967–72 (dated June 1, 1945).	(1)	(b)	June 1, 1945	On and after June 15, 1967: on June 15, 1972.[8]	June and Dec. 15	Par	7,967,261,000.00	5,964,387,500.00	2,002,873,500.00
2½% of 1967–72 (dated Oct. 20, 1941).	(1)	(b)	Oct. 20, 1941	On and after Sept. 15, 1967: on Sept. 15, 1972.	Mar. and Sept. 15	Par Exchange at par	2,527,073,950.00 188,971,200.00		
							2,716,045,150.00	12,500.00	2,716,032,650.00
2½% of 1967–72 (dated Nov. 15, 1945).	(1)	(b)	Nov. 15, 1945	On and after Dec. 15, 1967: on Dec. 15, 1972.[8]	June and Dec. 15	Par	11,688,868,500.00	7,610,860,500.00	4,078,008,000.00
Total Treasury bonds							92,486,449,200.00	13,654,332,650.00	78,832,116,550.00

Footnotes at end of table.

TABLE 18.—*Description of public debt issues outstanding June 30, 1951*—Continued

Title of loan and rate of interest	Authorizing act	Tax status	Date of loan	When redeemable or payable [5]	Interest payment date	Average price received (per $100)	Amount issued	Amount retired	Amount outstanding
INTEREST-BEARING DEBT—Continued									
Public issues—Continued									
Marketable—Continued									
Other bonds:									
3% Panama Canal loan of 1961.	(2)	(*d*)	June 1, 1911	On June 1, 1961	Mar., June, Sept. and Dec. 1.	$102.582	$50,000,000.00	$200,000.00	$49,800,000.00
2½% Postal savings bonds (41st to 49th series).	(3)	(*d*)	July 1, 1931 and Jan. 1, July 1, 1932–35.	1 year from date of issue, 20 years from date of issue.	Jan. and July 1	Par	106,294,280.00	5,320.00	106,288,960.00
Total other bonds							156,294,280.00	205,320.00	156,088,960.00
Total marketable obligations.							159,572,894,480.00	21,655,536,970.00	137,917,357,510.00
Nonmarketable:									
Treasury savings notes, savings series and approximate yield if held to maturity:			First day of each month:	Redeemable in payment of Federal income, estate, or gift taxes after one full calendar month has elapsed between month notes were purchased and month in which tendered for taxes. Notes of Series C are redeemable for cash at the option of owner during and after the sixth calendar month and notes of Series D during and after the fourth calendar month after the month of issue as shown on the face of each note.	Interest is payable with principal at time of redemption. No interest is payable if note is inscribed in the name of a bank that accepts demand deposits unless note is acquired by such bank through forfeiture of a loan.				
C-1951—1.07%	(1)	(*b*)	July and Aug. 1948.			Par	178,137,900.00	149,460,900.00	28,677,000.00
D-1951—1.40%	(1)	(*b*)	Sept. to Dec. 1948.			Par	2,062,588,300.00	1,008,390,000.00	1,054,198,300.00
D-1952—1.40%	(1)	(*b*)	Jan. to Dec. 1949.			Par	6,005,222,800.00	3,413,331,200.00	2,591,891,600.00
D-1953—1.40%	(1)	(*b*)	Jan. to Dec. 1950.			Par	3,609,335,500.00	2,668,234,200.00	941,101,300.00

D-1954—1.40%	(1)	(b)	Jan. to May 1951.	do	do	Par	655, 932, 400. 00	225, 125, 700. 00	430, 806, 700. 00
A-1954—1.88%	(1)	(b)	15th day of each month. May and June 1951.	Redeemable in payment of Federal income, estate, or gift taxes at any time after 2 months from issue date. Redeemable for cash at option of owner at any time after 4 months from issue date.	do	Par	2, 757, 699, 600. 00		2, 757, 699, 600. 00
Total Treasury savings notes							15, 268, 916, 500. 00	7, 464, 542, 000. 00	7, 804, 374, 500. 00
United States savings bonds series and approximate yield to maturity (%): [9]			First day of each month:						
E-1941-2.90	(1)	(b)	May to Dec. 1941.	After 60 days from issue date on demand at option of owner; 10 years from issue date, but at the option of owner, may be held and will accrue interest for additional 10 years.	Sold at a discount: payable at par on maturity.	$75.00	1, 650, 026, 336. 30	602, 986, 557. 55	1, 047, 039, 778. 75
E-1942-2.90	(1)	(b)	Jan. to Dec. 1942	do	do	$75.00	7, 233, 459, 301. 27	3, 434, 449, 811. 52	3, 799, 009, 489. 75
E-1943-2.90	(1)	(b)	Jan. to Dec. 1943	do	do	$75.00	11, 604, 059, 084. 34	6, 366, 007, 691. 76	5, 238, 051, 392. 58
E-1944-2.90	(1)	(b)	Jan. to Dec. 1944	do	do	$75.00	13, 404, 448, 050. 01	7, 620, 524, 290. 87	5, 783, 923, 759. 14
E-1945-2.90	(1)	(b)	Jan. to Dec. 1945	do	do	$75.00	10, 368, 120, 714. 88	5, 829, 730, 002. 01	4, 538, 390, 712. 87
E-1946-2.90	(1)	(b)	Jan. to Dec. 1946	do	do	$75.00	4, 552, 454, 414. 80	2, 225, 316, 214. 44	2, 327, 138, 200. 36
E-1947-2.90	(1)	(b)	Jan. to Dec. 1947	do	do	$75.00	4, 210, 042, 159. 82	1, 783, 363, 217. 63	2, 426, 678, 942. 19
E-1948-2.90	(1)	(b)	Jan. to Dec. 1948	do	do	$75.00	4, 300, 907, 666. 15	1, 638, 468, 222. 19	2, 662, 439, 443. 96
E-1949-2.90	(1)	(b)	Jan. to Dec. 1949	do	do	$75.00	4, 221, 849, 972. 50	1, 438, 800, 093. 14	2, 783, 049, 879. 36
E-1950-2.90	(1)	(b)	Jan. to Dec. 1950	do	do	$75.00	3, 680, 980, 484. 04	969, 958, 625. 84	2, 711, 021, 858. 20
E-1951-2.90	(1)	(b)	Jan. to June 1951	do	do	$75.00	1, 399, 122, 550. 00	124, 135, 106. 25	1, 274, 987, 443. 75
Total Series E							66, 625, 470, 734. 11	32, 033, 739, 833. 20	34, 591, 730, 900. 91

Footnotes at end of table.

TABLE 18.—*Description of public debt issues outstanding June 30, 1951*—Continued

Title of loan and rate of interest	Authorizing act	Tax status	Date of loan	When redeemable or payable [5]	Interest payment date	Average price received (per $100)	Amount issued	Amount retired	Amount outstanding
INTEREST-BEARING DEBT—Continued									
Public issues—Continued									
Nonmarketable—Con.									
United States savings bonds series and approximate yields to maturity (%) [9]—Con.									
F-1941-2.53	(1)	(b)	May to Dec. 1941.	After 6 months from issue date on demand at option of owner on 1 month's notice: 12 years from issue date.	Sold at a discount: payable at par on maturity.	$74.00	$276,913,419.14	$83,138,765.74	$193,774,653.40
F-1942-2.53	(1)	(b)	Jan. to Dec. 1942	do	do	$74.00	751,948,927.27	267,921,177.64	484,027,749.63
F-1943-2.53	(1)	(b)	Jan. to Dec. 1943	do	do	$74.00	822,774,712.84	314,692,600.35	508,082,112.49
F-1944-2.53	(1)	(b)	Jan. to Dec. 1944	do	do	$74.00	860,530,355.91	271,766,508.90	588,763,847.01
F-1945-2.53	(1)	(b)	Jan. to Dec. 1945	do	do	$74.00	645,378,851.81	174,765,322.71	470,613,529.10
F-1946-2.53	(1)	(b)	Jan. to Dec. 1946	do	do	$74.00	347,289,307.73	97,893,822.80	249,395,484.93
F-1947-2.53	(1)	(b)	Jan. to Dec. 1947	do	do	$74.00	352,190,539.63	85,053,512.16	267,137,027.47
F-1948-2.53	(1)	(b)	Jan. to Dec 1948	do	do	$74.00	501,271,704.01	53,066,363.06	448,205,340.95
F-1949-2.53	(1)	(b)	Jan. to Dec. 1949	do	do	$74.00	239,694,413.95	27,950,887.49	211,743,526.46
F-1950-2.53	(1)	(b)	Jan. to Dec. 1950	do	do	$74.00	409,537,043.50	12,351,812.50	397,185,231.00
F-1951-2.53	(1)	(b)	Jan. to June 1951	do	do	$74.00	68,494,936.50	21,608.00	68,473,328.50
Total Series F							5,276,024,212.29	1,388,622,381.35	3,887,401,830.94
G-1941-2.50	(1)	(b)	May to Dec. 1941.	After 6 months from issue date on demand at option of owner on 1 month's notice: 12 years from issue date.	Semiannually	Par	1,277,269,000.00	271,916,100.00	1,005,352,900.00
G-1942-2.50	(1)	(b)	Jan. to Dec. 1942	do	do	Par	2,493,045,900.00	593,507,300.00	1,899,538,600.00
G-1943-2.50	(1)	(b)	Jan. to Dec. 1943	do	do	Par	2,598,129,200.00	652,121,400.00	1,946,007,800.00
G-1944-2.50	(1)	(b)	Jan. to Dec. 1944	do	do	Par	2,894,068,000.00	625,659,900.00	2,268,408,100.00
G-1945-2.50	(1)	(b)	Jan. to Dec. 1945	do	do	Par	2,542,312,900.00	476,138,900.00	2,066,174,000.00
G-1946-2.50	(1)	(b)	Jan. to Dec. 1946	do	do	Par	2,663,892,000.00	479,369,900.00	2,184,522,100.00
G-1947-2.50	(1)	(b)	Jan. to Dec. 1947	do	do	Par	2,247,337,700.00	355,595,300.00	1,891,742,400.00

G-1948-2.50	(1)	(b)	Jan. to Dec. 1948	do	do	Par	2,542,112,700.00	204,959,700.00	2,337,153,000.00
G-1949-2.50	(1)	(b)	Jan. to Dec. 1949	do	do	Par	1,433,059,300.00	114,750,500.00	1,318,308,800.00
G-1950-2.50	(1)	(b)	Jan. to Dec. 1950	do	do	Par	1,938,522,600.00	64,398,600.00	1,874,124,000.00
G-1951-2.50	(1)	(b)	Jan. to June 1951	do	do	Par	381,884,300.00	92,800.00	381,791,500.00
Total Series G							23,011,633,600.00	3,838,510,400.00	19,173,123,200.00
Unclassified sales and redemptions.							84,311,662.76	176,148,730.33	[10] 91,837,067.57
Total United States savings bonds.							94,997,440,209.16	37,437,021,344.88	57,560,418,864.28
Depositary bonds:									
2% first series	(1)	(b)	Various dates from June 28, 1941.	At any time upon 30 to 60 days' notice, on demand at option of owner; 12 years from issue date.	June and Dec. 1	Par	794,643,750.00	476,084,750.00	318,559,000.00
Armed forces leave bonds:									
Series 1946	(1)	(e)	July 1, 1946	Upon death of holder or at any time in payment of premiums or in payment of the difference in reserve in case of conversion to insurance on another plan or in payment of a policy loan made prior to July 31, 1946, on a United States Government life insurance policy or a national service life insurance policy; 5 years from date of issue.	Interest with principal is paid at time of redemption.	Par	154,499,975.00	136,096,125.00	18,403,850.00
			Oct. 1, 1946			Par	182,270,925.00	153,736,700.00	28,534,225.00
Unclassified redemptions.								6,397,175.00	[10] 6,397,175.00
Total armed forces leave bonds.							336,770,900.00	296,230,000.00	40,540,900.00

Footnotes at end of table.

TABLE 18.—*Description of public debt issues outstanding June 30, 1951*—Continued

Title of loan and rate of interest	Authorizing act	Tax status	Date of loan	When redeemable or payable [5]	Interest payment date	Average price received (per $100)	Amount issued	Amount retired	Amount outstanding
INTEREST-BEARING DEBT—Continued									
Public issues—Continued									
Nonmarketable—Con. Treasury bonds, investment series:									
2½% Series A—1965.	(1)	(*b*)	Oct. 1, 1947	On and after Apr. 1, 1948, on demand at option of owner on 1 month's notice; on Oct. 1, 1965.	Apr. 1, Oct. 1	Par	$969, 960, 000. 00	$17, 500, 000. 00	$952, 460, 000. 00
2¾% Series B—1975–80.	(1)	(*b*)	Apr. 1, 1951	Apr. 1, 1975, exchangeable at any time at option of owner for marketable Treasury notes on Apr. 1, 1980.	do	Exchange at par	13, 574, 226, 000. 00	447, 000. 00	13, 573, 779, 000. 00
Total Treasury bonds investment series.							14, 544, 186, 000. 00	17, 947, 000. 00	14, 526, 239, 000. 00
Total nonmarketable obligations.							125, 941, 957, 359. 16	45, 691, 825, 094. 88	80, 250, 132, 264. 28
Total public issues							285, 514, 851, 839. 16	67, 347, 362, 064. 88	218, 167, 489, 774. 28
Special issues									
Adjusted service certificate fund (certificates):									
4% Series 1952	(1)	(*f*)	Jan. 1, 1951	On demand; on Jan. 1, 1952.	Jan. 1	Par	5, 265, 000. 00	100, 000. 00	5, 165, 000. 00
Canal Zone Postal Savings System (notes):				Redeemable after 1 year from date of issue and payable on June 30:					
2% Series 1952	(1)	(*f*)	June 30, 1947	1952	June 30, Dec. 31	Par	1, 250, 000. 00	750, 000. 00	500, 000. 00
Civil service retirement fund (notes):			Various dates from June 30:						
4% Series 1952	(1)	(*f*)	1947	1952	June 30	Par	709, 084, 000. 00		709, 084, 000. 00
4% Series 1953	(1)	(*f*)	1948	1953	do	Par	1, 006, 723, 000. 00		1, 006, 723, 000. 00
4% Series 1954	(1)	(*f*)	1949	1954	do	Par	1, 185, 208, 728. 00	19, 000, 728. 00	1, 166, 208, 000. 00
4% Series 1955	(1)	(*f*)	1950	1955	do	Par	1, 107, 076, 000. 00		1, 107, 076, 000. 00

4% Series 1956	(1)	(f)	June 30, 1951	1956	do	Par	373,557,000.00		373,557,000.00
			Various dates from June 30:						
3% Series 1952	(1)	(f)	1947	1952	do	Par	2,220,000.00		2,220,000.00
3% Series 1953	(1)	(f)	1948	1953	do	Par	2,415,000.00		2,415,000.00
3% Series 1954	(1)	(f)	1949	1954	do	Par	2,372,000.00		2,372,000.00
3% Series 1955	(1)	(f)	1950	1955	do	Par	3,006,000.00		3,006,000.00
3% Series 1956	(1)	(f)	June 30, 1951	1956	do	Par	1,157,000.00		1,157,000.00
Farm tenant mortgage insurance fund (notes):				Redeemable after 1 year from date of issue and payable on:					
2% Series 1952	(1)	(f)	Mar. 18, 1948	Dec. 31, 1952	June 30, Dec. 31	Par	1,000,000.00		1,000,000.00
Federal Deposit Insurance Corporation (notes):			Various dates from:	Redeemable after 1 year from date of issue and payable on:					
2% Series 1951	(1)	(f)	Dec. 26, 1946	Dec. 1, 1951	June 1, Dec. 1	Par	516,000,000.00	159,000,000.00	357,000,000.00
2% Series 1952	(1)	(f)	Jan. 19, 1948	Dec. 1, 1952	do	Par	149,000,000.00		149,000,000.00
2% Series 1953	(1)	(f)	Dec. 1, 1948	Dec. 1, 1953	do	Par	139,000,000.00		139,000,000.00
2% Series 1954	(1)	(f)	Dec. 2, 1949	Dec. 1, 1954	do	Par	142,000,000.00		142,000,000.00
2% Series 1955	(1)	(f)	Dec. 1, 1950	Dec. 1, 1955	do	Par	81,000,000.00		81,000,000.00
Federal home loan banks (notes):									
2% Series 1953	(1)	(f)	Oct 8, 1948	June 30, 1953	June 30, Dec 31	Par	50,000,000.00	3,000,000.00	47,000,000.00
			Various dates from:						
2% Series 1955	(1)	(f)	Sept. 15, 1950	June 30, 1955	do	Par	3,000,000.00		3,000,000.00
1½% Series 1955	(1)	(f)	Aug. 15, 1950	June 30, 1955	do	Par	31,700,000.00	5,700,000.00	26,000,000.00
1¼% Series 1955	(1)	(f)	Aug. 17, 1950	June 30, 1955	do	Par	2,300,000.00	1,300,000.00	1,000,000.00
Federal old-age and survivors insurance trust fund (certificates): 2⅛% Series 1952.	(1)	(f)	June 30, 1951	On demand: on June 30, 1952	do	Par	12,096,300,000.00		12,096,300,000.00
Federal Savings and Loan Insurance Corporation (notes):			Various dates from June 30:	Redeemable after 1 year from date of issue and payable on June 30:					
2% Series 1952	(1)	(f)	1947	1952	do	Par	18,112,000.00	15,750,000.00	2,362,000.00
2% Series 1953	(1)	(f)	1948	1953	do	Par	41,000,000.00		41,000,000.00
2% Series 1954	(1)	(f)	1949	1954	do	Par	25,150,000.00		25,150,000.00
2% Series 1955	(1)	(f)	1950	1955	do	Par	17,450,000.00		17,450,000.00
Foreign service retirement fund (notes):									
4% Series 1952	(1)	(f)	1947	1952	June 30	Par	3,680,000.00		3,680,000.00
4% Series 1953	(1)	(f)	1948	1953	do	Par	4,009,000.00		4,009,000.00
4% Series 1954	(1)	(f)	1949	1954	do	Par	4,260,000.00		4,260,000.00
4% Series 1955	(1)	(f)	1950	1955	do	Par	2,739,000.00		2,739,000.00
4% Series 1956	(1)	(f)	June 30, 1951	1956	do	Par	1,747,000.00		1,747,000.00
			Various dates from June 30:						
3% Series 1952	(1)	(f)	1947	1952	do	Par	94,000.00		94,000.00
3% Series 1953	(1)	(f)	1948	1953	do	Par	87,500.00		87,500.00
3% Series 1954	(1)	(f)	1949	1954	do	Par	83,500.00		83,500.00
3% Series 1955	(1)	(f)	1950	1955	do	Par	125,000.00		125,000.00
3% Series 1956	(1)	(f)	June 30, 1951	1956	do	Par	42,000.00		42,000.00

Footnotes at end of table.

TABLE 18.—*Description of public debt issues outstanding June 30, 1951*—Continued

Title of loan and rate of interest	Authorizing act	Tax status	Date of loan	When redeemable or payable [5]	Interest payment date	Average price received (per $100)	Amount issued	Amount retired	Amount outstanding
INTEREST-BEARING DEBT—Continued									
Special issues—Continued									
Government life insurance fund (certificates):									
3½% Series 1952	(1)	(f)	June 30, 1951	On demand: on June 30, 1952.	June 30	Par	$1,300,000,000.00		$1,300,000,000.00
National service life insurance fund (notes):			Various dates from June 30:	Redeemable after 1 year from date of issue and payable on June 30:					
3% Series 1952	(1)	(f)	1947	1952	do	Par	745,485,000.00		745,485,000.00
3% Series 1953	(1)	(f)	1948	1953	do	Par	1,158,700,000.00		1,158,700,000.00
3% Series 1954	(1)	(f)	1949	1954	do	Par	2,597,000,000.00		2,597,000,000.00
3% Series 1955	(1)	(f)	1950	1955	do	Par	292,459,000.00		292,459,000.00
3% Series 1956	(1)	(f)	June 30, 1951	1956	do	Par	642,000,000.00		642,000,000.00
Postal Savings System (notes):			Various dates from:						
2% Series 1952	(1)	(f)	June 30, 1947	1952	June 30, Dec. 31	Par	890,000,000.00	$448,000,000.00	442,000,000.00
2% Series 1953	(1)	(f)	Mar. 17, 1949	1953	do	Par	100,000,000.00		100,000,000.00
2% Series 1955	(1)	(f)	June 30, 1950	1955	do	Par	124,000,000.00		124,000,000.00
2% Series 1956	(1)	(f)	June 30, 1951	1956	do	Par	40,000,000.00		40,000,000.00
Railroad retirement account (notes):			Various dates from June 30:	Redeemable after 1 year from date of issue and payable on June 30:					
3% Series 1952	(1)	(f)	1947	1952	June 30	Par	778,000,000.00	282,300,000.00	495,700,000.00
3% Series 1953	(1)	(f)	1948	1953	do	Par	609,000,000.00		609,000,000.00
3% Series 1954	(1)	(f)	1949	1954	do	Par	631,000,000.00		631,000,000.00
3% Series 1955	(1)	(f)	1950	1955	do	Par	613,590,000.00		613,590,000.00
3% Series 1956	(1)	(f)	June 30, 1951	1956	do	Par	65,200,000.00		65,200,000.00
Unemployment trust fund (certificates): 2⅛% Series 1952.	(1)	(f)	do	On demand: on June 30, 1952.	June 30, Dec. 31	Par	7,266,000,000.00		7,266,000,000.00

War Housing Insurance Fund (notes): 2% Series 1955.	(1)	(f)	Various dates from May 16, 1951.	Redeemable after 1 year from date of issue and payable on June 30, 1955.	do	Par	6,600,000.00		6,600,000.00
Total special issues							35,588,246,728.00	934,900,728.00	34,653,346,000.00
Total interest-bearing debt.							321,103,098,567.16	68,282,262,792.88	252,820,835,774.28
MATURED DEBT ON WHICH INTEREST HAS CEASED									
Old debt matured-issued prior to April 1, 1917.[11]	(4)								1,381,190.26
2½% Postal savings bonds	(3)								205,920.00
Liberty bonds and Victory notes, at various interest rates.	(4)								−8,699,800.00
Treasury bonds, at various interest rates.	(1)								102,301,150.00
Adjusted service bonds of 1945.	(1)								5,935,200.00
Treasury notes, at various interest rates.	(1)								12,668,750.00
Treasury notes, tax series	(1)								1,328,650.00
Treasury savings notes	(1)								29,245,100.00
Certificates of indebtedness, at various interest rates.	(1)								21,066,150.00
Treasury bills	(1)								10,898,000.00
Treasury savings certificates	(1)								106,200.00
United States savings bonds	(1)								209,196,250.00
Armed forces leave bonds	(1)								103,922,625.00
Total matured debt on which interest has ceased.									506,954,985.26

Footnotes at end of table.

TABLE 18.—*Description of public debt issues outstanding June 30, 1951*—Continued

Title of loan	Amount issued	Amount outstanding
DEBT BEARING NO INTEREST		
Special notes of the United States (issued pursuant to the provisions of the Bretton Woods Agreements Act, approved July 31, 1945, and under the authority of and subject to the provisions of the Second Liberty Bond Act, as amended. The notes are nonnegotiable, bear no interest, and are payable on demand):		
International Monetary Fund series		$1,283,000,000.00
United States savings stamps (Public Debt Act of 1942)		48,194,398.48
Excess profits tax refund bonds (issued under the authority of and subject to the provisions of the Second Liberty Bond Act, as amended, and secs. 780 to 783, inclusive, of the Internal Revenue Code, as amended. Issued in series depending upon the tax years for which credits are available and in amounts certified to the Secretary of the Treasury by the Commissioner of Internal Revenue. Bear no interest and mature at yearly intervals after the cessation of hostilities, as provided by sec. 780 (E) of the Internal Revenue Code, as amended, and are redeemable at the option of the owner on or after Jan. 1, 1946):		
First Series		1,091,593.02
Second Series		1,266,488.25
Total		2,358,081.27
Old demand notes (acts of July 17, 1861 (12 Stat. 259); Aug. 5, 1861 (12 Stat. 313); Feb. 12, 1862 (12 Stat. 338). Greatest amount ever authorized to be outstanding, $60,000,000)	[12] $60,030,000.00	52,917.50
Fractional currency (acts of July 17, 1862 (12 Stat. 592); Mar. 3, 1863 (12 Stat. 711); June 30, 1864 (13 Stat. 220). (Greatest amount ever authorized to be outstanding, $50,000,000)	[12] 368,724,080.00	[13] 1,967,006.52
Legal tender notes (acts of Feb. 25, 1862 (12 Stat. 345); July 11, 1862 (12 Stat. 532); Mar. 3, 1863 (12 Stat. 710); May 31, 1878 (20 Stat. 87); Mar. 14, 1900 (31 Stat. 45); Mar. 4, 1907 (34 Stat. 1200). (Greatest amount ever authorized to be outstanding, $450,000,000)	346,681,016.00	346,681,016.00
Less gold reserve		156,039,430.93
National bank notes (redemption account) (the act of July 14, 1890 (26 Stat. 289), provides that balances standing with the Treasurer of the United States to the respective credits of national banks for deposits made to redeem the circulating notes of such banks, and all deposits thereafter received for like purpose, shall be covered into the Treasury as a miscellaneous receipt, and the Treasurer of the United States shall redeem from the general cash in the Treasury the circulating notes of said banks which may come into his possession subject to redemption, * * * and the balance remaining of the deposits so covered shall, at the close of each month, be reported on the monthly public debt statement as debt of the United States bearing no interest). (Authorized to be outstanding at one time. Indefinite.)		328,368,238.50
Thrift and Treasury savings stamps, unclassified sales, etc.		3,718,776.25
Total debt bearing no interest		1,858,301,003.59
Gross debt (including $9,026,680,835.89 debt incurred to finance expenditures of Government corporations for which obligations of such corporations are held by the Treasury)		255,186,091,763.13
Guaranteed obligations not owned by the Treasury		29,207,761.23
Total gross public debt and guaranteed obligations		255,215,299,524.36

[1] Sept. 24, 1917, as amended.
[2] Aug. 5, 1909, Feb. 4, 1910, and Mar. 2, 1911.
[3] June 25, 1910.
[4] Various.
[5] Redeemable at the option of the United States on and after dates indicated, except where otherwise stated. In case of Treasury bonds and Treasury Bonds, Investment Series B-1975-80, now outstanding, such bonds may be redeemed only on interest dates, and 4 months' notice of redemption must be given.
[6] Treasury bills are noninterest-bearing and are sold on a discount basis on competitive bids for each issue. The average sale price of these series gives an approximate yield on a bank discount basis (360 days a year) as indicated opposite each issue of bills. This yield differs slightly from the yield on a true discount basis (365 days a year) which is shown in the summary of table 17.
[7] Not called for redemption on Sept. 15, 1951, first call date. Callable on Mar. 15, 1952, succeeding interest payment date.
[8] Redeemable, at par and accrued interest, to date of payment, at any time upon the death of the owner at the option of the duly constituted representative of the deceased owner's estate, provided entire proceeds of redemption are applied to payments of the Federal estate taxes due from deceased owner's estate.
[9] Amounts issued and retired for Series E and F, inclusive, include accrued discount; amounts outstanding are stated at current redemption values. Amounts issued, retired, and outstanding for Series G are stated at par value.
[10] Deduct.
[11] For detailed information and amounts outstanding June 30, 1951, see table 23.
[12] Includes amounts authorized to be outstanding at present time and amounts issued on deposits including reissues.
[13] After deducting amounts officially estimated to have been lost or irrevocably destroyed.
[14] For summary on basis of daily Treasury statement, see table 17.

TAX EXEMPTIONS:

(*a*) Any income derived from Treasury bills, whether interest or gain from their sale or other disposition does not have any exemption, as such, and loss from the sale or other disposition of any such bills does not have any special treatment, as such, under the Internal Revenue Code or laws amendatory or supplementary thereto. 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 the bills are originally sold by the United States is to be considered to be interest.

(*b*) Income derived from these securities is subject to all taxes now or hereafter imposed under the Internal Revenue Code or laws amendatory or supplementary thereto. The securities 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. The following is applicable to savings bonds only: For the purposes of taxation any increment in value of savings bonds represented by the difference between the price paid and the redemption value received (whether at or before maturity) shall be considered as interest.

Attention is invited to Treasury Decision 4550 ruling that bonds, notes, bills, and certificates of indebtedness of the Federal Government or its agencies, and the interest thereon, are not exempt from the gift tax.

(*c*) Exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (*a*) estate or inheritance taxes, and (*b*) graduated additional income taxes, commonly known as surtaxes, and excess profits and war profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds authorized by the act approved Sept. 24, 1917, as amended, the principal of which does not exceed in the aggregate $5,000 owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (*b*) above. The following is applicable to savings bonds only: For the purposes of determining taxes and tax exemptions the increment in value of savings bonds represented by the difference between the price paid and the redemption value received (whether at or before maturity) shall be considered as interest.

(*d*) Exempt from the payment of all taxes or duties of the United States, as well as from all taxation in any form by or under State, municipal, or local authority. (The Supreme Court has held that this exemption does not extend to estate or inheritance taxes imposed by Federal or State authority.)

(*e*) Interest on these bonds is subject to all taxes now or hereafter imposed under the Internal Revenue Code or laws amendatory or supplementary thereto. Principal is exempt from taxation.

(*f*) These issues being investments of various Government funds, and payable only for the account of such funds, have no present tax liability.

In hands of foreign holders.—Applicable only to securities issued prior to March 1, 1941:

Bonds, notes, and certificates of indebtedness of the United States shall, while beneficially owned by a nonresident alien individual, or a foreign corporation, partnership, or association, not engaged in business in the United States, be exempt, both as to principal and interest, from any and all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority.

MEMORANDUM RELATING TO OTHER OBLIGATIONS

	Amount
Obligations of the United States payable on presentation:	
United States registered interest checks payable	$18, 656, 305. 86
United States interest coupons due and outstanding	132, 445, 134. 79
Interest payable with and accrued discount added to principal of United States securities exclusive of transfer and counter warrant transactions	139, 737, 181. 07
Settlement warrant checks outstanding	142, 018. 34
Total	290, 980, 640. 06

TABLE 19.—*Description of guaranteed obligations held outside the Treasury,*[1] *June 30, 1951*

[On basis of daily Treasury statements, see p. 675.]

Title	Tax status	Date of issue	Redeemable (on and after)	Payable	Interest payable	Amount [2]		
						Principal	Interest [3]	Total
UNMATURED OBLIGATIONS								
Commodity Credit Corporation, act of Mar. 8, 1938, as amended:								
1¼% demand obligations	(4)	Various		On demand	Monthly	[5] $13,782.66		$13,782.66
Federal Housing Administration:								
Mutual mortgage insurance fund, act of June 27, 1934, as amended:								
3% debentures, Series A	(6)	do		(7)	Jan. 1, July 1	7,346,886.23		
3% debentures, Series A	(6)	do		July 1, 1951	July 1	27,750.00		
2¾% debentures, Series E	(6)	do	(8)	(7)	Jan. 1, July 1	598,450.00		
2¾% debentures, Series E (7th called)	(6)	do	(Called for redemption July 1, 1951)		July 1	459,700.00		
Housing insurance fund, act of June 27, 1934, as amended:								
2¾% debentures, Series D (9th called)	(9)	do	do		do	1,390,000.00		
War housing insurance fund, act of Mar. 28, 1941, as amended:								
2½% debentures, Series H	(4)	do	(8)	10 years after date of debenture.	Jan. 1, July 1	17,527,500.00		27,350,286.23
Total unmatured obligations						27,364,068.89		27,364,068.89
MATURED OBLIGATIONS								
Commodity Credit Corporation							$11.25	11.25
Federal Farm Mortgage Corporation						636,300.00	84,344.16	720,644.16
Federal Housing Administration							16,809.22	16,809.22
Home Owners' Loan Corporation						1,226,800.00	174,440.38	1,401,240.38
Reconstruction Finance Corporation							19.25	19.25
Total matured obligations						1,863,100.00	275,624.26	[10] 2,138,724.26
Total based on guarantees						[11] 29,227,168.89	275,624.26	29,502,793.15

[1] Obligations listed are unconditionally guaranteed as to principal and interest.

[2] For obligations held by Treasury and reflected in the public debt, see table 66.

[3] Does not include accrued interest.

[4] Income derived from these securities is subject to all Federal taxes, now or hereafter imposed. Securities are subject to surtaxes, estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on principal or interest thereof by any State, municipality, or local taxing authority.

[5] Represents drafts and invoices as of May 31, 1951, paid by commercial banks for account of Commodity Credit Corporation.

[6] National Housing Act as amended by National Housing Act Amendments of 1938, approved Feb. 3, 1938, reads in part as follows: "Such debentures as are issued in exchange for property covered by mortgages insured under sec. 203 or sec. 207 prior to the date of enactment of the National Housing Act Amendments of 1938 shall be subject only to such Federal, State, and local taxes as the mortgages in exchange for which they are issued would be subject to in the hands of the holder of the debentures. * * * Such debentures as are issued in exchange for property covered by mortgages insured after the date of enactment of the National Housing Act Amendments of 1938 shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority." Under Public Debt Act of 1941 interest upon and gain from sale of debentures shall have no exemption under Federal tax acts now or hereafter enacted, except such debentures as may be issued on contracts entered into prior to Mar. 1, 1941.

[7] Payable 3 years after the first day of July following the maturity date of the mortgage for which each debenture was issued.

[8] Redeemable on any interest day or days, on 3 months' notice.

[9] With reference to debentures issued prior to Mar. 1, 1941, in name of housing insurance fund, the National Housing Act Amendments of 1938, approved Feb. 3, 1938, states that "Such debentures as are issued in exchange for mortgages insured after the date of enactment of the National Housing Act Amendments of 1938 shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority." Under Public Debt Act of 1941 interest upon and gain from sale of debentures shall have no exemption under Federal tax acts now or hereafter enacted, except such debentures as may be issued on contracts entered into prior to Mar. 1, 1941.

[10] Funds have been deposited with Treasurer of the United States for payment of outstanding matured principal and interest.

[11] Amount outstanding on basis of Public Debt accounts is shown in table 17.

TABLE 20.—*Description of contingent liabilities outstanding June 30, 1951* [1]

[On basis of daily Treasury statements, see p. 675]

Title and authorizing act	Tax status	Date of issue	Payable	Interest payable	Rate of interest	Amount		
						Principal	Accrued interest	Total
ON CREDIT OF THE UNITED STATES					*Percent*			
U. S. Postal Savings System—funds due depositors, act of June 25, 1910, as amended.[2]	(3)	Date of deposit	On demand	(4)	2	$2,852,612,819.00	$109,240,566.06	[5] $2,961,853,385.06
Canal Zone Postal Savings System—funds due depositors, act of June 13, 1940.[2]	(3)	do	do	(4)	2	7,206,870.00	232,011.19	[6] 7,438,881.19
Total						2,859,819,689.00	109,472,577.25	2,969,292,266.25
OTHER OBLIGATIONS								
Federal Reserve notes (face amount), act of Dec. 23, 1913, as amended.[7]								[8] 22,702,914,523.24

[1] Does not include contingent liability on guaranteed and insured loans to veterans which, as of Dec. 31, 1950, amounted to $5,204,700,000; also does not include contingent liability on war production and contract termination guaranteed loans of the Department of the Army which, as of May 31, 1951, amounted to $656,328.63; and contingent liability on loans guaranteed by various agencies pursuant to Defense Production Act of 1950.

[2] The faith of the United States is solemnly pledged to payment of deposits made in postal savings depository offices with accrued interest thereon.

[3] Under Public Debt Act of 1941, income derived from deposits made subsequent to Mar. 1, 1941, is subject to all Federal taxes.

[4] Interest payable quarterly from first day of month next following date of deposit.

[5] Figures are as of Mar. 31, 1951, the latest available. Offset by cash in designated depository banks amounting to $10,945,326.77; which is secured by the pledge of collateral as provided in the Regulations of the Postal Savings System, having a face value of $10,390,000; cash in possession of System amounting to $153,425,806.25; Government securities with a face value of $2,788,434,530; and other net assets of $13,646,028.38.

[6] Figures are as of May 31, 1951, the latest available. Offset by cash on hand and in depository banks amounting to $648,133.86; Government securities with a face value of $6,850,000; and other assets.

[7] Federal Reserve notes are obligations of the United States and shall be receivable by all national and member banks and Federal Reserve Banks and for all taxes, customs, and other public dues. They are redeemable in lawful money on demand at the Treasury Department, Washington, D. C., or at any Federal Reserve Bank.

[8] Figures are as of May 31, 1951, the latest available. In actual circulation, exclusive of $628,763,526.76 redemption fund deposited in the Treasury and $894,115,485 of their own Federal Reserve notes held by the issuing banks. The collateral security for Federal Reserve notes issued consists of $12,244,000,000 in gold certificates and in credits with the Treasurer of the United States payable in gold certificates, $12,680,000,000 face amount of U. S. Government securities, and $435,767,000 face amount of commercial paper. Notes issued by a Federal Reserve Bank, are a first lien against the assets of such Bank.

TABLE 21.—*Statutory limitation on the public debt and guaranteed obligations, June 30, 1951*

[In millions of dollars]

PART I. STATUS UNDER LIMITATION, JUNE 30, 1951

	Amount	
Maximum amount of securities which may be outstanding at any one time, under limitations imposed by the Second Liberty Bond Act, as amended (31 U. S. C. 757b)		275,000
Amount of securities outstanding subject to such statutory debt limitation:		
U. S. Government securities issued under the Second Liberty Bond Act, as amended	254,537	
Guaranteed securities (excluding those held by the Treasury)	29	
Total amount of securities outstanding subject to statutory debt limitation		254,567
Balance issuable under limitation		20,433

PART II. APPLICATION OF LIMITATION TO PUBLIC DEBT AND GUARANTEED OBLIGATIONS OUTSTANDING JUNE 30, 1951

Class of security	Subject to statutory debt limitation	Not subject to statutory debt limitation	Total outstanding
Public debt:			
Interest-bearing securities:			
Marketable:			
Treasury bills	13,614		13,614
Certificates of indebtedness	9,509		9,509
Treasury notes	35,806		35,806
Treasury bonds—bank eligible	42,772		42,772
Treasury bonds—bank restricted [1]	36,061		36,061
Postal savings and Panama Canal bonds		156	156
Total marketable	137,761	156	137,917
Nonmarketable:			
U. S. savings bonds (current redemption value)	57,572		57,572
Treasury savings notes	7,818		7,818
Depositary bonds	319		319
Armed forces leave bonds	47		47
Treasury bonds, investment series	14,526		14,526
Total nonmarketable	80,281		80,281
Special issues to Government agencies and trust funds	34,653		34,653
Total interest-bearing securities	252,696	156	252,852
Matured securities on which interest has ceased	508	4	512
Debt bearing no interest:			
United States savings stamps	48		48
Excess profits tax refund bonds	2		2
Special notes of the United States:			
International Monetary Fund series	1,283		1,283
International Bank for Reconstruction and Development series			
United States notes (less gold reserve)		191	191
Deposits for retirement of national bank and Federal Reserve Bank notes		328	328
Other debt bearing no interest		6	6
Total debt bearing no interest	1,333	525	1,858
Total public debt	254,537	685	255,222
Guaranteed securities (excluding those held by the Treasury):			
Interest-bearing	27		27
Matured	2		2
Total guaranteed securities	29		29
Total public debt and guaranteed securities	254,567	685	255,251

[1] Issues which commercial banks may not acquire prior to specified dates (with minor exceptions). See table 117, footnote 5.

Operations in the public debt, etc.

TABLE 22.—*Public debt receipts and expenditures, by security classes, monthly for fiscal year 1951 and totals for 1950 and 1951* [1]

[On basis of daily Treasury statements, see p. 675]

Receipts (issues)	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
Public issues:							
Marketable obligations:							
Certificates of indebtedness, special series							
Treasury bills	$2,974,217,000.00	$4,004,471,000.00	$3,657,019,000.00	$3,429,250,000.00	$4,890,372,000.00	$3,922,078,000.00	$3,453,774,000.00
Subtotal	2,974,217,000.00	4,004,471,000.00	3,657,019,000.00	3,429,250,000.00	4,890,372,000.00	3,922,078,000.00	3,453,774,000.00
Exchanges:							
Certificates of indebtedness							
Treasury bills	1,039,805,000.00	1,506,011,000.00	455,680,000.00	576,858,000.00	598,851,000.00	209,163,000.00	554,519,000.00
Treasury notes	5,351,192,000.00		5,933,725,000.00	5,259,634,000.00	294,000.00	2,309,442,000.00	4,542,605,000.00
Subtotal	6,390,997,000.00	1,506,011,000.00	6,389,405,000.00	5,836,492,000.00	599,145,000.00	2,518,605,000.00	5,097,124,000.00
Total marketable obligations	9,365,214,000.00	5,510,482,000.00	10,046,424,000.00	9,265,742,000.00	5,489,517,000.00	6,440,683,000.00	8,550,898,000.00
Nonmarketable obligations:							
Adjusted service bonds	3,450.00	7,950.00	5,450.00	2,700.00	6,000.00	8,400.00	3,400.00
Armed forces leave bonds	64,075.00	63,025.00	148,400.00	181,850.00	90,325.00	59,950.00	66,475.00
Depositary bonds	3,295,000.00	6,120,000.00	1,810,000.00	3,094,000.00	4,836,000.00	5,170,000.00	2,368,000.00
Excess profits tax refund bonds		.18		[a] 121,196.93			
Special notes of the United States:							
International Monetary Fund series							
Treasury savings notes	288,752,500.00	422,262,900.00	220,985,700.00	256,764,500.00	218,275,300.00	236,047,200.00	254,822,300.00
United States savings bonds:							
Issue price	417,154,497.09	350,348,069.88	309,915,622.79	971,337,796.91	436,241,531.23	541,380,726.51	475,471,855.52
Accrued discount	113,952,549.11	82,357,349.91	87,055,565.00	79,141,718.88	81,285,015.78	120,024,075.11	120,457,852.08
United States savings stamps	817,422.44	884,234.09	874,534.35	1,282,238.15	1,288,698.70	1,147,237.60	1,433,464.14
Subtotal	824,039,493.64	862,043,529.06	620,795,272.14	1,311,683,607.01	742,022,870.71	903,837,589.22	854,623,346.74
Exchanges:							
Treasury bonds, investment series							
Series G savings bonds (Dept. Cir. 885)							
Subtotal							
Total nonmarketable obligations	824,039,493.64	862,043,529.06	620,795,272.14	1,311,683,607.01	742,022,870.71	903,837,589.22	854,623,346.74
Total public issues	10,189,253,493.64	6,372,525,529.06	10,667,219,272.14	10,577,425,607.01	6,231,539,870.71	7,344,520,589.22	9,405,521,346.74

Receipts (issues)	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
Public issues:							
Marketable obligations:							
Certificates of indebtedness, special series					$100, 000, 000. 00	$100, 000, 000. 00	$213, 000, 000. 00
Treasury bills	$3, 522, 046, 000. 00	$4, 819, 747, 000. 00	$3, 590, 822, 000. 00	$4, 970, 387, 000. 00	3, 955, 544, 000. 00	47, 189, 727, 000. 00	35, 573, 894, 000. 00
Subtotal	3, 522, 046, 000. 00	4, 819, 747, 000. 00	3, 590, 822, 000. 00	4, 970, 387, 000. 00	4, 055, 544, 000. 00	47, 289, 727, 000. 00	35, 786, 894, 000. 00
Exchanges:							
Certificates of indebtedness					9, 509, 163, 000. 00	9, 509, 163, 000. 00	18, 418, 496, 000. 00
Treasury bills	888, 843, 000. 00	391, 145, 000. 00	414, 504, 000. 00	533, 877, 000. 00	148, 425, 000. 00	7, 317, 681, 000. 00	14, 928, 317, 000. 00
Treasury notes	1, 648, 000. 00	98, 000. 00		26, 000. 00	411, 000. 00	23, 399, 075, 000. 00	20, 403, 523, 000. 00
Subtotal	890, 491, 000. 00	391, 243, 000. 00	414, 504, 000. 00	533, 903, 000. 00	9, 657, 999, 000. 00	40, 225, 919, 000. 00	53, 750, 336, 000. 00
Total marketable obligations	4, 412, 537, 000. 00	5, 210, 990, 000. 00	4, 005, 326, 000. 00	5, 504, 290, 000. 00	13, 713, 543, 000. 00	87, 515, 646, 000. 00	89, 537, 230, 000. 00
Nonmarketable obligations:							
Adjusted service bonds	2, 250. 00	5, 300. 00	4, 550. 00	6, 650. 00	900. 00	57, 000. 00	79, 550. 00
Armed forces leave bonds	35, 950. 00	25, 275. 00	15, 100. 00	13, 625. 00	7, 925. 00	771, 975. 00	147, 025. 00
Depositary bonds	4, 977, 000. 00	6, 864, 000. 00	8, 692, 000. 00	4, 269, 000. 00	11, 539, 000. 00	63, 034, 000. 00	50, 752, 000. 00
Excess profits tax refund bonds		[a] 883. 47	[a] 1, 721. 60		[a] 1, 718. 13	[a] 125, 519. 95	[a] 787. 90
Special notes of the United States:							
International Monetary Fund series			13, 000, 000. 00			13, 000, 000. 00	262, 000, 000. 00
Treasury savings notes	115, 973, 800. 00	160, 794, 800. 00	141, 067, 500. 00	285, 581, 400. 00	2, 540, 630, 100. 00	5, 141, 958, 000. 00	6, 149, 897, 900. 00
United States savings bonds:							
Issue price	386, 383, 630. 63	359, 254, 793. 79	309, 724, 093. 95	295, 407, 448. 19	289, 158, 653. 05	5, 141, 778, 719. 54	5, 672, 735, 861. 99
Accrued discount	83, 637, 463. 75	87, 764, 691. 24	79, 636, 241. 24	86, 438, 230. 14	127, 658, 192. 41	1, 149, 408, 944. 65	1, 045, 108, 870. 44
United States savings stamps	1, 297, 960. 52	1, 467, 574. 63	1, 356, 656. 36	1, 437, 300. 00	1, 093, 226. 13	14, 380, 547. 11	13, 738, 258. 68
Subtotal	592, 308, 054. 90	616, 175, 551. 19	553, 494, 419. 95	673, 153, 653. 33	2, 970, 086, 278. 46	11, 524, 263, 666. 35	13, 194, 458, 678. 21
Exchanges:							
Treasury bonds, investment series			13, 545, 039, 000. 00	20, 233, 000. 00	8, 654, 000. 00	13, 573, 926, 000. 00	
Series G savings bonds (Dept. Cir. 885)				317, 000. 00	806, 500. 00	1, 123, 500. 00	
Subtotal			13, 545, 039, 000. 00	20, 550, 000. 00	9, 460, 500. 00	13, 575, 049, 500. 00	
Total nonmarketable obligations	592, 308, 054. 90	616, 175, 551. 19	14, 098, 533, 419. 95	693, 703, 653. 33	2, 979, 546, 778. 46	25, 099, 313, 166. 35	13, 194, 458, 678. 21
Total public issues	5, 004, 845, 054. 90	5, 827, 165, 551. 19	18, 103, 859, 419. 95	6, 197, 993, 653. 33	16, 693, 089, 778. 46	112,614,959,166. 35	102, 731, 688, 678. 21

Footnotes at end of table.

Table 22.—*Public debt receipts and expenditures, by security classes, monthly for fiscal year 1951 and totals for 1950 and 1951* [1]—Continued

Receipts and expenditures	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
RECEIPTS (ISSUES)							
Special issues:							
Adjusted service certificate fund (certificates)							$5,265,000.00
Canal Zone, Postal Savings System (notes)							
Civil service retirement fund (notes)	$28,432,000.00	$32,248,000.00	$339,106,000.00	$30,389,000.00	$28,740,000.00	$31,448,000.00	39,881,000.00
Federal Deposit Insurance Corporation (notes)	57,000,000.00	2,000,000.00				12,000,000.00	57,000,000.00
Federal home loan banks (notes)		7,000,000.00	3,000,000.00				
Federal old-age and survivors insurance trust fund (certificates)	210,000,000.00	67,000,000.00	163,000,000.00	130,000,000.00	35,000,000.00	81,000,000.00	197,700,000.00
Federal Savings and Loan Insurance Corporation (notes)	300,000.00				500,000.00	1,500,000.00	2,500,000.00
Foreign service retirement fund (notes)	36,000.00	37,000.00	52,000.00	58,000.00	63,000.00	51,000.00	54,000.00
Government life insurance fund (certificates)							
Housing insurance fund (notes)		1,100,000.00					
National service life insurance fund (notes)	25,000,000.00	10,000,000.00		10,000,000.00	5,000,000.00	10,000,000.00	20,000,000.00
Postal Savings System (notes)							
Railroad retirement account (notes)			331,372,000.00	80,500,000.00			62,318,000.00
Unemployment trust fund (certificates)		210,000,000.00		7,000,000.00	198,000,000.00		65,000,000.00
War housing insurance fund (notes)							
Total special issues	320,768,000.00	329,385,000.00	836,530,000.00	257,947,000.00	267,303,000.00	135,999,000.00	449,718,000.00
Total public debt receipts	10,510,021,493.64	6,701,910,529.06	11,503,749,272.14	10,835,372,607.01	6,498,842,870.71	7,480,519,589.22	9,855,239,346.74
EXPENDITURES (RETIREMENTS)							
Public issues:							
Marketable obligations:							
Certificates of indebtedness	246,206,000.00	5,701,000.00	157,342,000.00	985,441,000.00	7,414,000.00	5,114,000.00	811,507,000.00
Certificates of indebtedness, special series							
Postal savings bonds	1,159,920.00	37,060.00	11,940.00	19,240.00	4,500.00	15,300.00	2,128,760.00
Treasury bills	2,864,460,000.00	4,010,024,000.00	3,654,513,000.00	3,441,643,000.00	4,887,497,000.00	3,916,984,000.00	3,460,925,000.00
Treasury bonds	10,817,500.00	5,898,250.00	1,084,903,050.00	61,204,350.00	15,561,650.00	249,972,500.00	50,560,350.00
Treasury notes	1,492,200.00	1,020,100.00	621,500.00	263,400.00	390,100.00	304,200.00	244,500.00
Other	21,292.50	33,579.00	17,777.25	79,994.00	18,519.25	24,361.75	31,715.00
Subtotal	3,124,156,912.50	4,022,713,989.00	4,897,409,267.25	4,488,650,984.00	4,910,885,769.25	4,172,414,361.75	4,325,397,325.00

Receipts and expenditures	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
RECEIPTS (ISSUES)							
Special issues:							
Adjusted service certificate fund (certificates)						$5,265,000.00	$5,545,000.00
Canal Zone, Postal Savings System (notes)							500,000.00
Civil service retirement fund (notes)	$25,249,000.00	$33,643,000.00	$36,170,000.00	$31,964,000.00	$402,549,000.00	1,059,819,000.00	1,097,220,728.00
Federal Deposit Insurance Corporation (notes)	3,000,000.00				9,000,000.00	140,000,000.00	142,000,000.00
Federal home loan banks (notes)	15,000,000.00				12,000,000.00	37,000,000.00	79,050,000.00
Federal old-age and survivors insurance trust fund (certificates)	82,000,000.00	167,000,000.00	67,000,000.00	211,500,000.00	12,240,800,000.00	13,652,000,000.00	11,816,000,000.00
Federal Savings and Loan Insurance Corporation (notes)	1,350,000.00	1,000,000.00				7,150,000.00	24,650,000.00
Foreign service retirement fund (notes)	58,000.00	58,000.00	61,000.00	44,000.00	1,847,000.00	2,419,000.00	4,819,000.00
Government life insurance fund (certificates)					1,300,000,000.00	1,300,000,000.00	1,291,500,000.00
Housing insurance fund (notes)						1,100,000.00	
National service life insurance fund (notes)	15,000,000.00	10,000,000.00	10,000,000.00	15,000,000.00	652,000,000.00	782,000,000.00	633,459,000.00
Postal Savings System (notes)					40,000,000.00	40,000,000.00	124,000,000.00
Railroad retirement account (notes)			82,000,000.00		65,200,000.00	621,390,000.00	641,900,000.00
Unemployment trust fund (certificates)	139,000,000.00			325,000,000.00	7,271,000,000.00	8,215,000,000.00	7,018,000,000.00
War housing insurance fund (notes)				4,200,000.00	2,400,000.00	6,600,000.00	
Total special issues	280,657,000.00	211,701,000.00	195,231,000.00	587,708,000.00	21,996,796,000.00	25,869,743,000.00	22,878,643,728.00
Total public debt receipts	5,285,502,054.90	6,038,866,551.19	18,299,090,419.95	6,785,701,653.33	38,689,885,778.46	138,484,702,166.35	125,610,332,406.21
EXPENDITURES (RETIREMENTS)							
Public issues:							
Marketable obligations:							
Certificates of indebtedness	17,405,000.00	6,583,000.00	1,755,000.00	1,867,000.00	1,709,000.00	2,248,044,000.00	1,366,141,600.00
Certificates of indebtedness, special series					100,000,000.00	100,000,000.00	213,000,000.00
Postal savings bonds	70,240.00	36,160.00	17,340.00	26,800.00	25,660.00	3,552,920.00	2,299,220.00
Treasury bills	3,517,238,000.00	4,771,909,000.00	3,633,441,000.00	4,985,613,000.00	3,945,874,000.00	47,090,121,000.00	33,583,217,000.00
Treasury bonds	14,378,900.00	14,738,700.00	17,448,850.00	12,059,400.00	82,193,650.00	1,619,737,150.00	355,541,750.00
Treasury notes	267,000.00	274,000.00	189,000.00	151,650.00	301,500.00	5,519,150.00	93,370,850.00
Other	48,328.50	24,430.75	16,251.00	33,451.00	55,475.75	405,175.75	954,242.00
Subtotal	3,549,407,468.50	4,793,565,290.75	3,652,867,441.00	4,999,751,301.00	4,130,159,285.75	51,067,379,395.75	35,614,524,662.00

Footnotes at end of table.

TABLE 22.—*Public debt receipts and expenditures, by security classes, monthly for fiscal year 1951 and totals for 1950 and 1951* [1]—Continued

Expenditures (retirements)	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
Public issues—Continued							
Marketable obligations—Continued							
Exchanges:							
Certificates of indebtedness	$5,351,192,000.00		$1,038,682,000.00	$5,253,102,000.00			$4,538,355,000.00
Treasury bills	1,039,805,000.00	$1,506,011,000.00	455,680,000.00	576,858,000.00	$598,851,000.00	$209,163,000.00	554,519,000.00
Treasury bonds			4,895,043,000.00	6,532,000.00	294,000.00	2,309,442,000.00	4,250,000.00
Treasury notes							
Subtotal	6,390,997,000.00	1,506,011,000.00	6,389,405,000.00	5,836,492,000.00	599,145,000.00	2,518,605,000.00	5,097,124,000.00
Total marketable obligations	9,515,153,912.50	5,528,724,989.00	11,286,814,267.25	10,325,142,984.00	5,510,030,769.25	6,691,019,361.75	9,422,521,325.00
Nonmarketable obligations:							
Adjusted service bonds	138,350.00	147,550.00	121,650.00	106,600.00	101,550.00	72,450.00	132,800.00
Armed forces leave bonds	8,893,500.00	8,941,025.00	6,716,050.00	15,210,350.00	9,038,525.00	6,998,075.00	32,920,475.00
Depositary bonds	1,415,000.00	5,198,000.00	4,693,000.00	4,336,000.00	1,510,000.00	85,000.00	2,785,000.00
Excess profits tax refund bonds	77,381.88	66,274.75	61,554.92	34,535.47	93,804.98	32,040.91	85,380.19
Special notes of the United States:							
International Bank series							
International Monetary Fund series							
Treasury bonds, investment series	75,000.00	85,000.00	35,000.00	300,000.00			[a] 50,000.00
Treasury tax and savings notes:							
Cash redemptions	110,383,625.00	125,716,775.00	108,427,750.00	121,312,500.00	297,107,825.00	346,516,050.00	116,765,425.00
Received for taxes	23,373,825.00	14,682,600.00	130,266,025.00	32,210,200.00	13,480,150.00	132,114,000.00	29,819,850.00
United States savings bonds:							
Matured:							
Issue price	39,806,793.75	45,263,606.25	29,922,750.00	39,775,593.75	35,544,225.00	50,152,012.50	85,595,756.25
Accrued discount	13,268,931.25	15,087,868.75	9,974,250.00	13,258,531.25	11,848,075.00	16,717,337.50	28,531,918.75
Unmatured:							
Issue price	374,209,906.75	474,243,506.25	401,459,736.25	449,385,770.50	393,596,886.00	394,336,951.75	422,330,122.75
Accrued discount	22,018,866.38	30,037,415.33	24,515,361.98	29,179,522.71	25,185,905.16	25,199,343.37	29,013,053.09
Unclassified [2]	55,667,295.35	[a] 27,791,484.79	9,203,271.71	[a] 35,131,904.37	[a] 18,141,505.49	23,034,945.50	87,509,136.29
United States savings stamps	1,293,021.55	1,600,108.65	1,251,155.50	1,214,610.35	1,040,024.65	950,186.40	1,259,374.70
Subtotal	650,621,496.91	693,278,245.19	726,647,555.36	671,192,309.66	770,405,465.30	996,208,392.93	846,798,292.02
Exchanges:							
Treasury bonds, investment series							
Series E savings bonds (Dept. Cir. 885):							
Issue price							
Accrued discount							
Subtotal							
Total nonmarketable obligations	650,621,496.91	693,278,245.19	726,647,555.36	671,192,309.66	770,405,465.30	996,208,392.93	846,798,292.02
Total public issues	10,165,775,409.41	6,222,003,234.19	12,013,461,822.61	10,996,335,293.66	6,280,436,234.55	7,687,227,754.68	10,269,319,617.02

Expenditures (retirements)	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
Public issues—Continued							
Marketable obligations—Continued							
Exchanges:							
Certificates of indebtedness						$16, 181,331,000.00	$28, 068, 499, 000. 00
Treasury bills	$888, 843, 000. 00	$391, 145, 000. 00	$414, 504, 000. 00	$533, 877, 000. 00	$148, 425, 000. 00	7, 317, 681, 000. 00	14, 928, 317, 000. 00
Treasury bonds	1, 648, 000. 00	98, 000. 00	13, 545, 039, 000. 00	20, 233, 000. 00	1, 520, 915, 000. 00	22, 303, 494, 000. 00	7, 249, 213, 000. 00
Treasury notes					7, 996, 902, 000. 00	7, 996, 902, 000. 00	3, 504, 307, 000. 00
Subtotal	890, 491, 000. 00	391, 243, 000. 00	13, 959, 543, 000. 00	554, 110, 000. 00	9, 666, 242, 000. 00	53, 799, 408, 000. 00	53, 750, 336, 000. 00
Total marketable obligations	4, 439, 898, 468. 50	5, 184, 808, 290. 75	17, 612, 410, 441. 00	5, 553, 861, 301. 00	13, 796, 401, 285. 75	104,866,787,395.75	89, 364, 860, 662. 00
Nonmarketable obligations:							
Adjusted service bonds	111, 200. 00	103, 750. 00	89, 100. 00	77, 950. 00	81, 650. 00	1, 284, 600. 00	1, 847, 100. 00
Armed forces leave bonds	18, 642, 675. 00	12, 482, 600. 00	18, 986, 525. 00	13, 186, 350. 00	8, 636, 725. 00	160, 652, 875. 00	95, 511, 025. 00
Depositary bonds	2, 549, 000. 00	1, 022, 000. 00	965, 000. 00	3, 065, 500. 00	1, 354, 000. 00	28, 977, 500. 00	134, 831, 500. 00
Excess profits tax refund bonds	76, 375. 26	85, 445. 32	189, 450. 58	33, 048. 31	18, 705. 30	853, 997. 87	1, 468, 339. 43
Special notes of the United States:							
International Bank series							40, 785, 000. 00
International Monetary Fund series							55, 000, 000. 00
Treasury bonds, investment series	25, 000. 00		320, 000. 00	75, 000. 00	100, 000. 00	1, 065, 000. 00	505, 000. 00
Treasury tax and savings notes:							
Cash redemptions	129, 184, 450. 00	215, 073, 950. 00	275, 711, 975. 00	227, 390, 150. 00	2, 559, 397, 375. 00	4, 632, 987, 850. 00	1, 509, 682, 425. 00
Received for taxes	8, 084, 950. 00	383, 693, 075. 00	55, 358, 925. 00	10, 703, 625. 00	322, 203, 400. 00	1, 165, 990, 625. 00	1, 039, 276, 500. 00
United States savings bonds:							
Matured:							
Issue price	65, 066, 419. 50	86, 116, 031. 25	51, 332, 924. 25	48, 353, 212. 50	35, 264, 137. 50	612, 193, 462. 50	
Accrued discount	21, 688, 806. 50	28, 705, 343. 75	17, 110, 974. 75	16, 117, 737. 50	11, 754, 712. 50	204, 064, 487. 50	
Unmatured:							
Issue price	349, 815, 607. 75	467, 654, 035. 25	429, 185, 141. 00	424, 752, 316. 00	395, 689, 137. 75	4, 976, 659, 118. 00	[3] 5,422,086, 571. 38
Accrued discount	22, 877, 023. 91	31, 832, 301. 91	29, 602, 288. 08	29, 300, 266. 60	24, 903, 788. 95	323, 665, 137. 47	
Unclassified [2]	68, 692, 289. 71	[a] 54, 633, 707. 76	[a] 55, 482, 128. 81	[a] 41, 161, 354. 67	7, 676, 845. 46	19, 441, 698. 13	
United States savings stamps	1, 089, 637. 75	1, 281, 563. 60	1, 257, 679. 55	1, 443, 157. 90	1, 332, 488. 15	15, 013, 008. 75	16, 868, 550. 10
Subtotal	687, 903, 435. 38	1, 173, 416, 388. 32	824, 627, 854. 40	733, 336, 959. 14	3, 368, 412, 965. 61	12, 142, 849, 360. 22	8, 317, 862, 010. 91
Exchanges:							
Treasury bonds, investment series				26, 000. 00	411, 000. 00	437, 000. 00	
Series E savings bonds (Dept. Cir. 885):							
Issue price				237, 750. 00	604, 875. 00	842, 625. 00	
Accrued discount				79, 250. 00	201, 625. 00	280, 875. 00	
Subtotal				343, 000. 00	1, 217, 500. 00	1, 560, 500. 00	
Total nonmarketable obligations	687, 903, 435. 38	1, 173, 416, 388. 32	824, 627, 854. 40	733, 679, 959. 14	3, 369, 630, 465. 61	12, 144, 409, 860. 22	8, 317, 862, 010. 91
Total public issues	5, 127, 801, 903. 88	6, 358, 224, 679. 07	18, 437, 038, 295. 40	6, 287, 541, 260. 14	17, 166, 031, 751. 36	117,011,197,255. 97	97, 682, 722, 672. 91

Footnotes at end of table.

TABLE 22.—*Public debt receipts and expenditures, by security classes, monthly for fiscal year 1951 and totals for 1950 and 1951* [1]—Continued

Expenditures (retirements)	Fiscal year 1951						
	July 1950	August 1950	September 1950	October 1950	November 1950	December 1950	January 1951
Special issues:							
Adjusted service certificate fund (certificates)	$42,000.00	$50,000.00	$45,000.00	----------	$50,000.00	----------	$5,063,000.00
Canal Zone, Postal Savings System (notes)	500,000.00	----------	----------	----------	750,000.00	----------	----------
Civil service retirement fund (notes)	21,145,000.00	22,000,000.00	22,290,000.00	$20,000,000.00	24,291,000.00	$21,000,000.00	21,760,000.00
Federal Deposit Insurance Corporation (notes)	----------	----------	----------	----------	----------	40,000,000.00	----------
Federal home loan banks (notes)	36,300,000.00	39,100,000.00	3,400,000.00	----------	----------	----------	----------
Federal old-age and survivors insurance trust fund (certificates)	----------	----------	----------	----------	----------	----------	----------
Federal Savings and Loan Insurance Corporation (notes)	----------	----------	----------	----------	----------	----------	----------
Foreign service retirement fund (notes)	81,000.00	93,000.00	100,000.00	100,000.00	100,000.00	110,000.00	110,000.00
Government life insurance fund (certificates)	----------	3,000,000.00	5,000,000.00	----------	3,000,000.00	2,500,000.00	1,000,000.00
Housing insurance fund (notes)	----------	----------	----------	----------	----------	----------	----------
National service life insurance fund (notes)	26,500,000.00	13,200,000.00	9,300,000.00	9,200,000.00	5,850,000.00	2,800,000.00	2,300,000.00
Postal Savings System (notes)	10,000,000.00	65,000,000.00	35,000,000.00	25,000,000.00	15,000,000.00	20,000,000.00	43,000,000.00
Railroad retirement account (notes)	1,000,000.00	----------	25,500,000 00	25,500,000.00	25,800,000.00	26,800,000.00	27,200,000.00
Unemployment trust fund (certificates)	63,000,000.00	----------	45,000,000.00	35,000,000.00	----------	47,000,000.00	65,000,000.00
Total special issues	158,568,000.00	142,443,000.00	145,635,000.00	114,800,000.00	74,841,000.00	160,210,000.00	165,433,000.00
Other obligations (principally national and Federal Reserve Bank notes)	2,284,160.00	4,318,135.00	2,873,150.00	2,909,270.00	3,945,900.00	2,130,160.00	3,189,135.00
Total public debt expenditures	10,326,627,569.41	6,368,764,369.19	12,161,969,972.61	11,114,044,563.66	6,359,223,134.55	7,849,567,914.68	10,437,941,752.02
Excess of receipts, or expenditures (−)	183,393,924.23	333,146,159.87	−658,220,700.47	−278,671,956.65	139,619,736.16	−369,048,325.46	−582,702,405.28

Expenditures (retirements)	Fiscal year 1951					Total fiscal year 1951	Total fiscal year 1950
	February 1951	March 1951	April 1951	May 1951	June 1951		
Special issues:							
Adjusted service certificate fund (certificates)		$50,000.00		$50,000.00		$5,350,000.00	$5,858,000.00
Canal Zone, Postal Savings System (notes)				750,000.00		2,000,000.00	1,000,000.00
Civil service retirement fund (notes)	$21,000,000.00	24,339,000.00	$24,500,000.00	25,235,000.00	$239,019,000.00	486,579,000.00	552,392,728.00
Federal Deposit Insurance Corporation (notes)					40,000,000.00	80,000,000.00	
Federal home loan banks (notes)						78,800,000.00	77,250,000.00
Federal old-age and survivors insurance trust fund (certificates)					11,973,700,000.00	11,973,700,000.00	10,401,000,000.00
Federal Savings and Loan Insurance Corporation (notes)							41,000,000.00
Foreign service retirement fund (notes)	110,000.00	110,000.00	110,000.00	110,000.00	1,268,000.00	2,402,000.00	2,466,000.00
Government life insurance fund (certificates)	3,500,000.00	3,000,000.00	3,000,000.00	3,500,000.00	1,264,000,000.00	1,291,500,000.00	1,318,000,000.00
Housing insurance fund (notes)					1,100,000.00	1,100,000.00	
National service life insurance fund (notes)	2,450,000.00	1,850,000.00	10,700,000.00	52,600,000.00	551,750,000.00	688,500,000.00	2,579,000,000.00
Postal Savings System (notes)	285,000,000.00	525,000,000.00	25,000,000.00	20,000,000.00	65,000,000.00	1,133,000,000.00	274,000,000.00
Railroad retirement account (notes)	27,000,000.00	26,200,000.00	26,200,000.00	26,500,000.00	26,800,000.00	264,500,000.00	304,300,000.00
Unemployment trust fund (certificates)		40,000,000.00	40,000,000.00		7,230,000,000.00	7,565,000,000.00	7,742,000,000.00
Total special issues	339,060,000.00	620,549,000.00	129,510,000.00	128,745,000.00	21,392,637,000.00	23,572,431,000.00	23,298,266,728.00
Other obligations (principally national and Federal Reserve Bank notes)	2,829,680.00	3,765,920.00	2,437,125.00	3,430,386.49	2,336,425.00	36,449,446.49	42,350,514.59
Total public debt expenditures	5,469,691,583.88	6,982,539,599.07	18,568,985,420.40	6,419,716,646.63	38,561,005,176.36	140,620,077,702.46	121,023,339,915.50
Excess of receipts, or expenditures (−)	−184,189,528.98	−943,673,047.88	−269,895,000.45	365,985,006.70	128,880,602.10	−2,135,375,536.11	4,586,992,490.71

[a] Counter entry (deduct).

[1] For figures for 1933–37, see annual report for 1937, pp. 334–337, and for later years see corresponding tables in subsequent reports.

[2] Represents redemptions not yet classified as between matured and unmatured issues.

[3] Detailed comparative figures not available.

TABLE 23.—*Changes in public debt issues, fiscal year 1951*

[On basis of Public Debt accounts, see p. 675]

Title	Outstanding June 30, 1950	Issues during year	Redemptions during year	Transferred to matured debt	Outstanding June 30, 1951
INTEREST-BEARING DEBT					
Public issues					
Marketable:					
Treasury bills (maturity value), series maturing:					
July 6, 1950	$901, 759, 000. 00		$901, 759, 000. 00		
July 13, 1950	1, 001, 609, 000. 00		1, 001, 609, 000. 00		
July 20, 1950	1, 001, 540, 000. 00		1, 001, 540, 000. 00		
July 27, 1950	1, 000, 032, 000. 00		999, 982, 000. 00	$50, 000. 00	
Aug. 3, 1950	1, 102, 229, 000. 00		1, 102, 229, 000. 00		
Aug. 10, 1950	1, 102, 803, 000. 00		1, 102, 803, 000. 00		
Aug. 17, 1950	1, 103, 862, 000. 00		1, 103, 862, 000. 00		
Aug. 24, 1950	1, 102, 992, 000. 00		1, 102, 992, 000. 00		
Aug. 31, 1950	1, 103, 908, 000. 00		1, 103, 908. 000. 00		
Sept. 7, 1950	1, 102, 096, 000. 00		1, 102, 096, 000. 00		
Sept. 14, 1950	1, 003, 875, 000. 00		1, 003, 875, 000. 00		
Sept. 21, 1950	1, 002, 829, 000. 00		1, 002, 829, 000. 00		
Sept. 28, 1950	1, 003, 454, 000. 00		1, 003, 400, 000. 00	54, 000. 00	
Oct. 5, 1950		$1, 003, 228, 000. 00	1, 003, 228, 000. 00		
Oct. 13, 1950		1, 005, 741, 000. 00	1, 005, 735, 000. 00	6, 000. 00	
Oct. 19, 1950		1, 003, 625, 000. 00	1, 003, 625, 000. 00		
Oct. 26, 1950		1, 001, 428, 000. 00	1, 001, 428, 000. 00		
Nov. 2, 1950		1, 103, 753, 000. 00	1, 103, 678, 000. 00	75, 000. 00	
Nov. 9, 1950		1, 101, 816, 000. 00	1, 101, 816, 000. 00		
Nov. 16, 1950		1, 101, 276, 000. 00	1, 101, 276, 000. 00		
Nov. 24, 1950		1, 103, 567, 000. 00	1, 103, 567, 000. 00		
Nov. 30, 1950		1, 100, 070, 000. 00	1, 100, 070, 000. 00		
Dec. 7, 1950		1, 104, 714, 000. 00	1, 104, 714, 000. 00		
Dec. 14, 1950		1, 005, 179, 000. 00	1, 005, 179, 000. 00		
Dec. 21, 1950		1, 001, 528, 000. 00	1, 001, 528, 000. 00		
Dec. 28, 1950		1, 001, 278, 000. 00	1, 001, 278, 000. 00		
Jan. 4, 1951		1, 003, 157, 000. 00	1, 002, 987, 000. 00	170, 000. 00	
Jan. 11, 1951		1, 001, 891, 000. 00	1, 001, 728, 000. 00	163, 000. 00	
Jan. 18, 1951		1, 000, 127, 000. 00	1, 000, 127, 000. 00		
Jan. 25, 1951		1, 000, 933, 000. 00	1, 000, 933, 000. 00		
Feb. 1, 1951		1, 100, 384, 000. 00	1, 100, 369, 000. 00	15, 000. 00	
Feb. 8, 1951		1, 101, 597, 000. 00	1, 101, 405, 000. 00	192, 000. 00	
Feb. 15, 1951		1, 100, 787, 000. 00	1, 100, 677, 000. 00	110, 000. 00	
Feb. 23, 1951		1, 105, 235, 000. 00	1, 105, 235, 000. 00		
Mar. 1, 1951		1, 102, 005, 000. 00	1, 101, 938, 000. 00	67, 000. 00	
Mar. 8, 1951		1, 103, 341, 000. 00	1, 103, 241, 000. 00	100, 000. 00	
Mar. 15, 1951		1, 001, 446, 000. 00	1, 001, 374, 000. 00	72, 000. 00	
Mar. 22, 1951		1, 000, 809, 000. 00	1, 000, 785, 000. 00	24, 000. 00	

Mar. 29, 1951		1,004,860,000.00	1,004,790,000.00	70,000.00	
Apr. 5, 1951		1,002,393,000.00	1,002,393,000.00		
Apr. 12, 1951		999,894,000.00	999,759,000.00	135,000.00	
Apr. 19, 1951		1,002,707,000.00	1,002,651,000.00	56,000.00	
Apr. 26, 1951		1,003,299,000.00	1,003,284,000.00	15,000.00	
May 3, 1951		1,102,850,000.00	1,102,850,000.00		
May 10, 1951		1,103,139,000.00	1,103,075,000.00	64,000.00	
May 17, 1951		1,101,986,000.00	1,101,925,000.00	61,000.00	
May 24, 1951		1,102,914,000.00	1,102,884,000.00	30,000.00	
May 31, 1951		1,106,613,000.00	1,106,492,000.00	121,000.00	
June 7, 1951		1,100,791,000.00	1,100,585,000.00	206,000.00	
June 14, 1951		1,001,049,000.00	1,000,202,000.00	847,000.00	
June 21, 1951		1,001,564,000.00	1,000,718,000.00	846,000.00	
June 28, 1951		1,000,875,000.00	994,062,000.00	6,813,000.00	
July 5, 1951		1,001,554,000.00			$1,001,554,000.00
July 12, 1951		1,000,403,000.00			1,000,403,000.00
July 19, 1951		1,000,536,000.00			1,000,536,000.00
July 26, 1951		1,002,833,000.00			1,002,833,000.00
Aug. 2, 1951		1,101,993,000.00			1,101,993,000.00
Aug. 9, 1951		1,100,004,000.00			1,100,004,000.00
Aug. 16, 1951		1,100,696,000.00			1,100,696,000.00
Aug. 23, 1951		1,100,883,000.00			1,100,883,000.00
Aug. 30, 1951		1,100,688,000.00			1,100,688,000.00
Sept. 6, 1951		1,101,467,000.00			1,101,467,000.00
Sept. 13, 1951		1,001,228,000.00			1,001,228,000.00
Sept. 20, 1951		1,000,902,000.00			1,000,902,000.00
Sept. 27, 1951		1,000,372,000.00			1,000,372,000.00
Total Treasury bills	13,532,988,000.00	54,507,408,000.00	54,416,475,000.00	10,362,000.00	13,613,559,000.00
Certificates of indebtedness:					
1¼% Series F-1950	5,601,025,000.00		5,600,758,000.00	267,000.00	
1⅛% Series G-1950	1,196,794,000.00		1,196,740,000.00	54,000.00	
1⅛% Series H-1950	6,247,587,000.00		6,247,258,000.00	329,000.00	
1⅛% Series A-1951	5,372,668,000.00		5,370,404,000.00	2,264,000.00	
1⅞% Series A-1952		9,513,984,000.00			9,513,984,000.00
Total certificates of indebtedness	18,418,074,000.00	9,513,984,000.00	18,415,160,000.00	2,914,000.00	9,513,984,000.00
Treasury notes:					
1¼% Series A-1951	1,918,367,000.00				1,918,367,000.00
1¼% Series B-1951	2,741,130,000.00		2,605,361,000.00		135,769,000.00
1¼% Series C-1951	886,286,000.00		830,407,000.00		55,879,000.00
1¼% Series D-1951	4,817,592,000.00	50,000.00	4,565,231,000.00		252,411,000.00
1¼% Series E-1951		5,351,142,000.00			5,351,142,000.00
1¼% Series F-1951		5,940,578,000.00			5,940,578,000.00
1¼% Series G-1951		5,253,075,000.00			5,253,075,000.00
1⅜% Series A-1954	4,675,069,000.00				4,675,069,000.00
1½% Series A-1955	5,365,079,000.00				5,365,079,000.00
1¾% Series B-1955		6,853,793,000.00			6,853,793,000.00
1½% Series EA-1956		447,000.00			447,000.00
Total Treasury notes	20,403,523,000.00	23,399,085,000.00	8,000,999,000.00		35,801,609,000.00

Footnotes at end of table.

TABLE 23.—*Changes in public debt issues, fiscal year 1951*—Continued

Title	Outstanding June 30, 1950	Issues during year	Redemptions during year	Transferred to matured debt	Outstanding June 30, 1951
INTEREST-BEARING DEBT—Continued					
Public issues—Continued					
Marketable—Continued					
Treasury bonds:					
2½% of 1950–52	$1,185,841,200.00		$1,183,289,150.00	$2,552,050.00	
2% of 1950–52 (dated Apr. 15, 1943)	4,939,257,000.00		4,912,947,500.00	26,309,500.00	
1½% of 1950	2,635,435,000.00		2,618,276,500.00	17,158,500.00	
2¾% of 1951–54	1,626,686,150.00		1,591,202,000.00	35,484,150.00	
3% of 1951–55	755,429,000.00				$755,429,000.00
2% of 1951–53	7,986,260,500.00		2,500.00		7,986,258,000.00
2¼% of 1951–53	1,118,051,100.00				1,118,051,100.00
2% of 1951–55	510,412,450.00				510,412,450.00
2½% of 1952–54	1,023,568,350.00				1,023,568,350.00
2¼% of 1952–55	1,500,781,300.00				1,500,781,300.00
2% of 1952–54 (dated June 26, 1944)	5,825,479,000.00		500.00		5,825,478,500.00
2% of 1952–54 (dated Dec. 1, 1944)	8,661,973,500.00		500.00		8,661,973,000.00
2% of 1953–55	724,677,900.00				724,677,900.00
2¼% of 1954–56	680,692,350.00		500.00		680,691,850.00
2⅞% of 1955–60	2,611,091,150.00				2,611,091,150.00
2½% of 1956–58	1,448,746,650.00				1,448,746,650.00
2¾% of 1956–59	981,826,050.00				981,826,050.00
2¼% of 1956–59	3,822,558,000.00		3,000.00		3,822,555,000.00
2¾% of 1958–63	918,780,600.00				918,780,600.00
2¼% of 1959–62 (dated June 1, 1945)	5,284,058,500.00		11,500.00		5,284,047,000.00
2¼% of 1959–62 (dated Nov. 15, 1945)	3,469,639,000.00		6,000.00		3,469,633,000.00
2¾% of 1960–65	1,485,384,100.00				1,485,384,100.00
2½% of 1962–67	2,118,147,500.00		6,100.00		2,118,141,400.00
2½% of 1963–68	2,830,852,500.00		44,000.00		2,830,808,500.00
2½% of 1964–69 (dated Apr. 15, 1943)	3,761,350,500.00		161,000.00		3,761,189,500.00
2½% of 1964–69 (dated Sept. 15, 1943)	3,838,135,000.00		217,500.00		3,837,917,500.00
2½% of 1965–70	5,197,193,500.00		146,000.00		5,197,047,500.00
2½% of 1966–71	3,480,844,500.00		131,500.00		3,480,713,000.00
2½% of 1967–72 (dated June 1, 1945)	7,967,239,500.00		5,964,366,000.00		2,002,873,500.00
2½% of 1967–72 (dated Oct. 20, 1941)	2,716,032,650.00				2,716,032,650.00
2½% of 1967–72 (dated Nov. 15, 1945)	11,688,835,000.00		7,610,827,000.00		4,078,008,000.00
Total Treasury bonds	102,795,259,500.00		23,881,638,750.00	81,504,200.00	78,832,116,550.00

Other bonds:					
3% Panama Canal loan of 1961	49,800,000.00				49,800,000.00
2½% Postal savings bonds (39th to 49th series)	109,898,900.00		3,482,660.00	127,280.00	106,288,960.00
Total other bonds	159,698,900.00		3,482,660.00	127,280.00	156,088,960.00
Total marketable	155,309,543,400.00	$87,420,477,000.00	104,717,755,410.00	94,907,480.00	137,917,357,510.00
Nonmarketable:					
Treasury savings notes:					
Series C-1950	216,760,500.00		214,016,300.00	2,744,200.00	
Series C-1951	201,090,200.00		159,523,900.00	12,889,300.00	28,677,000.00
Series D-1951	1,402,460,800.00		348,262,500.00		1,054,198,300.00
Series D-1952	4,848,573,700.00		2,256,682,100.00		2,591,891,600.00
Series D-1953	1,793,123,400.00	1,723,081,000.00	2,575,103,100.00		941,101,300.00
Series D-1954		655,932,400.00	225,125,700.00		430,806,700.00
Series A-1954		2,757,699,600.00			2,757,699,600.00
Total Treasury savings notes	8,462,008,600.00	5,136,713,000.00	5,778,713,600.00	15,633,500.00	7,804,374,500.00
United States savings bonds: [1]					
Series D-1940	328,301,107.50	6,627,012.50	301,654,970.00	33,273,150.00	
Series D-1941	440,811,977.50	17,978,056.00	360,740,558.50	98,049,475.00	
Total Series D	769,113,085.00	24,605,068.50	662,395,528.50	131,322,625.00	
Series E-1941	1,115,489,788.00	45,574,914.75	114,024,924.00		1,047,039,778.75
Series E-1942	3,939,293,644.50	166,570,745.77	306,854,900.52		3,799,009,489.75
Series E-1943	5,476,030,160.23	241,063,547.42	479,042,315.07		5,238,051,392.58
Series E-1944	6,089,441,965.98	245,752,033.46	551,270,240.30		5,783,923,759.14
Series E-1945	4,872,616,454.52	113,497,046.85	447,722,788.50		4,538,390,712.87
Series E-1946	2,512,546,345.86	60,084,153.03	245,492,298.53		2,327,138,200.36
Series E-1947	2,643,402,706.71	64,590,567.78	281,314,332.30		2,426,678,942.19
Series E-1948	2,979,594,957.97	45,636,219.79	362,791,733.80		2,662,439,443.96
Series E-1949	3,254,040,253.29	39,681,668.94	510,672,042.87		2,783,049,879.36
Series E-1950	1,684,520,727.50	1,875,366,916.54	848,865,785.84		2,711,021,858.20
Series E-1951		1,399,122,550.00	124,135,106.25		1,274,987,443.75
Total Series E	34,566,977,004.56	4,296,940,364.33	4,272,186,467.98		34,591,730,900.91
Series F-1941	198,405,087.86	6,006,235.19	10,636,669.65		193,774,653.40
Series F-1942	500,136,943.12	14,619,770.25	30,728,963.74		484,027,749.63
Series F-1943	529,320,596.89	15,872,822.15	37,111,306.55		508,082,112.49
Series F-1944	607,297,479.55	18,788,621.05	37,322,253.59		588,763,847.01
Series F-1945	487,098,933.61	14,456,380.79	30,941,785.30		470,613,529.10
Series F-1946	264,806,287.36	6,660,278.57	22,071,081.00		249,395,484.93
Series F-1947	287,561,491.05	5,399,327.84	25,823,791.42		267,137,027.47
Series F-1948	463,744,020.57	5,877,366.49	21,416,046.11		448,205,340.95
Series F-1949	229,388,664.75	1,973,134.40	19,618,272.69		211,743,526.46
Series F-1950	129,895,733.50	279,532,271.00	12,242,773.50		397,185,231.00
Series F-1951		68,494,936.50	21,608.00		68,473,328.50
Total Series F	3,697,655,238.26	437,681,144.23	247,934,551.55		3,887,401,830.94

Footnotes at end of table.

TABLE 23.—*Changes in public debt issues, fiscal year 1951*—Continued

Title	Outstanding June 30, 1950	Issues during year	Redemptions during year	Transferred to matured debt	Outstanding June 30, 1951
INTEREST-BEARING DEBT—Continued					
Public issues—Continued					
Nonmarketable—Continued					
United States saving bonds—Continued					
Series G-1941	$1,043,273,100.00	$1,200.00	$37,921,400.00		$1,005,352,900.00
Series G-1942	1,979,428,600.00	700.00	79,890,700.00		1,899,538,600.00
Series G-1943	2,035,286,800.00	700.00	89,279,700.00		1,946,007,800.00
Series G-1944	2,360,870,800.00		92,462,700.00		2,268,408,100.00
Series G-1945	2,145,514,400.00		79,340,400.00		2,066,174,000.00
Series G-1946	2,285,031,300.00	800.00	100,510,000.00		2,184,522,100.00
Series G-1947	1,989,170,500.00		97,428,100.00		1,891,742,400.00
Series G-1948	2,416,382,400.00	86,000.00	79,315,400.00		2,337,153,000.00
Series G-1949	1,392,517,400.00	94,000.00	74,302,600.00		1,318,308,800.00
Seires G-1950	793,346,900.00	1,144,644,900.00	63,867,800.00		1,874,124,000.00
Series G-1951		381,884,300.00	92,800.00		381,791,500.00
Total Series G	18,440,822,200.00	1,526,712,600.00	794,411,600.00		19,173,123,200.00
Unclassified sales and redemptions	[2] 55,431,308.33	[2] 10,999,810.84	25,405,948.40		[2] 91,837,067.57
Total United States savings bonds	57,419,136,219.49	6,274,939,366.22	6,002,334,096.43	$131,322,625.00	57,560,418,864.28
Depositary bonds:					
First Series	284,502,500.00	63,034,000.00	28,977,500.00		318,559,000.00
Armed forces leave bonds:					
Series 1945:					
July 1, 1945	8,876,225.00	15,350.00	6,374,475.00	2,517,100.00	
Oct. 1, 1945	36,239,825.00	47,625.00	25,280,175.00	11,007,275.00	
Series 1946:					
Jan. 1, 1946	130,532,875.00	253,050.00	78,443,875.00	52,342,050.00	
Apr. 1, 1946	64,971,025.00	178,150.00	31,664,525.00	33,484,650.00	
July 1, 1946	23,235,125.00	107,225.00	4,938,500.00		18,403,850.00
Oct. 1, 1946	35,917,775.00	95,950.00	7,479,500.00		28,534,225.00
Unclassified issues and redemptions	[2] 3,273,600.00		3,123,575.00		[2] 6,397,175.00
Total armed forces leave bonds	296,499,250.00	697,350.00	157,304,625.00	99,351,075.00	40,540,900.00

Treasury bonds, investment series:					
Series A-1965	953,525,000.00		1,065,000.00		952,460,000.00
Series B-1975-80		13,574,226,000.00	447,000.00		13,573,779,000.00
Total Treasury bonds, investment series	953,525,000.00	13,574,226,000.00	1,512,000.00		14,526,239,000.00
Total nonmarketable	67,415,671,569.49	25,049,609,716.22	11,968,841,821.43	246,307,200.00	80,250,132,264.28
Total public issues	222,725,214,969.49	112,470,086,716.22	116,686,597,231.43	341,214,680.00	218,167,489,774.28
Special issues					
Adjusted service certificate fund, 4% certificates	5,250,000.00	5,265,000.00	5,350,000.00		5,165,000.00
Canal Zone, Postal Savings System, 2% notes	2,500,000.00		2,000,000.00		500,000.00
Civil service retirement fund:					
4% notes	3,790,248,000.00	1,056,557,000.00	484,157,000.00		4,362,648,000.00
3% notes	10,330,000.00	3,262,000.00	2,422,000.00		11,170,000.00
Farm tenant mortgage insurance fund, 2% notes	1,000,000.00				1,000,000.00
Federal Deposit Insurance Corporation, 2% notes	808,000,000.00	140,000,000.00	80,000,000.00		868,000,000.00
Federal home loan banks:					
1½% notes	59,400,000.00	31,700,000.00	65,100,000.00		26,000,000.00
2% notes	50,000,000.00	3,000,000.00	3,000,000.00		50,000,000.00
1¼% notes	9,400,000.00	2,300,000.00	10,700,000.00		1,000,000.00
Federal old-age and survivors insurance trust fund, 2⅛% certificates	10,418,000,000.00	13,652,000,000.00	11,973,700,000.00		12,096,300,000.00
Federal Savings and Loan Insurance Corporation, 2% notes	78,812,000.00	7,150,000.00			85,962,000.00
Foreign service retirement fund:					
4% notes	16,502,000.00	2,304,000.00	2,371,000.00		16,435,000.00
3% notes	348,000.00	115,000.00	31,000.00		432,000.00
Government life insurance fund, 3½% certificates	1,291,500,000.00	1,300,000,000.00	1,291,500,000.00		1,300,000,000.00
Housing insurance fund, 2% notes		1,100,000.00	1,100,000.00		
National service life insurance fund, 3% notes	5,342,144,000.00	782,000,000.00	688,500,000.00		5,435,644,000.00
Postal Savings System, 2% notes	1,799,000,000.00	40,000,000.00	1,133,000,000.00		706,000,000.00
Railroad retirement account, 3% notes	2,057,600,000.00	621,390,000.00	264,500,000.00		2,414,490,000.00
Unemployment trust fund, 2⅛% certificates	6,616,000,000.00	8,215,000,000.00	7,565,000,000.00		7,266,000,000.00
War housing insurance fund, 2% notes		6,600,000.00			6,600,000.00
Special short-term, ¼% certificates		100,000,000.00	100,000,000.00		
Total special issues	32,356,034,000.00	25,969,743,000.00	23,672,431,000.00		34,653,346,000.00
Total interest-bearing debt	255,081,248,969.49	138,439,829,716.22	140,359,028,231.43	341,214,680.00	252,820,835,774.28

Footnotes at end of table.

TABLE 23.—*Changes in public debt issues, fiscal year 1951*—Continued

Title	Outstanding June 30, 1950	Issues during year	Transferred from interest-bearing debt	Redemptions during year	Outstanding June 30, 1951
MATURED DEBT ON WHICH INTEREST HAS CEASED					
Postal savings bonds, etc.:					
6% Stock of 1790	$27,869.77				$27,869.77
6% Deferred stock of 1790	13,934.90				13,934.90
3% Stock of 1790	13,953.13				13,953.13
Navy 6% stock	100.00				100.00
8% Loan of 1800	500.00				500.00
16 Million loan of 1813	46.39				46.39
10 Million loan of 1814	288.98				288.98
Mississippi stock	846.78				846.78
7% Stock of 1815	32.52				32.52
Treasury notes of 1815	67.53				67.53
Treasury notes prior to 1846	82,415.35				82,415.35
Treasury notes of 1846	5,900.00				5,900.00
Treasury notes of 1847	950.00				950.00
Treasury notes of 1857	700.00				700.00
Bounty land scrip	2,900.00				2,900.00
Mexican indemnity	1,104.91				1,104.91
Loan of 1847—6%	950.00				950.00
5% Texas indemnity stock	19,000.00				19,000.00
5% Loan of 1858	2,000.00				2,000.00
6% Loan of February 1861 (1881's)	5,000.00				5,000.00
6% Treasury notes of 1861	2,250.00				2,250.00
6% Oregon war debt of 1861	2,100.00				2,100.00
6% Loan of July and August 1861	15,050.00				15,050.00
3½% Loan of July and August 1861	600.00				600.00
7³⁄₁₀% Seven-thirties of 1861	9,300.00				9,300.00
Five-twenties of 1862	105,250.00				105,250.00
4-5-6% Temporary loan of 1862-1868	2,850.00				2,850.00
6% Certificates of indebtedness—1862-1866	3,000.00				3,000.00
6% Loan of 1863	3,100.00				3,100.00
3½% Loan of 1863	100.00				100.00
5% 1-year notes—1863	29,860.00				29,860.00
5% 2-year notes—1863	26,700.00				26,700.00
6% Compound interest notes (1864-1866)[3]	156,050.00			$40.00	156,010.00
5% Ten-forties of 1864	18,350.00				18,350.00
6% Five-twenties of 1864	13,950.00				13,950.00
7³⁄₁₀% Seven thirties of 1864-1865	119,400.00				119,400.00
6% Five twenties of 1865	19,750.00				19,750.00
6% Consols of 1865	54,350.00				54,350.00
6% Consols of 1867	83,650.00				83,650.00
6% Consols of 1868	3,800.00				3,800.00
Three percent certificates	5,000.00				5,000.00
5% Funded loan of 1881	22,400.00				22,400.00

4½% Funded loan of 1891 (refunding resumption)	18,700.00				18,700.00
4% Funded loan of 1907	343,000.00				343,000.00
4% Refunding certificates of 1879	8,140.00			10.00	8,130.00
3½% Funded loan of 1881	50.00				50.00
3% Loan of July 1882	200.00				200.00
5% Loan of 1904	13,000.00				13,000.00
3% Loan of 1908–18	99,000.00				99,000.00
4% Loan of 1925	8,550.00				8,550.00
2% Consols of 1930	15,050.00			50.00	15,000.00
2% Panama Canal loan of 1916–36	80.00			20.00	60.00
2% Panama Canal loan of 1918–38	20.00				20.00
3% Conversion bonds of 1946	100.00				100.00
2½% Postal savings bonds	150,400.00		$127,280.00	71,760.00	205,920.00
Total postal savings bonds, etc	1,531,710.26		127,280.00	71,880.00	1,587,110.26
Liberty loan bonds:					
First Liberty loan:					
First 3½'s	1,384,500.00			66,550.00	1,317,950.00
First 4's	103,450.00			1,750.00	101,700.00
First 4¼'s	675,850.00			65,300.00	610,550.00
First Second 4¼'s	3,350.00			50.00	3,300.00
Total	2,167,150.00			133,650.00	2,033,500.00
Second Liberty loan:					
Second 4's	378,550.00			5,450.00	373,100.00
Second 4¼'s	446,900.00			11,500.00	435,400.00
Total	825,450.00			16,950.00	808,500.00
Third Liberty loan 4¼'s	1,378,700.00			18,950.00	1,359,750.00
Fourth Liberty loan 4¼'s	4,263,750.00			211,850.00	4,051,900.00
Total Liberty loan bonds	8,635,050.00			381,400.00	8,253,650.00
Victory notes:					
Victory 3¾'s	800.00			100.00	700.00
Victory 4¾'s	455,050.00			9,600.00	445,450.00
Total Victory notes	455,850.00			9,700.00	446,150.00
Treasury bonds:					
3⅜'s of 1940–43	190,100.00			14,850.00	175,250.00
3⅜'s of 1941–43	325,100.00			34,600.00	290,500.00
3¼'s of 1941	121,100.00			9,650.00	111,450.00
3⅜'s of 1943–47	510,000.00			90,400.00	419,600.00
3¼'s of 1943–45	1,087,450.00			174,150.00	913,300.00
3¼'s of 1944–46	2,125,850.00			414,950.00	1,710,900.00
4's of 1944–54	1,305,900.00			215,600.00	1,090,300.00
2¾'s of 1945–47	1,503,150.00			327,250.00	1,175,900.00

Footnotes at end of table.

TABLE 23.—*Changes in public debt issues, fiscal year 1951*—Continued

Title	Outstanding June 30, 1950	Issues during year	Transferred from interest-bearing debt	Redemptions during year	Outstanding June 30, 1951
MATURED DEBT ON WHICH INTEREST HAS CEASED—Continued					
Treasury bonds—Continued					
2½'s of 1945	$83, 300. 00			$4, 700. 00	$78, 600. 00
3¾'s of 1946–56	663, 400. 00			148, 200. 00	515, 200. 00
3's of 1946–48	726, 900. 00			176, 200. 00	550, 700. 00
3⅛'s of 1946–49	2, 161, 450. 00			670, 550. 00	1, 490, 900. 00
4¼'s of 1947–52	2, 996, 300. 00			838, 700. 00	2, 157, 600. 00
2's of 1947	90, 800. 00			29, 550. 00	61, 250. 00
2's of 1948–50 (dated Mar. 15, 1941)	396, 000. 00			131, 600. 00	264, 400. 00
2¾'s of 1948–51	2, 053, 900. 00			336, 350. 00	1, 717, 550. 00
1¾'s of 1948	1, 751, 500. 00			834, 000. 00	917, 500. 00
2½'s of 1948	241, 900. 00			35, 250. 00	206, 650. 00
2's of 1948–50 (dated Dec. 8, 1939)	646, 150. 00			338, 400. 00	307, 750. 00
2's of 1949–51 (dated Jan. 15, 1942)	1, 120, 400. 00			888, 800. 00	231, 600. 00
2's of 1949–51 (dated May 15, 1942)	1, 909, 100. 00			1, 538, 600. 00	370, 500. 00
2's of 1949–51 (dated July 15, 1942)	6, 025, 100. 00			5, 100, 400. 00	924, 700. 00
3⅛'s of 1949–52	4, 104, 800. 00			3, 514, 550. 00	590, 250. 00
2½'s of 1949–53	18, 825, 200. 00			15, 610, 600. 00	3, 214, 600. 00
2's of 1950–52 (dated Oct. 19, 1942)	15, 163, 600. 00			13, 853, 600. 00	1, 310, 000. 00
2½'s of 1950–52			$2, 552, 050. 00		2, 552, 050. 00
2's of 1950–52 (dated Apr. 15, 1943)			26, 309, 500. 00		26, 309, 500. 00
1½'s of 1950			17, 158, 500. 00		17, 158, 500. 00
2¾'s of 1951–54			35, 484, 150. 00		35, 484, 150. 00
Total Treasury bonds	66, 128, 450. 00		81, 504, 200. 00	45, 331, 500. 00	102, 301, 150. 00
3% Adjusted service bonds of 1945	7, 153, 900. 00	$57, 000. 00		1, 275, 700. 00	5, 935, 200. 00
United States savings bonds:					
Series A–1935	3, 456, 250. 00			757, 200. 00	2, 699, 050. 00
Series B–1936	6, 891, 275. 00			1, 974, 225. 00	4, 917, 050. 00
Series C–1937	10, 727, 150. 00	[2] $36. 00		3, 729, 389. 00	6, 997, 725. 00
Series C–1938	19, 121, 850. 00	36. 00		7, 829, 386. 00	11, 292, 500. 00
Series D–1939	51, 128, 900. 00			27, 625, 525. 00	23, 503, 375. 00
Series D–1940	118, 181, 250. 00	6. 50	33, 273, 150. 00	89, 717, 331. 50	61, 737, 075. 00
Series D–1941			98, 049, 475. 00		98, 049, 475. 00
Total United States savings bonds	209, 506, 675. 00	6. 50	131, 322, 625. 00	131, 633, 056. 50	209, 196, 250. 00
Armed forces leave bonds:					
Series 1943:					
Apr. 1, 1943	267, 300. 00	3, 075. 00		99, 700. 00	170, 675. 00
July 1, 1943	382, 725. 00	5, 150. 00		124, 075. 00	263, 800. 00
Oct. 1, 1943	588, 175. 00	9, 350. 00		206, 475. 00	391, 050. 00

Series 1944:					
Jan. 1, 1944	650,000.00	9,200.00		241,700.00	417,500.00
Apr. 1, 1944	602,750.00	8,925.00		234,800.00	376,875.00
July 1, 1944	764,450.00	8,575.00		318,725.00	454,300.00
Oct. 1, 1944	911,500.00	7,225.00		385,625.00	533,100.00
Series 1945:					
Jan. 1, 1945	1,812,425.00	12,875.00		813,425.00	1,011,875.00
Apr. 1, 1945	1,917,675.00	11,050.00		976,350.00	952,375.00
July 1, 1945			2,517,100.00		2,517,100.00
Oct. 1, 1945			11,007,275.00		11,007,275.00
Series 1946:					
Jan. 1, 1946			52,342,050.00		52,342,050.00
Apr. 1, 1946			33,484,650.00		33,484,650.00
Total armed forces leave bonds	7,897,000.00	75,425.00	99,351,075.00	3,400,875.00	103,922,625.00
Treasury notes:					
Regular series:					
5¾%—A-1924	6,200.00				6,200.00
4¾%—A-1925	1,000.00				1,000.00
4⅜%—B-1925	27,300.00			2,000.00	25,300.00
4½%—C-1925	6,300.00				6,300.00
4¾%—A-1926	2,700.00				2,700.00
4¼%—B-1926	6,800.00				6,800.00
4½%—A-1927	8,200.00			1,000.00	7,200.00
4¾%—B-1927	11,000.00				11,000.00
3½%—A-1930-32	81,700.00			1,000.00	80,700.00
3½%—B-1930-32	60,850.00				60,850.00
3½%—C-1930-32	15,350.00			100.00	15,250.00
3¼%—1932	14,000.00				14,000.00
3%—A-1934	2,500.00				2,500.00
2⅛%—B-1934	5,000.00				5,000.00
3%—A-1935	7,000.00				7,000.00
1⅝%—B-1935	984,400.00				984,400.00
2½%—C-1935	10,000.00				10,000.00
2½%—D-1935	80,000.00				80,000.00
3¼%—A-1936	52,300.00			25,800.00	26,500.00
2¾%—B-1936	18,100.00				18,100.00
2⅞%—C-1936	14,600.00				14,600.00
1½%—D-1936	200.00				200.00
3½%—A-1937	109,100.00			10,000.00	99,100.00
3%—B-1937	38,500.00			500.00	38,000.00
3%—C-1937	20,000.00			10,000.00	10,000.00
2⅝%—A-1938	7,300.00				7,300.00
2⅞%—B-1938	21,000.00				21,000.00
3%—C-1938	245,000.00				245,000.00
2½%—D-1938	14,650.00			650.00	14,000.00
2⅛%—A-1939	37,200.00				37,200.00
1⅜%—B-1939	10,100.00				10,100.00
1½%—C-1939	1,300.00				1,300.00
1⅝%—A-1940	164,150.00			2,000.00	162,150.00

Footnotes at end of table.

TABLE 23.—*Changes in public debt issues, fiscal year 1951*—Continued

Title	Outstanding June 30, 1950	Issues during year	Transferred from interest-bearing debt	Redemptions during year	Outstanding June 30, 1951
MATURED DEBT ON WHICH INTEREST HAS CEASED—Continued					
Treasury notes—Continued					
Regular series—Continued					
1½%—B-1940	$65,100.00			$100.00	$65,000.00
1½%—C-1940	22,000.00				22,000.00
1½%—A-1941	10,500.00				10,500.00
1⅜%—B-1941	3,478,600.00				3,478,600.00
1¼%—C-1941	20,900.00				20,900.00
1¾%—A-1942	38,000.00				38,000.00
2%—B-1942	2,000.00				2,000.00
1¾%—C-1942	123,000.00				123,000.00
1⅛%—A-1943	23,000.00			2,500.00	20,500.00
1⅛%—B-1943	92,300.00			1,000.00	91,300.00
1%—C-1943	494,300.00			111,000.00	383,300.00
¾%—D-1943	2,000.00				2,000.00
¾%—A-1944	363,000.00			21,000.00	342,000.00
1%—B-1944	792,100.00				792,100.00
1%—C-1944	88,000.00				88,000.00
¾%—D-1944	28,900.00			500.00	28,400.00
¾%—A-1945	2,322,600.00			4,400.00	2,318,200.00
¾%—B-1945	112,100.00			16,500.00	95,600.00
1¼%—C-1945	14,500.00			4,500.00	10,000.00
1%—A-1946	43,500.00			33,000.00	10,500.00
1½%—B-1946	76,200.00			42,600.00	33,600.00
0.90%—D-1946	96,000.00			50,000.00	46,000.00
1½%—A-1947	123,500.00			42,000.00	81,500.00
1¼%—B-1947	1,673,000.00			513,000.00	1,160,000.00
1¼%—C-1947	1,430,000.00			809,000.00	621,000.00
1½%—A-1948	500,000.00			252,000.00	248,000.00
1%—B-1948	210,000.00			62,000.00	148,000.00
1⅛%—A-1949	266,000.00			168,000.00	98,000.00
1⅜%—A-1950	3,487,000.00			3,227,000.00	260,000.00
Tax series:					
A-1943	57,275.00			11,075.00	46,200.00
B-1943	120,400.00			10,300.00	110,100.00
A-1944	94,500.00			23,600.00	70,900.00
B-1944	71,300.00			15,600.00	55,700.00
A-1945	1,454,125.00			408,375.00	1,045,750.00
Savings series:					
C-1945	917,000.00			102,000.00	815,000.00
C-1946	2,977,900.00			991,400.00	1,986,500.00
C-1947	5,493,400.00			2,085,300.00	3,408,100.00
C-1948	4,818,500.00			2,419,500.00	2,399,000.00

C-1949	4,163,600.00			2,673,000.00	1,490,600.00
C-1950	16,377,000.00		$2,744,200.00	12,864,600.00	6,256,600.00
C-1951			12,889,300.00		12,889,300.00
Total Treasury notes	54,626,900.00		15,633,500.00	27,017,900.00	43,242,500.00
Certificates of indebtedness:					
Tax issues series:					
4½%—T-10	1,000.00				1,000.00
4¾%—TM-1921	500.00				500.00
6%—TJ-1921	1,500.00				1,500.00
6%—TS-1921	1,500.00				1,500.00
6%—TD-1921	2,000.00				2,000.00
5½%—TS-2-1921	1,000.00				1,000.00
5¾%—TM-1922	1,000.00				1,000.00
4½%—TS-2-1922	500.00				500.00
4½%—TD-1922	1,000.00				1,000.00
4¼%—TM-1923	1,000.00				1,000.00
3¾%—TS-1923	500.00				500.00
4½%—TM-1924	1,000.00				1,000.00
4%—TM-1925	1,000.00				1,000.00
4½%—TJ-1929	1,100.00				1,100.00
4¾%—TS-1929	1,500.00				1,500.00
4¼%—TD-1929	3,000.00				3,000.00
4¾%—TD-2-1929	1,500.00				1,500.00
5⅛%—TM-1930	11,500.00				11,500.00
4⅞%—TJ-1930	1,500.00				1,500.00
1⅛%—TS-1932	3,500.00				3,500.00
3%—TS-2-1932	101,000.00				101,000.00
3¾%—TM-1933	22,500.00				22,500.00
2% First—maturing Mar. 15, 1933	7,550.00				7,550.00
1½%—TJ-1933	2,500.00				2,500.00
4%—Tag-1933	11,000.00				11,000.00
1¼%—TS-1933	12,000.00				12,000.00
¾%—TD-1933	60,000.00				60,000.00
4¼%—TD-2-1933	34,000.00				34,000.00
Loan issues series:					
4½%—IVA-1918	500.00				500.00
5¼%—G-1920	1,000.00				1,000.00
5½%—H-1921	500.00				500.00
5½%—A-1922	1,000.00				1,000.00
3¾%—A-1933	500.00				500.00
⅞%—E-1943	10,000.00			1,000.00	9,000.00
⅞%—B-1944	241,000.00			56,000.00	185,000.00
⅞%—D-1944	1,000.00				1,000.00
⅞%—E-1944	715,000.00			122,000.00	593,000.00
⅞%—A-1945	573,000.00			97,000.00	476,000.00
⅞%—B-1945	25,000.00				25,000.00
⅞%—C-1945	320,000.00			93,000.00	227,000.00
⅞%—E-1945	25,000.00				25,000.00
⅞%—F-1945	15,000.00			5,000.00	10,000.00

Footnotes at end of table.

TABLE 23.—*Changes in public debt issues, fiscal year 1951*—Continued

Title	Outstanding June 30, 1950	Issues during year	Transferred from interest-bearing debt	Redemptions during year	Outstanding June 30, 1951
MATURED DEBT ON WHICH INTEREST HAS CEASED—Continued					
Certificates of indebtedness—Continued					
Loan issues series—Continued					
⅞%—H-1945	$742,000.00			$284,000.00	$458,000.00
⅞%—A-1946	59,000.00			32,000.00	27,000.00
⅞%—B-1946	11,000.00			5,000.00	6,000.00
⅞%—C-1946	1,000.00				1,000.00
⅞%—E-1946	13,064,000.00			1,179,000.00	11,885,000.00
⅞%—G-1946	12,000.00			2,000.00	10,000.00
⅞%—H-1946	60,000.00			20,000.00	40,000.00
⅞%—J-1946	8,000.00				8,000.00
⅞%—K-1946	1,188,000.00			446,000.00	742,000.00
⅞%—A-1947	9,000.00				9,000.00
⅞%—B-1947	7,000.00			1,000.00	6,000.00
⅞%—C-1947	82,000.00			5,000.00	77,000.00
⅞%—D-1947	135,000.00			50,000.00	85,000.00
⅞%—E-1947	168,000.00			55,000.00	113,000.00
⅞%—F-1947	102,000.00			13,000.00	89,000.00
⅞%—G-1947	1,000.00			1,000.00	
⅞%—H-1947	3,000.00			1,000.00	2,000.00
⅞%—J-1947	13,000.00			9,000.00	4,000.00
⅞%—K-1947	21,000.00				21,000.00
⅞%—L-1947	514,000.00			351,000.00	163,000.00
⅞%—A-1948	33,000.00			13,000.00	20,000.00
⅞%—B-1948	545,000.00			315,000.00	230,000.00
⅞%—C-1948	72,000.00			45,000.00	27,000.00
⅞%—D-1948	21,000.00			4,000.00	17,000.00
⅞%—E-1948	89,000.00			87,000.00	2,000.00
⅞%—F-1948	26,000.00				26,000.00
⅞%—G-1948	2,000.00			1,000.00	1,000.00
⅞%—H-1948	17,000.00			13,000.00	4,000.00
1%—J-1948	65,000.00			65,000.00	
1%—K-1948	43,000.00			23,000.00	20,000.00
1⅛%—A-1949	330,000.00			121,000.00	209,000.00
1⅛%—B-1949	238,000.00			84,000.00	154,000.00
1⅛%—C-1949	471,000.00			270,000.00	201,000.00
1⅛%—D-1949	191,000.00			124,000.00	67,000.00
1⅛%—E-1949	141,000.00			36,000.00	105,000.00
1⅛%—F-1949	348,000.00			273,000.00	75,000.00
1¼%—G-1949	994,000.00			818,000.00	176,000.00
1¼%—H-1949	386,000.00			130,000.00	256,000.00
1¼%—A-1950	1,604,000.00			1,303,000.00	301,000.00
1¼%—B-1950	965,000.00			715,000.00	250,000.00

1¼%—C-1950	942,000.00			870,000.00	72,000.00
1¼%—D-1950	1,268,000.00			1,162,000.00	106,000.00
1¼%—E-1950	4,268,000.00			4,023,000.00	245,000.00
1¼%—F-1950			$267,000.00		267,000.00
1⅛%—G-1950			54,000.00		54,000.00
1⅛%—H-1950			329,000.00		329,000.00
1⅛%—A-1951			2,264,000.00		2,264,000.00
Total certificates of indebtedness	31,475,150.00		2,914,000.00	13,323,000.00	21,066,150.00
Treasury bills, series matured:					
May 18, 1932	21,000.00			21,000.00	
May 12, 1937	15,000.00				15,000.00
May 31, 1939	100,000.00			100,000.00	
Mar 27, 1940	10,000.00			10,000.00	
June 5, 1940	30,000.00				30,000.00
June 18, 1941	20,000.00				20,000.00
Jan. 14, 1942	4,000.00				4,000.00
June 3, 1942	2,000.00				2,000.00
June 10, 1942	38,000.00				38,000.00
Feb. 3, 1943	1,000.00				1,000.00
June 2, 1943	6,000.00				6,000.00
June 9, 1943	30,000.00			3,000.00	27,000.00
June 8, 1944	95,000.00				95,000.00
Aug. 10, 1944	5,000.00				5,000.00
Aug. 31, 1944	5,000.00				5,000.00
June 7, 1945	88,000.00				88,000.00
June 14, 1945	16,000.00				16,000.00
Mar. 20, 1947	36,000.00				36,000.00
Dec. 18, 1947	60,000.00				60,000.00
Nov. 12, 1948	10,000.00				10,000.00
Feb. 17, 1949	15,000.00				15,000.00
Aug. 18, 1949	3,000.00			3,000.00	
Sept. 8, 1949	50,000.00				50,000.00
Feb. 9, 1950	80,000.00			80,000.00	
Mar. 9, 1950	3,000.00			3,000.00	
Mar. 16, 1950	6,000.00			6,000.00	
Mar. 23, 1950	939,000.00			939,000.00	
Mar. 30, 1950	99,000.00			93,000.00	6,000.00
Apr. 6, 1950	10,000.00			10,000.00	
Apr. 13, 1950	36,000.00			36,000.00	
Apr. 20, 1950	44,000.00			44,000.00	
May 4, 1950	2,000.00			2,000.00	
May 11, 1950	12,000.00			12,000.00	
May 18, 1950	30,000.00			30,000.00	
May 25, 1950	5,000.00			5,000.00	
June 1, 1950	23,000.00			23,000.00	
June 8, 1950	508,000.00			508,000.00	
June 15, 1950	95,000.00			95,000.00	
June 22, 1950	473,000.00			473,000.00	
June 29, 1950	1,010,000.00			1,003,000.00	7,000.00

Footnotes at end of table

TABLE 23.—*Changes in public debt issues, fiscal year 1951*—Continued

Title	Outstanding June 30, 1950	Issues during year	Transferred from interest-bearing debt	Redemptions during year	Outstanding June 30, 1951
MATURED DEBT ON WHICH INTEREST HAS CEASED—Continued					
Treasury bills, series matured—Continued					
July 27, 1950			$50,000.00		$50,000.00
Sept. 28, 1950			54,000.00		54,000.00
Oct. 13, 1950			6,000.00		6,000.00
Nov. 2, 1950			75,000.00		75,000.00
Jan. 4, 1951			170,000.00		170,000.00
Jan. 11, 1951			163,000.00		163,000.00
Feb. 1, 1951			15,000.00		15,000.00
Feb. 8, 1951			192,000.00		192,000.00
Feb. 15, 1951			110,000.00		110,000.00
Mar. 1, 1951			67,000.00		67,000.00
Mar. 8, 1951			100,000.00		100,000.00
Mar. 15, 1951			72,000.00		72,000.00
Mar. 22, 1951			24,000.00		24,000.00
Mar. 29, 1951			70,000.00		70,000.00
Apr. 12, 1951			135,000.00		135,000.00
Apr. 19, 1951			56,000.00		56,000.00
Apr. 26, 1951			15,000.00		15,000.00
May 10, 1951			64,000.00		64,000.00
May 17, 1951			61,000.00		61,000.00
May 24, 1951			30,000.00		30,000.00
May 31, 1951			121,000.00		121,000.00
June 7, 1951			206,000.00		206,000.00
June 14, 1951			847,000.00		847,000.00
June 21, 1951			846,000.00		846,000.00
June 28, 1951			6,813,000.00		6,813,000.00
Total Treasury bills	$4,035,000.00		10,362,000.00	$3,499,000.00	10,898,000.00

Title	Outstanding June 30, 1950	Issues during year	Transferred from interest-bearing debt	Redemptions during year	Transferred to matured debt	Outstanding June 30, 1951
MATURED DEBT ON WHICH INTEREST HAS CEASED—Continued						
Treasury (war) savings securities:						
Treasury savings certificates:						
Issued Dec. 15, 1921	$21, 275. 00			$3, 025. 00		$18, 250. 00
Issued Sept. 30, 1922	65, 300. 00			1, 575. 00		63, 725. 00
Issued Dec. 1, 1923	27, 650. 00			3, 425. 00		24, 225. 00
Total Treasury savings certificates	114, 225. 00			8, 025. 00		106, 200. 00
Total matured debt on which interest has ceased	391, 559, 910. 26	$132, 431. 50	$341, 214, 680. 00	225, 952, 036. 50		506, 954, 985. 26
DEBT BEARING NO INTEREST						
United States savings stamps (including unclassified sales)	48, 801, 157. 09	14, 408, 827. 44		15, 015, 586. 05		48, 194, 398. 48
Excess profits tax refund bonds:						
First series	1, 629, 787. 17	[2] 122, 918. 35		415, 275. 80		1, 091, 593. 02
Second series	1, 710, 406. 05	[2] 2, 601. 60		441, 316. 20		1, 266, 488. 25
Total excess profits refund bonds	3, 340, 193. 22	[2] 125, 519. 95		856, 592. 00		2, 358, 081. 27
Special notes of the United States:						
International Monetary Fund:						
Various issue dates	1, 270, 000, 000. 00	13, 000, 000. 00				1, 283, 000, 000. 00
United States notes (less gold reserve)	190, 641, 585. 07					190, 641, 585. 07
Old demand notes	52, 917. 50					52, 917. 50
National and Federal Reserve Bank notes	364, 817, 338. 50			36, 449, 100. 00		328, 368, 238. 50
Fractional currency	1, 967, 353. 01			346. 49		1, 967 006. 52
Thrift and Treasury savings stamps	3, 720, 918. 25			2, 142. 00		3, 718, 776. 25
Total debt bearing no interest	1, 883, 341, 462. 64	27, 283, 307. 49		52, 323, 766. 54		1, 858, 301, 003. 59
Total gross public debt	257, 356, 150, 342. 39	138, 467, 245, 455. 21	341, 214, 680. 00	140, 637, 304, 034. 47	$341, 214, 680. 00	255, 186, 091, 763. 13

[1] Amounts issued and redeemed for Series E and F bonds include issue price plus accrued discount; amounts outstanding are stated at current redemption value. Amounts issued, retired, and outstanding for Series G bonds are stated at par value.

[2] Deduct.

[3] Interest compounded.

TABLE 24.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1950–June 1951* [1]

Date	Issue	Rate of interest [2]	Amount issued [3]	Amount matured, or called or redeemed prior to maturity [4]
1950		*Percent*		
July 1	Postal savings bonds, 39th Series	2½		$1,266,900.00
1	Certificates of indebtedness, Series F-1950:			
	Redeemed in exchange for Treasury notes, Series E-1951	1¼		5,351,142,000.00
	Redeemable for cash			249,883,000.00
1	Treasury notes, Series E-1951	1¼	$5,351,142,000.00	
	Treasury bills:			
6	Issued Apr. 6, 1950:			
	Redeemed in exchange for series dated July 6, 1950	1.148		233,582,000.00
	Redeemable for cash			668,177,000.00
6	Maturing Oct. 5, 1950:			
	Issued in exchange for series dated Apr. 6, 1950	1.174	233,582,000.00	
	Issued for cash		769,646,000.00	
13	Issued Apr. 13, 1950:			
	Redeemed in exchange for series dated July 13, 1950	1.160		157,892,000.00
	Redeemable for cash			843,717,000.00
13	Maturing Oct. 13, 1950:			
	Issued in exchange for series dated Apr. 13, 1950	1.167	157,892,000.00	
	Issued for cash		847,849,000.00	
20	Issued Apr. 20, 1950:			
	Redeemed in exchange for series dated July 20, 1950	1.162		328,474,000.00
	Redeemable for cash			673,066,000.00
20	Maturing Oct. 19, 1950:			
	Issued in exchange for series dated Apr. 20, 1950	1.172	328,474,000.00	
	Issued for cash		675,151,000.00	
27	Issued Apr. 27, 1950:			
	Redeemed in exchange for series dated July 27, 1950	1.166		319,857,000.00
	Redeemable for cash			680,175,000.00
27	Maturing Oct. 26, 1950:			
	Issued in exchange for series dated Apr. 27, 1950	1.174	319,857,000.00	
	Issued for cash		681,571,000.00	
	United States savings bonds:			
31	Series D-1940	2.90	1,226,179.00	[5] 48,716,218.00
31	Series D-1941	2.90	3,625,520.50	1,622,592.00
31	Series E-1941	2.90	2,835,034.50	5,260,035.50
31	Series E-1942	2.90	19,105,647.75	22,824,283.45
31	Series E-1943	2.90	18,390,500.88	35,736,190.89
31	Series E-1944	2.90	27,051,407.37	42,249,568.28
31	Series E-1945	2.90	8,430,407.29	35,530,508.57
31	Series E-1946	2.90	6,235,429.95	19,077,930.49
31	Series E-1947	2.90	7,451,196.72	22,078,439.37
31	Series E-1948	2.90	4,021,234.99	30,081,612.87
31	Series E-1949	2.90	4,448,720.26	50,131,342.77
31	Series E-1950	2.90	302,010,982.50	49,252,312.50
31	Series F-1941	2.53	349,392.53	689,760.58
31	Series F-1942	2.53	2,042,597.02	2,298,838.77
31	Series F-1943	2.53	1,315,971.13	2,801,537.67
31	Series F-1944	2.53	3,366,173.04	3,546,779.07
31	Series F-1945	2.53	820,493.42	3,995,615.64
31	Series F-1946	2.53	743,507.84	1,997,572.55
31	Series F-1947	2.53	685,613.97	2,439,823.43
31	Series F-1948	2.53	1,645,391.80	1,975,274.80
31	Series F-1949	2.53	235,451.40	1,791,869.93
31	Series F-1950	2.53	13,419,345.00	134,791.00
31	Series G-1941	2.50		2,937,600.00
31	Series G-1942	2.50		6,171,500.00
31	Series G-1943	2.50		6,251,400.00
31	Series G-1944	2.50		7,738,300.00
31	Series G-1945	2.50		6,098,300.00
31	Series G-1946	2.50		7,833,900.00
31	Series G-1947	2.50		8,492,500.00
31	Series G-1948	2.50	50,000.00	6,354,500.00
31	Series G-1949	2.50	42,300.00	7,092,200.00
31	Series G-1950	2.50	84,381,900.00	654,800.00
31	Unclassified sales and redemptions		17,176,417.34	55,667,295.35

Footnotes at end of table.

TABLE 24.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1950–June 1951* [1]—Continued

Date	Issue	Rate of interest [2]	Amount issued [3]	Amount matured, or called or redeemed prior to maturity [4]
1950		*Percent*		
July 31	Depositary bonds, First Series	2	$3,295,000.00	$1,415,000.00
	Armed forces leave bonds:			
	Series 1945:			
31	July 1, 1945	2½	1,225.00	8,956,875.00
31	Oct. 1, 1945	2½	2,825.00	817,175.00
	Series 1946:			
31	Jan. 1, 1946	2½	21,375.00	2,737,925.00
31	Apr. 1, 1946	2½	15,275.00	1,299,200.00
31	July 1, 1946	2½	14,550.00	442,800.00
31	Oct. 1, 1946	2½	4,525.00	780,425.00
31	Unclassified redemptions	2½		1,695,275.00
	Treasury savings notes:			
31	Series C–1950	1.07		[5] 49,024,400.00
31	Series C–1951	1.07		2,314,500.00
31	Series D–1951	1.40		7,386,200.00
31	Series D–1952	1.40		46,538,200.00
31	Series D–1953	1.40	288,752,500.00	27,091,000.00
31	Miscellaneous			75,500.00
	Total, July		10,188,378,091.20	10,157,331,568.48
	Treasury bills:			
Aug. 3	Issued May 4, 1950:			
	Redeemed in exchange for series dated Aug. 3, 1950	1.166		387,330,000.00
	Redeemable for cash			714,899,000.00
3	Maturing Nov. 2, 1950:			
	Issued in exchange for series dated May 4, 1950	1.174	387,330,000.00	
	Issued for cash		716,423,000.00	
10	Issued May 11, 1950:			
	Redeemed in exchange for series dated Aug. 10, 1950	1.166		376,049,000.00
	Redeemable for cash			726,754,000.00
10	Maturing Nov. 9, 1950:			
	Issued in exchange for series dated May 11, 1950	1.174	376,049,000.00	
	Issued for cash		725,767,000.00	
17	Issued May 18, 1950:			
	Redeemed in exchange for series dated Aug. 17, 1950	1.165		527,440,000.00
	Redeemable for cash			576,422,000.00
17	Maturing Nov. 16, 1950:			
	Issued in exchange for series dated May 18, 1950	1.174	527,440,000.00	
	Issued for cash		573,836,000.00	
24	Issued May 25, 1950:			
	Redeemed in exchange for series dated Aug. 24, 1950	1.167		172,095,000.00
	Redeemable for cash			930,897,000.00
24	Maturing Nov. 24, 1950:			
	Issued in exchange for series dated May 25, 1950	1.247	172,095,000.00	
	Issued for cash		931,472,000.00	
31	Issued June 1, 1950:			
	Redeemed in exchange for series dated Aug. 31, 1950	1.168		43,097,000.00
	Redeemable for cash			1,060,811,000.00
31	Maturing Nov. 30, 1950:			
	Issued in exchange for series dated June 1, 1950	1.285	43,097,000.00	
	Issued for cash		1,056,973,000.00	
	United States savings bonds:			
31	Series D–1940	2.90	849,412.00	[5] 55,560,993.00
31	Series D–1941	2.90	3,355,049.00	2,558,675.00
31	Series E–1941	2.90	1,986,876.00	7,053,008.75
31	Series E–1942	2.90	11,441,349.25	30,930,724.75
31	Series E–1943	2.90	14,420,687.13	48,276,336.74
31	Series E–1944	2.90	22,699,718.25	57,895,996.02
31	Series E–1945	2.90	6,005,043.25	46,928,177.73
31	Series E–1946	2.90	4,828,603.82	26,531,596.95
31	Series E–1947	2.90	5,287,989.32	30,454,722.49
31	Series E–1948	2.90	3,050,617.01	40,335,088.92

Footnotes at end of table.

TABLE 24.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1950–June 1951* [1]—Continued

Date	Issue	Rate of interest [2]	Amount issued [3]	Amount matured, or called or redeemed prior to maturity [4]
1950	United States savings bonds—Continued	*Percent*		
Aug. 31	Series E-1949	2.90	$3,324,069.56	$63,198,483.40
31	Series E-1950	2.90	296,581,502.50	69,702,809.00
31	Series F-1941	2.53	225,481.70	905,128.00
31	Series F-1942	2.53	987,803.07	2,753,244.59
31	Series F-1943	2.53	722,759.29	2,952,700.29
31	Series F-1944	2.53	1,436,772.19	3,356,722.35
31	Series F-1945	2.53	426,013.44	2,669,510.95
31	Series F-1946	2.53	507,380.75	1,499,501.97
31	Series F-1947	2.53	368,929.57	2,045,582.16
31	Series F-1948	2.53	241,823.71	1,898,141.49
31	Series F-1949	2.53	122,473.85	2,066,777.03
31	Series F-1950	2.53	12,433,961.00	260,850.00
31	Series G-1941	2.50		2,821,300.00
31	Series G-1942	2.50		6,477,900.00
31	Series G-1943	2.50		6,253,600.00
31	Series G-1944	2.50		7,962,500.00
31	Series G-1945	2.50		5,939,400.00
31	Series G-1946	2.50		7,962,300.00
31	Series G-1947	2.50		7,835,800.00
31	Series G-1948	2.50		6,230,900.00
31	Series G-1949	2.50	11,800.00	6,487,500.00
31	Series G-1950	2.50	82,672,600.00	970,100.00
31	Unclassified sales and redemptions		[6] 41,283,296.37	[6] 27,791,484.79
31	Depositary bonds, First Series	2.00	6,120,000.00	5,198,000.00
	Armed forces leave bonds:			
	Series 1945:			
31	Oct. 1, 1945	2½	3,400.00	832,050.00
	Series 1946:			
31	Jan. 1, 1946	2½	28,675.00	2,877,775.00
31	Apr. 1, 1946	2½	12,675.00	1,305,825.00
31	July 1, 1946	2½	6,525.00	510,250.00
31	Oct. 1, 1946	2½	6,175.00	687,450.00
31	Unclassified redemptions	2½		22,375.00
	Treasury savings notes:			
31	Series C-1950	1.07		[5] 28,624,200.00
31	Series C-1951	1.07		2,025,100.00
31	Series D-1951	1.40		4,162,000.00
31	Series D-1952	1.40		68,034,600.00
31	Series D-1953	1.40	422,262,900.00	36,110,600.00
31	Miscellaneous			87,000.00
	Total, August		6,371,627,769.29	6,197,255,811.79
	Treasury bills:			
Sept. 7	Issued June 8, 1950:			
	Redeemed in exchange for series dated Sept. 7, 1950	1.179		109,885,000.00
	Redeemable for cash			992,211,000.00
7	Maturing Dec. 7, 1950:			
	Issued in exchange for series dated June 8, 1950	1.308	109,885,000.00	
	Issued for cash		994,829,000.00	
14	Issued June 15, 1950:			
	Redeemed in exchange for series dated Sept. 14, 1950	1.176		30,871,000.00
	Redeemable for cash			973,004,000.00
14	Maturing Dec. 14, 1950:			
	Issued in exchange for series dated June 15, 1950	1.311	30,871,000.00	
	Issued for cash		974,308,000.00	
15	Certificates of indebtedness, Series G 1950:			
	Redeemed in exchange for Treasury notes, Series F-1951	1⅛		1,038,709,000.00
	Redeemable for cash			158,085,000.00
15	Treasury bonds of 1950–52:			
	Redeemed in exchange for Treasury notes, Series F-1951	2¼		904,823,500.00
	Redeemable for cash			281,017,700.00

Footnotes at end of table.

TABLE 24.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1950–June 1951* [1]—Continued

Date	Issue	Rate of interest [2]	Amount issued [3]	Amount matured, or called or redeemed prior to maturity [4]
1950		*Percent*		
Sept. 15	Treasury bonds of 1950-52 (dated Apr. 15, 1943):			
	Redeemed in exchange for Treasury notes, Series F-1951	2		$3,997,045,500.00
	Redeemable for cash			942,211,500.00
15	Treasury notes, Series F-1951	1¼	$5,940,578,000.00	
	Treasury bills:			
21	Issued June 22, 1950:			
	Redeemed in exchange for series dated Sept. 21, 1950	1.174		188,758,000.00
	Redeemable for cash			814,071,000.00
21	Maturing Dec. 21, 1950:			
	Issued in exchange for series dated June 22, 1950	1.317	188,758,000.00	
	Issued for cash		812,770,000.00	
28	Issued June 29, 1950:			
	Redeemed in exchange for series dated Sept. 28, 1950	1.172		126,166,000.00
	Redeemable for cash			877,288,000.00
28	Maturing Dec. 28, 1950:			
	Issued in exchange for series dated June 29, 1950	1.324	126,166,000.00	
	Issued for cash		875,112,000.00	
	United States savings bonds:			
30	Series D-1940	2.90	772,223.00	[5] 36,210,590.50
30	Series D-1941	2.90	996,790.50	1,955,436.50
30	Series E-1941	2.90	1,853,095.25	5,496,115.50
30	Series E-1942	2.90	12,247,359.00	24,542,294.55
30	Series E-1943	2.90	34,497,941.13	38,445,802.50
30	Series E-1944	2.90	9,272,989.50	45,971,401.72
30	Series E-1945	2.90	5,488,747.38	37,229,774.18
30	Series E-1946	2.90	4,601,165.27	21,136,532.35
30	Series E-1947	2.90	5,293,227.88	24,533,039.21
30	Series E-1948	2.90	2,830,377.38	32,248,474.26
30	Series E-1949	2.90	3,427,986.74	47,906,939.25
30	Series E-1950	2.90	230,584,451.25	61,397,490.00
30	Series F-1941	2.53	225,985.15	636,409.26
30	Series F-1942	2.53	1,146,734.64	2,247,371.30
30	Series F-1943	2.53	2,514,561.14	3,337,199.03
30	Series F-1944	2.53	432,524.79	3,034,460.62
30	Series F-1945	2.53	378,777.82	2,262,416.35
30	Series F-1946	2.53	483,440.66	2,024,176.35
30	Series F-1947	2.53	385,615.24	2,386,126.53
30	Series F-1948	2.53	216,979.21	1,802,437.45
30	Series F-1949	2.53	182,046.07	1,710,251.82
30	Series F-1950	2.53	7,542,561.00	304,584.00
30	Series G-1941	2.50		2,715,600.00
30	Series G-1942	2.50		6,374,300.00
30	Series G-1943	2.50		7,927,600.00
30	Series G-1944	2.50		7,153,000.00
30	Series G-1945	2.50		6,550,800.00
30	Series G-1946	2.50		9,259,200.00
30	Series G-1947	2.50		9,221,100.00
30	Series G-1948	2.50		6,966,500.00
30	Series G-1949	2.50	7,500.00	6,751,000.00
30	Series G-1950	2.50	52,458,800.00	1,831,500.00
30	Unclassified sales and redemptions		19,129,307.79	9,203,271.71
30	Depositary bonds, First Series	2	1,810,000.00	4,693,000.00
	Armed forces leave bonds:			
	Series 1945:			
30	Oct. 1, 1945	2½	10,725.00	999,750.00
	Series 1946:			
30	Jan. 1, 1946	2½	47,250.00	3,150,425.00
30	Apr. 1, 1946	2½	38,850.00	1,506,650.00
30	July 1, 1946	2½	15,950.00	590,300.00
30	Oct. 1, 1946	2½	16,100.00	861,125.00
30	Unclassified redemptions	2½		[6] 2,050,575.00
	Treasury savings notes:			
30	Series C-1950	1.07		[5] 40,790,200.00
30	Series C-1951	1.07		7,336,300.00
30	Series D-1951	1.40		10,192,600.00
30	Series D-1952	1.40		111,368,000.00
30	Series D-1953	1.40	220,985,700.00	68,401,900.00

Footnotes at end of table.

TABLE 24.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1950–June 1951* [1]—Continued

Date	Issue	Rate of interest [2]	Amount issued [3]	Amount matured, or called or redeemed prior to maturity [4]
1950		*Percent*		
Sept. 30	Miscellaneous			$36,000.00
	Total, September		$10,673,172,762.79	12,152,795,069.94
Oct. 1	Certificates of indebtedness, Series H-1950:			
	Redeemed in exchange for Treasury notes, Series G-1951	1⅛		5,253,075,000.00
	Redeemable for cash			994,512,000.00
1	Treasury notes, Series G-1951	1¼	5,253,075,000.00	
	Treasury bills:			
5	Issued July 6, 1950:			
	Redeemed in exchange for series dated Oct. 5, 1950	1.174		106,361,000.00
	Redeemable for cash			896,867,000.00
5	Maturing Jan. 4, 1951:			
	Issued in exchange for series dated July 6, 1950	1.324	106,361,000.00	
	Issued for cash		896,796,000.00	
13	Issued July 13, 1950:			
	Redeemed in exchange for series dated Oct. 13, 1950	1.167		212,302,000.00
	Redeemable for cash			793,439,000.00
13	Maturing Jan. 11, 1951:			
	Issued in exchange for series dated July 13, 1950	1.337	212,302,000.00	
	Issued for cash		789,589,000.00	
19	Issued July 20, 1950:			
	Redeemed in exchange for series dated Oct. 19, 1950	1.172		129,023,000.00
	Redeemable for cash			874,602,000.00
19	Maturing Jan. 18, 1951:			
	Issued in exchange for series dated July 20, 1950	1.337	129,023,000.00	
	Issued for cash		871,104,000.00	
26	Issued July 27, 1950:			
	Redeemed in exchange for series dated Oct. 26, 1950	1.174		129,172,000.00
	Redeemable for cash			872,256,000.00
26	Maturing Jan. 25, 1951:			
	Issued in exchange for series dated July 27, 1950	1.316	129,172,000.00	
	Issued for cash		871,761,000.00	
	United States savings bonds:			
31	Series D-1940	2.90	892,801.00	[5] 48,896,966.00
31	Series D-1941	2.90	1,193,654.00	2,713,027.00
31	Series E-1941	2.90	2,149,879.50	6,599,117.00
31	Series E-1942	2.90	12,606,677.00	28,940,106.25
31	Series E-1943	2.90	26,707,083.88	46,403,251.52
31	Series E-1944	2.90	8,160,389.27	52,486,442.56
31	Series E-1945	2.90	6,636,745.20	42,943,504.98
31	Series E-1946	2.90	4,661,355.94	24,204,631.65
31	Series E-1947	2.90	4,979,292.79	27,963,408.11
31	Series E-1948	2.90	2,736,010.34	36,288,260.62
31	Series E-1949	2.90	3,031,945.08	52,024,314.14
31	Series E-1950	2.90	268,197,271.25	77,145,412.50
31	Series F-1941	2.53	276,166.80	588,531.80
31	Series F-1942	2.53	976,493.86	2,629,544.74
31	Series F-1943	2.53	2,244,496.80	3,475,026.29
31	Series F-1944	2.53	326,720.45	2,678,258.76
31	Series F-1945	2.53	499,127.05	2,407,109.15
31	Series F-1946	2.53	466,490.74	1,969,719.81
31	Series F-1947	2.53	360,652.10	2,344,359.27
31	Series F-1948	2.53	172,541.41	1,775,245.41
31	Series F-1949	2.53	123,915.17	1,479,625.65
31	Series F-1950	2.53	134,696,909.00	845,080.00
31	Series G-1941	2.50		2,376,100.00
31	Series G-1942	2.50		5,579,000.00
31	Series G-1943	2.50		7,821,600.00
31	Series G-1944	2.50		6,463,100.00
31	Series G-1945	2.50		5,701,300.00
31	Series G-1946	2.50		8,530,500.00
31	Series G-1947	2.50		8,008,900.00
31	Series G-1948	2.50		7,129,800.00
31	Series G-1949	2.50	14,500.00	5,850,800.00
31	Series G-1950	2.50	494,877,000.00	2,678,100.00
31	Unclassified sales and redemptions		73,491,397.16	[6] 35,131,904.37

Footnotes at end of table.

TABLE 24.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1950–June 1951* [1]—Continued

Date	Issue	Rate of interest [2]	Amount issued [3]	Amount matured, or called or redeemed prior to maturity [4]
1950		*Percent*		
Oct. 31	Depositary bonds, First Series	2	$3,094,000.00	$4,336,000.00
	Armed forces leave bonds:			
	Series 1945:			
31	Oct. 1, 1945	2½	18,875.00	33,893,075.00
	Series 1946:			
31	Jan. 1, 1946	2½	78,925.00	2,356,125.00
31	Apr. 1 1946	2½	38,475.00	1,126,200.00
31	July 1, 1946	2½	14,100.00	407,325.00
31	Oct. 1, 1946	2½	7,400.00	552,400.00
31	Unclassified redemptions	2½		8,053,200.00
	Treasury savings notes:			
31	Series C-1950	1.07		[5] 25,867,900.00
31	Series C-1951	1.07		2,805,400.00
31	Series D-1951	1.40		8,457,800.00
31	Series D-1952	1.40		76,141,300.00
31	Series D-1953	1.40	256,764,500.00	39,393,000.00
31	Miscellaneous			301,000.00
	Total, October		10,569,678,790.79	10,957,107,963.84
	Treasury bills:			
Nov. 2	Issued Aug. 3, 1950:			
	Redeemed in exchange for series dated Nov. 2, 1950	1.174		98,068,000.00
	Redeemable for cash			1,005,685,000.00
2	Maturing Feb. 1, 1951:			
	Issued in exchange for series dated Aug. 3, 1950	1.341	98,068,000.00	
	Issued for cash		1,002,316,000.00	
9	Issued Aug. 10, 1950:			
	Redeemed in exchange for series dated Nov. 9, 1950	1.174		107,290,000.00
	Redeemable for cash			994,526,000.00
9	Maturing Feb. 8, 1951:			
	Issued in exchange for series dated Aug. 10, 1950	1.350	107,290,000.00	
	Issued for cash		994,307,000.00	
16	Issued Aug. 17, 1950:			
	Redeemed in exchange for series dated Nov. 16, 1950	1.174		153,993,000.00
	Redeemable for cash			947,283,000.00
16	Maturing Feb. 15, 1951:			
	Issued in exchange for series dated Aug. 17, 1950	1.366	153,993,000.00	
	Issued for cash		946,794,000.00	
24	Issued Aug. 24, 1950:			
	Redeemed in exchange for series dated Nov. 24, 1950	1.247		146,002,000.00
	Redeemable for cash			957,565,000.00
24	Maturing Feb. 23, 1951:			
	Issued in exchange for series dated Aug. 24, 1950	1.380	146,002,000.00	
	Issued for cash		959,233,000.00	
30	Issued Aug. 31, 1950:			
	Redeemed in exchange for series dated Nov. 30, 1950	1.285		95,913,000.00
	Redeemable for cash			1,004,157,000.00
30	Maturing Mar. 1, 1951:			
	Issued in exchange for series dated Aug. 31, 1950	1.383	95,913,000.00	
	Issued for cash		1,006,092,000.00	
	United States savings bonds:			
30	Series D-1940	2.90	911,053.00	[6] 44,094,043.00
30	Series D-1941	2.90	[7] 11,649.50	2,130,686.50
30	Series E-1941	2.90	4,240,544.75	5,673,281.50
30	Series E-1942	2.90	13,234,601.00	24,741,520.51
30	Series E-1943	2.90	14,182,907.63	39,194,817.25
30	Series E-1944	2.90	11,771,970.14	43,843,851.14
30	Series E-1945	2.90	16,092,509.07	35,844,228.08
30	Series E-1946	2.90	4,626,745.66	19,764,445.44
30	Series E-1947	2.90	4,541,968.37	22,924,885.56
30	Series E-1948	2.90	2,728,221.32	29,466,976.56
30	Series E-1949	2.90	2,977,693.57	42,125,065.75
30	Series E-1950	2.90	246,551,078.75	72,425,493.75

Footnotes at end of table.

TABLE 24.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1950–June 1951* [1]—Continued

Date	Issue	Rate of interest [2]	Amount issued [3]	Amount matured, or called or redeemed prior to maturity [4]
1950	United States savings bonds—Continued	*Percent*		
Nov. 30	Series F-1941	2.53	$967,968.65	$960,600.34
30	Series F-1942	2.53	995,096.38	2,092,474.59
30	Series F-1943	2.53	676,026.50	3,059,512.40
30	Series F-1944	2.53	1,020,240.28	2,704,599.59
30	Series F-1945	2.53	1,381,029.90	2,413,807.15
30	Series F-1946	2.53	435,349.15	1,865,422.76
30	Series F-1947	2.53	299,453.87	1,903,185.63
30	Series F-1948	2.53	171,735.09	1,667,102.74
30	Series F-1949	2.53	114,292.95	1,575,967.92
30	Series F-1950	2.53	41,561,989.00	574,573.00
30	Series G-1941	2.50		2,909,000.00
30	Series G-1942	2.50		5,952,400.00
30	Series G-1943	2.50		6,263,100.00
30	Series G-1944	2.50		6,740,500.00
30	Series G-1945	2.50		6,598,100.00
30	Series G-1946	2.50		8,535,800.00
30	Series G-1947	2.50		8,861,100.00
30	Series G-1948	2.50		6,940,600.00
30	Series G-1949	2.50	2,400.00	5,896,500.00
30	Series G-1950	2.50	198,010,600.00	2,910,000.00
30	Unclassified sales and redemptions		[6] 49,957,278.52	[6] 18,141,505.49
30	Depositary bonds, First Series	2	4,836,000.00	1,510,000.00
	Armed forces leave bonds:			
	Series 1946:			
30	Jan. 1, 1946	2½	27,800.00	2,577,350.00
30	Apr. 1, 1946	2½	18,300.00	1,255,400.00
30	July 1, 1946	2½	11,225.00	436,575.00
30	Oct. 1, 1946	2½	10,525.00	727,800.00
30	Unclassified redemptions	2½		[6] 5,508,725.00
	Treasury savings notes:			
30	Series C-1950	1.07		[5] 22,718,000.00
30	Series C-1951	1.07		12,304,400.00
30	Series D-1951	1.40		11,071,000.00
30	Series D-1952	1.40		72,297,700.00
30	Series D-1953	1.40	218,275,300.00	191,682,500.00
30	Miscellaneous			1,000.00
	Total, November		6,250,713,697.01	6,266,067,135.67
	Treasury bills:			
Dec. 7	Issued Sept. 7, 1950:			
	Redeemed in exchange for series dated Dec. 7, 1950	1.308		34,378,000.00
	Redeemable for cash			1,070,336,000.00
7	Maturing Mar. 8, 1951:			
	Issued in exchange for series dated Sept. 7, 1950	1.366	34,378,000.00	
	Issued for cash		1,068,963,000.00	
14	Issued Sept. 14, 1950:			
	Redeemed in exchange for series dated Dec. 14, 1950	1.311		53,630,000.00
	Redeemable for cash			951,549,000.00
14	Maturing Mar. 15, 1951:			
	Issued in exchange for series dated Sept. 14, 1950	1.351	53,630,000.00	
	Issued for cash		947,816,000.00	
	Treasury bonds of 1950:			
15	Redeemed in exchange for Treasury notes, Series B-1955	1½		2,315,438,000.00
	Redeemable for cash			319,995,500.00
15	Treasury notes, Series B-1955	1¾	2,315,438,000.00	
	Treasury bills:			
21	Issued Sept. 21, 1950:			
	Redeemed in exchange for series dated Dec. 21, 1950	1.317		52,717,000.00
	Redeemable for cash			948,811,000.00
21	Maturing Mar. 22, 1951:			
	Issued in exchange for series dated Sept. 21, 1950	1.368	52,717,000.00	
	Issued for cash		948,092,000.00	
28	Issued Sept. 28, 1950:			
	Redeemed in exchange for series dated Dec. 28, 1950	1.324		66,023,000.00
	Redeemable for cash			935,255,000.00

Footnotes at end of table.

TABLE 24.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1950–June 1951* [1]—Continued

Date	Issue	Rate of interest [2]	Amount issued [3]	Amount matured, or called or redeemed prior to maturity [4]
1950	Treasury bills—Continued	*Percent*		
Dec. 28	Maturing Mar. 29, 1951:			
	Issued in exchange for series dated Sept. 28, 1950	1.382	$66,023,000.00	
	Issued for cash		938,837,000.00	
	United States savings bonds:			
31	Series D-1940	2.90	1,967,832.00	[5] $227,188,678.50
31	Series D-1941	2.90	[7] 7,436.00	2,635,440.50
31	Series E-1941	2.90	10,142,233.25	6,023,123.50
31	Series E-1942	2.90	16,414,398.00	23,493,449.01
31	Series E-1943	2.90	15,210,297.88	36,835,829.75
31	Series E-1944	2.90	31,177,363.71	41,458,424.22
31	Series E-1945	2.90	15,553,453.82	34,582,227.85
31	Series E-1946	2.90	5,910,436.65	18,970,449.70
31	Series E-1947	2.90	5,775,719.74	21,036,520.50
31	Series E-1948	2.90	3,545,536.07	27,211,698.64
31	Series E-1949	2.90	3,702,006.94	37,752,991.50
31	Series E-1950	2.90	244,399,250.00	79,205,216.25
31	Series F-1941	2.53	895,022.20	1,337,534.30
31	Series F-1942	2.53	1,291,032.68	3,731,740.51
31	Series F-1943	2.53	610,908.84	3,750,550.76
31	Series F-1944	2.53	2,967,413.56	3,053,642.45
31	Series F-1945	2.53	3,553,064.02	2,694,176.34
31	Series F-1946	2.53	603,575.95	1,671,552.60
31	Series F-1947	2.53	369,292.57	1,827,728.84
31	Series F-1948	2.53	230,002.61	1,575,254.25
31	Series F-1949	2.53	127,754.37	1,845,889.65
31	Series F-1950	2.53	52,059,182.25	823,213.00
31	Series G-1941	2.50		4,211,600.00
31	Series G-1942	2.50		7,263,100.00
31	Series G-1943	2.50		7,458,000.00
31	Series G-1944	2.50		8,590,900.00
31	Series G-1945	2.50		7,338,600.00
31	Series G-1946	2.50		8,915,400.00
31	Series G-1947	2.50		7,986,500.00
31	Series G-1948	2.50	36,000.00	6,463,000.00
31	Series G-1949	2.50	5,000.00	6,465,600.00
31	Series G-1950	2.50	174,861,700.00	3,267,700.00
31	Unclassified sales and redemptions		70,003,760.51	23,034,945.50
31	Depositary bonds, First Series	2	5,170,000.00	85,000.00
	Armed forces leave bonds:			
	Series 1946:			
31	Jan. 1, 1946	2½	19,975.00	1,984,375.00
31	Apr. 1, 1946	2½	14,500.00	951,200.00
31	July 1, 1946	2½	4,950.00	333,850.00
31	Oct. 1, 1946	2½	6,575.00	505,950.00
31	Unclassified redemptions	2½		[6] 1,275,100.00
	Treasury savings notes:			
31	Series C-1950	1.07		[5] 66,644,700.00
31	Series C-1951	1.07		24,258,900.00
31	Series D-1951	1.40		25,580,000.00
31	Series D-1952	1.40		146,488,900.00
31	Series D-1953	1.40	236,047,200.00	240,414,900.00
	Total, December		7,328,562,001.62	7,923,805,853.12
1951				
Jan. 1	Postal savings bonds, 40th Series	2½		2,343,040.00
1	Certificates of indebtedness Series A-1951:			
	Redeemed in exchange for Treasury notes, Series B-1955	1⅛		4,538,355,000.00
	Redeemable for cash			834,313,000.00
1	Treasury notes, Series B-1955	1¾	4,538,355,000.00	
	Treasury bills:			
4	Issued Oct. 5, 1950:			
	Redeemed in exchange for series dated Jan. 4, 1951	1.324		84,660,000.00
	Redeemable for cash			918,497,000.00
4	Maturing Apr. 5, 1951:			
	Issued in exchange for series dated Oct. 5, 1950	1.381	84,660,000.00	
	Issued for cash		917,733,000.00	

Footnotes at end of table.

TABLE 24.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1950–June 1951* [1]—Continued

Date	Issue	Rate of interest [2]	Amount issued [3]	Amount matured, or called or redeemed prior to maturity [4]
1951	Treasury bills—Continued	*Percent*		
Jan. 11	Issued Oct. 13, 1950:			
	Redeemed in exchange for series dated Jan. 11, 1951	1.337		$134,460,000.00
	Redeemable for cash			867,431,000.00
11	Maturing Apr. 12, 1951:			
	Issued in exchange for series dated Oct. 13, 1950	1.387	$134,460,000.00	
	Issued for cash		865,434,000.00	
18	Issued Oct. 19, 1950:			
	Redeemed in exchange for series dated Jan. 18, 1951	1.337		242,959,000.00
	Redeemable for cash			757,168,000.00
18	Maturing Apr. 19, 1951:			
	Issued in exchange for series dated Oct. 19, 1950	1.391	242,959,000.00	
	Issued for cash		759,748,000.00	
25	Issued Oct. 26, 1950:			
	Redeemed in exchange for series dated Jan. 25, 1951	1.316		92,440,000.00
	Redeemable for cash			908,493,000.00
25	Maturing Apr. 26, 1951:			
	Issued in exchange for series dated Oct. 26, 1950	1.389	92,440,000.00	
	Issued for cash		910,859,000.00	
	United States savings bonds:			
31	Series D-1941	2.90	3,533,989.50	65,297,871.00
31	Series E-1941	2.90	2,753,454.75	7,245,842.00
31	Series E-1942	2.90	18,458,958.26	26,644,780.25
31	Series E-1943	2.90	17,568,564.75	40,389,809.00
31	Series E-1944	2.90	32,843,595.10	46,707,838.58
31	Series E-1945	2.90	8,018,307.85	38,499,346.60
31	Series E-1946	2.90	5,935,869.43	20,555,236.60
31	Series E-1947	2.90	7,050,343.16	23,431,734.63
31	Series E-1948	2.90	5,998,620.44	30,269,524.72
31	Series E-1949	2.90	4,012,791.19	40,083,852.96
31	Series E-1950	2.90	270,846,668.02	86,884,773.03
31	Series E-1951	2.90	90,866,175.00	337.50
31	Series F-1941	2.53	367,942.75	1,056,292.60
31	Series F-1942	2.53	1,987,910.76	2,558,839.60
31	Series F-1943	2.53	1,269,627.77	2,738,637.26
31	Series F-1944	2.53	3,296,766.56	3,196,193.95
31	Series F-1945	2.53	834,391.49	2,359,599.50
31	Series F-1946	2.53	793,012.05	1,720,401.99
31	Series F-1947	2.53	824,672.05	2,198,676.66
31	Series F-1948	2.53	2,016,797.90	1,577,678.38
31	Series F-1949	2.53	296,090.70	1,243,363.93
31	Series F-1950	2.53	19,928,686.60	713,159.10
31	Series F-1951	2.53	11,176,664.00	
31	Series G-1941	2.50		2,791,600.00
31	Series G-1942	2.50		7,307,600.00
31	Series G-1943	2.50		7,312,100.00
31	Series G-1944	2.50		7,761,100.00
31	Series G-1945	2.50		6,697,400.00
31	Series G-1946	2.50		8,386,200.00
31	Series G-1947	2.50		8,466,900.00
31	Series G-1948	2.50		6,513,100.00
31	Series G-1949	2.50		6,120,100.00
31	Series G-1950	2.50	70,317,300.00	4,141,900.00
31	Series G-1951	2.50	67,741,200.00	2,400.00
31	Unclassified sales and redemptions		[6] 52,803,558.98	87,509,136.29
31	Depositary bonds, First Series	2	2,368,000.00	2,785,000.00
	Armed forces leave bonds:			
	Series 1946:			
31	Jan. 1, 1946	2½	19,125.00	115,966,900.00
31	Apr. 1, 1946	2½	12,050.00	1,094,350.00
31	July 1, 1946	2½	12,825.00	392,100.00
31	Oct. 1, 1946	2½	17,825.00	642,100.00
31	Unclassified redemptions	2½		19,378,500.00
	Treasury savings notes:			
31	Series C-1951	1.07		11,423,400.00
31	Series D-1951	1.40		7,987,200.00
31	Series D-1952	1.40		65,501,000.00
31	Series D-1953	1.40	87,380,400.00	62,116,700.00
31	Series D-1954	1.40	167,441,900.00	115,000.00

Footnotes at end of table.

TABLE 24.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1950–June 1951* [1]—Continued

Date	Issue	Rate of interest [2]	Amount issued [3]	Amount matured, or called or redeemed prior to maturity [4]
1951		*Percent*		
Jan. 31	Miscellaneous			$51,500.00
	Total, January		$9,399,834,966.10	10,266,956,116.13
	Treasury bills:			
Feb. 1	Issued Nov. 2, 1950:			
	Redeemed in exchange for series dated Feb. 1, 1951	1.341		249,392,000.00
	Redeemable for cash			850,992,000.00
1	Maturing May 3, 1951:			
	Issued in exchange for series dated Nov. 2, 1950	1.391	249,392,000.00	
	Issued for cash		853,458,000.00	
8	Issued Nov. 9, 1950:			
	Redeemed in exchange for series dated Feb. 8, 1951	1.350		251,489,000.00
	Redeemable for cash			850,108,000.00
8	Maturing May 10, 1951:			
	Issued in exchange for series dated Nov. 9, 1950	1.391	251,489,000.00	
	Issued for cash		851,650,000.00	
15	Issued Nov. 16, 1950:			
	Redeemed in exchange for series dated Feb. 15, 1951	1.366		241,909,000.00
	Redeemable for cash			858,878,000.00
15	Maturing May 17, 1951:			
	Issued in exchange for series dated Nov. 16, 1950	1.391	241,909,000.00	
	Issued for cash		860,077,000.00	
23	Issued Nov. 24, 1950:			
	Redeemed in exchange for series dated Feb. 23, 1951	1.380		146,053,000.00
	Redeemable for cash			959,182,000.00
23	Maturing May 24, 1951:			
	Issued in exchange for series dated Nov. 24, 1950	1.390	146,053,000.00	
	Issued for cash		956,861,000.00	
	United States savings bonds:			
28	Series D-1941	2.90	3,257,866.00	[5] 273,913,741.50
28	Series E-1941	2.90	1,909,062.50	5,385,707.50
28	Series E-1942	2.90	10,950,134.00	21,489,587.00
28	Series E-1943	2.90	13,694,313.25	33,200,454.63
28	Series E-1944	2.90	24,458,257.20	38,934,403.35
28	Series E-1945	2.90	5,627,587.77	31,227,881.75
28	Series E-1946	2.90	4,545,299.52	16,940,891.70
28	Series E-1947	2.90	4,929,890.87	19,922,507.70
28	Series E-1948	2.90	4,327,335.74	25,444,785.59
28	Series E-1949	2.90	3,053,756.61	34,053,491.87
28	Series E-1950	2.90	24,872,267.47	66,667,392.01
28	Series E-1951	2.90	257,396,943.75	8,718.75
28	Series F-1941	2.53	238,113.60	1,058,489.80
28	Series F-1942	2.53	955,475.09	2,409,707.72
28	Series F-1943	2.53	697,125.45	2,512,945.04
28	Series F-1944	2.53	1,382,146.08	3,082,410.36
28	Series F-1945	2.53	436,700.53	2,361,068.91
28	Series F-1946	2.53	525,813.15	1,779,488.34
28	Series F-1947	2.53	438,056.81	2,099,461.76
28	Series F-1948	2.53	267,222.15	1,947,794.28
28	Series F-1949	2.53	167,530.16	1,635,072.30
28	Series F-1950	2.53	342,442.80	684,236.80
28	Series F-1951	2.53	17,125,856.50	370.00
28	Series G-1941	2.50		2,882,700.00
28	Series G-1942	2.50		6,647,200.00
28	Series G-1943	2.50		6,635,300.00
28	Series G-1944	2.50		7,262,500.00
28	Series G-1945	2.50		6,297,700.00
28	Series G-1946	2.50		7,988,500.00
28	Series G-1947	2.50		7,794,900.00
28	Series G-1948	2.50		6,384,800.00
28	Series G-1949	2.50	10,500.00	5,758,300.00
28	Series G-1950	2.50	1,860,400.00	4,265,100.00
28	Series G-1951	2.50	103,656,700.00	15,800.00
28	Unclassified sales and redemptions		[6] 17,101,142.12	68,692,289.71

Footnotes at end of table.

TABLE 24.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1950–June 1951* [1]—Continued

Date	Issue	Rate of interest [2]	Amount issued [3]	Amount matured, or called or redeemed prior to maturity [4]
1951		*Percent*		
Feb. 28	Depositary bonds, First Series	2	$4,977,000.00	$2,549,000.00
	Armed forces leave bonds:			
	Series 1946:			
28	Apr. 1, 1946	2½	13,325.00	587,225.00
88	July 1, 1946	2½	6,200.00	198,975.00
28	Oct. 1, 1946	2½	3,850.00	404,500.00
28	Unclassified redemptions	2½		4,887,650.00
	Treasury savings notes:			
28	Series C–1951	1.07		[5] 15,578,700.00
28	Series D–1951	1.40		6,817,500.00
28	Series D–1952	1.40		82,029,200.00
28	Series D–1953	1.40		29,101,600.00
28	Series D–1954	1.40	115,973,800.00	5,000.00
28	Miscellaneous			29,000.00
	Total, February		5,001,888,829.88	5,267,577,048.37
	Treasury bills:			
Mar. 1	Issued Nov. 30, 1950:			
	Redeemed in exchange for series dated Mar. 1, 1951	1.383		133,984,000.00
	Redeemable for cash			968,021,000.00
1	Maturing May 31, 1951:			
	Issued in exchange for series dated Nov. 30, 1950	1.390	133,984,000.00	
	Issued for cash		972,629,000.00	
8	Issued Dec. 7, 1950:			
	Redeemed in exchange for series dated Mar. 8, 1951	1.366		64,639,000.00
	Redeemable for cash			1,038,702,000.00
8	Maturing June 7, 1951:			
	Issued in exchange for series dated Dec. 7, 1950	1.406	64,639,000.00	
	Issued for cash		1,036,152,000.00	
15	Issued Dec. 14, 1950:			
	Redeemed in exchange for series dated Mar. 15, 1951	1.351		56,315,000.00
	Redeemable for cash			945,131,000.00
15	Maturing June 14, 1951:			
	Issued in exchange for series dated Dec. 14, 1950	1.402	56,315,000.00	
	Issued for cash		944,734,000.00	
22	Issued Dec. 21, 1950:			
	Redeemed in exchange for series dated Mar. 22, 1951	1.368		64,883,000.00
	Redeemable for cash			935,926,000.00
22	Maturing June 21, 1951:			
	Issued in exchange for series dated Dec. 21, 1950	1.405	64,883,000.00	
	Issued for cash		936,681,000.00	
29	Issued Dec. 28, 1950:			
	Redeemed in exchange for series dated Mar. 29, 1951	1.382		71,324,000.00
	Redeemable for cash			933,536,000.00
29	Maturing June 28, 1951:			
	Issued in exchange for series dated Dec. 28, 1950	1.507	71,324,000.00	
	Issued for cash		929,551,000.00	
	United States savings bonds:			
31	Series D–1941	2.90	963,553.00	8,122,572.50
31	Series E–1941	2.90	1,775,790.50	6,824,307.00
31	Series E–1942	2.90	11,703,550.25	29,190,525.25
31	Series E–1943	2.90	32,909,534.38	44,084,451.53
31	Series E–1944	2.90	11,313,957.03	52,271,987.90
31	Series E–1945	2.90	5,143,050.80	41,433,889.13
31	Series E–1946	2.90	4,322,633.90	22,400,531.25
31	Series E–1947	2.90	4,926,145.64	25,728,857.74
31	Series E–1948	2.90	4,024,141.29	31,974,476.74
31	Series E–1949	2.90	2,931,278.71	42,228,352.38
31	Series E–1950	2.90	25,602,994.87	95,752,360.68
31	Series E–1951	2.90	263,890,131.25	6,026,118.75
31	Series F–1941	2.53	237,324.39	1,246,097.30
31	Series F–1942	2.53	1,105,729.03	3,178,091.54
31	Series F–1943	2.53	2,428,494.34	3,420,554.24

Footnotes at end of table.

TABLE 24.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1950–June 1951* [1]—Continued

Date	Issue	Rate of interest [2]	Amount issued [3]	Amount matured, or called or redeemed prior to maturity [4]
1951	United States savings bonds—Continued	*Percent*		
Mar. 31	Series F-1944	2.53	$413,748.14	$4,409,886.77
31	Series F-1945	2.53	391,289.06	3,108,646.41
31	Series F-1946	2.53	508,709.30	2,452,749.33
31	Series F-1947	2.53	459,912.01	3,151,881.02
31	Series F-1948	2.53	252,830.52	2,312,448.98
31	Series F-1949	2.53	163,146.38	1,672,080.27
31	Series F-1950	2.53	265,616.70	1,351,579.45
31	Series F-1951	2.53	12,983,689.00	7,400.00
31	Series G-1941	2.50		3,622,500.00
31	Series G-1942	2.50	700.00	7,884,900.00
31	Series G-1943	2.50	700.00	9,270,000.00
31	Series G-1944	2.50		8,767,600.00
31	Series G-1945	2.50		7,247,800.00
31	Series G-1946	2.50	500.00	9,990,500.00
31	Series G-1947	2.50		8,821,000.00
31	Series G-1948	2.50		7,910,500.00
31	Series G-1949	2.50		6,665,200.00
31	Series G-1950	2.50	1,365,200.00	4,766,400.00
31	Series G-1951	2.50	72,624,700.00	9,000.00
31	Unclassified sales and redemptions		[6] 15,681,124.96	[6] 54,633,707.76
31	Depositary bonds, First Series	2	6,864,000.00	1,022,000.00
	Armed forces leave bonds:			
	Series 1946:			
31	Apr. 1, 1946	2½	9,775.00	1,626,100.00
31	July 1, 1946	2½	7,825.00	551,450.00
31	Oct. 1, 1946	2½	7,250.00	806,500.00
31	Unclassified redemptions	2½		[6] 18,559,050.00
	Treasury savings notes:			
31	Series C-1951	1.07		[5] 23,533,600.00
31	Series D-1951	1.40		31,721,100.00
31	Series D-1952	1.40		148,793,000.00
31	Series D-1953	1.40		362,248,000.00
31	Series D-1954	1.40	160,794,800.00	28,582,300.00
31	Miscellaneous			3,000.00
	Total, March		5,825,603,575.53	6,245,460,538.40
Apr. 1	Treasury bonds of 1967-72, dated June 1, 1945, redeemed in exchange for Treasury Bonds, Investment Series B-1975-80	2½		5,964,015,000.00
1	Treasury bonds of 1967-72, dated November 15, 1945, redeemed in exchange for Treasury Bonds, Investment Series B-1975-80	2½		7,610,211,000.00
1	Treasury Bonds, Investment Series B-1975-80	2¾	13,574,226,000.00	
	Treasury bills:			
5	Issued Jan. 4, 1951:			
	Reedemed in exchange for series dated April 5, 1951	1.381		61,229,000.00
	Redeemable for cash			941,164,000.00
5	Maturing July 5, 1951:			
	Issued in exchange for series dated Jan. 4, 1951	1.517	61,229,000.00	
	Issued for cash		940,325,000.00	
12	Issued Jan. 11, 1951:			
	Redeemed in exchange for series dated Apr. 12, 1951	1.387		161,255,000.00
	Redeemable for cash			838,639,000.00
12	Maturing July 12, 1951:			
	Issued in exchange for series dated Jan. 11, 1951	1.528	161,255,000.00	
	Issued for cash		839,148,000.00	
19	Issued Jan. 18, 1951:			
	Redeemed in exchange for series dated Apr. 19, 1951	1.391		156,480,000.00
	Redeemable for cash			846,227,000.00
19	Maturing July 19, 1951:			
	Issued in exchange for series dated Jan. 18, 1951	1.529	156,480,000.00	
	Issued for cash		844,056,000.00	
26	Issued Jan. 25, 1951:			
	Redeemed in exchange for series dated Apr. 26, 1951	1.389		35,540,000.00
	Redeemable for cash			967,759,000.00

Footnotes at end of table.

TABLE 24.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1950–June 1951* [1]—Continued

Date	Issue	Rate of interest [2]	Amount issued [3]	Amount matured, or called or redeemed prior to maturity [4]
1951	Treasury bills—Continued	*Percent*		
Apr. 26	Maturing July 26, 1951:			
	Issued in exchange for series dated Jan. 25, 1951	1.506	$35,540,000.00	
	Issued for cash		967,293,000.00	
	United States savings bonds:			
30	Series D-1941	2.90	1,119,606.00	$98,120,921.00
30	Series E-1941	2.90	2,071,083.00	5,823,566.00
30	Series E-1942	2.90	12,042,426.00	26,925,971.75
30	Series E-1943	2.90	25,488,492.01	42,323,383.00
30	Series E-1944	2.90	10,084,192.33	47,928,005.90
30	Series E-1945	2.90	6,278,971.57	38,358,011.19
30	Series E-1946	2.90	4,397,855.68	20,995,894.55
30	Series E-1947	2.90	4,657,688.01	24,384,915.63
30	Series E-1948	2.90	3,824,799.21	30,321,063.46
30	Series E-1949	2.90	2,721,096.54	39,935,640.73
30	Series E-1950	2.90	4,302,858.37	79,279,214.77
30	Series E-1951	2.90	263,792,656.25	23,486,893.75
30	Series F-1941	2.53	286,059.20	628,910.90
30	Series F-1942	2.53	939,430.29	2,013,734.58
30	Series F-1943	2.53	2,155,044.63	2,841,601.23
30	Series F-1944	2.53	310,325.04	2,766,205.84
30	Series F-1945	2.53	524,989.12	1,711,558.22
30	Series F-1946	2.53	493,963.09	1,675,059.90
30	Series F-1947	2.53	433,434.38	1,587,519.17
30	Series F-1948	2.53	201,856.02	1,443,811.59
30	Series F-1949	2.53	130,602.45	1,630,828.42
30	Series F-1950	2.53	39,922.80	1,219,229.00
30	Series F-1951	2.53	9,612,341.00	
30	Series G-1941	2.50	1,200.00	2,840,000.00
30	Series G-1942	2.50		6,463,800.00
30	Series G-1943	2.50		7,936,500.00
30	Series G-1944	2.50		7,340,200.00
30	Series G-1945	2.50		5,829,800.00
30	Series G-1946	2.50		7,519,500.00
30	Series G-1947	2.50	400.00	7,572,000.00
30	Series G-1948	2.50		6,300,100.00
30	Series G-1949	2.50		5,304,600.00
30	Series G-1950	2.50	139,100.00	4,276,400.00
30	Series G-1951	2.50	49,435,000.00	26,000.00
30	Unclassified sales and redemptions		[6] 16,124,940.80	[6] 55,482,128.81
30	Depositary bonds, First Series	2	8,692,000.00	965,000.00
	Armed forces leave bonds:			
	Series 1946:			
30	Apr. 1, 1946	2½	4,550.00	54,809,875.00
30	July 1, 1946	2½	4,725.00	376,825.00
30	Oct. 1, 1946	2½	2,900.00	561,850.00
30	Unclassified redemptions	2½		[6] 11,321,875.00
	Treasury savings notes:			
30	Series C-1951	1.07		[5] 16,585,900.00
30	Series D-1951	1.40		126,665,300.00
30	Series D-1952	1.40		95,998,500.00
30	Series D-1953	1.40		81,270,700.00
30	Series D-1954	1.40	141,067,500.00	7,140,600.00
30	Miscellaneous			445,500.00
	Total, April		18,118,684,127.19	18,457,345,886.77
	Treasury bills:			
May 3	Issued Feb. 1, 1951:			
	Redeemed in exchange for series dated May 3, 1951	1.391		28,390,000.00
	Redeemable for cash			1,074,460,000.00
3	Maturing Aug. 2, 1951:			
	Issued in exchange for series dated Feb. 1, 1951	1.508	28,390,000.00	
	Issued for cash		1,073,603,000.00	
10	Issued Feb. 8, 1951:			
	Redeemed in exchange for series dated May 10, 1951	1.391		52,467,000.00
	Redeemable for cash			1,050,672,000.00
10	Maturing Aug. 9, 1951:			
	Issued in exchange for series dated Feb. 8, 1951	1.566	52,467,000.00	
	Issued for cash		1,047,537,000.00	

Footnotes at end of table.

TABLE 24.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1950–June 1951* [1]—Continued

Date	Issue	Rate of interest [2]	Amount issued [3]	Amount matured, or called or redeemed prior to maturity [4]
1951	Treasury bills—Continued	*Percent*		
May 17	Issued Feb. 15, 1951:			
	Redeemed in exchange for series dated May 17, 1951	1.391		$263,583,000.00
	Redeemable for cash			838,403,000.00
17	Maturing Aug. 16, 1951:			
	Issued in exchange for series dated Feb. 15, 1951	1.626	$263,583,000.00	
	Issued for cash		837,113,000.00	
24	Issued Feb. 23, 1951:			
	Redeemed in exchange for series dated May 24, 1951	1.390		36,057,000.00
	Redeemable for cash			1,066,857,000.00
24	Maturing Aug. 23, 1951:			
	Issued in exchange for series dated Feb. 23, 1951	1.591	36,057,000.00	
	Issued for cash		1,064,826,000.00	
31	Issued Mar. 1, 1951:			
	Redeemed in exchange for series dated May 31, 1951	1.390		153,380,000.00
	Redeemable for cash			953,233,000.00
31	Maturing Aug. 30, 1951:			
	Issued in exchange for series dated Mar. 1, 1951	1.600	153,380,000.00	
	Issued for cash		947,308,000.00	
	United States savings bonds:			
31	Series E-1941; redeemed in exchange for Series G-1951	2.90		317,000.00
31	Series E-1941	2.90	4,117,109.00	19,105,901.50
31	Series E-1942	2.90	12,742,766.26	26,233,134.00
31	Series E-1943	2.90	13,593,145.50	41,565,632.51
31	Series E-1944	2.90	17,592,551.38	45,617,081.93
31	Series E-1945	2.90	15,452,280.05	36,122,183.05
31	Series E-1946	2.90	4,414,262.55	19,585,308.10
31	Series E-1947	2.90	4,303,760.59	22,110,868.45
31	Series E-1948	2.90	3,858,213.92	28,247,346.86
31	Series E-1949	2.90	2,737,646.57	36,351,297.37
31	Series E-1950	2.90	1,836,623.85	63,604,615.81
31	Series E-1951	2.90	249,737,587.75	41,296,700.00
31	Series F-1941	2.53	1,015,329.35	826,014.65
31	Series F-1942	2.53	957,851.68	2,535,166.09
31	Series F-1943	2.53	646,486.72	3,363,814.84
31	Series F-1944	2.53	985,068.59	2,650,642.45
31	Series F-1945	2.53	1,429,806.99	2,303,019.26
31	Series F-1946	2.53	466,568.28	1,706,461.29
31	Series F-1947	2.53	352,964.23	2,027,679.84
31	Series F-1948	2.53	192,259.51	1,851,835.94
31	Series F-1949	2.53	149,013.67	1,422,285.61
31	Series F-1950	2.53	39,217.20	1,728,194.30
31	Series F-1951	2.53	8,996,069.00	1,110.00
31	Series G-1941	2.50		3,660,600.00
31	Series G-1942	2.50		6,623,700.00
31	Series G-1943	2.50		8,144,200.00
31	Series G-1944	2.50		7,845,200.00
31	Series G-1945	2.50		7,166,000.00
31	Series G-1946	2.50		7,903,400.00
31	Series G-1947	2.50	[7] 400.00	7,076,200.00
31	Series G-1948	2.50		5,981,100.00
31	Series G-1949	2.50		6,313,000.00
31	Series G-1950	2.50	5,700.00	6,646,200.00
31	Series G-1951	2.50	42,655,300.00	27,600.00
31	Series G-1951; issued in exchange for Series E-1941	2.50	317,000.00	
31	Unclassified sales and redemptions		[6] 6,391,531.31	[6] 41,161,354.67
31	Depositary bonds, First Series	2	4,269,000.00	3,065,500.00
	Armed forces leave bonds:			
	Series 1946:			
31	July 1, 1946	2½	4,950.00	404,500.00
31	Oct. 1, 1946	2½	8,450.00	564,625.00

Footnotes at end of table.

TABLE 24.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1950–June 1951* [1]—Continued

Date	Issue	Rate of interest [2]	Amount issued [3]	Amount matured, or called or redeemed prior to maturity [4]
1951	Treasury savings notes:	*Percent*		
May 31	Series C-1951	1.07		[5] $13,884,500.00
31	Series D-1951	1.40		24,969,600.00
31	Series D-1952	1.40		115,458,800.00
31	Series D-1953	1.40	[7] $1,775,100.00	70,326,500.00
31	Series D-1954	1.40	70,653,400.00	12,483,600.00
31	Series A-1954	1.88	216,703,100.00	
31	Treasury Bonds—Investment Series B; 1975-80-redeemed in exchange for Treasury notes, Series EA-1956	2¾		26,000.00
31	Treasury notes, Series EA-1956	1½	26,000.00	
31	Miscellaneous			828,500.00
	Total, May		6,176,356,451.33	6,186,313,264.18
	Treasury bills:			
June 7	Issued Mar. 8, 1951:			
	Redeemed in exchange for series dated June 7, 1951	1.406		20,096,000.00
7	Redeemable for cash			1,080,695,000.00
	Maturing Sept. 6, 1951:			
	Issued in exchange for series dated Mar. 8, 1951	1.555	20,096,000.00	
	Issued for cash		1,081,371,000.00	
14	Issued Mar. 15, 1951:			
	Redeemed in exchange for series dated June 14, 1951	1.402		42,149,000.00
	Redeemable for cash			958,900,000.00
14	Maturing Sept. 13, 1951:			
	Issued in exchange for series dated Mar. 15, 1951	1.467	42,149,000.00	
	Issued for cash		959,079,000.00	
15	Treasury bonds of 1951-54:			
	Redeemed in exchange for certificates Series A-1952	2¾		1,516,450,000.00
	Redeemable for cash			110,236,150.00
15	Treasury notes, Series B-1951; redeemed in exchange for certificates Series A-1952	1¼		2,606,838,000.00
15	Treasury notes, Series C-1951; redeemed in exchange for certificates Series A-1952	1¼		831,082,000.00
15	Treasury notes, Series D-1951; redeemed in exchange for certificates Series A-1952	1¼		4,569,707,000.00
15	Certificates of indebtedness, Series A-1952	1⅞	9,524,077,000.00	
	Treasury bills:			
21	Issued Mar. 22, 1951:			
	Redeemed in exchange for series dated June 21, 1951	1.405		57,380,000.00
	Redeemable for cash			944,184,000.00
21	Maturing Sept. 20, 1951:			
	Issued in exchange for series dated Mar. 22, 1951	1.445	57,380,000.00	
	Issued for cash		943,522,000.00	
28	Issued Mar. 29, 1951:			
	Redeemed in exchange for series dated June 28, 1951	1.507		28,800,000.00
	Redeemable for cash			972,075,000.00
28	Maturing Sept. 27, 1951:			
	Issued in exchange for series dated Mar. 29, 1951	1.527	28,800,000.00	
	Issued for cash		971,572,000.00	
	United States savings bonds:			
30	Series E-1941; redeemed in exchange for Series G-1951	2.90		806,500.00
30	Series E-1941	2.90	9,849,659.25	28,375,820.25
30	Series E-1942	2.90	15,879,697.50	21,690,913.25
30	Series E-1943	2.90	14,720,012.50	33,867,016.51
30	Series E-1944	2.90	40,213,700.28	37,701,085.73
30	Series E-1945	2.90	15,006,932.35	30,722,365.61
30	Series E-1946	2.90	5,691,326.56	16,291,746.40
30	Series E-1947	2.90	5,544,092.96	17,843,464.65
30	Series E-1948	2.90	4,827,641.15	22,644,039.07
30	Series E-1949	2.90	3,479,176.36	29,331,260.14
30	Series E-1950	2.90	1,719,165.07	48,747,619.43
30	Series E-1951	2.90	240,492,249.75	45,358,978.00

Footnotes at end of table.

TABLE 24.—*Issues, maturities, and redemptions of interest-bearing public debt securities, excluding special issues, July 1950–June 1951* [1]—Continued

Date	Issue	Rate of interest [2]	Amount issued [3]	Amount matured, or called or redeemed prior to maturity [4]
1951	United States savings bonds—Continued	*Percent*		
June 30	Series F-1941	2.53	$926,597.92	$702,900.11
30	Series F-1942	2.53	1,246,527.72	2,275,735.70
30	Series F-1943	2.53	587,796.04	2,857,227.52
30	Series F-1944	2.53	2,861,004.17	2,843,273.38
30	Series F-1945	2.53	3,787,519.73	2,656,054.42
30	Series F-1946	2.53	640,087.52	1,708,974.11
30	Series F-1947	2.53	429,417.95	1,811,767.11
30	Series F-1948	2.53	269,208.60	1,588,798.80
30	Series F-1949	2.53	165,410.18	1,510,982.16
30	Series F-1950	2.53	37,270.60	3,603,283.85
30	Series F-1951	2.53	6,703,493.50	12,728.00
30	Series G-1941	2.50		4,170,400.00
30	Series G-1942	2.50		7,168,300.00
30	Series G-1943	2.50		7,987,200.00
30	Series G-1944	2.50		8,834,200.00
30	Series G-1945	2.50		7,858,100.00
30	Series G-1946	2.50	300.00	7,686,800.00
30	Series G-1947	2.50		7,260,200.00
30	Series G-1948	2.50		6,118,600.00
30	Series G-1949	2.50		5,616,000.00
30	Series G-1950	2.50	[7] 138,000.00	27,452,100.00
30	Series G-1951	2.50	34,578,800.00	12,000.00
30	Series G-1951; issued in exchange for Series E-1941	2.50	806,500.00	
30	Unclassified sales and redemptions		7,304,311.30	7,676,845.46
30	Depositary bonds, First Series	2	11,539,000.00	1,354,000.00
	Armed forces leave bonds:			
	Series 1946:			
30	July 1, 1946	2½	3,400.00	320,250.00
30	Oct. 1, 1946	2½	3,575.00	435,875.00
	Treasury savings notes:			
30	Series C-1951	1.07		25,866,200.00
30	Series D-1951	1.40		83,191,200.00
30	Series D-1952	1.40		1,228,023,700.00
30	Series D-1953	1.40		1,366,814,200.00
30	Series D-1954	1.40	1,000.00	176,799,200.00
30	Series A-1954	1.88	2,540,629,100.00	
	Treasury Bonds—Investment Series B-1975-80; redeemed in exchange for Treasury notes Series EA-1956	2¾		411,000.00
30	Treasury notes, Series EA-1956	1½	411,000.00	
30	Miscellaneous			907,600.00
	Total, June		16,598,262,973.96	17,075,508,654.66
	Total fiscal year 1951		112,502,764,036.69	117,153,524,911.35

[1] On basis of daily Treasury statements, supplemented by special statements on public debt issues, redemptions, and exchanges by Bureau of the Public Debt.
[2] For Treasury bills, average rates on bank discount basis are shown; for United States savings bonds, approximate yield to maturity is shown.
[3] For United States savings bonds of Series E and F not currently on sale, amounts represent accrued discount plus issue price of bonds in adjustment cases; for Series E and F currently on sale, amounts represent issue price plus accrued discount; and for Series G, amounts represent issue price at par.
[4] For United States savings bonds of Series E and F, amounts represent current redemption value (issue price plus accrued discount); and for Series G, amounts represent redemption value at par.
[5] Includes securities of certain issue months which have matured.
[6] Deduct: Represents excess of amounts transferred from unclassified sales and redemptions to sales and redemptions of a designated series over amounts received as unclassified sales and redemptions.
[7] Deduct.

TABLE 25.—*Public debt increases and decreases, and balances in general fund, fiscal years 1916–51*

[In millions of dollars. On basis of daily Treasury statements, see p. 675]

Fiscal year	Public debt outstanding at end of year	Increase, or decrease (−), in public debt during year	Analysis of increase or decrease in public debt			General fund balance at end of year
			Due to excess of expenditures (+) or receipts (−)	Resulting increase (+) or decrease (−) in general fund balance	Decreases due to statutory debt retirements [1]	
1915	1,191.4					158.1
1916	1,225.1	33.8	−48.5	+82.3		240.4
1917	2,975.6	1,750.5	+853.4	+897.1		1,137.5
1918	12,455.2	9,479.6	+9,033.3	+447.5	1.1	1,585.0
1919	25,484.5	13,029.3	+13,370.6	−333.3	8.0	1,251.7
1920	24,299.3	−1,185.2	−212.5	−894.0	78.7	357.7
1921	23,977.5	−321.9	−86.7	+192.0	427.1	549.7
1922	22,963.4	−1,014.1	−313.8	−277.6	422.7	272.1
1923	22,349.7	−613.7	−309.7	+98.8	402.9	370.9
1924	21,250.8	−1,098.9	−505.4	−135.5	458.0	235.4
1925	20,516.2	−734.6	−250.5	−17.6	466.5	217.8
1926	19,643.2	−873.0	−377.8	−7.8	487.4	210.0
1927	18,511.9	−1,131.3	−635.8	+24.1	519.6	234.1
1928	17,604.3	−907.6	−398.8	+31.5	540.3	265.5
1929	16,931.1	−673.2	−184.8	+61.2	549.6	326.7
1930	16,185.3	−745.8	−183.8	−8.1	553.9	318.6
1931	16,801.3	616.0	+902.7	+153.3	440.1	471.9
1932	19,487.0	2,685.7	+3,153.1	−54.7	412.6	417.2
1933	22,538.7	3,051.7	+3,068.3	+445.0	461.6	862.2
1934	27,053.1	4,514.5	+3,154.6	+1,719.7	359.9	2,581.9
1935	28,700.9	1,647.8	+2,961.9	−740.6	573.6	1,841.3
1936	33,778.5	5,077.7	+4,640.7	+840.2	403.2	2,681.5
1937	36,424.6	2,646.1	+2,878.1	−128.0	104.0	2,553.5
1938	37,164.7	740.1	+1,143.1	−337.6	65.5	2,215.9
1939	40,439.5	3,274.8	+2,710.7	+622.3	58.2	2,838.2
1940	42,967.5	2,528.0	+3,604.7	−947.5	129.2	1,890.7
1941	48,961.4	5,993.9	+5,315.7	+742.4	64.3	2,633.2
1942	72,422.4	23,461.0	+23,197.8	+358.0	94.7	2,991.1
1943	136,696.1	64,273.6	+57,761.7	+6,515.4	3.5	9,506.6
1944	201,003.4	64,307.3	+53,645.3	+10,662.0	(*)	20,168.6
1945	258,682.2	57,678.8	+53,149.6	+4,529.2	(*)	24,697.7
1946	269,422.1	10,739.9	+21,199.8	−10,459.8	(*)	14,237.9
1947	258,286.4	−11,135.7	−206.0	−10,929.7		3,308.1
1948	252,292.2	−5,994.1	[1]−6,606.4	+1,623.9	1,011.6	4,932.0
1949	252,770.4	478.1	+1,947.5	−1,461.6	7.8	3,470.4
1950	257,357.4	4,587.0	+2,592.0	+2,046.7	51.7	5,517.1
1951	255,222.0	−2,135.4	−3,973.6	+1,839.5	1.2	7,356.6
Total		254,030.6	+255,990.5	+7,198.5	9,158.4	

SUMMARY OF CHANGES IN THE PUBLIC DEBT, FISCAL YEARS 1916–51

[In millions of dollars]

Increase in debt on account of—		
Excess of expenditures in certain years	270,284.6	
Net increase in general fund balance	7,198.5	
		277,483.1
Decrease in debt on account of—		
Statutory debt retirements	9,158.4	
Retirements from surplus receipts in certain years	14,294.2	
		23,452.6
Net increase in debt since June 30, 1915		254,030.6
Public debt:		
As of June 30, 1915	1,191.4	
As of June 30, 1951	255,222.0	
Net increase, as above		254,030.6

*Less than $50,000.

[1] Beginning 1948, statutory debt retirements were not included in budget expenditures in the daily Treasury statement. Such expenditures have been included in this table for comparative purposes.

TABLE 26.—*Statutory debt retirements, fiscal years 1918–51*

[In thousands of dollars. On basis of par amounts and of daily Treasury statements through 1947, and on basis of Public Debt accounts thereafter; see p. 675]

Fiscal year	Cumulative sinking fund	Repayments of foreign debt	Bonds and notes received for estate taxes	Bonds received for loans from Public Works Administration	Franchise tax receipts, Federal Reserve Banks	Payments from net earnings, Federal intermediate credit banks [1]	Commodity Credit Corporation capital repayments	Miscellaneous gifts, forfeitures, etc.	Total
1918					1,134				1,134
1919		7,922	93						8,015
1920		72,670	3,141		2,922			13	78,746
1921	261,100	73,939	26,349		60,724			[2] 5,010	427,123
1922	276,046	64,838	21,085		60,333			393	422,695
1923	284,019	100,893	6,569		10,815			555	402,850
1924	295,987	149,388	8,897		3,635			93	458,000
1925	306,309	159,179	47		114	680		208	466,538
1926	317,092	169,654			59	509		63	487,376
1927	333,528	179,216			818	414		5,578	519,555
1928	354,741	181,804	2		250	369		3,090	540,255
1929	370,277	176,213	20		2,667	266		160	549,604
1930	388,369	160,926	73		4,283	172		61	553,884
1931	391,660	48,246			18	74		85	440,082
1932	412,555		1			21		53	412,630
1933	425,660	33,887			2,037			21	461,605
1934	359,492	357						15	359,864
1935	573,001		1					556	573,558
1936	403,238							1	403,240
1937	103,815	142						14	103,971
1938	65,116	210						139	65,465
1939	48,518	120		8,095		1,501		12	58,246
1940	128,349			134		685		16	129,184
1941	37,011			1,321		548	25,364	16	64,260
1942	75,342			668		315	18,393	5	94,722
1943	3,460							4	3,463
1944	−1							3	2
1945								2	2
1946								4	4
1947								(3)	
1948	746,636			8,028		1,634	45,509	[4] 209,828	1,011,636
1949	7,498					178		[4] 81	7,758
1950	1,815					261	48,943	[4] 690	51,709
1951	839					394			1,232
Total	6,971,471	1,579,605	66,278	18,248	149,809	8,021	138,209	226,769	9,158,409

[1] Act of Mar. 4, 1923 (42 Stat. 1456, sec. 206 (b)), requiring division of net earnings, was amended by act of May 19, 1932 (47 Stat. 159, sec. 3). Act of Aug. 19, 1937 (50 Stat. 715, sec. 30), provides for franchise tax.

[2] Includes $4,842,066.45 written off the debt Dec. 31, 1920, on account of fractional currency estimated to have been lost or destroyed in circulation.

[3] Beginning with 1947, bonds acquired through gifts, forfeitures, and estate taxes are redeemed prior to maturity from regular public debt receipts.

[4] Represents payments from net earnings, War Damage Corporation.

TABLE 27.—*Cumulative sinking fund, fiscal years 1921–51*

[In millions of dollars. On basis of Public Debt accounts, see p. 675]

Fiscal year	Appropriations	Available for expenditure during year [1]	Debt retired [2]	
			Par amount	Cost (principal)
1921	256.2	256.2	261.3	254.8
1922	273.1	274.5	275.9	274.5
1923	284.1	284.2	284.0	284.1
1924	294.9	294.9	296.0	294.9
1925	306.7	306.7	306.3	306.7
1926	321.2	321.2	317.1	321.2
1927	336.9	336.9	333.5	336.9
1928	355.1	355.1	354.7	355.1
1929	370.2	370.2	370.3	370.2
1930	382.9	382.9	388.4	382.9
1931	392.2	392.2	391.7	392.2
1932	410.9	410.9	412.6	410.9
1933	425.6	425.6	425.7	425.6
1934	438.5	438.5	359.5	359.2
1935	493.8	573.2	573.0	573.0
1936	553.0	553.2	403.3	403.3
1937	572.8	722.7	103.7	103.7
1938	577.6	1,196.5	65.2	65.2
1939	580.9	1,712.2	48.5	48.5
1940	582.0	2,245.6	128.3	128.3
1941	585.8	2,703.2	37.0	37.0
1942	586.9	3,253.1	75.3	75.3
1943	587.8	3,765.6	3.4	3.4
1944	587.6	4,349.7		
1945	587.6	4,937.4		
1946	587.6	5,525.0		
1947	587.6	6,112.6		
1948	603.5	6,716.0	746.6	746.6
1949	619.6	6,589.0	7.5	7.5
1950	619.7	7,201.2	1.8	1.8
1951	619.8	7,819.2	.8	.8
Total	14,782.1		6,971.5	6,963.8
Deduct cumulative expenditures	6,963.8			
Unexpended balance	7,818.3			

[1] Amount available each year includes unexpended balance brought forward from prior year.
[2] Net discount on debt retired through June 30, 1951, is $7.7 million.

TABLE 28.—*Transactions on account of the cumulative sinking fund, fiscal year 1951*

[On basis of Public Debt accounts, see p. 675]

Unexpended balance July 1, 1950		$7,199,432,324.30
Appropriation for 1951:		
Initial credit:		
(a) Under the Victory Loan Act (2½% of the aggregate amount of Liberty bonds and Victory notes outstanding on July 1, 1920, less an amount equal to the par amount of any obligation of foreign governments held by the United States on July 1, 1920)	$253,404,864.87	
(b) Under the Emergency Relief and Construction Act of 1932 (2½% of the aggregate amount of expenditures from appropriations made or authorized under this act)	7,860,606.83	
(c) Under the National Industrial Recovery Act (2½% of the aggregate amount of expenditures from appropriations made or authorized under this act)	80,163,742.84	
Total initial credit	341,429,214.54	
Secondary credit (the interest which would have been payable during the fiscal year for which the appropriation is made on the bonds and notes purchased, redeemed, or paid out of the sinking fund during such year or in previous years)	278,325,180.99	619,754,395.53
Total available, 1951		7,819,186,719.83
Securities retired in 1951: 4¼% Treasury bonds of 1947–52		838,700.00
Unexpended balance June 30, 1951		7,818,348,019.83

United States savings bonds and Treasury savings notes

TABLE 29.—*Summary of sales and redemptions of savings bonds by series, fiscal years 1935–51 and monthly 1951*

[In millions of dollars. On basis of daily Treasury statements, see p. 675]

Fiscal year or month	Series A–D [1]	Series E	Series F	Series G [2]	Total
	Sales [3] at issue price plus accrued discount				
1935 (Mar. 1–June 30)	62.6				62.6
1936	265.2				265.2
1937	519.7				519.7
1938	504.7				504.7
1939	712.5				712.5
1940	1,150.8				1,150.8
1941	893.0	203.1	66.7	394.6	1,557.4
1942	86.6	3,527.8	435.1	2,032.1	6,081.6
1943	92.1	8,304.4	760.4	2,759.5	11,916.3
1944	96.0	11,938.1	811.1	2,875.6	15,720.9
1945	103.3	11,818.1	698.0	2,658.3	15,277.8
1946	106.0	7,172.7	440.1	2,465.4	10,184.2
1947	107.5	4,823.6	406.8	2,560.8	7,898.7
1948	110.1	4,659.2	362.4	1,907.4	7,039.1
1949	100.7	5,031.9	545.2	2,390.0	8,067.6
1950	67.8	4,887.4	314.1	1,448.5	6,717.8
1951	24.6	4,307.1	437.4	[4] 1,523.3	6,292.3
Total through June 30, 1951	5,003.1	66,673.4	5,277.3	23,015.4	99,969.2
1950—July	4.9	415.5	24.1	86.6	531.1
August	4.2	342.8	15.8	69.9	432.7
September	1.8	323.4	14.2	57.6	397.0
October	2.1	342.8	150.9	554.7	1,050.5
November	.9	320.4	42.7	153.4	517.5
December	2.0	391.2	71.2	197.0	661.4
1951—January	3.5	447.6	30.2	114.5	595.9
February	3.3	347.7	22.5	96.6	470.0
March	1.0	361.0	18.1	67.0	447.0
April	1.1	326.7	14.6	47.0	389.4
May	(*)	326.8	14.4	41.0	382.2
June	(*)	361.1	18.6	38.0	417.6
	Redemptions [5] (including redemptions of matured bonds) at current redemption value				
1935 (Mar. 1–June 30)	0.5				0.5
1936	11.2				11.2
1937	36.2				36.2
1938	66.6				66.6
1939	82.0				82.0
1940	114.3				114.3
1941	147.5	(*)	(*)	0.5	148.1
1942	132.7	60.0	2.9	11.8	207.4
1943	88.2	688.6	17.0	54.5	848.3
1944	79.3	2,099.9	57.7	134.0	2,370.9
1945	142.8	3,845.9	89.3	220.4	4,298.4
1946	308.6	5,911.7	149.1	347.7	6,717.1
1947	482.1	4,390.9	203.0	469.0	5,544.9
1948	515.9	3,824.8	206.5	565.7	5,112.9
1949	702.6	3,529.7	216.0	619.0	5,067.4
1950	1,080.6	3,520.9	199.2	621.4	5,422.1
1951	800.2	[4] 4,294.7	247.9	794.4	6,137.1
Total through June 30, 1951	4,791.3	32,167.0	1,388.6	3,838.5	42,185.3
1950—July	55.8	367.9	21.7	59.6	505.0
August	64.0	393.5	20.4	58.9	536.8
September	42.5	348.1	19.7	64.8	475.1
October	56.3	359.9	20.2	60.1	496.5
November	49.7	317.9	18.8	61.6	448.0
December	69.6	349.6	22.3	68.0	509.4
1951—January	119.9	448.2	19.4	65.5	653.0
February	84.7	362.0	19.6	61.9	528.1
March	115.1	343.3	26.3	75.0	559.7
April	68.5	324.3	17.5	61.4	471.7
May	50.9	339.0	20.4	67.4	477.7
June	23.3	341.1	21.6	90.2	476.1

*Less than $50,000.

[1] Not issued after Apr. 30, 1941. Sales figures after that date represent accrued discount on outstanding bonds and adjustments. Series A bonds began to mature in March 1945; Series B, in January 1946; Series C–1937, in January 1947; Series C–1938, in January 1948; Series D–1939, in January 1949; Series D–1940, in January 1950; and Series D–1941, in January 1951.

[2] Series G is stated at par.

[3] See table 30, footnote 2.

[4] See table 30, footnote 7.

[5] See table 30, footnote 3.

TABLE 30.—*Sales and redemptions of Series E, F, and G savings bonds by series, fiscal years 1941–51 and monthly 1951*

[In millions of dollars]

Fiscal year or month	Sales [1] [2]	Accrued discount	Sales plus accrued discount	Redemptions [3]: Total	Redemptions [3]: Original purchase price [4]	Redemptions [3]: Accrued discount [5]	Amounts outstanding [6] (interest-bearing)
			Series E				
1941 (May 1–June 30)	203.1		203.1	(*)	(*)		203.1
1942	3,526.3	1.5	3,527.8	60.0	60.0	(*)	3,670.8
1943	8,271.3	33.1	8,304.4	688.6	688.0	0.6	11,286.6
1944	11,819.7	118.4	11,938.1	2,099.9	2,094.7	5.2	21,124.8
1945	11,553.4	264.8	11,818.1	3,845.9	3,825.5	20.4	29,097.1
1946	6,738.9	433.8	7,172.7	5,911.7	5,842.8	68.9	30,358.2
1947	4,287.3	536.3	4,823.6	4,390.9	4,288.0	102.9	30,791.0
1948	4,026.1	633.1	4,659.2	3,824.8	3,689.0	135.8	31,625.3
1949	4,278.5	753.4	5,031.9	3,529.7	3,367.9	161.9	33,127.4
1950	3,992.9	894.6	4,887.4	3,520.9	3,326.1	194.7	34,494.0
1951	3,272.1	1,035.0	4,307.1	[7] 4,294.7	3,987.3	307.3	34,506.4
Total through June 30, 1951	61,969.5	4,703.9	66,673.4	32,167.0	31,169.4	997.6	34,506.4
1950—July	317.6	97.9	415.5	367.9	348.1	19.8	34,541.6
August	269.7	73.1	342.8	393.5	365.9	27.6	34,490.9
September	244.0	79.4	323.4	348.1	325.7	22.4	34,466.2
October	271.2	71.6	342.8	359.9	333.1	26.8	34,449.1
November	246.1	74.3	320.4	317.9	294.8	23.1	34,451.7
December	283.8	107.4	391.2	349.6	327.1	22.5	34,493.3
1951—January	342.5	105.1	447.6	448.2	422.3	25.9	34,492.7
February	272.5	75.2	347.7	362.0	340.3	21.7	34,478.5
March	280.2	80.8	361.0	343.3	313.9	29.4	34,496.2
April	253.7	73.0	326.7	324.3	296.3	28.0	34,498.6
May	246.5	80.3	326.8	339.0	308.1	30.9	34,486.4
June	244.3	116.7	361.1	341.1	311.8	29.3	34,506.4
			Series F				
1941 (May 1–June 30)	66.7		66.7	(*)	(*)		66.6
1942	434.9	0.2	435.1	2.9	2.9	(*)	498.9
1943	757.9	2.5	760.4	17.0	17.0	(*)	1,242.3
1944	802.2	8.8	811.1	57.7	57.4	0.3	1,995.7
1945	679.1	18.9	698.0	89.3	88.5	.9	2,604.4
1946	407.3	32.8	440.1	149.1	146.5	2.6	2,895.4
1947	359.7	47.2	406.8	203.0	197.2	5.8	3,099.2
1948	301.2	61.2	362.4	206.5	197.8	8.7	3,255.1
1949	[8] 472.6	72.6	545.2	216.0	204.2	11.8	3,584.3
1950	231.3	82.8	314.1	199.2	185.3	13.9	3,699.2
1951	[9] 347.5	89.9	437.4	247.9	226.9	21.0	3,888.7
Total through June 30, 1951	4,860.4	416.8	5,277.3	1,388.6	1,323.8	64.9	3,888.7
1950—July	13.0	11.2	24.1	21.7	20.0	1.6	3,701.7
August	10.8	5.0	15.8	20.4	18.8	1.6	3,697.1
September	8.3	5.9	14.2	19.7	18.2	1.5	3,691.5
October	145.4	5.4	150.9	20.2	18.6	1.6	3,822.2
November	36.7	6.0	42.7	18.8	17.3	1.6	3,846.1
December	60.6	10.6	71.2	22.3	20.3	2.1	3,895.0
1951—January	18.4	11.8	30.2	19.4	17.6	1.7	3,905.9
February	17.3	5.2	22.5	19.6	17.9	1.7	3,908.8
March	12.1	6.0	18.1	26.3	24.0	2.3	3,900.6
April	9.1	5.5	14.6	17.5	16.0	1.5	3,897.6
May	8.2	6.2	14.4	20.4	18.6	1.8	3,891.6
June	7.6	11.0	18.6	21.6	19.8	1.8	3,888.7

Footnotes at end of table.

TABLE 30.—*Sales and redemptions of Series E, F, and G savings bonds by series, fiscal years 1941-51 and monthly 1951*—Continued

[In millions of dollars]

Fiscal year or month	Sales [1] [2]	Accrued discount	Sales plus accrued discount	Redemptions [3] Total	Redemptions [3] Original purchase price [4]	Redemptions [3] Accrued discount [5]	Amounts outstanding [6] (interest-bearing)
			Series G				
1941 (May 1-June 30)	394.6		394.6	0.5	0.5		394.0
1942	2,032.1		2,032.1	11.8	11.8		2,414.3
1943	2,759.5		2,759.5	54.5	54.5		5,119.2
1944	2,875.6		2,875.6	134.0	134.0		7,860.8
1945	2,658.3		2,658.3	220.4	220.4		10,298.8
1946	2,465.4		2,465.4	347.7	347.7		12,416.5
1947	2,560.8		2,560.8	469.0	469.0		14,508.3
1948	1,907.4		1,907.4	565.7	565.7		15,850.0
1949	[8] 2,390.0		2,390.0	619.0	619.0		17,620.9
1950	1,448.5		1,448.5	621.4	621.4		18,448.0
1951	[7 9] 1,523.3		1,523.3	794.4	794.4		19,177.0
Total through June 30, 1951	23,015.4		23,015.4	3,838.5	3,838.5		19,177.0
1950—July	86.6		86.6	59.6	59.6		18,475.0
August	69.9		69.9	58.9	58.9		18,486.0
September	57.6		57.6	64.8	64.8		18,478.8
October	554.7		554.7	60.1	60.1		18,973.4
November	153.4		153.4	61.6	61.6		19,065.2
December	197.0		197.0	68.0	68.0		19,194.2
1951—January	114.5		114.5	65.5	65.5		19,243.3
February	96.6		96.6	61.9	61.9		19,278.0
March	67.0		67.0	75.0	75.0		19,270.0
April	47.0		47.0	61.4	61.4		19,255.5
May	41.0		41.0	67.4	67.4		19,229.2
June	38.0		38.0	90.2	90.2		19,177.0

NOTE.—Details by months from May 1941 for Series E, F, and G bonds (and from May 1935 for Series A-D bonds) will be found in 1943 annual report, p. 604, and in corresponding tables in subsequent reports.

*Less than $50,000.

[1] Includes sales of F and G bonds to commercial banks. During calendar year 1940, commercial banks were permitted to purchase limited amounts of Series F and G bonds for investment of savings deposits (for details as to limitations, see pp. 44 and 47 of 1944 annual report); and they were again permitted to make such purchases from June 18 through June 30, 1945 (see pp. 50 and 51 of 1945 annual report), and from Dec. 3 through Dec. 8, 1945 (see p. 38 of 1946 annual report). See also footnotes 8 and 9.

[2] Beginning with June 1947, Series E sales include small amounts of unclassified sales consisting of Series E, F, and G. These amounts are substantially less than sales reported as unclassified in daily Treasury statement. The greater part of that item consists of sales for which information is available as to series but not year of issue. On basis of that information such sales are included in this table according to series. Prior to June 1947 it was possible to distribute by series all sales reported as unclassified in daily Treasury statement.

[3] Series E redemptions include small amounts of unclassified Series A-D redemptions beginning with October 1944, and small amounts also of unclassified Series F and G redemptions beginning with June 1947.

[4] Estimated, except for Series G.

[5] Estimated. Figures represent increment in value.

[6] Amounts outstanding are at current redemption values, except Series G bonds which are stated at par. Unclassified bonds shown in daily Treasury statement have been classified by series in this table.

[7] Beginning with May 1951, includes exchanges of matured Series E bonds for Series G bonds. See exhibit 15.

[8] Includes sales to institutional investors from July 1-15, 1948 (Security Loan drive). See 1948 annual report, exhibit 12.

[9] Includes sales to certain classes of institutional investors in excess of regular limitations. See exhibit 12.

TABLE 31.—*Sales of Series E, F, and G savings bonds by denominations, fiscal years 1941–51 and monthly 1951*

[On basis of daily Treasury statements and reports of sales]

Fiscal year or month	Total, all denominations	$10 [1]	$25	$50	$100	$200 [2]	$500	$1,000
	Series E sales, in millions of dollars at issue price							
1941 and 1942	3,729.4	....	630.0	354.8	854.1	....	677.6	1,212.9
1943	8,271.3	....	2,988.2	1,081.0	1,713.8	....	1,007.3	1,481.0
1944	11,819.7	....	4,149.1	1,642.5	2,583.5	....	1,396.9	2,047.8
1945	11,553.4	69.2	3,927.7	1,724.8	2,406.2	....	1,325.7	2,099.7
1946	6,738.9	63.8	2,101.3	910.3	1,102.0	196.6	774.3	1,590.6
1947	4,287.3	15.7	860.2	408.6	585.2	120.1	616.7	1,680.8
1948	4,026.1	3.9	677.7	371.3	583.2	122.4	589.2	1,678.3
1949	4,278.5	3.0	738.7	428.4	641.3	137.4	588.4	1,741.3
1950	3,992.9	2.5	734.1	444.0	649.1	137.5	529.7	1,496.0
1951	3,272.1	(*)	782.8	442.0	573.7	117.8	388.6	967.2
1950—July	317.6	(*)	60.3	36.9	53.5	11.4	43.0	112.5
August	269.7	(*)	59.6	35.4	48.3	10.1	34.5	81.7
September	244.0	(*)	56.6	32.7	44.5	9.1	30.3	70.8
October	271.2	(*)	64.9	37.5	49.5	10.4	33.0	75.9
November	246.1	(*)	60.9	34.8	46.4	9.3	29.5	65.2
December	283.8	(*)	69.4	39.8	51.4	10.8	33.7	78.7
1951—January	342.5	(*)	67.3	38.6	54.0	11.8	42.6	128.4
February	272.5	(*)	61.9	34.8	45.0	9.3	31.5	90.0
March	280.2	(*)	73.1	39.4	48.2	9.6	31.1	78.8
April	253.7	(*)	68.3	37.1	44.4	8.7	27.4	67.8
May	246.5	(*)	69.8	37.6	44.4	8.8	26.1	59.9
June	244.3	(*)	70.8	37.3	44.1	8.6	25.8	57.7
	Series E sales, in thousands of pieces							
1941 and 1942	57,873	....	33,599	9,461	11,389	....	1,807	1,617
1943	215,709	....	159,369	28,828	22,851	....	2,686	1,975
1944	305,986	....	221,284	43,800	34,447	....	3,725	2,730
1945	303,116	9,223	209,480	45,995	32,083	....	3,535	2,800
1946	165,039	8,505	112,071	24,274	14,693	1,311	2,065	2,121
1947	71,356	2,095	45,876	10,896	7,803	801	1,645	2,241
1948	58,971	522	36,146	9,901	7,777	816	1,571	2,238
1949	64,576	394	39,400	11,425	8,550	916	1,569	2,322
1950	64,304	335	39,150	11,841	8,654	917	1,413	1,995
1951	64,299	1	41,751	11,786	7,649	786	1,036	1,290
1950—July	5,253	1	3,214	985	713	76	115	150
August	5,035	(*)	3,177	944	645	67	92	109
September	4,720	(*)	3,017	873	593	61	81	94
October	5,380	(*)	3,461	1,000	660	69	88	101
November	5,023	(*)	3,248	928	618	62	79	87
December	5,714	(*)	3,700	1,063	686	72	90	105
1951—January	5,698	(*)	3,587	1,028	720	78	114	171
February	5,095	(*)	3,300	929	600	62	84	120
March	5,845	(*)	3,901	1,050	642	64	83	105
April	5,446	(*)	3,644	988	592	58	73	90
May	5,527	(*)	3,725	1,002	592	58	70	80
June	5,562	(*)	3,776	995	588	57	69	77

Fiscal year or month	Total, all denominations	$25 [3]	$100	$500	$1,000	$5,000	$10,000
	Series F sales, in millions of dollars at issue price						
1941 and 1942	501.6	1.3	20.5	29.6	136.9	104.0	209.4
1943	757.9	4.0	24.8	40.6	210.1	170.2	308.3
1944	802.2	5.6	24.9	40.9	213.3	162.7	354.8
1945	679.1	5.4	20.0	32.7	167.3	127.5	326.2
1946	407.3	2.3	9.9	16.9	101.3	77.7	199.2
1947	359.7	.8	5.9	11.6	89.0	72.1	180.3
1948	301.2	.6	4.9	10.5	72.0	59.0	154.2
1949 [4]	472.6	.5	4.0	8.0	54.9	51.0	354.2
1950	231.3	.5	3.7	7.1	48.7	37.5	133.8
1951 [5]	347.5	.4	2.9	5.2	33.2	29.5	276.4
1950—July	13.0	(*)	.3	.5	3.5	2.3	6.4
August	10.8	(*)	.2	.4	3.0	1.8	5.3
September	8.3	(*)	.2	.4	2.1	1.8	3.9
October	145.4	(*)	.2	.5	3.6	6.3	134.9
November	36.7	(*)	.2	.4	2.8	2.5	30.7
December	60.6	(*)	.3	.5	3.2	3.5	53.1
1951—January	18.4	(*)	.2	.4	3.0	2.6	12.1
February	17.3	(*)	.3	.5	3.1	2.4	11.0
March	12.1	(*)	.2	.5	2.7	1.8	6.8
April	9.1	(*)	.2	.4	2.4	1.6	4.4
May	8.2	(*)	.2	.3	1.8	1.6	4.3
June	7.6	(*)	.2	.4	2.0	1.4	3.5

Footnotes at end of table.

TABLE 31.—*Sales of Series E, F, and G savings bonds by denominations, fiscal years 1941–51 and monthly 1951*—Continued

Fiscal year or month	Total, all denominations	$25 [3]	$100	$500	$1,000	$5,000	$10,000
	Series F sales, in thousands of pieces						
1941 and 1942	670	72	277	80	185	28	28
1943	1,032	216	335	110	284	46	42
1944	1,130	303	336	111	288	44	48
1945	955	291	270	88	226	34	44
1946	489	126	133	46	137	21	27
1947	317	43	79	31	120	19	24
1948	260	31	67	28	97	16	21
1949 [4]	239	28	54	22	74	14	48
1950	190	26	50	19	66	10	18
1951 [5]	163	21	39	14	45	8	37
1950—July	13	2	4	1	5	1	1
August	11	1	3	1	4	(*)	1
September	9	2	2	1	3	(*)	1
October	31	2	3	1	5	2	18
November	15	2	3	1	4	1	4
December	19	2	4	1	4	1	7
1951—January	12	2	3	1	4	1	2
February	14	2	4	1	4	1	1
March	12	2	3	1	4	(*)	1
April	10	2	3	1	3	(*)	1
May	9	2	3	1	2	(*)	1
June	9	2	3	1	3	(*)	(*)
	Series G sales, in millions of dollars at issue price						
1941 and 1942	2,426.6	--------	55.7	124.2	660.6	478.0	1,108.2
1943	2,759.5	--------	81.5	188.7	805.7	526.3	1,157.3
1944	2,875.6	--------	108.8	249.6	942.3	520.7	1,054.2
1945	2,658.3	--------	88.5	221.9	844.7	467.6	1,035.6
1946	2,465.4	--------	51.6	162.6	799.7	478.6	973.0
1947	2,560.8	--------	38.7	157.0	849.4	540.2	975.4
1948	1,907.4	--------	31.8	125.4	650.1	403.5	696.5
1949 [4]	2,390.0	--------	25.7	96.1	481.5	295.2	1,491.5
1950	1,448.5	--------	22.5	80.4	420.4	263.0	662.3
1951 [5 6]	1,523.3	--------	15.4	52.5	256.1	151.4	1,047.9
1950—July	86.6	--------	1.6	6.2	31.2	18.8	28.8
August	69.9	--------	1.5	5.2	25.0	13.6	24.6
September	57.6	--------	1.3	4.2	20.3	12.4	19.5
October	554.7	--------	1.4	4.9	24.6	17.7	506.0
November	153.4	--------	1.1	3.6	16.7	10.6	121.5
December	197.0	--------	1.3	4.1	20.0	13.1	158.4
1951—January	114.5	--------	1.4	4.7	26.1	15.4	66.9
February	96.6	--------	1.2	4.0	20.5	12.1	58.9
March	67.0	--------	1.2	4.2	21.9	11.8	27.8
April	47.0	--------	1.2	3.9	18.1	9.4	14.3
May	41.0	--------	1.0	3.6	16.3	8.4	11.8
June	38.0	--------	1.1	3.9	15.5	8.0	9.5
	Series G sales, in thousands of pieces						
1941 and 1942	1,673	--------	557	248	661	96	111
1943	2,219	--------	815	377	806	105	116
1944	2,739	--------	1,088	499	942	104	105
1945	2,371	--------	885	444	845	94	104
1946	1,833	--------	516	325	800	96	97
1947	1,756	--------	387	314	849	108	98
1948	1,370	--------	318	251	650	81	70
1949 [4]	1,139	--------	257	192	482	59	149
1950	925	--------	225	161	420	53	66
1951 [5 6]	650	--------	154	105	256	30	105
1950—July	67	--------	16	12	31	4	3
August	56	--------	15	10	25	3	2
September	46	--------	13	8	20	2	2
October	103	--------	14	10	25	4	51
November	49	--------	11	7	17	2	12
December	60	--------	13	8	20	3	16
1951—January	59	--------	14	9	26	3	7
February	48	--------	12	8	20	2	6
March	48	--------	12	8	22	2	3
April	41	--------	12	8	18	2	1
May	36	--------	10	7	16	2	1
June	37	--------	11	8	15	2	1

NOTE.—Details of amounts of sales by months beginning May 1941 will be found in 1943 annual report, p. 611, and in corresponding tables in subsequent reports.

*Less than $50,000 or 500 pieces.

[1] $10 denomination Series E bonds were sold, to armed forces only, from June 1941 through March 1950.
[2] Sale of $200 denomination Series E bonds began in October 1945.
[3] Sale of $25 denomination Series F bonds was authorized in December 1941.
[4] See table 30, footnote 8.
[5] See table 30, footnote 9.
[6] Beginning with May 1951, includes exchanges of matured Series E bonds.

TABLE 32.—*Redemptions of Series E, F, and G savings bonds by denominations, fiscal years 1941–51 and monthly 1951* [1]

[In thousands of pieces. On basis of daily Treasury statements and reports from Bureau of the Public Debt]

Fiscal year or month	Total, all denominations	$10	$25	$50	$100	$200	$500	$1,000
	Series E redemptions							
1941 and 1942	937	--------	568	138	174	--------	29	27
1943	25,430	--------	21,800	2,311	1,117	--------	113	88
1944	77,760	--------	65,506	8,171	3,530	--------	319	234
1945	137,633	1,317	111,061	16,843	7,380	--------	600	431
1946	192,985	6,247	145,094	26,344	13,205	76	1,141	877
1947	123,725	4,109	88,836	17,872	10,713	189	1,105	900
1948	93,438	2,052	65,331	14,302	9,387	246	1,115	1,004
1949	79,646	1,369	54,809	12,623	8,450	284	1,077	1,035
1950	76,109	1,017	52,101	12,346	8,155	334	1,069	1,088
1951 [2]	82,875	701	54,840	14,134	9,911	466	1,351	1,472
1950—July	7,517	80	5,031	1,271	857	38	117	122
August	7,702	71	5,101	1,318	915	41	124	132
September	6,757	65	4,453	1,154	816	38	112	119
October	6,837	61	4,488	1,170	840	39	114	124
November	6,166	51	4,076	1,053	744	35	99	107
December	6,952	55	4,632	1,188	813	38	108	117
1951—January	8,554	71	5,655	1,446	1,026	48	144	165
February	6,742	57	4,369	1,175	849	42	118	133
March	6,441	49	4,230	1,112	788	40	105	117
April	6,145	47	4,077	1,039	736	36	101	110
May	6,444	47	4,297	1,091	757	36	104	114
June	6,617	47	4,431	1,116	772	35	104	113

Fiscal year or month	Total, all denominations	$25	$100	$500	$1,000	$5,000	$10,000
	Series F redemptions						
1941 and 1942	2	(*)	1	(*)	1	(*)	(*)
1943	19	2	7	2	6	1	1
1944	69	11	22	7	21	4	3
1945	123	27	38	13	35	6	5
1946	230	59	72	23	60	9	7
1947	272	61	84	29	75	12	11
1948	306	79	94	31	80	12	10
1949	321	86	99	31	81	12	11
1950	305	83	95	30	77	11	9
1951	304	73	87	30	88	13	13
1950—July	26	6	8	3	7	1	1
August	28	7	8	3	7	1	1
September	29	8	8	3	9	1	1
October	26	7	7	3	8	1	1
November	24	5	7	3	7	1	1
December	27	7	7	3	8	1	1
1951—January	24	6	7	2	7	1	1
February	22	5	7	2	7	1	1
March	28	6	8	3	9	1	1
April	21	4	6	2	6	1	1
May	26	7	8	3	7	1	1
June	23	6	6	2	7	1	1
	Series G redemptions						
1941 and 1942	7	----------	2	1	3	1	1
1943	40	----------	15	6	15	2	2
1944	117	----------	46	19	40	6	5
1945	218	----------	90	38	73	9	7
1946	371	----------	155	65	126	15	10
1947	474	----------	188	85	167	20	14
1948	553	----------	198	102	212	24	16
1949	604	----------	213	112	235	27	17
1950	617	----------	211	118	246	27	16
1951	728	----------	237	137	297	34	24
1950—July	60	----------	21	12	23	3	2
August	57	----------	19	11	23	3	2
September	64	----------	21	13	26	3	2
October	60	----------	20	12	24	3	1
November	58	----------	19	11	24	3	2
December	63	----------	21	12	26	3	2
1951—January	57	----------	18	11	24	3	2
February	54	----------	16	10	23	3	2
March	70	----------	23	13	29	3	2
April	57	----------	18	11	24	3	2
May	63	----------	21	11	26	3	2
June	65	----------	20	12	26	3	4

*Less than 500 pieces.

[1] Redemption data presented in annual reports prior to 1950 were on a different basis and therefore are not strictly comparable with the data in this table.

[2] Beginning with May 1951 includes exchanges of matured bonds for Series G.

TABLE 33.—*Sales of Series E, F, and G savings bonds by States, fiscal year 1951 and cumulative*

[In thousands of dollars, at issue price. On basis of reports received by the Treasury Department, with totals adjusted to basis of daily Treasury statements]

State	Series E bonds		Series F and G bonds	
	Fiscal year 1951	May 1941–June 1951	Fiscal year 1951	May 1941–June 1951
Alabama	24,842	662,942	12,421	202,367
Arizona	10,058	216,507	4,789	62,620
Arkansas	17,661	386,077	5,438	118,764
California	191,184	4,691,796	76,000	1,679,101
Colorado	25,123	493,301	13,889	227,753
Connecticut	47,370	1,047,882	25,934	519,413
Delaware	6,618	142,683	5,097	93,965
District of Columbia	37,257	751,148	17,549	240,890
Florida	35,864	736,574	17,897	300,128
Georgia	33,835	730,437	11,384	243,171
Idaho	5,382	185,847	4,616	63,041
Illinois	278,308	4,777,228	143,658	2,230,366
Indiana	87,521	1,636,290	41,553	666,333
Iowa	80,237	1,610,027	43,896	763,154
Kansas	46,398	945,556	18,040	342,223
Kentucky	32,295	660,818	18,662	344,927
Louisiana	27,155	659,669	15,127	249,467
Maine	12,083	260,317	6,433	156,028
Maryland	36,697	769,585	18,269	393,243
Massachusetts	95,837	1,959,469	69,251	1,330,846
Michigan	188,351	3,209,322	49,611	789,610
Minnesota	58,774	1,318,170	33,372	566,545
Mississippi	15,335	401,539	6,824	134,285
Missouri	90,268	1,615,718	40,096	746,713
Montana	13,613	309,099	5,834	96,081
Nebraska	45,812	808,634	33,384	357,305
Nevada	3,141	70,843	1,736	26,761
New Hampshire	6,934	162,124	3,645	104,374
New Jersey	135,233	2,263,840	37,904	832,519
New Mexico	7,269	142,786	2,968	51,477
New York	411,293	7,472,881	271,956	4,451,941
North Carolina	31,645	774,976	11,323	289,338
North Dakota	13,762	325,849	6,559	112,892
Ohio	208,244	3,707,214	71,505	1,487,188
Oklahoma	38,844	748,703	13,519	212,572
Oregon	23,763	713,077	14,738	217,589
Pennsylvania	299,768	4,742,935	92,645	2,089,426
Rhode Island	15,830	328,446	7,968	195,425
South Carolina	15,405	380,612	6,844	137,869
South Dakota	18,630	352,921	5,906	112,752
Tennessee	27,796	712,116	16,611	268,439
Texas	100,452	2,338,200	39,082	719,654
Utah	9,883	253,149	3,563	58,113
Vermont	3,763	93,499	3,131	58,132
Virginia	48,279	1,032,368	11,428	335,709
Washington	46,302	1,155,594	31,240	380,506
West Virginia	36,488	560,882	8,349	148,880
Wisconsin	70,537	1,385,643	42,502	724,217
Wyoming	6,818	128,594	2,103	45,669
Alaska		[1] 30,075		[1] 5,349
Canal Zone	2,816	41,282	111	7,406
Hawaii	9,966	293,741	3,288	70,415
Puerto Rico	1,098	41,266	57	14,141
Virgin Islands	60	1,991	41	884
Other possessions	177	4,393	2	980
Sales to commercial banks [2]			445,326	1,767,101
Adjustment to daily Treasury statement	+134,035	+722,854	−24,289	+29,795
Total	3,272,109	61,969,469	1,870,793	27,875,868

NOTE.—State sales from May 1941 through June 1946, by months, calendar years, and fiscal years, and cumulative, will be found in the 1943 annual report, pp. 614 and 618, and in corresponding tables in the annual reports for 1944–46. These sales for subsequent fiscal years and cumulative will be found in the annual report for 1947, p. 411, and in corresponding tables in subsequent reports. Redemptions by States for the months of the fiscal year 1946, for the calendar year 1945 and fiscal years 1946–48, and cumulative from October 1944 (the earliest available) will be found in the annual report for 1946, p. 532, and in corresponding tables in subsequent reports. State sales and redemptions by months from July 1946 have been published at intervals in the *Treasury Bulletin* (redemptions were published for the last time in the August 1949 Bulletin).

[1] Sales through March 1947.

[2] State figures exclude sales of Series F and G bonds to commercial banks. Commercial banks were permitted to purchase these bonds for limited periods under certain conditions (see table 30, footnote 1).

TABLE 34.—*Percent of savings bonds sold in each year redeemed through each yearly period thereafter, by denominations*

[On basis of Public Debt accounts, see p. 675]

I. SERIES A THROUGH E SAVINGS BONDS

Series and calendar year in which issued	Percent of Series A through E savings bonds redeemed by end of— 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years
	$10 denomination [1]								
E-1944	20	49	63	70	75	78	81		
E-1945	45	63	71	76	79	82			
E-1946	52	68	75	80	83				
E-1947	51	71	79	83					
E-1948	60	77	83						
E-1949	61	74							
E-1950	64								
	$25 denomination								
A-1935	10	18	26	31	35	38	40	42	43
B-1936	12	23	30	36	40	42	44	45	47
C-1937	12	22	29	34	37	39	40	42	44
C-1938	10	19	26	30	32	33	35	38	41
D-1939	11	20	24	27	29	31	35	38	41
D-1940	11	16	19	22	25	29	33	36	40
D-1941 and E-1941	4	9	14	19	26	32	37	42	46
E-1942	16	26	34	44	51	57	61	65	68
E-1943	26	38	50	58	63	67	71	74	
E-1944	33	50	59	65	69	72	76		
E-1945	46	58	65	69	73	76			
E-1946	46	57	63	67	71				
E-1947	46	57	63	68					
E-1948	47	59	66						
E-1949	49	62							
E-1950	51								
	$50 denomination								
A-1935	8	16	23	28	32	36	38	39	40
B-1936	10	20	27	33	37	39	41	42	44
C-1937	10	19	26	31	34	36	37	39	41
C-1938	8	16	23	26	28	30	31	34	36
D-1939	7	15	19	21	24	26	29	31	34
D-1940	7	12	15	17	20	23	26	29	32
D-1941 and E-1941	3	7	11	15	21	26	31	35	38
E-1942	8	16	22	31	38	44	48	52	56
E-1943	16	26	37	46	52	56	60	64	
E-1944	23	39	49	55	60	64	68		
E-1945	36	49	56	61	65	68			
E-1946	35	46	53	57	62				
E-1947	34	46	52	58					
E-1948	35	47	55						
E-1949	37	50							
E-1950	40								

Footnotes at end of table.

TABLE 34.—*Percent of savings bonds sold in each year redeemed through each yearly period thereafter, by denominations*—Continued

I. SERIES A THROUGH E SAVINGS BONDS—Continued

Series and calendar year in which issued	Percent of Series A through E savings bonds redeemed by end of—								
	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years
	$100 denomination								
A-1935	7	14	21	26	30	33	35	37	38
B-1936	9	18	24	29	34	36	38	39	40
C-1937	9	17	23	28	31	33	35	36	38
C-1938	8	15	21	25	27	28	30	32	34
D-1939	7	14	18	21	23	25	28	30	33
D-1940	7	12	14	17	19	22	26	28	31
D-1941 and E-1941	3	7	10	14	19	24	28	31	35
E-1942	5	10	15	22	29	34	38	42	46
E-1943	8	15	24	32	38	42	46	51	------
E-1944	11	23	32	39	44	48	52	------	------
E-1945	20	31	38	43	48	52	------	------	------
E-1946	20	30	37	42	48	------	------	------	------
E-1947	20	30	36	43	------	------	------	------	------
E-1948	20	30	39	------	------	------	------	------	------
E-1949	21	34	------	------	------	------	------	------	------
E-1950	25	------	------	------	------	------	------	------	------
	$200 denomination [2]								
E-1945	6	15	23	28	33	38	------	------	------
E-1946	12	21	28	33	38	------	------	------	------
E-1947	12	21	27	34	------	------	------	------	------
E-1948	12	20	29	------	------	------	------	------	------
E-1949	12	23	------	------	------	------	------	------	------
E-1950	16	------	------	------	------	------	------	------	------
	$500 denomination								
A-1935	5	11	17	21	25	28	30	32	33
B-1936	7	14	19	24	28	30	32	33	34
C-1937	8	14	19	24	27	29	30	32	34
C-1938	7	13	18	22	24	26	27	29	31
D-1939	6	12	16	19	21	23	25	28	30
D-1940	6	10	13	16	18	21	24	27	29
D-1941 and E-1941	3	7	10	13	18	21	25	28	32
E-1942	4	8	13	19	24	29	33	36	41
E-1943	5	11	19	26	31	36	39	44	------
E-1944	7	17	24	30	35	40	44	------	------
E-1945	11	20	27	32	37	42	------	------	------
E-1946	11	21	28	34	40	------	------	------	------
E-1947	12	21	28	35	------	------	------	------	------
E-1948	12	21	30	------	------	------	------	------	------
E-1949	12	24	------	------	------	------	------	------	------
E-1950	15	------	------	------	------	------	------	------	------

Footnotes at end of table.

TABLE 34.—*Percent of savings bonds sold in each year redeemed through each yearly period thereafter, by denominations*—Continued

I. SERIES A THROUGH E SAVINGS BONDS—Continued

Series and calendar year in which issued	Percent of Series A through E savings bonds redeemed by end of—								
	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years
	$1,000 denomination								
A-1935	4	9	14	17	20	23	25	26	27
B-1936	5	10	14	18	20	22	24	25	26
C-1937	6	10	14	17	19	21	22	24	25
C-1938	4	8	12	15	16	18	19	21	22
D-1939	4	7	11	13	14	16	18	20	22
D-1940	3	7	10	12	14	16	18	20	22
D-1941 and E-1941	3	6	9	11	15	18	21	24	27
E-1942	4	8	12	17	22	26	30	33	37
E-1943	5	11	18	24	29	34	37	41	-----
E-1944	7	16	23	29	34	38	43	-----	-----
E-1945	11	19	26	31	36	41	-----	-----	-----
E-1946	10	19	26	32	38	-----	-----	-----	-----
E-1947	11	20	26	33	-----	-----	-----	-----	-----
E-1948	10	19	28	-----	-----	-----	-----	-----	-----
E-1949	11	22	-----	-----	-----	-----	-----	-----	-----
E-1950	13	-----	-----	-----	-----	-----	-----	-----	-----

II. SERIES F AND G SAVINGS BONDS

Series and calendar year in which issued	Percent of Series F and G savings bonds redeemed by end of—								
	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years
	$25 denomination [3]								
F-1941	0	5	11	19	27	39	49	61	77
F-1942	1	4	6	11	15	20	25	29	33
F-1943	3	7	12	18	24	32	38	43	-----
F-1944	3	10	16	25	33	41	47	-----	-----
F-1945	6	14	22	31	39	46	-----	-----	-----
F-1946	5	14	24	33	42	-----	-----	-----	-----
F-1947	5	16	27	36	-----	-----	-----	-----	-----
F-1948	6	19	31	-----	-----	-----	-----	-----	-----
F-1949	8	20	-----	-----	-----	-----	-----	-----	-----
F-1950	7	-----	-----	-----	-----	-----	-----	-----	-----
	$100 denomination								
F-1941 and G-1941	1	4	6	9	13	16	20	24	27
F-1942 and G-1942	1	4	8	12	16	20	24	28	32
F-1943 and G-1943	2	6	11	16	21	26	30	34	-----
F-1944 and G-1944	2	8	13	19	24	28	33	-----	-----
F-1945 and G-1945	4	10	15	21	26	30	-----	-----	-----
F-1946 and G-1946	4	10	15	21	26	-----	-----	-----	-----
F-1947 and G-1947	4	11	17	23	-----	-----	-----	-----	-----
F-1948 and G-1948	4	11	18	-----	-----	-----	-----	-----	-----
F-1949 and G-1949	4	12	-----	-----	-----	-----	-----	-----	-----
F-1950 and G-1950	5	-----	-----	-----	-----	-----	-----	-----	-----

Footnotes at end of table.

TABLE 34.—*Percent of savings bonds sold in each year redeemed through each yearly period thereafter, by denominations*—Continued

II. SERIES F AND G SAVINGS BONDS—Continued

Series and calendar year in which issued	Percent of Series F and G savings bonds redeemed by end of—								
	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years
	$500 denomination								
F-1941 and G-1941	1	3	6	9	12	15	19	22	26
F-1942 and G-1942	1	4	7	11	15	19	23	27	31
F-1943 and G-1943	2	6	10	15	18	24	28	32	------
F-1944 and G-1944	2	7	12	17	22	26	31	------	------
F-1945 and G-1945	3	9	14	19	23	28	------	------	------
F-1946 and G-1946	3	9	15	20	25	------	------	------	------
F-1947 and G-1947	4	10	16	22	------	------	------	------	------
F-1948 and G-1948	4	10	17	------	------	------	------	------	------
F-1949 and G-1949	4	11	------	------	------	------	------	------	------
F-1950 and G-1950	5	------	------	------	------	------	------	------	------
	$1,000 denomination								
F-1941 and G-1941	1	3	6	8	11	14	17	20	23
F-1942 and G-1942	1	4	7	11	15	18	22	26	30
F-1943 and G-1943	2	6	10	15	19	23	27	31	------
F-1944 and G-1944	2	7	12	17	21	25	30	------	------
F-1945 and G-1945	3	8	13	18	22	26	------	------	------
F-1946 and G-1946	3	8	13	18	23	------	------	------	------
F-1947 and G-1947	4	10	15	20	------	------	------	------	------
F-1948 and G-1948	4	10	16	------	------	------	------	------	------
F-1949 and G-1949	4	10	------	------	------	------	------	------	------
F-1950 and G-1950	4	------	------	------	------	------	------	------	------
	$5,000 denomination								
F-1941 and G-1941	1	3	5	8	10	13	16	19	21
F-1942 and G-1942	1	5	8	12	16	19	23	26	30
F-1943 and G-1943	2	6	11	16	21	25	28	32	------
F-1944 and G-1944	2	7	13	17	22	25	29	------	------
F-1945 and G-1945	3	9	13	18	22	26	------	------	------
F-1946 and G-1946	3	8	13	17	22	------	------	------	------
F-1947 and G-1947	4	9	14	19	------	------	------	------	------
F-1948 and G-1948	4	9	15	------	------	------	------	------	------
F-1949 and G-1949	3	10	------	------	------	------	------	------	------
F-1950 and G-1950	4	------	------	------	------	------	------	------	------
	$10,000 denomination								
F-1941 and G-1941	1	3	5	7	9	11	14	16	18
F-1942 and G-1942	1	4	7	10	14	17	19	22	24
F-1943 and G-1943	2	5	9	13	17	20	22	25	------
F-1944 and G-1944	2	4	8	10	13	15	17	------	------
F-1945 and G-1945	2	5	8	10	12	14	------	------	------
F-1946 and G-1946	2	6	9	12	15	------	------	------	------
F-1947 and G-1947	2	6	9	13	------	------	------	------	------
F-1948 and G-1948	1	3	4	------	------	------	------	------	------
F-1949 and G-1949	2	6	------	------	------	------	------	------	------
F-1950 and G-1950	3	------	------	------	------	------	------	------	------

NOTE.—The percentages shown in this table are the proportions of the value of the bonds sold in any calendar year which are redeemed before July 1 of the next calendar year and before July 1 of succeeding calendar years. Both sales and redemptions are taken at maturity value.

[1] June 1, 1944, is the earliest issue date for bonds of the $10 denomination. Sale was discontinued Mar. 31, 1950.
[2] Oct. 1, 1945, is the earliest issue date for bonds of the $200 denomination.
[3] Series G savings bonds are not available in denominations of $25.

TABLE 35.—*Sales and redemptions of Treasury savings notes, August 1941–June 1951* [1]

[Par values, in millions of dollars. On basis of daily Treasury statements, see p. 675]

Series and period	Sales	Redemptions [2]			Amount outstanding	
		Total	For cash	For taxes	Matured	Interest bearing
Cumulative Aug. 1, 1941–June 30, 1951:						
Series A (tax series), issued Aug. 1, 1941–June 22, 1943	[3] 406.9	405.8	[3] 67.1	338.6	1.2	----------
Series B (tax series), issued Aug. 1, 1941–Sept. 12, 1942	4,943.8	4,943.7	[3] 182.4	4,761.3	.2	----------
Series C, issued Sept. 14, 1942–Aug. 31, 1948	[3] 32,437.8	32,378.0	10,992.5	21,385.4	16.7	43.2
Series D, issued Sept. 1, 1948–June 30, 1950	12,333.1	7,315.9	5,023.0	2,292.9	--------	5,017.2
Series A, issued beginning May 15, 1951	2,757.3	----------	----------	----------	--------	2,757.3
Total through June 30, 1951	52,879.0	45,043.2	16,265.0	28,778.2	18.0	7,817.7
All series:						
By fiscal years:						
1942	4,138.9	1,124.4	20.7	1,103.7	--------	3,014.5
1943	8,758.5	4,277.6	183.2	4,094.4	--------	7,495.4
1944	8,953.7	6,867.2	502.1	6,365.1	25.2	9,556.8
1945	7,015.8	6,456.3	550.2	5,906.1	5.7	10,135.8
1946	3,525.5	6,935.1	2,630.3	4,304.8	20.4	6,711.5
1947	3,056.6	4,200.0	2,184.8	2,015.2	28.5	5,560.1
1948	2,143.9	3,303.2	1,972.1	1,331.1	35.5	4,393.7
1949	3,994.2	3,531.5	2,078.9	1,452.6	31.6	4,860.2
1950	6,149.9	2,549.0	1,509.7	1,039.3	20.5	8,472.3
1951	5,142.0	5,799.0	4,633.0	1,166.0	18.0	7,817.7
By months:						
1950-July	288.8	133.8	110.4	23.4	19.1	8,628.7
August	422.3	140.4	125.7	14.7	17.6	8,912.0
September	221.0	238.7	108.4	130.3	17.0	8,894.9
October	256.8	153.5	121.3	32.2	16.2	8,999.0
November	218.3	310.6	297.1	13.5	15.6	8,907.2
December	236.0	478.6	346.5	132.1	40.4	8,639.9
1951-January	254.8	156.6	116.8	39.8	31.0	8,747.5
February	116.0	137.3	129.2	8.1	27.2	8,730.0
March	160.8	598.8	215.1	383.7	23.3	8,295.9
April	141.1	331.1	275.7	55.4	19.9	8,109.3
May	285.6	238.1	227.4	10.7	19.0	8,157.8
June	2,540.6	2,881.6	2,559.4	322.2	18.0	7,817.7

[1] All series originally issued as "Treasury notes—tax series." However, designation of Series C was changed to "Treasury savings notes, Series C" on June 23, 1943. Monthly sales and redemptions from inception will be found in 1943 annual report pp. 638 and 640, and in corresponding tables in subsequent reports.
[2] Includes both matured and unmatured notes.
[3] Includes exchanges in connection with the offerings in September 1942 of Tax Series A-1945 and Series C.

Interest on public debt and guaranteed obligations

TABLE 36.—*Amount of interest-bearing public debt outstanding, the computed annual interest charge, and the computed rate of interest, June 30, 1916–51, and at the end of each month during 1951* [1]

[On basis of Public Debt accounts through June 1937, and subsequently on basis of daily Treasury statements, see p. 675]

End of fiscal year or month	Interest-bearing debt [2]	Computed annual interest charge	Computed rate of interest
June 30—			*Percent*
1916	$971, 562, 590	$23, 084, 635	2. 376
1917	2, 712, 549, 476	83, 625, 482	3. 120
1918	11, 985, 882, 436	468, 618, 544	3. 910
1919	25, 234, 496, 273	1, 054, 204, 509	4. 178
1920	24, 061, 095, 361	1, 016, 592, 219	4. 225
1921	23, 737, 352, 080	1, 029, 917, 903	4. 339
1922	22, 711, 035, 587	962, 896, 535	4. 240
1923	22, 007, 590, 754	927, 331, 341	4. 214
1924	20, 981, 586, 429	876, 960, 673	4. 180
1925	20, 210, 906, 251	829, 680, 044	4. 105
1926	19, 383, 770, 860	793, 423, 952	4. 093
1927	18, 250, 943, 965	722, 675, 553	3. 960
1928	17, 317, 695, 096	671, 353, 112	3. 877
1929	16, 638, 941, 379	656, 654, 311	3. 946
1930	15, 921, 892, 350	606, 031, 831	3. 807
1931	16, 519, 588, 640	588, 987, 438	3. 566
1932	19, 161, 273, 540	671, 604, 676	3. 505
1933	22, 157, 643, 120	742, 175, 955	3. 350
1934	26, 480, 487, 920	842, 301, 133	3. 181
1935	27, 645, 229, 826	750, 677, 802	2. 716
1936	32, 755, 631, 770	838, 002, 053	2. 559
1937	35, 802, 586, 915	924, 347, 089	2. 582
1938	36, 575, 925, 880	947, 084, 058	2. 589
1939	39, 885, 969, 732	1, 036, 937, 397	2. 600
1940	42, 376, 495, 928	1, 094, 619, 914	2. 583
1941	48, 387, 399, 539	1, 218, 238, 845	2. 518
1942	71, 968, 418, 098	1, 644, 476, 360	2. 285
1943	135, 380, 305, 795	2, 678, 779, 036	1. 979
1944	199, 543, 355, 301	3, 849, 254, 656	1. 929
1945	256, 356, 615, 818	4, 963, 730, 414	1. 936
1946	268, 110, 872, 218	5, 350, 772, 231	1. 996
1947	255, 113, 412, 039	5, 374, 409, 074	2. 107
1948	250, 063, 348, 379	5, 455, 475, 791	2. 182
1949	250, 761, 636, 723	5, 605, 929, 714	2. 236
1950	255, 209, 353, 372	5, 612, 676, 516	2. 200
1951	252, 851, 765, 497	5, 739, 615, 990	2. 270
End of month—			
1950—July	255, 402, 649, 895	5, 617, 855, 434	2. 200
August	255, 763, 963, 852	5, 625, 607, 008	2. 200
September	254, 968, 383, 545	5, 584, 573, 924	2. 191
October	254, 730, 660, 372	5, 604, 431, 479	2. 201
November	254, 887, 277, 933	5, 617, 286, 191	2. 204
December	254, 282, 612, 082	5, 615, 616, 234	2. 209
1951—January	253, 704, 025, 932	5, 641, 486, 231	2. 224
February	253, 381, 582, 713	5, 634, 221, 933	2. 224
March	252, 552, 975, 750	5, 623, 399, 622	2. 227
April	252, 280, 034, 991	5, 658, 159, 081	2. 243
May	252, 729, 041, 178	5, 678, 551, 882	2. 247
June	252, 851, 765, 497	5, 739, 615, 990	2. 270

[1] For monthly data back to June 30, 1916, see annual reports for 1929, p. 509; for 1936, p. 442; and corresponding tables in subsequent reports.

[2] Interest-bearing debt includes discount on Treasury bills from June 30, 1930, the amount being deducted from interest-bearing debt before calculation of average interest rate. Savings bonds of Series A–F are included in interest-bearing debt at their current redemption value from March 1935. Treasury tax and savings notes, beginning August 1941, are included at face amount. Face value of savings bonds and tax and savings notes of any yearly series maturing from month to month which are not currently presented for retirement is shown as interest-bearing debt until all bonds or notes of yearly series have matured. Thereafter, total amount outstanding is shown as matured debt upon which interest has ceased. For computation of average interest rate on savings bonds, see footnote 4 to following table.

TABLE 37.—*Computed annual interest charge and computed annual interest rate on the public debt by security classes, June 30, 1939–51*

[Dollar amounts in millions on basis of daily Treasury statements, see p. 675]

End of fiscal year or month	Total public debt [1]	Marketable issues					Nonmarketable issues				Special issues
		Total [2]	Bills [3]	Certificates	Notes	Treasury bonds	Total	Savings bonds [4]	Tax and savings notes	Other [5]	
	Computed annual interest rate										
June 30—											
1939	2.600	2.525	0.010		1.448	2.964	2.913	2.900		3.000	3.091
1940	2.583	2.492	.038		1.256	2.908	2.908	2.900		3.000	3.026
1941	2.518	2.413	.089		1.075	2.787	2.865	2.858		3.000	2.904
1942	2.285	2.225	.360	0.564	1.092	2.680	2.277	2.787	0.506	2.743	2.681
1943	1.979	1.822	.380	.875	1.165	2.494	2.330	2.782	1.040	2.495	2.408
1944	1.929	1.725	.381	.875	1.281	2.379	2.417	2.788	1.080	2.314	2.405
1945	1.936	1.718	.381	.875	1.204	2.314	2.473	2.789	1.076	2.000	2.436
1946	1.996	1.773	.381	.875	1.289	2.307	2.567	2.777	1.070	2.000	2.448
1947	2.107	1.871	.382	.875	1.448	2.307	2.593	2.765	1.070	2.423	2.510
1948	2.182	1.942	1.014	1.042	1.204	2.309	2.623	2.759	1.070	2.414	2.588
1949	2.236	2.001	1.176	1.225	1.375	2.313	2.629	2.751	1.290	2.393	2.596
1950	2.200	1.958	1.187	1.163	1.344	2.322	2.569	2.748	1.383	2.407	2.589
1951	2.270	1.981	1.569	1.875	1.399	2.327	2.623	2.742	1.567	2.717	2.606
End of month:											
1950—July	2.200	1.959	1.191	1.125	1.325	2.322	2.567	2.748	1.385	2.406	2.588
Aug	2.200	1.960	1.209	1.125	1.325	2.322	2.561	2.748	1.387	2.405	2.586
Sept	2.191	1.938	1.252	1.125	1.311	2.336	2.562	2.748	1.389	2.406	2.602
Oct	2.201	1.951	1.299	1.125	1.302	2.336	2.560	2.745	1.390	2.403	2.602
Nov	2.204	1.957	1.364	1.125	1.302	2.336	2.561	2.744	1.391	2.402	2.599
Dec	2.209	1.963	1.378	1.125	1.328	2.359	2.565	2.743	1.394	2.401	2.600
1951—Jan	2.224	1.988	1.396		1.372	2.359	2.563	2.743	1.395	2.390	2.598
Feb	2.224	1.989	1.406		1.372	2.359	2.561	2.742	1.395	2.389	2.599
Mar	2.227	1.991	1.427		1.372	2.359	2.569	2.742	1.396	2.389	2.607
Apr	2.243	1.945	1.468		1.372	2.336	2.602	2.741	1.397	2.718	2.608
May	2.247	1.953	1.547		1.372	2.336	2.602	2.742	1.410	2.718	2.600
June	2.270	1.981	1.567	1.875	1.399	2.327	2.623	2.742	1.567	2.717	2.606

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June 30—	Computed annual interest charge										
1939	$1,037	$858	(*)	----	$105	$747	$63	$54	----	$8	$117
1940	1,095	858	(*)	----	80	772	92	84	----	8	145
1941	1,218	910	$1	----	61	842	130	123	----	7	178
1942	1,644	1,125	9	$17	73	1,021	307	284	$15	8	211
1943	2,679	1,737	45	145	107	1,435	680	591	78	11	262
1944	3,849	2,422	56	252	223	1,885	1,084	965	103	16	344
1945	4,964	3,115	65	299	283	2,463	1,390	1,271	109	10	458
1946	5,351	3,362	65	305	235	2,753	1,442	1,362	72	9	547
1947	5,374	3,156	60	221	118	2,753	1,530	1,420	59	51	687
1948	5,455	3,113	139	235	137	2,597	1,561	1,470	47	44	782
1949	5,606	3,103	135	361	49	2,554	1,652	1,548	63	41	851
1950	5,613	3,040	160	214	274	2,387	1,735	1,581	117	37	838
1951	5,740	2,731	213	178	501	1,835	2,106	1,579	123	405	903
End of month:											
1950—July	5,618	3,038	162	144	341	2,387	1,739	1,582	120	37	842
Aug	5,626	3,041	164	144	341	2,387	1,739	1,579	124	36	846
Sept	5,585	2,979	170	131	415	2,258	1,737	1,577	124	36	869
Oct	5,604	2,980	176	60	481	2,258	1,751	1,591	125	35	873
Nov	5,617	2,989	185	60	481	2,258	1,751	1,592	124	35	877
Dec	5,616	2,992	187	60	522	2,219	1,747	1,592	120	35	876
1951—Jan	5,641	3,013	190	----	601	2,219	1,745	1,591	122	32	883
Feb	5,634	3,015	191	----	601	2,219	1,738	1,584	122	32	882
Mar	5,623	3,018	194	----	601	2,219	1,732	1,584	116	32	874
Apr	5,658	2,685	199	----	601	1,880	2,098	1,581	113	404	876
May	5,679	2,695	210	----	601	1,880	2,098	1,579	115	404	885
June	5,740	2,731	213	178	501	1,835	2,106	1,579	123	405	903

*Less than $500,000.

[1] Excludes guaranteed securities held by the Treasury.

[2] Total includes postal savings and Panama Canal bonds, and also conversion bonds prior to 1947.

[3] Treasury bills are included in debt outstanding at face amount, but in computing the annual interest charge and the annual interest rate the discount value is used.

[4] In computing the annual interest charge and the average interest rate on United States savings bonds a rate of 2.9 percent is applied against the current redemption value of bonds of Series A–E and a rate of 2.53 percent against the current redemption value of bonds of Series F.

[5] Includes depositary bonds, armed forces leave bonds, Treasury bonds–investment series, and adjusted service bonds.

TABLE 38.—*Interest on the public debt becoming due and payable, by security classes, fiscal years 1948–51*

[In millions of dollars. On basis of Public Debt accounts, see p. 675]

Class of security	1948	1949	1950	1951
Public issues:				
Marketable obligations:				
Treasury bills [1]	132.1	139.2	140.1	190.2
Certificates of indebtedness	201.3	229.6	360.6	214.2
Treasury notes	86.8	140.9	49.4	358.3
Treasury bonds	2,729.4	2,585.4	2,490.3	2,232.8
Postal savings bonds	2.9	2.8	2.8	2.7
Liberty and Victory loans	(*)	(*)	(*)	(*)
Prewar loans	1.5	1.5	1.5	1.5
Total marketable obligations	3,154.0	3,099.4	3,044.7	2,999.8
Nonmarketable obligations:				
Treasury tax and savings notes	55.1	49.0	82.8	117.1
United States savings bonds:				
Series C to F [1]	804.4	926.7	1,042.2	1,146.8
Series G	353.6	392.5	425.3	445.4
Depositary bonds	6.4	6.7	7.9	5.8
Armed forces leave bonds	35.7	12.2	8.6	4.3
Treasury bonds, investment series	12.0	23.8	23.8	23.8
Adjusted service bonds of 1945	(*)	(*)	(*)	(*)
Total nonmarketable obligations	1,267.2	1,411.0	1,590.7	1,743.2
Total public issues	4,421.2	4,510.4	4,635.5	4,742.9
Special issues:				
Treasury notes	421.1	438.1	466.4	443.5
Certificates of indebtedness	314.3	379.9	394.4	428.7
Total special issues	735.4	818.0	860.8	872.2
Total interest on public debt	5,156.6	5,328.3	[2] 5,496.3	5,615.1

*Less than $50,000.
[1] Amounts represent discount treated as interest.
[2] Does not include $224.6 million of outstanding unpaid interest at the beginning of the fiscal year 1950.

TABLE 39.—*Interest paid on the public debt and guaranteed obligations, classified by tax status, fiscal years 1934–51* [1]

[In millions of dollars. On basis of Public Debt accounts, see p. 675]

Fiscal year	Total	Tax-exempt			Taxable	Special issues to Government agencies and trust funds
		Total	Wholly	Partially		
	Grand total					
1934	759.6	745.2	248.7	496.5	----------	14.4
1935	913.1	895.8	292.7	603.1	----------	17.2
1936	867.4	842.0	262.3	579.7	----------	25.3
1937	985.4	936.9	239.0	697.9	----------	48.5
1938	1,041.1	967.3	216.4	750.9	----------	73.8
1939	1,055.8	954.4	147.0	807.4	----------	101.4
1940	1,151.4	1,019.5	104.2	915.3	----------	131.8
1941	1,221.1	1,060.9	79.2	981.7	0.5	159.6
1942	1,385.7	1,020.2	57.1	963.1	166.1	199.4
1943	1,895.0	962.2	38.3	924.0	691.5	241.3
1944	2,688.0	917.8	27.2	890.7	1,462.0	308.2
1945	3,640.0	793.4	45.3	748.1	2,441.1	405.4
1946	4,749.1	713.5	26.0	687.5	3,530.8	504.8
1947	4,959.6	602.6	6.9	595.6	3,755.1	601.9
1948	5,188.9	575.8	5.6	570.3	3,884.9	728.1
1949	5,353.0	495.0	5.1	489.9	4,040.5	817.5
1950	5,496.7	417.0	4.3	412.7	4,218.9	860.8
1951	5,616.2	330.2	4.2	325.9	4,413.8	872.2
	Issued by U. S. Government					
1934	757.2	742.9	248.7	494.1	----------	14.4
1935	821.5	804.3	292.7	511.5	----------	17.2
1936	747.9	722.6	262.3	460.2	----------	25.3
1937	866.8	818.3	239.0	579.3	----------	48.5
1938	926.2	852.4	216.4	636.1	----------	73.8
1939	941.0	839.5	147.0	692.5	----------	101.4
1940	1,041.4	909.6	104.2	805.4	----------	131.8
1941	1,110.2	950.1	79.2	870.9	0.5	159.6
1942	1,260.1	907.2	57.1	850.1	153.5	199.4
1943	1,813.0	895.6	38.3	857.4	676.1	241.3
1944	2,610.1	852.2	27.2	825.0	1,449.8	308.2
1945	3,621.9	780.2	45.3	734.9	2,436.3	405.4
1946	4,747.5	711.9	26.0	685.9	3,530.8	504.8
1947	4,958.0	601.0	7.0	594.0	3,755.1	601.9
1948	5,187.8	574.8	5.6	569.2	3,884.9	728.1
1949	5,352.3	494.5	5.1	489.4	4,040.3	817.5
1950	5,496.3	416.7	4.3	412.4	4,218.8	860.8
1951	5,615.1	329.9	4.2	325.7	4,413.0	872.2
	Issued by Federal instrumentalities: Guaranteed issues					
1934	2.3	2.3	----------	2.3	----------	----------
1935	91.6	91.6	----------	91.6	----------	----------
1936	119.5	119.5	----------	119.5	----------	----------
1937	118.6	118.6	----------	118.6	----------	----------
1938	114.9	114.9	----------	114.9	----------	----------
1939	114.8	114.8	----------	114.8	----------	----------
1940	109.9	109.9	----------	109.9	----------	----------
1941	110.9	110.9	----------	110.9	----------	----------
1942	125.6	113.0	----------	113.0	12.6	----------
1943	82.0	66.6	----------	66.6	15.4	----------
1944	77.9	65.7	----------	65.7	12.2	----------
1945	18.0	13.2	----------	13.2	4.8	----------
1946	1.6	1.6	----------	1.6	(*)	----------
1947	1.6	1.6	----------	1.6	(*)	----------
1948	1.1	1.1	----------	1.1	(*)	----------
1949	.7	.4	----------	.4	.2	----------
1950	.5	.3	----------	.3	.1	----------
1951	1.1	.3	----------	.3	.8	----------

NOTE.—Amount of interest paid includes increase in redemption value of United States savings bonds and discount on unmatured issues of Treasury bills. Interest paid on guaranteed issues does not include amounts paid on demand obligations of Commodity Credit Corporation. Data for 1913–33 will be found in the 1948 annual report, p. 539.

*Less than $50,000

[1] Figures for 1934–49, inclusive, represent actual interest payments; figures for 1950 and 1951 represent interest which became due and payable during those years without regard to actual payments.

Prices and yields of securities

TABLE 40.—*Average yields of long-term Treasury bonds, by months, January 1930–June 1951* [1]

[Averages of daily figures. Percent per annum compounded semiannually]

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
	PARTIALLY TAX-EXEMPT BONDS [2]												
1930	3.43	3.41	3.29	3.37	3.31	3.25	3.25	3.26	3.24	3.21	3.19	3.22	3.29
1931	3.20	3.30	3.27	3.26	3.16	3.13	3.15	3.18	3.25	3.63	3.63	3.93	3.34
1932	4.26	4.11	3.92	3.68	3.76	3.76	3.58	3.45	3.42	3.43	3.45	3.35	3.68
1933	3.22	3.31	3.42	3.42	3.30	3.21	3.20	3.21	3.19	3.22	3.46	3.53	3.31
1934	3.50	3.32	3.20	3.11	3.02	2.98	2.92	3.03	3.20	3.10	3.07	3.01	3.12
1935	2.88	2.79	2.77	2.74	2.72	2.72	2.69	2.76	2.85	2.85	2.83	2.84	2.79
1936	2.81	2.78	2.73	2.70	2.68	2.69	2.68	2.64	2.65	2.68	2.60	2.59	2.69
1937	2.56	2.54	2.66	2.83	2.80	2.81	2.78	2.78	2.82	2.82	2.78	2.73	2.74
1938	2.69	2.68	2.67	2.66	2.56	2.58	2.58	2.57	2.63	2.55	2.56	2.56	2.61
1939	2.54	2.51	2.43	2.38	2.27	2.22	2.23	2.27	2.67	2.60	2.46	2.35	2.41
1940	2.30	2.32	2.26	2.26	2.39	2.40	2.30	2.31	2.25	2.21	2.09	2.01	2.26
1941	2.12	2.22	2.12	2.07	2.04	2.01	1.98	2.01	2.02	1.98	1.95	2.06	2.05
1942	2.10	2.17	2.10	2.07	2.06	2.04	2.04	2.06	2.08	2.09	2.10	2.13	2.09
1943	2.11	2.11	2.12	2.05	1.96	1.91	1.91	1.92	1.90	1.90	1.94	1.95	1.98
1944	1.95	1.93	1.91	1.94	1.94	1.91	1.89	1.90	1.93	1.93	1.90	1.87	1.92
1945	1.81	1.75	1.70	1.68	1.68	1.63	1.63	1.68	1.68	1.62	1.56	[2] 1.51	[2] 1.66
	TAXABLE BONDS [3]												
1941	-------	-------	-------	-------	-------	-------	-------	-------	-------	2.34	2.34	2.47	-------
1942	2.48	2.48	2.46	2.44	2.45	2.43	2.46	2.47	2.46	2.45	2.47	2.49	2.46
1943	2.46	2.46	2.48	2.48	2.46	2.45	2.45	2.46	2.48	2.48	2.48	2.49	2.47
1944	2.49	2.49	2.48	2.48	2.49	2.49	2.49	2.48	2.47	2.48	2.48	2.48	2.48
1945	2.44	2.38	2.40	2.39	2.39	2.35	2.34	2.36	2.37	2.35	2.33	2.33	2.37
1946	2.21	2.12	2.09	2.08	2.19	2.16	2.18	2.23	2.28	2.26	2.25	2.24	2.19
1947	2.21	2.21	2.19	2.19	2.19	2.22	2.25	2.24	2.24	2.27	2.36	2.39	2.25
1948	2.45	2.45	2.44	2.44	2.42	2.41	2.44	2.45	2.45	2.45	2.44	2.44	2.44
1949	2.42	2.39	2.38	2.38	2.38	2.38	2.27	2.24	2.22	2.22	2.20	2.19	2.31
1950	2.20	2.24	2.27	2.30	2.31	2.33	2.34	2.33	2.36	2.38	2.38	2.39	2.32
1951	2.39	2.40	2.47	2.56	2.63	2.65	-------	-------	-------	-------	-------	-------	-------

[1] For bonds selling above par and callable at par before maturity, the yields are computed on the basis of redemption at first call date; while for bonds selling below par, yields are computed to maturity. Monthly averages are averages of daily figures. Each daily figure is an unweighted average of the yields of the individual issues. Prior to Sept. 1941, yields were computed on the basis of the day's closing price on the New York Stock Exchange except that on days when an issue did not sell, the yield was computed on the mean of closing bid and ask quotations on the Stock Exchange. Commencing Sept. 1941, yields are computed on the basis of the mean of closing bid and ask quotations in the over-the-counter market. For average yields by months from January 1919 through December 1929, see p. 662 of the annual report for 1943.

[2] From July 17, 1928, through Nov. 29, 1935, yields are based on all outstanding partially tax-exempt Treasury bonds neither due nor callable for 12 years; from Nov. 30, 1935, through Dec. 14, 1945, yields are based on all outstanding partially tax-exempt Treasury bonds neither due nor callable for 15 years. This average was discontinued as of Dec. 15, 1945, because there were no longer any bonds of this classification due or callable in 15 or more years.

[3] Average of all taxable Treasury bonds neither due nor callable for 15 years. Taxable bonds are those on which the interest is subject to both the normal and surtax rates of the Federal income tax. This average commenced Oct. 20, 1941.

TABLE 41.—*Prices and yields of marketable public debt issues, June 30, 1950, and June 29, 1951, and price ranges since first traded* [1]

[Price decimals are thirty-seconds and + indicates additional sixty-fourth]

Issue [2]	June 30, 1950				June 29, 1951				Price range since first traded [3]			
	Price		Yield—percent		Price		Yield—percent		High		Low	
	Bid	Ask	To call	To maturity	Bid	Ask	To call	To maturity	Price	Date	Price	Date
Treasury bonds:												
2½%, Sept. 15, 1950–52 [4]	100.11	100.12	0.71									
2%, Sept. 15, 1950–52 [4]	100.07	100.08	.83									
1½%, Dec. 15, 1950	100.05	100.06	1.12									
2¾%, June 15, 1951–54 [5]	101.23	101.25	.90	2.28								
2%, Sept. 15, 1951–53 [6]	100.27+	100.28+	1.26	1.72	100.02+	100.03+	1.87	1.96	104.18	Mar. 11, 1946	99.31+	Apr. 20, 1951
3%, Sept. 15, 1951–55 [7]	102.14	102.16	.93	2.49	1.05%	.90%	.98		113.24	Dec. 30, 1940	82.08	Jan. 11, 1932
2¼%, Dec. 15, 1951–53	101.27	101.29	.95	1.69	1.10%	.95%	1.02		108.01	Mar. 10, 1945	[8] 1.02%	June 29, 1951
2%, Dec. 15, 1951–55	101.00	101.01	1.29	1.80	99.29	100.00	2.10	2.01	104.26	Mar. 11, 1946	99.23+	May 29, 1951
2½%, Mar. 15, 1952–54	101.28	101.30	1.36	1.96	100.17	100.21	1.65	2.27	107.14	do	100.16	Mar. 29, 1951
2%, June 15, 1952–54	101.06	101.07	1.37	1.68	100.01	100 04	1.92	1.97	104.27	Feb. 18, 1946	99.27	Apr. 20, 1951
2¼%, June 15, 1952–55	101.20	101.22	1.39	1.90	100.09	100.12	1.90	2.16	106.08	Feb. 9, 1946	100.04	Do.
2%, Dec. 15, 1952–54	101.14	101.15	1.39	1.66	100.00	100.03	1.97	1.99	105.00	Mar. 11, 1946	99.25	Do.
2%, June 15, 1953–55	102.26	102.29	1.01	1.40	101.20	101.24	1.12	1.56	107.25	Jan. 12, 1946	101.13	Mar. 13, 1951
2¼%, June 15, 1954–56	104.16	104.19	1.07	1.45	102.30	103.02	1.21	1.62	109.29	Mar. 12, 1946	102.02	July 24, 1940
2⅞%, Mar. 15, 1955–60	107.22	107.26	1.18	1.99	105.12	105.16	1.36	2.19	116.02	Jan. 12, 1946	98.30	Sept. 20, 1935
2½%, Mar. 15, 1956–58	104.24	104.26	1.62	1.83	101.26	101.30	2.08	2.20	110.22	Feb. 8, 1946	101.14	Apr. 19, 1951
2¾%, Sept. 15, 1956–59	109.00	109.04	1.23	1.68	106.16	106.22	1.43	1.88	116.13	Jan. 26, 1946	98.10	Apr. 1, 1937
2¼%, Sept. 15, 1956–59	103.22	103.24	1.62	1.81	100.07	100.11	2.19	2.21	107.16	Apr. 6, 1946	99.30	Apr. 19, 1951
2¾%, June 15, 1958–63	111.01	111.05	1.28	1.79	107.26	108.00	1.55	2.00	117.04	Jan. 15, 1946	99.15	Sept. 25, 1939
2¼%, June 15, 1959–62	101.09	101.11	2.09	2.13	96.30	97.02	2.67	2.57	104.20	Apr. 6, 1946	96.20	June 22, 1951
2¼%, Dec. 15, 1959–62	101.06	101.08	2.11	2.14	96.24	96.28	2.67	2.57	104.21	do	96.18	June 27, 1951
2¾%, Dec. 15, 1960–65	113.09	113.13	1.38	1.76	108.30	109.04	1.71	2.03	119.00	Jan. 25, 1946	99.14	Sept. 25, 1939
2½%, June 15, 1962–67	103.11	103.13	2.18	2.26	97.29	98.01	2.72	2.66	108.12	Apr. 6, 1946	97.20	June 27, 1951
2½%, Dec. 15, 1963–68	102.20	102.22	2.27	2.32	97.10	97.14	2.75	2.69	108.03	do	97.02	May 21, 1951
2½%, June 15, 1964–69	102.04	102.06	2.32	2.36	97.02	97.06	2.77	2.70	107.25	do	97.02	May 23, 1951
2½%, Dec. 15, 1964–69	101.30	102.00	2.34	2.37	97.00	97.04	2.76	2.70	107.24	do	97.00	Do.
2½%, Mar. 15, 1965–70	101.25	101.27	2.35	2.38	96.30	97.02	2.76	2.71	107.23	do	96.30	June 28, 1951
2½%, Mar. 15, 1966–71	101.23	101.25	2.37	2.39	96.30	97.02	2.75	2.70	107.22	do	96.28	May 23, 1951
2½%, June 15, 1967–72	101.03	101.05	2.42	2.43	97.00	97.04	2.73	2.68	106.16	do	96.28	May 21, 1951
2½%, Sept. 15, 1967–72	104.25	104.27	2.16	2.22	98.15	98.19	2.61	2.59	109.18	do	98.04	June 27, 1951
2½%, Dec. 15, 1967–72	101.03	101.05	2.42	2.43	97.00	97.04	2.72	2.68	106.16	do	96.28	May 21, 1951
Other bonds: [9]												
3%, Panama Canal, June 1, 1961	118.16	119.16	1.15		115.24	117.08	1.23		134.00	Sept. 5, 1944	75.00	June 18, 1921

Footnotes at end of table.

TABLE 41.—*Prices and yields of marketable public debt issues, June 30, 1950, and June 29, 1951, and price ranges since first traded* [1]—Continued

[Price decimals are thirty-seconds and + indicates additional sixty-fourth]

Issue [2]	June 30, 1950				June 29, 1951				Price range since first traded [3]			
	Price		Yield—percent		Price		Yield—percent		High		Low	
	Bid	Ask	To call	To maturity	Bid	Ask	To call	To maturity	Price	Date	Price	Date
Treasury notes:												
1¼% B, July 1, 1951	1.24%	1.22%	1.23		(10)	(10)						
1¼% C, July 1, 1951	1.24%	1.22%	1.23		(10)	(10)						
1¼% D, July 1, 1951	1.24%	1.22%	1.23		(10)	(10)						
1¼% E, Aug. 1, 1951	[11] 1.24%	[11] 1.22%	[11] 1.23		1.20%	1.10%	1.15					
1¼% A, Oct. 1, 1951	100.00	100.01	1.24		1.46%	1.38%	1.42					
1¼% F, Oct. 15, 1951					1.46%	1.39%	1.42					
1¼% G, Nov. 1, 1951					1.46%	1.39%	1.42					
1⅜% A, Mar. 15, 1954	99.21	99.22	1.47		98.16	98.19	1.93		100.10+	Jan. 10, 1950	98.01+	May 9, 1951
1½% A, Mar. 15, 1955	99.30	99.31	1.51		98.12	98.15	1.94		100.07	Mar. 10, 1950	97.29+	May 9, 1951
1¾% B, Dec. 15, 1955					98.31	99.02	1.98		100.04+	Jan. 19, 1951	98.18+	May 9, 1951
1½% EA, Apr. 1, 1956					(10)	(10)						
Certificates of indebtedness:												
1¼% F, July 1, 1950	(10)	(10)										
1⅛% G, Sept. 15, 1950	1.10%	1.03%	1.06									
1⅛% H, Oct. 1, 1950	1.16%	1.13%	1.14									
1⅛% A, Jan. 1, 1951	1.17%	1.15%	1.16									
1⅞% A, Apr. 1, 1952					100.03+	100.04+	1.70					

[1] Prices on June 30, 1950, and June 29, 1951, are closing bid and ask quotations in over-the-counter market as compiled by Federal Reserve Bank of New York. Prices in range columns are mean of closing bid and ask quotations in over-the-counter market except that Treasury bond prices prior to Oct. 1, 1939, are closes on New York Stock Exchange. "When issued" prices are included in price range beginning Oct. 1, 1939. Dates of highs and lows, in case of recurrence, are latest dates. Yields when issues are quoted on a price basis are percent per annum compounded semiannually and are computed on the mean of bid and ask prices. Quotations on yield basis are indicated by percent signs in price columns.

[2] Treasury bills are excluded. For description and amount of each issue outstanding on June 29, 1951, see table 18; for information as of June 30, 1950, see 1950 annual report, p. 498.

[3] Excludes issues with original maturity of less than 2 years.

[4] Called on May 12, 1950, for redemption on Sept. 15, 1950.

[5] Called on Feb. 14, 1951, for redemption on June 15, 1951.

[6] Callable on 4 months' notice on Mar. 15, 1952.

[7] Called on May 14, 1951, for redemption on Sept. 15, 1951.

[8] Yield quotation is equivalent to price of 100.17¾, computed to the nearest quarter of a thirty-second.

[9] No market quotations for postal savings bonds.

[10] Not quoted.

[11] Quoted on "when issued" basis.

GOLD, SILVER, AND GENERAL FUND ASSETS AND LIABILITIES

TABLE 42.—*Assets and liabilities of the Treasury, June 30, 1950 and 1951*

[On basis of daily Treasury statements, see p. 675]

	June 30, 1950	June 30, 1951	Increase, or decrease (−)
GOLD			
Assets: Gold	$24, 230, 567, 200. 91	$21, 755, 685, 907. 36	−$2, 474, 881, 293. 55
Liabilities:			
Gold certificates [1]	2, 856, 364, 189. 00	2, 854, 667, 429. 00	−1, 696, 760. 00
Gold certificate fund—Board of Governors, Federal Reserve System	19, 643, 875, 142. 75	17, 043, 847, 599. 04	−2, 600, 027, 543. 71
Redemption fund—Federal Reserve notes	522, 649, 140. 77	654, 874, 681. 76	132, 225, 540. 99
Gold reserve [2]	156, 039, 430. 93	156, 039, 430. 93	
Gold in general fund	1, 051, 639, 297. 46	1, 046, 256, 766. 63	−5, 382, 530. 83
Total	24, 230, 567, 200. 91	21, 755, 685, 907. 36	−2, 474, 881, 293. 55
SILVER			
Assets:			
Silver bullion (monetary value) [3]	2, 022, 834, 903. 94	2, 057, 226, 823. 09	34, 391, 919. 15
Silver dollars	320, 050, 142. 00	309, 806, 157. 00	−10, 243, 985. 00
Total	2, 342, 885, 045. 94	2, 367, 032, 980. 09	24, 147, 934. 15
Liabilities:			
Silver certificates outstanding [1]	2, 324, 570, 053. 00	2, 340, 325, 761. 00	15, 755, 708. 00
Treasury notes of 1890 outstanding [1]	1, 145, 061. 00	1, 144, 760. 00	−301. 00
Silver in general fund	17, 169, 931. 94	25, 562, 459. 09	8, 392, 527. 15
Total	2, 342, 885, 045. 94	2, 367, 032, 980. 09	24, 147, 934. 15
GENERAL FUND			
Assets:			
In Treasury offices:			
Gold (as above)	1, 051, 639, 297. 46	1, 046, 256, 766. 63	−5, 382, 530. 83
Silver:			
At monetary value (as above)	17, 169, 931. 94	25, 562, 459. 09	8, 392, 527. 15
Subsidiary coin	11, 230, 334. 40	2, 426, 867. 75	−8, 803, 466. 65
Bullion:			
At recoinage value	849, 811. 49		−849, 811. 49
At cost value [3]	97, 638, 047. 46	93, 126, 353. 84	−4, 511, 693. 62
Minor coin	8, 058, 889. 13	2, 348, 579. 77	−5, 710, 309. 36
United States notes	2, 477, 964. 00	2, 328, 328. 00	−149, 636. 00
Federal Reserve notes	53, 015, 405. 00	49, 510, 670. 00	−3, 504, 735. 00
Federal Reserve Bank notes	74, 955. 00	720, 115. 00	645, 160. 00
National bank notes	365, 370. 00	180, 380. 00	−184, 990. 00
Unclassified—collections, etc	20, 019, 959. 29	24, 111, 871. 42	4, 091, 912. 13
Subtotal	1, 262, 539, 965. 17	1, 246, 572, 391. 50	−15, 967, 573. 67

Footnotes at end of table.

TABLE 42.—*Assets and liabilities of the Treasury, June 30, 1950 and 1951*—Con.

[On basis of daily Treasury statements, see p. 675]

	June 30, 1950	June 30, 1951	Increase, or decrease (−)
GENERAL FUND—Continued			
Assets—Continued			
Deposits in:			
Federal Reserve Banks:			
Available funds	$949, 935, 922. 00	$338, 147, 837. 15	−$611, 788, 084. 85
In process of collection	143. 282, 702. 22	250, 109, 417. 18	106, 826, 714. 96
Special depositaries, Treasury tax and loan accounts	3, 267, 784, 040. 29	5, 679, 672, 056. 63	2, 411, 888, 016. 34
National and other bank depositaries	269, 993, 300. 99	318, 827, 157. 95	48, 833, 856. 96
Foreign depositaries	33, 211, 716. 82	37, 189, 286. 99	3, 977, 570. 17
Subtotal	4, 664, 207, 682. 32	6, 623, 945, 755. 90	1, 959, 738, 073. 58
Total assets, general fund	5, 926, 747, 647. 49	7, 870, 518, 147. 40	1, 943, 770, 499. 91
Liabilities:			
Treasurer's checks outstanding	17, 153, 919. 65	25, 578, 398. 71	8, 424, 479. 06
Deposits of Government officers:			
Post Office Department	108, 497, 617. 97	202, 506, 640. 65	94, 009, 022. 68
Board of trustees, Postal Savings System:			
5-percent reserve, lawful money	155, 500, 000. 00	140, 000, 000. 00	−15, 500, 000. 00
Other deposits	19, 077, 492. 62	22, 732, 715. 59	3, 655, 222. 97
Postmasters' disbursing accounts, etc	107, 686, 832. 21	121, 498, 046. 15	13, 811, 213. 94
Uncollected items, exchanges, etc	1, 744, 093. 39	1, 624, 223. 11	−119, 870. 28
Total liabilities, general fund	409, 659, 955. 84	513, 940, 024. 21	104, 280, 068. 37
Balance in general fund	5, 517, 087, 691. 65	7, 356, 578, 123. 19	1, 839, 490, 431. 54
Total general fund liabilities and balance	5, 926, 747, 647. 49	7, 870, 518, 147. 40	1, 943, 770, 499. 91

NOTE.—The amount to the credit of disbursing officers and certain agencies was $7,627,516,906.60 on June 30, 1950, and $54,814,638,470.16 on June 30, 1951.

[1] Does not include amounts held in Treasury offices and by Federal Reserve Banks and agents in custody for the Treasurer of the United States. See table 82.

[2] Reserve against United States notes ($346,681,016 in 1950 and 1951) and Treasury notes of 1890 outstanding ($1,145,061 in 1950 and $1,144,760 in 1951). Treasury notes of 1890 are also secured by silver dollars in the Treasury.

[3] 401,971,068.4 ounces of these items of silver were held on June 30, 1950, and June 30, 1951, by certain agencies of the Federal Government.

TRUST AND SPECIAL FUNDS FOR WHICH INVESTMENTS ARE MADE BY THE TREASURY DEPARTMENT

TABLE 43.—*Holdings of Federal securities by Government agencies and accounts, June 30, 1941–51*

[In thousands of dollars]

	June 30, 1941	June 30, 1942	June 30, 1943	June 30, 1944	June 30, 1945	June 30, 1946	June 30, 1947	June 30, 1948	June 30, 1949	June 30, 1950	June 30, 1951
ACCOUNTS HANDLED BY TREASURY [1]											
Federal Deposit Insurance Corporation	416,416	488,202	573,793	686,526	835,087	975,787	1,122,308	1,016,790	1,133,790	1,275,790	1,338,350
Federal employees' retirement funds:											
Alaska railroad retirement and disability fund	1,005	1,300	1,552	1,755	1,911	2,360	2,680	3,070	3,447	(2)	----------
Canal Zone retirement and disability fund	5,388	6,678	7,960	9,187	10,298	11,325	12,257	13,127	13,918	(2)	----------
Civil service retirement and disability fund	645,285	782,650	1,060,321	1,450,913	1,848,270	2,155,034	2,435,238	2,794,611	3,243,427	3,801,278	4,374,518
Foreign service retirement and disability fund	4,713	5,442	6,115	7,012	7,836	8,678	9,638	12,087	14,497	16,850	16,867
Federal old-age and survivors insurance trust fund	2,380,600	3,201,634	4,236,834	5,408,834	6,545,934	7,548,734	8,742,334	9,930,137	11,224,137	12,639,137	14,317,437
Federal Savings and Loan Insurance Corporation	127,776	122,482	137,062	146,782	155,462	165,962	178,212	191,462	206,662	[3] 191,312	202,212
Postal Savings System	1,246,125	1,269,947	1,482,569	1,951,995	2,574,765	3,026,883	3,303,016	3,289,818	3,188,314	3,038,297	2,718,741
Railroad retirement account	74,000	91,500	178,000	318,500	500,500	657,000	805,500	1,374,500	1,720,000	2,057,600	2,414,490
Unemployment trust fund	2,273,000	3,139,000	4,367,000	5,870,000	7,307,000	7,409,000	7,852,000	8,297,000	8,137,000	7,413,000	8,063,000
Veterans' life insurance funds:											
Government life insurance fund	857,842	905,468	965,718	1,054,093	1,140,585	1,162,435	1,254,000	1,286,500	1,318,000	1,291,500	1,300,000
National service life insurance fund	2,800	38,775	351,725	1,213,425	3,187,125	5,239,685	6,473,685	6,934,685	7,287,685	5,342,144	5,435,644
Other trust funds and accounts:											
Adjusted service certificate fund	19,300	18,435	18,268	16,890	14,500	12,500	12,250	5,800	5,563	5,250	5,165
Ainsworth Library fund, Walter Reed General Hospital	10	10	10	10	10	10	10	10	10	10	10
Alien property trust fund	----------	----------	----------	----------	3,746	4,166	5,168	5,576	6,247	4,656	[4] 4,710
Army Exchange Service contingency reserve fund, War Department	----------	----------	1,150	----------	----------	----------	----------	----------	----------	----------	----------
Canal Zone Postal Savings System	2,155	4,205	7,505	8,050	9,450	9,850	9,850	9,350	9,350	8,850	6,850
Comptroller of the Currency employees' retirement fund	1,695	2,245	2,395	3,700	4,525	4,725	4,805	5,055	(5)	----------	----------
District of Columbia highway fund	----------	----------	----------	----------	----------	2,000	2,000	2,000	----------	----------	----------
District of Columbia public works and other general funds	----------	----------	----------	----------	5,000	15,000	15,000	15,000	13,930	9,961	13,964
District of Columbia teachers' retirement and annuity fund	7,808	8,359	9,008	10,480	11,237	11,429	11,629	13,556	14,991	16,904	18,444
District of Columbia water fund	1,773	1,773	1,773	1,773	1,773	1,773	1,773	1,773	1,773	1,773	1,773
Exchange stabilization fund	10,452	10,452	10,452	20,452	20,452	20,000	20,000	20,000	20,000	20,000	20,000
Farm tenant mortgage insurance trust fund	----------	----------	----------	----------	----------	----------	----------	1,000	1,000	1,000	1,000
Federal Housing Administration:											
Housing insurance fund	931	931	2,431	2,431	2,431	2,431	2,431	2,431	2,431	2,431	3,850
Housing investment insurance fund	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	700
Military housing insurance fund	----------	----------	----------	----------	----------	----------	----------	----------	----------	4,000	7,200
Mutual mortgage insurance fund	26,239	37,739	52,239	72,239	87,500	92,512	107,012	121,499	129,499	145,999	171,867
War housing insurance fund	4,400	4,400	400	400	6,400	8,000	11,000	12,000	33,500	61,000	80,600
General post fund, Veterans' Administration	1,115	1,215	1,285	1,390	1,334	1,334	1,433	1,434	1,945	2,142	2,316

Footnotes at end of table.

TABLE 43.—*Holdings of Federal securities by Government agencies and accounts, June 30, 1941–51*—Continued

	June 30, 1941	June 30, 1942	June 30, 1943	June 30, 1944	June 30, 1945	June 30, 1946	June 30, 1947	June 30, 1948	June 30, 1949	June 30, 1950	June 30, 1951
ACCOUNTS HANDLED BY TREASURY [1]—Continued											
Other trust funds and accounts—Continued											
Hospital fund, U. S. Army, Office of the Surgeon General				1,030	1,780	4,350	4,350	4,350	2,770	2,770	1,670
Individual Indian trust funds	40,545	41,316	44,625	47,031	47,802	41,875	46,060	43,663	41,293	39,189	38,843
Library of Congress trust fund	4	4									
National park trust fund	16	17	18	18	18	18	18	18	18	18	18
Pershing Hall Memorial fund	191	191	191	191	191	191	193	193	193	199	199
Preservation Birthplace of Abraham Lincoln, National Park Service					16	16	16	16	16	63	63
Public Health Service gift funds [6]	79	79	79	79	86	86	86	86	86	86	86
Public Housing Administration (U. S. Housing Act)	6,070	7,070	7,070	7,070	7,870	7,870	7,870	7,870			
Relief and rehabilitation, Longshoremen's and Harbor Workers' Compensation Act	186	208	208	254	344	404	416	402	402	550	550
Relief and rehabilitation, Workmen's Compensation Act within the District of Columbia	27	32	32	44	48	54	71	81	81	87	87
Special trust account for payment of pre-1934 Philippine bonds								11,140	14,026	16,521	19,082
U. S. Army and Air Force Motion Picture Service		1,635	2,418	2,018	1,922	2,172	3,242	4,542	2,065	2,065	1,000
U. S. Naval Academy general gift fund				85	85	85	85	85	85	85	85
Total handled by Treasury	8,157,946	10,193,394	13,530,205	18,314,656	24,343,293	28,605,735	32,457,637	35,432,716	37,792,150	37,412,518	40,581,391
ACCOUNTS OF OTHER AGENCIES											
Banks for cooperatives	31,776	33,702	33,261	42,784	42,849	53,906	42,568	42,656	42,656	42,788	42,788
Federal Farm Mortgage Corporation		1,652	115,000								
Federal home loan banks	62,370	68,516	154,194	131,534	158,406	120,844	155,464	162,118	357,790	285,136	243,728
Federal intermediate credit banks	36,000	44,000	36,000	36,000	36,511	43,151	43,151	43,151	44,654	45,254	45,754
Federal land banks	101,824	206,266	327,709	402,594	159,690	135,615	(7)				
Federal National Mortgage Association			756	634	569	565	5				69
Home Owners' Loan Corporation (in liquidation)			9,984	15,000	15,000	15,000	15,200	12,400	10,200	2,000	
Inland Waterways Corporation	3,787	3,237	5,522	6,400	6,650	4,132	2,288	50	50	50	
Joint stock land banks	214	322	62	36	51	15	(8)				
Panama Railroad Company		2,765	8,860	16,969	22,219	21,826	19,350	20	20	20	20

Production credit corporations	46,245	12,240	36,058	57,802	64,233	67,825	67,036	65,870	37,352	39,832	41,780
Reconstruction Finance Corporation	50,674	55,471	64,032	71,769	75,052	47,955	1,704	125	----------	----------	1,158
Regional Agricultural Credit Corporation of Washington, D. C.	----------	----------	----------	236	326	350	----------	----------	(9)	----------	----------
RFC Mortgage Company, The	----------	----------	448	956	5,467	8,017	(9)	----------	----------	----------	----------
U. S. Spruce Production Corporation	125	115	115	115	115	115	(9)	----------	----------	----------	----------
Total other agencies	333,016	428,286	792,001	782,830	587,138	519,316	346,765	326,389	492,722	415,079	375,296
Total holdings of securities by Government agencies and accounts	8,490,962	10,621,680	14,322,206	19,097,486	24,930,431	29,125,051	32,804,402	35,759,105	38,284,872	37,827,597	40,956,687

[1] For further details on certain of these accounts, see tables 44 through 63.
[2] Transferred to civil service retirement and disability fund pursuant to act of July 21, 1949 (63 Stat. 475).
[3] Includes a $1,000 thousand bond held in escrow.
[4] Figures are as of Apr. 30, 1951, the latest available.
[5] Transferred to civil service retirement and disability fund in accordance with act of June 30, 1948 (62 Stat. 1163).
[6] The National Institute of Health gift fund and various conditional and unconditional gift funds of the Public Health Service were consolidated during the fiscal year 1951.
[7] Proprietary interest of the United States in these banks ended June 26, 1947.
[8] Figures are incomplete as they include only the securities held by the Federal Reserve Banks and branches in safekeeping for joint stock land banks, subject to the order of the Governor of the Farm Credit Administration.
[9] Corporation has been liquidated.

TABLE 44.—*Adjusted service certificate fund, June 30, 1951*

[On basis of daily Treasury statements, see p. 675. This trust fund was established in accordance with the provisions of the act of May 19, 1924 (43 Stat. 128). For further details see annual report of the Secretary for 1941, p. 135]

I. RECEIPTS AND EXPENDITURES (EXCLUSIVE OF PURCHASES AND SALES OF INVESTMENTS)

	Cumulative through June 30, 1950	Fiscal year 1951	Cumulative through June 30, 1951
Receipts:			
Appropriations	$3,639,157,956.40		$3,639,157,956.40
Interest on loans and investments	136,881,710.50	$209,689.87	137,091,400.37
Total receipts	3,776,039,666.90	209,689.87	3,776,249,356.77
Expenditures:			
Payments under Adjusted Compensation Payment Act, 1936, enacted Jan. 27, 1936:			
Adjusted service bonds	1,850,184,950.00	57,000.00	1,850,241,950.00
Adjusted service bonds (Government life insurance fund series)	500,157,956.40		500,157,956.40
Checks for amounts less than $50	83,877,100.85	2,724.00	83,879,824.85
Checks paid by Treasurer of the United States other than in final settlement of certificates under the Adjusted Compensation Payment Act, 1936, less credits on account of repayments of loans	1,336,482,726.62	273,556.87	1,336,756,283.49
Total expenditures	3,770,702,733.87	333,280.87	3,771,036,014.74
Balance	5,336,933.03	−123,591.00	5,213,342.03

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1950	Increase, or decrease (−), fiscal year 1951	June 30, 1951
Investments:			
4% special Treasury certificates of indebtedness, adjusted service certificate fund series:			
Maturing Jan. 1, 1951	$5,250,000.00	−$5,250,000.00	
Maturing Jan. 1, 1952		5,165,000.00	$5,165,000.00
Total investments	5,250,000.00	−85,000.00	5,165,000.00
Unexpended balances:			
To credit of disbursing officers	77,225.79	−35,032.11	[1] 42,193.68
On books of the Division of Bookkeeping and Warrants	[2] 9,707.24	−3,558.89	6,148.35
Total assets	5,336,933.03	−123,591.00	5,213,342.03

[1] Includes July prior expenditure adjustment of $4,348.21 (net); adjustment in daily Treasury statement of July 1951.

[2] Excludes $215.00 representing July prior repayments.

Table 45.—*Ainsworth Library fund, Walter Reed General Hospital, June 30, 1951*

[This trust fund was established in accordance with the provisions of the joint resolution of Congress approved May 23, 1935 (49 Stat. 287). For further details see annual report of the Secretary for 1941, p. 154]

I. RECEIPTS AND EXPENDITURES (EXCLUSIVE OF PURCHASES AND SALES OF INVESTMENTS)

	Cumulative through June 30, 1950	Fiscal year 1951	Cumulative through June 30, 1951
Receipts:			
Bequest of Maj. Gen. Fred C. Ainsworth	$10,700.00		$10,700.00
Earnings on investments	3,747.77	$278.88	4,026.65
Total receipts	14,447.77	278.88	14,726.65
Expenditures	4,207.81	353.38	4,561.19
Balance	10,239.96	−74.50	10,165.46

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1950	Increase, or decrease(−), fiscal year 1951	June 30, 1951
Investments:			
2⅞% Treasury bonds of 1955–60 (par value $9,700)	$9,972.81		$9,972.81
Unexpended balances:			
To credit of disbursing officer		$192.65	192.65
On books of the Division of Bookkeeping and Warrants	267.15	−267.15	
Total	10,239.96	−74.50	10,165.46

Table 46.—*Alien property trust fund, June 30, 1951*

[This trust fund was established under the act of October 6, 1917, as amended, and the Settlement of War Claims Act of 1928, as amended]

	Cumulative through June 30, 1950	Increase during fiscal year 1951	Cumulative through June 30, 1951
Credits (net):			
Trusts	$37,080,016.22	$126,440.44	$37,206,456.66
Earnings on investments, etc	22,688,844.30	143,928.54	22,832,772.84
Total	59,768,860.52	270,368.98	60,039,229.50
Assets:			
Investments:			
Participating certificates issued, sec. 25 (e) of the Trading With the Enemy Act:			
Noninterest-bearing	21,151,134.23		21,151,134.23
5 percent interest-bearing	36,133,231.35		36,133,231.35
Cash balance with Treasurer of the United States	2,484,494.94	[1] 270,368.98	2,754,863.92
Total fund assets	59,768,860.52	270,368.98	60,039,229.50

[1] One check was issued by the Treasury Department during the fiscal year, to the Attorney General, on account of the alien property trust fund for the following purposes:

Distribution of income	$100,000.00
Distribution of Government earnings	50,000.00
Total	150,000.00

TABLE 47.—*Civil service retirement and disability fund, June 30, 1951* [1]

[On basis of daily Treasury statements, see p. 675. This trust fund was established in accordance with the provisions of the act of May 22, 1920 (41 Stat. 614). For further details see annual report of the Secretary for 1941, p. 136]

I. RECEIPTS AND EXPENDITURES (EXCLUSIVE OF PURCHASES AND SALES OF INVESTMENTS)

	Cumulative through June 30, 1950	Fiscal year 1951	Cumulative through June 30, 1951
Receipts:			
On account of deductions from basic compensation and service credit payments of employees subject to retirement act [2]	$2,913,421,685.89	$375,124,093.80	$3,288,545,779.69
On account of voluntary contributions	15,988,024.07	2,101,622.63	18,089,646.70
Appropriations	2,397,479,959.64	[3] 307,117,455.27	2,704,597,414.91
Interest and profits on investments	924,037,647.57	164,560,397.06	1,088,598,044.63
Transferred from the Comptroller of the Currency retirement fund, act of June 28, 1948:			
Cash and securities [4]	5,503,996.45		5,503,996.45
Total receipts	6,256,431,313.62	848,903,568.76	7,105,334,882.38
Expenditures:			
Annuity payments and refunds	r 2,416,248,828.26	270,070,331.87	2,686,319,160.13
Transfers to policemen's and firemen's relief fund, D. C.:			
On account of deductions	55,852.61		55,852.61
Accrued interest on deductions	26,628.76		26,628.76
Total	82,481.37		82,481.37
Total expenditures	r 2,416,331,309.63	270,070,331.87	2,686,401,641.50
Balance	3,840,100,003.99	578,833,236.89	4,418,933,240.88

Footnotes at end of table.

TABLE 47.—*Civil service retirement and disability fund, June 30, 1951* [1]—Con.

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1950	Increase, or decrease (—), fiscal year 1951	June 30, 1951
Investments:			
4% special Treasury notes, civil service retirement fund series, maturing:			
June 30, 1951	$484,157,000.00	—$484,157,000.00	
June 30, 1952	709,084,000.00		$709,084,000.00
June 30, 1953	1,006,723,000.00		1,006,723,000.00
June 30, 1954	1,166,208,000.00		1,166,208,000.00
June 30, 1955	424,076,000.00	683,000,000.00	1,107,076,000.00
June 30, 1956		373,557,000.00	373,557,000.00
3% special Treasury notes, civil service retirement fund series, maturing:			
June 30, 1951	2,422,000.00	—2,422,000.00	
June 30, 1952	2,220,000.00		2,220,000.00
June 30, 1953	2,415,000.00		2,415,000.00
June 30, 1954	2,372,000.00		2,372,000.00
June 30, 1955	901,000.00	2,105,000.00	3,006,000.00
June 30, 1956		1,157,000.00	1,157,000.00
Total Treasury notes	3,800,578,000.00	573,240,000.00	4,373,818,000.00
United States savings bonds, 2½% Series G–1942 to 1948	700,000.00		700,000.00
Total investments	3,801,278,000.00	573,240,000.00	4,374,518,000.00
Unexpended balances:			
To credit of disbursing officers	r 25,287,615.13	1,729,575.04	27,017,190.17
On books of the Division of Bookkeeping and Warrants	[5] 12,233,450.16	5,080,111.60	[6] 17,313,561.76
On books of the Treasurer of the United States [7]	1,300,938.70	—1,216,449.75	84,488.95
Total assets	r 3,840,100,003.99	578,833,236.89	4,418,933,240.88

r Revised.

[1] Includes the Alaska Railroad and Canal Zone retirement funds which were abolished and combined with the civil service retirement and disability fund by Public Law 180, 81st Cong., approved July 21, 1949.

[2] Under Public Law 426, approved Feb. 28, 1948, it was provided that after June 30, 1948, there would be deducted and withheld from basic salary, pay, or compensation of any officer or employee to whom the Civil Service Retirement Act applies a sum equal to 6 per centum of such officer's or employee's basic salary, pay, or compensation in lieu of 5 per centum deduction previously in effect.

[3] Comprises $305,000,000 appropriated from general fund to cover liability of United States and $2,117,455.27 representing District of Columbia and Government corporations' contributions.

[4] Includes $4,350,000 face amount of securities converted to cash. Also includes United States savings bonds in the amount of $700,000.

[5] Excludes $3,416,860.43 July prior receipts (net) and includes $18,896.63 teletype transcripts of receipts in daily Treasury statements during June 1950 in excess of transfer and counter teletype warrants.

[6] Excludes $5,059,522.08 July prior receipts (net) and includes $3,701,852.31 teletype transcripts of receipts in daily Treasury statements during June 1951 in excess of transfer and counter warrants and covering warrants. Also includes $352,245.46 representing June 1951 receipts covered as July current.

[7] Represents outstanding checks.

TABLE 48.—*District of Columbia teachers' retirement and annuity fund—Assets held by the Treasury Department, June 30, 1951*

[Public Law 624, approved Aug. 7, 1946 (60 Stat. 875), created this fund as successor to the District of Columbia teachers' retirement fund established under the act of Jan. 15, 1920, as amended, effecting the consolidation of the deductions fund and the Government reserve fund as of July 1, 1946]

Assets	June 30, 1950 [1] (principal cost)	Increase, or decrease (−), fiscal year 1951	June 30, 1951	
			Par value	Principal cost
Investments:				
Government securities:				
Treasury bonds:				
2½% of 1952–54	$513,000.00	−$513,000.00		
2½% of 1956–58	49,100.31		$47,000.00	$49,100.31
2½% of 1964–69 (dated Apr. 15, 1943)	879,721.25		878,000.00	879,721.25
2½% of 1964–69 (dated Sept. 15, 1943)	1,303,500.00		1,303,500.00	1,303,500.00
2½% of 1965–70	257,000.00		257,000.00	257,000.00
2½% of 1966–71	151,000.00		151,000.00	151,000.00
2½% of 1967–72 (dated June 1, 1945)	4,561,770.62	−4,561,770.62		
2½% of 1967–72 (dated Nov. 15, 1945)	6,436,909.63	−6,436,909.63		
2¼% of 1954–56	656,000.00	−656,000.00		
2½% of 1965, Investment Series A	250,000.00		250,000.00	250,000.00
2¾% of 1975–80, Investment Series B		12,325,000.00	12,325,000.00	12,325,000.00
United States savings bonds, 2½% Series G	2,132,500.00	1,100,000.00	3,232,500.00	3,232,500.00
Total investments	17,190,501.81	1,257,319.75	18,444,000.00	18,447,821.56
Accrued interest receivable	46,903.71	71,424.25		118,327.96
Unexpended balances:				
To credit of disbursing officer	124,218.70	−96,769.09		27,449.61
On books of the Division of Bookkeeping and Warrants	187,198.25	−170,891.29		16,306.96
Total assets	17,548,822.47	1,061,083.62		18,609,906.09
Assets according to accounts:				
Deduction account	17,464,787.84	1,046,210.95		18,510,998.79
Voluntary contributions account	84,034.63	14,872.67		98,907.30
Total assets	17,548,822.47	1,061,083.62		18,609,906.09

[1] Includes deductions fund and Government reserve fund reported on pp. 567 and 568 of 1946 annual report.

TABLE 49.—*District of Columbia water fund—Investments held by the Treasury Department, June 30, 1951*

[These investments were made in accordance with the provisions of the act of June 29, 1937 (50 Stat. 392) and in subsequent appropriation acts for the District of Columbia. For further details see annual report of the Secretary for 1941, p. 142]

Investments	June 30, 1950 (principal cost)	Fiscal year 1951	June 30, 1951	
			Par value	Principal cost
Treasury bonds:				
2½% of 1952–54	$100,000.00		$100,000	$100,000.00
2¾% of 1958–63	749,110.01		736,000	749,110.01
2¾% of 1960–65	987,511.56		937,000	987,511.56
Total investments	1,836,621.57		1,773,000	1,836,621.57

TABLE 50.—*Assets held by the Treasury Department under relief and rehabilitation, Workmen's Compensation Act within the District of Columbia, June 30, 1951* [1]

[This trust fund was established in accordance with the provisions of the act of May 17, 1928 (45 Stat. 600). For further details see annual report of the Secretary for 1941, p. 141]

Assets	June 30, 1950 (principal cost)	Increase, or decrease (—), fiscal year 1951	June 30, 1951 Par value	June 30, 1951 Principal cost
Investments:				
Government securities:				
Treasury bonds:				
2½% of 1952-54	$5,000.00	—$5,000.00		
2⅞% of 1955-60	10,165.63		$10,000.00	$10,165.63
2½% of 1962-67	5,000.00		5,000.00	5,000.00
2½% of 1967-72 (dated Nov. 15, 1945)	6,000.00	—6,000.00		
2¾% of 1975-80 (Investment Series B)		6,000.00	6,000.00	6,000.00
United States savings bonds, 2½% Series G	60,600.00	5,000.00	65,600.00	65,600.00
Total investments	86,765.63		86,600.00	86,765.63
Unexpended balances:				
To credit of disbursing officers	10,542.52	3,938.60		14,481.12
On books of the Division of Bookkeeping and Warrants	1,640.91	1,684.09		3,325.00
Total assets	98,949.06	5,622.69		104,571.75

[1] Formerly known as District of Columbia workmen's compensation fund.

TABLE 51.—*Federal old-age and survivors insurance trust fund, June 30, 1951*

[On basis of daily Treasury statements, see p. 675. This trust fund, the successor to the old-age reserve account, was established in accordance with the provisions of the Social Security Act Amendments of 1939, approved Aug. 10, 1939 (53 Stat. 1362). For further details see annual report of the Secretary for 1940, p. 212]

I. RECEIPTS AND EXPENDITURES (EXCLUSIVE OF PURCHASES AND SALES OF INVESTMENTS)

	Cumulative through June 30, 1950	Fiscal year 1951	Cumulative through June 30, 1951
Receipts:			
Appropriations	$15,131,852,524.19	$3,119,536,743.54	$18,251,389,267.73
Deposits by States [1]		867,204.41	867,204.41
Interest on investments	1,517,278,959.44	287,391,831.37	1,804,670,790.81
Transfers from general fund	7,958,400.00	3,694,000.00	11,652,400.00
Total receipts	16,657,089,883.63	3,411,489,779.32	20,068,579,662.95
Expenditures:			
Benefit payments and refunds	3,375,556,468.90	1,498,087,989.24	4,873,644,458.14
Reimbursements for administrative expenses under sec. 201 (f) of the Social Security Act Amendments of 1939	246,498,939.99	18,597,315.62	265,096,255.61
Salaries and Expenses, Bureau of Old-Age and Survivors Insurance	142,422,659.09	51,849,583.10	194,272,242.19
Total expenditures	3,764,478,067.98	1,568,534,887.96	5,333,012,955.94
Balance	12,892,611,815.65	1,842,954,891.36	14,735,566,707.01

Footnotes at end of table.

TABLE 51.—*Federal old-age and survivors insurance trust fund, June 30, 1951*—Continued

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1950	Increase, or decrease (—), fiscal year 1951	June 30, 1951
Investments:			
Special Treasury certificates of indebtedness, 2⅛% maturing June 30:			
1951	$10,418,000,000.00	—$10,418,000,000.00	
1952		12,096,300,000.00	$12,096,300,000.00
Total special certificates of indebtedness	10,418,000,000.00	1,678,300,000.00	12,096,300,000.00
Treasury bonds:			
2¼% of 1959–62 (dated June 1, 1945)	938,000.00		938,000.00
2¼% of 1959–62 (dated Nov. 15, 1945)	3,267,000.00		3,267,000.00
2½% of 1962–67	58,650,000.00		58,650,000.00
2½% of 1963–68	116,480,000.00		116,480,000.00
2½% of 1964–69 (dated Apr. 15, 1943)	15,052,000.00		15,052,000.00
2½% of 1964–69 (dated Sept. 15, 1943)	68,602,000.00		68,602,000.00
2½% of 1965–70	455,447,500.00		455,447,500.00
2½% of 1966–71	305,677,500.00		305,677,500.00
2½% of 1967–72 (dated June 1, 1945)	429,038,000.00	—429,038,000.00	
2½% of 1967–72 (dated Oct. 20, 1941)	115,121,250.00		115,121,250.00
2½% of 1967–72 (dated Nov. 15, 1945)	652,864,000.00	—652,864,000.00	
2¾% of 1975–80 (Investment Series B)		1,081,902,000.00	1,081,902,000.00
Total Treasury bonds	[2] 2,221,137,250.00		[2] 2,221,137,250.00
Unamortized premium	5,685,371.51	—323,657.53	5,361,713.98
Total investments	12,644,822,621.51	1,677,976,342.47	14,322,798,963.98
Unexpended balances:			
To credit of disbursing officers	80,332,911.62	120,526,818.61	200,859,730.23
On books of the Division of Bookkeeping and Warrants	167,861,442.30	44,449,951.80	212,311,394.10
On books of the Treasurer of the United States	[3] —405,159.78	1,778.48	[3] —403,381.30
Total assets	12,892,611,815.65	1,842,954,891.36	14,735,566,707.01

[1] Amounts deposited in accordance with title II of the Social Security Act, sec. 218 (e) as added by sec. 106 of Public Law 734, approved Aug. 28, 1950.
[2] Effective Dec. 30, 1949, public issues held by the fund are reflected at face value. Total unamortized premium is reflected separately below.
[3] Represents outstanding checks.

TABLE 52.—*Foreign service retirement and disability fund, June 30, 1951*

[On basis of daily Treasury statements, see p. 675. This trust fund was established in accordance with the provisions of sec. 18 of the act of May 24, 1924 (43 Stat. 144). For further details see annual report of the Secretary for 1941, p. 138]

I. RECEIPTS AND EXPENDITURES (EXCLUSIVE OF PURCHASES AND SALES OF INVESTMENTS)

	Cumulative through June 30, 1950	Fiscal year 1951	Cumulative through June 30, 1951
Receipts:			
On account of deductions from basic compensation and service credit payments of employees subject to retirement act	$7, 099, 595. 00	$641, 803. 64	$7, 741, 398. 64
Appropriations	14, 683, 900. 00		14, 683, 900. 00
Interest and profits on investments	4, 803, 463. 22	659, 553. 18	5, 463, 016. 40
Total receipts	26, 586, 958. 22	1, 301, 356. 82	27, 888, 315. 04
Expenditures:			
Annuity payments and refunds	9, 663, 834. 31	1, 268, 379. 02	10, 932, 213. 33
Balance	16, 923, 123. 91	32, 977. 80	16, 956, 101. 71

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1950	Increase, or decrease (−), fiscal year 1951	June 30, 1951
Investments:			
4% special Treasury notes, foreign service retirement fund series, maturing:			
June 30, 1951	$2, 371, 000. 00	−$2, 371, 000. 00	
June 30, 1952	3, 680, 000. 00		$3, 680, 000. 00
June 30, 1953	4, 009, 000. 00		4, 009, 000. 00
June 30, 1954	4, 260, 000. 00		4, 260, 000. 00
June 30, 1955	2, 182, 000. 00	557, 000. 00	2, 739, 000. 00
June 30, 1956		1, 747, 000. 00	1, 747, 000. 00
3% special Treasury notes, foreign service retirement fund series, maturing:			
June 30, 1951	31, 000. 00	−31, 000. 00	
June 30, 1952	94, 000. 00		94, 000. 00
June 30, 1953	87, 500. 00		87, 500. 00
June 30, 1954	83, 500. 00		83, 500. 00
June 30, 1955	52, 000. 00	73, 000. 00	125, 000. 00
June 30, 1956		42, 000. 00	42, 000. 00
Total investments	16, 850, 000. 00	17, 000. 00	16, 867, 000. 00
Unexpended balances:			
To credit of disbursing officers	45, 942. 78	11, 620. 98	57, 563. 76
On books of the Division of Bookkeeping and Warrants	25, 571. 23	4, 356. 82	[1] 29, 928. 05
On books of the Treasurer of the United States [2]	1, 609. 90		1, 609. 90
Total assets	16, 923, 123. 91	32, 977. 80	16, 956, 101. 71

[1] Excludes $328.08 representing July prior deposits of contributions appropriated as of June 30, 1951.
[2] Represents outstanding checks.

TABLE 53.—*Library of Congress trust fund, June 30, 1951*

[This trust fund was established in accordance with the provisions of the act of Mar. 3, 1925 (43 Stat. 1107). For further details see annual report of the Secretary for 1941, p. 149]

I. ASSETS HELD BY THE TREASURY DEPARTMENT AND CERTAIN FEDERAL RESERVE BANKS, SUBJECT TO THE ORDER OF THE SECRETARY OF THE TREASURY, FOR ACCOUNT OF THE LIBRARY OF CONGRESS TRUST FUND BOARD [1]

Assets	June 30, 1950	Increase, fiscal year 1951	June 30, 1951
Securities:			
R. R. Bowker donation			
7% German external loan bonds, German Government	$2,000.00		$2,000.00
6½% sinking fund gold bonds, Japanese Government	2,000.00		2,000.00
48 shares, common stock, American Telephone & Telegraph Co.	4,800.00		4,800.00
Elizabeth Sprague Coolidge donation			
496 shares, common stock, Commonwealth Edison Co.	12,400.00		12,400.00
Joseph Pennell donation			
4% general consolidated mortgage bonds Series A, Lehigh Valley R. R. Co.	1,250.00		1,250.00
4% general consolidated mortgage bonds Series D, Lehigh Valley R. R. Co.	3,750.00		3,750.00
20 shares capital stock, Lehigh Valley R. R. Co.	200.00		200.00
4½% prior lien gold bonds, National Railways of Mexico	3,000.00		3,000.00
5% consolidated mortgage bonds, Pennsylvania and New York Canal and R. R. Co.	1,000.00		1,000.00
5% sinking fund gold bonds, Philadelphia and Reading Coal and Iron Co.	735.00		735.00
54 shares, common stock, Pittsburgh Consolidation Coal Co.	54.00		54.00
134 shares, common stock, Pennsylvania R. R. Co.	6,700.00		6,700.00
112 shares, common stock, Westmoreland Coal Co.	2,240.00		2,240.00
105 shares, common stock, Westmoreland, Inc.	1,050.00		1,050.00
Temporary certificate for 20 shares common stock, Philadelphia & Reading Coal & Iron Co. (New Co.)	20.00		20.00
Total securities [1]	41,199.00		41,199.00
Unexpended balances on books of the Division of Bookkeeping and Warrants:			
Permanent loan fund:			
Babine	6,684.74		6,684.74
Beethoven	12,088.13		12,088.13
Benjamin	83,083.31		83,083.31
Bowker	1,408.16	$91.50	1,499.66
Carnegie	93,307.98		93,307.98
Coolidge	150,569.05		150,569.05
Louis C. Elson memorial fund	12,585.03		12,585.03
Friends of Music in the Library of Congress	5,509.09		5,509.09
Guggenheim	90,654.22		90,654.22
Huntington	162,052.26		162,052.26
Koussevitzky Music Foundation, Inc.	105,215.36		105,215.36
Longworth	8,691.59	1,000.00	9,691.59
Miller	20,548.18		20,548.18
Pennell	289,468.69		289,468.69
Porter	290,500.00		290,500.00
Robert's Fund		62,703.75	62,703.75
Whittall	609,444.15		609,444.15
Whittall, No. 2, Poetry Fund		101,149.73	101,149.73
Wilbur	305,813.57		305,813.57
Total permanent loan fund	2,247,623.51	164,944.98	2,412,568.49
Total assets	2,288,822.51	164,944.98	2,453,767.49

[1] Does not include securities held as investments for Huntington donation under deed of trust dated Nov. 17, 1936, administered by designated trustees, including Bank of New York.

TABLE 53.—*Library of Congress trust fund, June 30, 1951*—Continued

II. LIBRARY OF CONGRESS TRUST FUND EARNINGS TO JUNE 30, 1951

Donation	Cumulative through June 30, 1950	Fiscal year 1951	Cumulative through June 30, 1951
	Income account, securities, real estate, etc.		
Babine	$1,785.58		$1,785.58
Beethoven	4,429.73		4,429.73
Benjamin	49,744.50		49,744.50
Bowker	5,399.36	$432.00	5,831.36
Carnegie	37,838.36		37,838.36
Coolidge	115,413.43	793.60	116,207.03
Friends of Music in the Library of Congress	318.22		318.22
Guggenheim	32,759.36		32,759.36
Huntington	[2] 191,637.58	10,631.40	202,268.98
Longworth	757.02		757.02
Miller	412.50		412.50
Pennell	81,330.58	1,271.73	82,602.31
Porter	25,369.03		25,369.03
Wilbur	107,345.09		107,345.09
Total	[r] 654,540.34	13,128.73	667,669.07
	Income account, permanent loan fund		
Babine	$3,470.65	$267.40	$3,738.05
Beethoven	5,751.90	483.52	6,235.42
Benjamin	9,755.15	3,323.34	13,078.49
Bowker	450.97	57.55	508.52
Carnegie	45,916.34	3,732.32	49,648.66
Coolidge	60,408.51	6,022.76	66,431.27
Louis C. Elson memorial fund	2,589.31	503.40	3,092.71
Friends of Music in the Library of Congress	1,483.45	220.36	1,703.81
Guggenheim	43,155.86	3,626.16	46,782.02
Huntington	67,819.84	6,482.10	74,301.94
Koussevitsky Music Foundation, Inc	2,287.29	4,208.62	6,495.91
Longworth	4,036.92	362.80	4,399.72
Miller	4,502.33	821.92	5,324.25
Pennell	112,733.83	11,578.74	124,312.57
Porter	45,368.04	11,620.00	56,988.04
Robert's Fund		442.37	442.37
Whittall	187,545.07	24,377.76	211,922.83
Whittall No. 2, Poetry Fund		2,055.97	2,055.97
Wilbur	154,271.92	12,232.56	166,504.48
Total	751,547.38	92,419.65	843,967.03
Grand total	[r] 1,406,087.72	105,548.38	1,511,636.10

[r] Revised.
[2] Includes income under deed of trust dated Nov. 17, 1936; administered by designated trustees, including Bank of New York.

TABLE 54.—*Relief and rehabilitation, Longshoremen's and Harbor Workers' Compensation Act, as amended—Assets held by the Treasury Department, June 30, 1951* [1]

[This trust fund was established in accordance with the provisions of the act of Mar. 4, 1927 (44 Stat. 1444). For further details see annual report of the Secretary for 1941, p. 141]

Assets	June 30, 1950	Increase, or decrease (−), fiscal year 1951	June 30, 1951	
Investments:				
Government securities:				
Treasury bonds:	*Principal cost*		*Par value*	*Principal cost*
3% of 1951–55	$9, 959. 38	−$9, 959. 38		
2½% of 1952–54	35, 000. 00	−35, 000. 00		
2⅞% of 1955–60	14, 920. 25		$14, 800. 00	$14, 920. 25
2¾% of 1956–59	14, 976. 20		14, 850. 00	14, 976. 20
2¾% of 1958–63	15, 936. 38		15, 600. 00	15, 936. 38
2¾% of 1960–65	14, 985. 94		13, 900. 00	14, 985. 94
2½% of 1962–67	23, 000. 00		23, 000. 00	23, 000. 00
2½% of 1964–69 (dated Apr. 15, 1943)	11, 500. 00		11, 500. 00	11, 500. 00
2½% of 1967–72 (dated Nov. 15, 1945)	109, 470. 00	−109, 470. 00		
2¾% of 1975–80 (Investment Series B)		108, 000. 00	108, 000. 00	108, 000. 00
United States savings bonds, 2½% Series G	303, 000. 00	45, 700. 00	348, 700. 00	348, 700. 00
Total investments	552, 748. 15	−729. 38	550, 350. 00	552, 018. 77
Unexpended balances:				
To credit of disbursing officers	68, 799. 39	18, 861. 96		87, 661. 35
On books of the Division of Bookkeeping and Warrants	5, 925. 09	1, 733. 02		7, 658. 11
Total assets	627, 472. 63	19, 865. 60		647, 338. 23

[1] Formerly, longshoremen's and harbor workers' compensation fund.

TABLE 55.—*National Archives gift fund, June 30, 1951*

[This trust fund was established in accordance with the provisions of the National Archives Trust Fund Board Act of July 9, 1941 (55 Stat. 581)]

I. RECEIPTS AND EXPENDITURES

	Cumulative through June 30, 1950	Fiscal year 1951	Cumulative through June 30, 1951
Receipts:			
Donations:			
Mr. and Mrs. Hall Clovis	$30, 000. 00		$30, 000. 00
Miscellaneous	35, 664. 15	$18, 161. 23	53, 825. 38
Total receipts	65, 664. 15	18, 161. 23	83, 825. 38
Expenditures	53, 617. 12	5, 405. 30	59, 022. 42
Balance	12, 047. 03	12, 755. 93	24, 802. 96

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1950	Increase, or decrease (−), fiscal year 1951	June 30, 1951
Unexpended balances:			
To credit of disbursing officer	$6, 306. 88	$12, 918. 75	$19, 225. 63
On books of the Division of Bookkeeping and Warrants	5, 740. 15	−162. 82	5, 577. 33
Total assets	12, 047. 03	12, 755. 93	24, 802. 96

TABLE 56.—*National park trust fund, June 30, 1951*

[This trust fund was established in accordance with the provisions of the act of July 10, 1935 (49 Stat. 477). For further details see annual report of the Secretary for 1941, p. 153]

I. RECEIPTS AND EXPENDITURES (EXCLUSIVE OF PURCHASES AND SALES OF INVESTMENTS)

	Cumulative through June 30, 1950	Fiscal year 1951	Cumulative through June 30, 1951
Receipts:			
Donations:			
Victor C. Cahalane	$33.54		$33.54
Alexander Korda Productions	250.00		250.00
Kodak Hawaii, Ltd	202.50		202.50
Frank Lloyd Productions, Inc	150.00		150.00
Grand Teton		$12,312.63	12,312.63
Loew's, Inc	1,200.00		1,200.00
Metro-Goldwyn-Mayer Distributing Corp	50.00		50.00
Metro-Goldwyn-Mayer Corp	3,000.00		3,000.00
Metro-Goldwyn-Mayer Pictures	5,000.00		5,000.00
Newton B. Drury	50.00		50.00
Paramount Pictures, Inc	304.00		304.00
R. K. O. Radio Pictures, Inc	200.00		200.00
Time, Inc	10.00		10.00
Twentieth Century Fox Film Corp	1,750.00		1,750.00
Twentieth Century Fox Studios	50.00		50.00
Universal Pictures Corp	3,200.00		3,200.00
Vanguard Pictures Corp	50.00		50.00
Walter Wanger Productions, Inc	900.00		900.00
Warner Bros. Pictures, Inc	1,200.00		1,200.00
Total	17,600.04	12,312.63	29,912.67
Interest earned on investments	5,935.46	500.76	6,436.22
Total receipts	23,535.50	12,813.39	36,348.89
Expenditures	3,800.00	1,657.50	5,457.50
Balance	19,735.50	11,155.89	30,891.39

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1950	Increase, fiscal year 1951	June 30, 1951
Investments:			
Treasury bonds:			
2½% of 1952–54	$1,700.00		$1,700.00
2⅞% of 1955–60	[1] 14,548.54		[1] 14,548.54
2½% of 1967–72 (dated Oct. 20, 1941)	1,000.00		1,000.00
2½% of 1963–68	1,000.00		1,000.00
Total investments	18,248.54		18,248.54
Unexpended balances:			
To credit of disbursing officer	937.88	$11,704.97	12,642.85
On books of the Division of Bookkeeping and Warrants	549.08	−549.08	
Total assets	19,735.50	11,155.89	30,891.39

[1] Par value $14,200.

TABLE 57.—*National service life insurance fund, June 30, 1951*

[This trust fund was established pursuant to title VI of Public Law 801, approved Oct. 8, 1940 (54 Stat. 1012). For further details see annual report of the Secretary for 1941, p. 143]

I. RECEIPTS AND EXPENDITURES (EXCLUSIVE OF PURCHASES AND SALES OF INVESTMENTS)

	Cumulative through June 30, 1950	Fiscal year 1951	Cumulative through June 30, 1951
Receipts:			
Premiums and other receipts	$4, 604, 622, 025. 52	$480, 063, 693. 16	$5, 084, 685, 718. 68
Interest and profits on investments	994, 539, 181. 53	160, 323, 432. 36	1, 154, 862, 613. 89
Transfers from general fund [1]	4, 160, 029, 571. 93	43, 354, 001. 96	4, 203, 383, 573. 89
Total receipts	9, 759, 190, 778. 98	683, 741, 127. 48	10, 442, 931, 906. 46
Expenditures:			
Benefit payments and refunds	1, 730, 442, 447. 97	391, 399, 710. 68	2, 121, 842, 158. 65
Special dividends	2, 632, 988, 510. 20	222, 238, 707. 10	2, 855, 227, 217. 30
Items in transit	234, 221. 07	15, 402. 99	249, 624. 06
Total	4, 363, 665, 179. 24	613, 653, 820. 77	4, 977, 319, 000. 01
Balance	5, 395, 525, 599. 74	70, 087, 306. 71	5, 465, 612, 906. 45

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1950	Increase, or decrease (−), fiscal year 1951	June 30, 1951
Investments:			
3 percent special Treasury notes, national service life insurance fund series, maturing:			
June 30, 1951	$688, 500, 000. 00	−$688, 500, 000. 00	
June 30, 1952	745, 485, 000. 00		$745, 485, 000. 00
June 30, 1953	1, 158, 700, 000. 00		1, 158, 700, 000. 00
June 30, 1954	2, 597, 000, 000. 00		2, 597, 000, 000. 00
June 30, 1955	152, 459, 000. 00	140, 000, 000. 00	292, 459, 000. 00
June 30, 1956		642, 000, 000. 00	642, 000, 000. 00
Total investments	5, 342, 144, 000. 00	93, 500, 000. 00	5, 435, 644, 000. 00
Unexpended balances:			
To credit of disbursing officers	53, 238, 727. 96	−23, 295, 367. 88	29, 943, 360. 08
On books of the Treasurer of the United States [2]	142, 871. 78	−117, 325. 41	25, 546. 37
Total assets	5, 395, 525, 599. 74	70, 087, 306. 71	5, 465, 612, 906. 45

[1] There has been appropriated through June 30, 1951, the amount of $4,352,602,000 available to Veterans' Administration for transfer and certain benefit payments, in accordance with provisions of the National Service Life Insurance Act of 1940, as amended.
[2] Represents outstanding checks.

TABLE 58.—*Pershing Hall Memorial fund, June 30, 1951*

[This special fund was established in accordance with the provisions of the act of June 28, 1935 (49 Stat. 426). For further details see annual report of the Secretary for 1941, p. 155]

I. RECEIPTS AND EXPENDITURES (EXCLUSIVE OF PURCHASES AND SALES OF INVESTMENTS)

	Cumulative through June 30, 1950	Fiscal year 1951	Cumulative through June 30, 1951
Receipts:			
Appropriations	$482, 032. 92		$482, 032. 92
Interest and profits on investments	76, 113. 15	$4, 977. 50	81, 090. 65
Total receipts	558, 146. 07	4, 977. 50	563, 123. 57
Expenditures:			
On account of current claims and expenses	288, 629. 70		288, 629. 70
On account of National Treasurer, American Legion	68, 754. 10	6, 553. 34	75, 307. 44
Total expenditures	357, 383. 80	6, 553. 34	363, 937. 14
Balance	200, 762. 27	−1, 575. 84	199, 186. 43

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1950	Increase, or decrease (−), fiscal year 1951	June 30, 1951
Investments:			
2½% United States savings bonds, Series G	$199, 100. 00		$199, 100. 00
Total investments	199, 100. 00		199, 100. 00
Unexpended balances:			
To credit of disbursing officer	1, 575. 84	−$1, 489. 41	86. 43
On books of Division of Bookkeeping and Warrants	86. 43	−86. 43	
Total assets	200, 762. 27	−1, 575. 84	199, 186. 43

TABLE 59.—*Public Health Service gift funds—Investments held by the Treasury Department, June 30, 1951* [1]

[These investments were made in accordance with the provisions of the act of July 1, 1944 (58 Stat. 709)]

Investments	June 30, 1950	Fiscal year 1951	June 30, 1951	
			Par value	Principal cost
Treasury bonds: 2½% of 1967–72 (dated June 1, 1945)	$86, 000. 00		$86, 000. 00	$86, 000. 00
Total investments	86, 000. 00		86, 000. 00	86, 000. 00

[1] During the fiscal year 1951 various conditional and unconditional gift funds of the Public Health Service were consolidated into trust funds entitled Public Health Service Unconditional gift fund and Public Health Service Conditional gift fund. Included among those funds in the consolidation were the National Cancer Institute gift fund and the National Institute of Health gift fund, which were reported separately in annual reports of the Secretary for previous years.

TABLE 60.—*Railroad retirement account, June 30, 1951*

[On basis of daily Treasury statements, see p. 675. This trust account was established in accordance with the provisions of sec. 15 (a) of the act of June 24, 1937 (50 Stat. 316). For further details see annual report of the Secretary for 1941, p. 148]

I. RECEIPTS AND EXPENDITURES (EXCLUSIVE OF PURCHASES AND SALES OF INVESTMENTS)

	Cumulative through June 30, 1950	Fiscal year 1951	Cumulative through June 30, 1951
Receipts:			
Appropriations	[1] $3,931,844,218.50	$607,991,049.00	[1] $4,539,835,267.50
Balance available for transfer from railroad retirement appropriated account	156,167,276.00	−117,158,325.00	39,008,951.00
Interest on investments	238,514,598.62	70,167,149.95	308,681,748.57
Total receipts	4,326,526,093.12	560,999,873.95	4,887,525,967.07
Expenditures:			
Annuity payments and refunds	2,078,120,619.52	316,151,294.33	2,394,271,913.85
Administrative expenses	4,452,527.71	4,866,458.97	9,318,986.68
Total expenditures	2,082,573,147.23	321,017,753.30	2,403,590,900.53
Balance	2,243,952,945.89	239,982,120.65	2,483,935,066.54

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1950	Increase, or decrease (−), fiscal year 1951	June 30, 1951
Investments:			
2% special Treasury notes, railroad retirement series, maturing:			
June 30, 1952	$760,200,000.00	−$264,500,000.00	$495,700,000.00
June 30, 1953	609,000,000.00		609,000,000.00
June 30, 1954	631,000,000.00		631,000,000.00
June 30, 1955	57,400,000.00	556,190,000.00	613,590,000.00
June 30, 1956		65,200,000.00	65,200,000.00
Total investments	2,057,600,000.00	356,890,000.00	2,414,490,000.00
Unexpended balances:			
To credit of disbursing officers	28,779,674.26	924,987.94	29,704,662.20
On books of the Division of Bookkeeping and Warrants	157,701,998.78	−117,833,179.59	39,868,819.19
On books of the Treasurer of the United States	[2] −128,727.15	312.30	[2] −128,414.85
Total assets	2,243,952,945.89	239,982,120.65	2,483,935,066.54

[1] Appropriation reduced by the amount of $9,000,000 covering transfer for acquisition of service and compensation data in accordance with Public Res. 102, 76th Cong., approved Oct. 9, 1940. Of this amount $230,000 was returned to the railroad retirement account by transfer appropriation warrant, and appropriation of $498.50 adjustment authorized by Railroad Retirement Board in September 1947. Appropriation reduced $4 by transfer counter warrant in January 1950, in order to pay a claim pending in General Accounting Office.

[2] Represents outstanding checks.

TABLE 61.—*Unemployment trust fund, June 30, 1951*

[On basis of daily Treasury statements, see p. 675. This trust fund was established in accordance with the provisions of sec. 904 (a) of the Social Security Act of Aug. 14, 1935 (49 Stat. 640). For further details see annual report of the Secretary for 1941, p. 145]

I. RECEIPTS AND EXPENDITURES (EXCLUSIVE OF PURCHASES AND SALES OF INVESTMENTS)

	State unemployment agencies			Railroad unemployment insurance account [1]			Total, unemployment trust fund		
	Cumulative through June 30, 1950	Fiscal year 1951	Cumulative through June 30, 1951	Cumulative through June 30, 1950	Fiscal year 1951	Cumulative through June 30, 1951	Cumulative through June 30, 1950	Fiscal year 1951	Cumulative through June 30, 1951
Receipts:									
Deposits	$13,645,698,985.31	$1,362,628,786.44	$15,008,327,771.75	$886,700,124.43	$14,884,291.14	$901,584,415.57	$14,532,399,109.74	$1,377,513,077.58	$15,909,912,187.32
Transfers from State unemployment funds to railroad unemployment insurance account	-------	-------	-------	107,160,768.89	-------	107,160,768.89	107,160,768.89	-------	107,160,768.89
Advance by the Secretary of the Treasury (July 5, 1939)	-------	-------	-------	15,000,000.00	-------	15,000,000.00	15,000,000.00	-------	15,000,000.00
Transfers from railroad unemployment insurance administration fund (act of Oct. 10, 1940)	-------	-------	-------	80,919,165.00	-------	80,919,165.00	80,919,165.00	-------	80,919,165.00
Subtotal	13,645,698,985.31	1,362,628,786.44	15,008,327,771.75	1,089,780,058.32	14,884,291.14	1,104,664,349.46	14,735,479,043.63	1,377,513,077.58	16,112,992,121.21
Interest on investments	1,185,565,093.09	147,692,948.04	1,333,258,041.13	118,893,298.11	16,433,620.59	135,326,918.70	1,304,458,391.20	164,126,568.63	1,468,584,959.83
Total receipts	14,831,264,078.40	1,510,321,734.48	16,341,585,812.88	1,208,673,356.43	31,317,911.73	1,239,991,268.16	16,039,937,434.83	1,541,639,646.21	17,581,577,081.04
Expenditures:									
Withdrawals by States	8,072,394,877.06	848,270,000.00	8,920,664,877.06	-------	-------	-------	8,072,394,877.06	848,270,000.00	8,920,664,877.06
Transfers to railroad unemployment insurance account from State unemployment funds	107,160,768,89	-------	107,160,768.89	-------	-------	-------	107,160,768.89	-------	107,160,768.89
Repayment of advance to the Secretary of the Treasury (January 1940)	-------	-------	-------	15,000,000.00	-------	15,000,000.00	15,000,000.00	-------	15,000,000.00
Subtotal	8,179,555,645.95	848,270,000.00	9,027,825,645.95	15,000,000.00	-------	15,000,000.00	8,194,555,645.95	848,270,000.00	9,042,825,645.95
Railroad unemployment benefit payments and refunds	-------	-------	-------	407,485,371.25	52,034,338.68	459,519,709,93	407,485,371.25	52,034,338.68	459,519,709.93
Total expenditures	8,179,555,645.95	848,270,000.00	9,027,825,645.95	422,485,371.25	52,034,338.68	474,519,709.93	8,602,041,017.20	900,304,338.68	9,502,345,355.88
Balance	6,651,708,432.45	662,051,734.48	7,313,760,166.93	786,187,985.18	−20,716,426.95	765,471,558.23	7,437,896,417.63	641,335,307.53	8,079,231,725.16

[1] Railroad Unemployment Insurance Act, approved June 25, 1938.

TABLE 61.—*Unemployment trust fund, June 30, 1951*—Continued

II. ASSETS HELD BY THE TREASURY DEPARTMENT

	June 30, 1950 (principal cost)	Increase, or decrease (—), fiscal year 1951	June 30, 1951
Investments:			
Special Treasury certificates of indebtedness, unemployment trust fund:			
2⅛% series maturing June 30, 1951	$6,616,000,000.00	−$6,616,000,000.00	
2⅛% series maturing June 30, 1952		7,266,000,000.00	$7,266,000,000.00
Total special issues	6,616,000,000.00	650,000,000.00	7,266,000,000.00
Treasury bonds:			
2¼% of 1959–62 (dated Nov. 15, 1945)	4,000,000.00		4,000,000.00
2½% of 1962–67	51,000,000.00		51,000,000.00
2½% of 1963–68	56,000,000.00		56,000,000.00
2½% of 1964–69 (dated Apr. 15, 1943)	29,000,000.00		29,000,000.00
2½% of 1964–69 (dated Sept. 15, 1943)	7,000,000.00		7,000,000.00
2½% of 1965–70	153,000,000.00		153,000,000.00
2½% of 1966–71	152,000,000.00		152,000,000.00
2½% of 1967–72 (dated June 1, 1945)	161,000,000.00	−161,000,000.00	
2½% of 1967–72 (dated Oct. 20, 1941)	7,000,000.00		7,000,000.00
2½% of 1967–72 (dated Nov. 15, 1945)	177,000,000.00	−177,000,000.00	
2¾% Investment Series B 1975–80		338,000,000.00	338,000,000.00
Total public issues	797,000,000.00		797,000,000.00
Unamortized premium	1,263,506.56	−66,579.48	1,196,927.08
Total investments	7,414,263,506.56	649,933,420.52	8,064,196,927.08
Unexpended balances:			
Cash with the Treasurer of the United States	22,122,083.78	−7,678,774.31	14,443,309.47
To credit of disbursing officers	1,510,827.29	−919,338.68	591,488.61
Total assets	7,437,896,417.63	641,335,307.53	8,079,231,725.16

III. AMOUNTS OF UNEMPLOYMENT TRUST FUND, CUMULATIVE TO JUNE 30, 1951, CREDITED TO THE ACCOUNT OF EACH STATE AGENCY AND TO THE RAILROAD UNEMPLOYMENT INSURANCE ACCOUNT

States	Total deposits	Net earnings credited to account	Total withdrawals from account	Balance June 30, 1951
Alabama	$149,276,998.74	$11,856,176.84	$100,275,000.00	$60,858,175.58
Alaska	17,672,971.20	1,555,867.93	11,060,378.48	8,168,460.65
Arizona	46,762,771.78	4,242,834.13	18,732,234.97	32,273,370.94
Arkansas	69,202,580.74	6,156,488.72	37,907,846.36	37,451,223.10
California	1,704,386,618.05	124,912,378.71	1,225,565,279.44	603,733,717.32
Colorado	73,949,283.22	8,547,883.58	24,322,040.19	58,175,126.61
Connecticut	298,653,000.00	32,924,066.78	164,371,996.24	167,205,070.54
Delaware	24,226,000.20	3,150,884.03	12,377,069.51	14,999,814.72
District of Columbia	65,463,776.18	9,743,527.92	26,882,229.25	48,325,074.85
Florida	130,030,820.77	11,775,904.31	64,887,550.60	76,919,174.48
Georgia	165,909,192.82	17,345,089.84	69,988,698.83	113,265,583.83
Hawaii	30,215,598.32	4,036,014.94	12,276,881.25	21,974,732.01
Idaho	43,627,097.27	3,588,702.61	18,387,013.78	28,828,786.10
Illinois	952,354,013.81	101,529,029.15	598,399,013.81	455,484,029.15
Indiana	337,090,050.39	35,328,310.64	164,194,592.27	208,223,768.76
Iowa	132,566,073.11	14,132,223.07	43,544,841.32	103,153,454.86
Kansas	101,375,499.59	10,713,041.43	45,741,509.23	66,347,031.79
Kentucky	179,871,000.00	19,995,910.98	73,377,978.21	126,488,932.77
Louisiana	190,082,000.00	15,814,487.94	106,182,139.06	99,714,348.88
Maine	86,264,600.00	6,661,452.02	55,364,837.04	37,561,214.98
Maryland	235,541,000.00	21,831,372.07	142,265,347.37	115,107,024.70
Massachusetts	565,538,000.00	38,207,149.96	491,612,725.57	112,132,424.39
Michigan	830,922,525.07	53,248,271.04	545,056,485.64	339,114,310.47
Minnesota	204,217,807.29	19,371,900.72	100,960,982.32	122,628,725.69
Mississippi	67,656,978.76	6,048,159.75	31,502,412.60	42,202,725.91

TABLE 61.—*Unemployment trust fund, June 30, 1951*—Continued

III. AMOUNTS OF UNEMPLOYMENT TRUST FUND, CUMULATIVE TO JUNE 30, 1951, CREDITED TO THE ACCOUNT OF EACH STATE AGENCY AND TO THE RAILROAD UNEMPLOYMENT INSURANCE ACCOUNT—Continued

States	Total deposits	Net earnings credited to account	Total withdrawals from account	Balance June 30, 1951
Missouri	$314, 272, 668. 20	$33, 985, 099. 07	$144, 770, 464. 25	$203, 487, 303. 02
Montana	49, 561, 997. 20	4, 529, 284. 38	21, 457, 957. 77	32, 633, 323. 81
Nebraska	49, 452, 135. 90	5, 868, 322. 13	18, 526, 585. 10	36, 793, 872. 93
Nevada	22, 263, 820. 17	2, 039, 975. 27	11, 786, 734. 46	12, 517, 060. 98
New Hampshire	53, 767, 268. 01	4, 556, 615. 13	37, 880, 106. 20	20, 443, 776. 94
New Jersey	868, 123, 500. 00	85, 343, 735. 20	519, 748, 521. 02	433, 718, 714. 18
New Mexico	33, 565, 000. 00	2, 847, 726. 81	10, 044, 544. 78	26, 368, 182. 03
New York	2, 591, 526, 115. 40	178, 719, 902. 01	1, 796, 120, 977. 24	974, 125, 040. 17
North Carolina	233, 935, 000. 00	23, 850, 105. 11	88, 273, 334. 43	169, 511, 770. 68
North Dakota	15, 580, 289. 33	1, 366, 821. 69	7, 542, 479. 75	9, 404, 631. 27
Ohio	811, 936, 015. 08	100, 445, 462. 89	373, 464, 005. 70	538, 917, 472. 27
Oklahoma	97, 481, 000. 00	9, 270, 121. 50	60, 044, 133. 15	46, 706, 988. 35
Oregon	162, 130, 988. 20	13, 058, 898. 91	100, 495, 392. 41	74, 694, 494. 70
Pennsylvania	1, 191, 565, 000. 00	113, 132, 370. 14	731, 748, 998. 97	572, 948, 371. 17
Rhode Island	171, 940, 727. 95	10, 442, 262. 06	157, 825, 673. 54	24, 557, 316. 47
South Carolina	88, 500, 000. 00	8, 761, 667. 36	43, 475, 743. 96	53, 785, 923. 40
South Dakota	13, 936, 400. 00	1, 673, 015. 76	4, 864, 304. 23	10, 745, 111. 53
Tennessee	201, 816, 000. 00	16, 298, 420. 25	118, 311, 440. 15	99, 802, 980. 10
Texas	308, 324, 000. 00	35, 531, 368. 21	105, 832, 030. 42	238, 023, 337. 79
Utah	57, 035, 367. 70	5, 146, 501. 43	30, 493, 976. 36	31, 687, 892. 77
Vermont	26, 777, 508. 52	2, 648, 116. 04	14, 467, 074. 06	14, 958, 550. 50
Virginia	139, 990, 000. 00	14, 285, 921. 84	69, 088, 850. 22	85, 187, 071. 62
Washington	345, 525, 602. 61	25, 780, 422. 02	201, 688, 178. 53	169, 617, 846. 10
West Virginia	160, 287, 467. 76	14, 513, 344. 62	89, 251, 586. 39	85, 549, 225. 99
Wisconsin	277, 703, 225. 57	38, 771, 638. 52	87, 523, 429. 67	228, 951, 434. 42
Wyoming	19, 311, 771. 62	1, 917, 378. 49	8, 492, 039. 85	12, 737, 110. 26
Total	15, 009, 165, 126. 53	1, 337, 501, 625. 95	9, 038, 455, 645. 95	7, 308, 211, 106. 53
Adjustments to daily Treasury statement basis:				
Deposits not cleared by the Treasurer of the United States	−837, 354. 78			−837, 354. 78
Outstanding checks			−10, 630, 000. 00	10, 630, 000. 00
Accrued interest credited to State account		−4, 243, 584. 82		−4, 243, 584. 82
Total, on basis of daily Treasury statements	15, 008, 327, 771. 75	1, 333, 258, 041. 13	9, 027, 825, 645. 95	7, 313, 760, 166. 93
Railroad unemployment insurance account:				
Deposits of Railroad Retirement Board	901, 584, 415. 57			901, 584, 415. 57
Transfers from State unemployment funds	107, 160, 768. 89			107, 160, 768. 89
Interest on investments		135, 777, 112. 21		135, 777, 112. 21
Transfers to chief disbursing officer			460, 111, 198. 54	−460, 111, 198. 54
Appropriation advance and repayment	15, 000, 000. 00		15, 000, 000. 00	
Transfers from administration fund	80, 919, 165. 00			80, 919, 165. 00
Total	1, 104, 664, 349. 46	135, 777, 112. 21	475, 111, 198. 54	765, 330, 263. 13
Adjustments to daily Treasury statement basis:				
Accrued interest credited to insurance account		−450, 193. 51		−450, 193. 51
Cash with disbursing officers			−591, 488. 61	591, 488. 61
Total, on basis of daily Treasury statements	1, 104, 664, 349. 46	135, 326, 918. 70	474, 519, 709. 93	765, 471, 558. 23
Total, unemployment trust fund, as shown in the daily Treasury statement	16, 112, 992, 121. 21	1, 468, 584, 959. 83	9, 502, 345, 355. 88	8, 079, 231, 725. 16

TABLE 62.—*U. S. Government life insurance fund—Investments, June 30, 1951*

[This trust fund was established in accordance with the provisions of the act of June 7, 1924 (43 Stat. 607). For further details see annual report of the Secretary for 1941, p. 142]

	June 30, 1950	Increase, or decrease (−), fiscal year 1951	June 30, 1951
Investments:			
Government securities:			
Special Treasury certificates of indebtedness, 3½% maturing June 30:			
1951	$1,291,500,000.00	−$1,291,500,000.00	
1952		1,300,000,000.00	$1,300,000,000.00
Total investments	1,291,500,000.00	8,500,000.00	1,300,000,000.00
Policy loans outstanding [1]	125,843,042.30	6,524,781.93	132,367,824.23
Total investments in fund	1,417,343,042.30	15,024,781.93	1,432,367,824.23

[1] Includes interest accrued to anniversary dates of loans.

TABLE 63.—*U. S. Naval Academy general gift fund, June 30, 1951*

[This trust fund was established in accordance with the act of Mar. 31, 1944 (58 Stat. 135)]

I. RECEIPTS AND EXPENDITURES (EXCLUSIVE OF PURCHASES AND SALES OF INVESTMENTS)

	June 30, 1950	Fiscal year 1951	June 30, 1951
Receipts:			
Bequests:			
Dudley F. Wolfe	$85,938.72		$85,938.72
Joseph C. Grew	100.00		100.00
Perry Belmont	100.00		100.00
Miscellaneous	31,844.00	$570.00	32,414.00
Earnings on investments	12,155.23	2,125.00	14,280.23
Total receipts	130,137.95	2,695.00	132,832.95
Expenditures	11,160.42	228.02	11,388.44
Balance	118,977.53	2,466.98	121,444.51

II. ASSETS HELD BY THE TREASURY DEPARTMENT

Assets	June 30, 1950	Increase, or decrease (−), fiscal year 1951	June 30, 1951
Investments:			
2½% Treasury bonds of 1965–70	$85,000.00		$85,000.00
Total investments	85,000.00		85,000.00
Unexpended balances:			
On books of the Division of Bookkeeping and Warrants	33,977.53	−$33,977.53	
To credit of disbursing officer		36,444.51	36,444.51
Total assets	118,977.53	2,466.98	121,444.51

CORPORATIONS AND CERTAIN OTHER BUSINESS-TYPE ACTIVITIES OF THE GOVERNMENT

TABLE 64.—*Borrowing power and outstanding issues of Government corporations and certain other business-type activities whose obligations are guaranteed by the United States or issued to the Secretary of the Treasury, June 30, 1951*

[In millions of dollars]

Corporation or activity	Borrowing power	Outstanding obligations: Total	Held by Treasury	Held by others [1]: Unmatured	Held by others [1]: Matured [2]
I. Agencies issuing obligations for cash or in exchange for mortgages:					
Commodity Credit Corporation	6,750	2,555	2,555	(*)	
Economic Cooperation Administration	[3] 1,385	1,097	1,097		
Export-Import Bank of Washington	2,500	1,040	1,040		
Federal Deposit Insurance Corporation	3,000				
Federal Farm Mortgage Corporation	500	1			1
Federal home loan banks	1,000				
Federal Savings and Loan Insurance Corporation	750				
Home Owners' Loan Corporation	[4] 1	1			1
Housing and Home Finance Administrator:					
Federal National Mortgage Association	[5] 1,549	1,549	1,549		
Housing loans for educational institutions	300				
Prefabricated housing loans program	[6] 27	27	27		
Slum clearance program	250	3	3		
Panama Railroad Company	[7] 10				
Public Housing Administration	1,500	489	489		
Reconstruction Finance Corporation	[8] 274	274	274		
Rural Electrification Administration	[9] 2,362	[9] 1,540	1,540		
Secretary of Agriculture (Farmers' Home Administration)	[9] 114	[9] 114	114		
Secretary of the Army	150	100	100		
Tennessee Valley Authority	44	44	44		
Veterans' Administration (veterans' direct loan program)	107	107	107		
Virgin Islands Corporation (The)	[10] 9				
Defense Production Act of 1950, as amended:					
General Services Administration	[11] 1,600 (for the four entries below)	150	150		
Reconstruction Finance Corporation		7	7		
Secretary of the Interior		1	1		
Others					
Subtotal	24,182	9,099	9,097	(*)	2
II. Agencies issuing obligations only in payment of defaulted and foreclosed insured mortgages:					
Federal Housing Administration	[12] 19,750	27		27	
Maritime Administration	200				
Subtotal	19,950	27		27	
Total	44,132	9,126	9,097	27	2

*Less than $500,000.

[1] Excludes matured interest, all agencies, in amount of $0.3 million.

[2] Funds have been deposited with Treasurer of the United States for payment of all obligations guaranteed by the United States, representing outstanding matured principal of $2 million and interest of $0.3 million.

[3] In addition, an amount not to exceed $90 million may be borrowed from Secretary of the Treasury pursuant to sec. 3 (2) of Public Law 48, 82d Cong., approved June 15, 1951.

[4] Represents unpaid balances of matured obligations. Corporation is in process of liquidation and authority to make new loans has expired.

[5] May issue obligations to Secretary of the Treasury in amounts necessary to finance outstanding investments, loans, and purchases of the Association, taking into account other balance sheet items.

[6] Authorized to issue obligations to Secretary of the Treasury in amounts sufficient to carry out its functions, taking into consideration other provisions of law.

[7] Corporation is authorized to borrow from a fund maintained in the Treasury, "Special account, emergency fund, Panama Railroad Company."

[8] Corporation is authorized to issue obligations to the Secretary of the Treasury in an amount outstanding at any one time sufficient to carry out its functions. See table 67.

[9] Not reduced to reflect repayments of principal included in payments received June 29, 1951, of $27 million from R. E. A. and $57 million from F. H. A.

[10] Pursuant to act of June 30, 1949 (63 Stat. 350), corporation is authorized to borrow from a revolving fund. As of June 30, 1951, the net outstanding advances from this fund amounted to $1 million.

[11] Various agencies have been designated to borrow funds from the Treasury of the United States as provided in sec. 304 (b) of the act, as amended on June 2, 1951.

[12] In accordance with provisions of the National Housing Act of June 27, 1934, as amended (12 U. S. C. 1701-1748g), title I, sec. 8 may be increased by $150 million, upon approval of the President, and title VIII may be increased by $500 million upon approval of the President. Unused mortgage insurance authorizations as of June 30, 1951, amounted to $2,248 million. Debentures may be tendered and issued only in exchange for insured property acquired through foreclosure.

TABLE 65.—*Treasury holdings of bonds and notes issued by Government corporations and other business-type activities, June 30, 1941–51*

[Face amount, in thousands of dollars]

Agency	June 30, 1941	June 30, 1942	June 30, 1943	June 30, 1944	June 30, 1945	June 30, 1946	June 30, 1947	June 30, 1948	June 30, 1949	June 30, 1950	June 30, 1951
Commodity Credit Corporation	140,000	400,000	1,950,000	900,000	1,591,000	1,301,000	510,000	440,000	1,669,000	3,193,000	2,555,000
Economic Cooperation Administration									782,007	964,411	1,096,796
Export-Import Bank of Washington							516,200	970,600	913,900	964,500	1,039,600
Federal Farm Mortgage Corporation		263,000		366,000	108,000	13,000	21,000		500		
Home Owners' Loan Corporation		551,000	212,000	580,000	1,009,982	737,000	529,000	244,000	125,000		
Housing and Home Finance Administrator:											
Federal National Mortgage Association											1,549,003
Prefabricated housing loans program											26,670
Slum clearance program										500	3,000
Public Housing Administration [1]	85,000	274,000	283,000	398,000	383,000	360,000	347,000	362,000	337,000	349,000	489,000
Reconstruction Finance Corporation	19,916	2,533,918	5,033,372	8,416,487	9,019,947	9,205,355	9,966,141		1,856,213	1,456,246	274,051
Rural Electrification Administration								718,074	1,015,193	1,281,136	[2] 1,540,220
Secretary of Agriculture (Farmers' Home Administration program)										49,963	[3] 114,315
Secretary of Agriculture, Farmers' Home Administration (farm housing program)										15,000	
Secretary of the Army (natural fibers revolving fund)									100,000	100,000	100,000
Tennessee Valley Authority	56,772	56,772	56,772	56,772	56,772	56,772	56,500	54,000	51,500	49,000	44,000
Veterans' Administration (veterans' direct loan program)											107,110
Virgin Islands Corporation (The) [4]								250	750		
Defense Production Act of 1950:											
General Services Administration											150,000
Reconstruction Finance Corporation											7,400
Secretary of Interior (Defense Minerals Administration)											500
Total	301,689	4,078,691	7,535,145	10,717,260	12,168,702	11,673,128	11,945,841	2,788,924	6,851,062	8,422,756	9,096,664

NOTE.—Figures through 1942 on basis of Public Debt accounts, and for 1943 and subsequent years on basis of daily Treasury statements.

[1] Formerly United States Housing Authority. Executive Order No. 9070, of Feb. 24, 1942, transferred its functions to Federal Public Housing Authority. Federal Public Housing Authority was changed to Public Housing Administration by Reorganization Plan No. 3 of 1947.

[2] Has not been reduced to reflect repayment of principal included in payment of $27,072,041.60 received June 29, 1951, due July 1, 1951; not distributed as to principal and interest until after July 1, 1951.

[3] Has not been reduced to reflect repayment of principal included in payment of $56,816,101.31 received June 29, 1951, due July 1, 1951; not distributed as to principal and interest until after July 1, 1951.

[4] Effective June 30, 1949, by terms of the act of June 30, 1949 (63 Stat. 350), The Virgin Islands Corporation was established, and The Virgin Islands Company was dissolved and its assets and liabilities were transferred to the Corporation.

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TABLE 66.—*Description of Treasury holdings of bonds and notes issued by Government corporations and other business-type activities, June 30, 1951*

[On basis of daily Treasury statements, see p. 675]

Title and authorizing act	Date of issue	Redeemable (on and after)	Payable	Interest payable	Rate of interest	Principal amount
Commodity Credit Corporation, act of Mar. 8, 1938, as amended:					*Percent*	
Interim notes, Series Four—1952 [1]	June 30, 1951	At any time	June 30, 1952	Dec. 31, June 30	1½	$2,555,000,000.00
Economic Cooperation Administration, act of Apr. 3, 1948, as amended:						
Notes of Administrator	Various	do	June 30, 1984	At any time by agreement.	1⅞	1,095,600,000.00
Notes of Administrator	do	do	Apr. 3, 1964	do	1⅞	1,196,155.66
						1,096,796,155.66
Export-Import Bank of Washington, act of July 31, 1945, as amended:						
Notes, Series 1951	do	do	Dec. 31, 1951	June 30, Dec. 31	1	516,200,000.00
Notes, Series 1959	do	do	June 30, 1959	do	1⅞	523,400,000.00
						1,039,600,000.00
Housing and Home Finance Administrator:						
Federal National Mortgage Association, Reorganization Plan No. 22 of 1950:						
Notes	Sept. 7, 1950	do	July 1, 1952	Jan. 1, July 1	1⅞	1,071,779,115.34
Note	do	do	do	do	2	45,000,000.00
Notes, Series A	Various	do	Jan. 1, 1955	do	1⅞	432,224,000.00
Prefabricated housing loans program, Reorganization Plan No. 23 of 1950:						
Notes, Series FB	do	do	July 1, 1955	do	1⅞	26,670,296.71
Slum clearance program, act of July 15, 1949:						
Notes	do	do	June 30, 1952	do	1⅞	3,000,000.00
						1,578,673,412.05
Public Housing Administration, act of Sept. 1, 1937, as amended:						
Notes, Series O	do	do	June 30, 1953	June 30, Dec. 31	1⅞	489,000,000.00
Reconstruction Finance Corporation, act of Jan. 22, 1932, as amended:						
Notes, Series DD	do	do	Jan. 1, 1955	Jan. 1, July 1	1⅞	274,050,564.93

Footnotes at end of table.

TABLE 66.—*Description of Treasury holdings of bonds and notes issued by Government corporations and other business-type activities, June 30, 1951*—Continued

Title and authorizing act	Date of issue	Redeemable (on and after)	Payable	Interest payable	Rate of interest	Principal amount
Rural Electrification Administration, act of May 20, 1936, as amended:					*Percent*	
Notes of Administrator	Various	At any time	Various	Jan. 1, July 1	1⅞	[2] $1,540,219,583.80
Secretary of Agriculture (Farmers' Home Administration program), acts of June 29, 1950, and Sept. 2, 1950:						
Note	July 28, 1950	do	July 1, 1990	do	1⅞	96,314,855.83
Note	Sept. 15, 1950	do	do	do	1⅞	18,000,000.00
						[3] 114,314,855.83
Secretary of the Army (natural fibers revolving fund), act of June 29, 1948:						
Note	Apr. 7, 1949	do	June 1, 1952	June 30, Sept, 30, Dec. 31, Mar. 31.	1⅞	100,000,000.00
Tennessee Valley Authority, act of May 18, 1933, as amended:						
Bonds of 1947–57 [1]	Aug. 15, 1939	Aug. 15, 1947	Aug. 15, 1957	Feb. 15, Aug. 15	[4] 2¼	12,500,000.00
Bonds of 1951–63 [1]	do	Aug. 15, 1951	Aug. 15, 1963	do	[4] 2⅜	15,000,000.00
Bonds of 1955–69 [1]	do	Aug. 15, 1955	Aug. 15, 1969	do	[4] 2½	16,500,000.00
						[5] 44,000,000.00
Veterans' Administration (veterans' direct loan program), act of April 20, 1950:						
Agreement	July 26, 1950	At any time	Indefinite due date.	Jan. 1, July 1	1⅞	107,109,738.22
Defense Production Act of September 8, 1950:						
General Services Administration:						
Note of Administrator	Jan. 4, 1951	do	July 1, 1952	do	1⅞	150,000,000.00
Reconstruction Finance Corporation:						
Notes, Series EE	Various	do	Dec. 1, 1955	do	1⅞	7,400,000.00
Secretary of the Interior (Defense Minerals Administration):						
Note	May 31, 1951	do	July 1, 1962	do	1⅞	500,000.00
						157,900,000.00
Total						9,096,664,310.49

[1] Guaranteed as to principal and interest.

[2] Has not been reduced to reflect repayment of principal included in payment of $27,072,041.60 received June 29, 1951, due July 1, 1951; not distributed as to principal and interest until after July 1, 1951.

[3] Has not been reduced to reflect repayment of principal included in payment of $56,816,101.31 received June 29, 1951, due July 1, 1951; not distributed as to principal and interest until after July 1, 1951.

[4] Interest is paid at the rate of 1⅞ percent per annum while such bonds are held by the Treasury.

[5] Pursuant to act of July 30, 1947 (61 Stat. 576–577), repayments of not less than $2,500,000 must be made not later than June 30 of each calendar year.

TABLE 67.—*Transactions relating to Treasury holdings of bonds and notes issued by Government corporations and other business-type activities, fiscal year 1951*

Agency and obligation	Treasury holdings June 30, 1950	Transactions during the fiscal year 1951			Treasury holdings June 30, 1951
		Advances by Treasury	Repayments and refunding	Cancellations	
Commodity Credit Corporation:					
1¼% Interim notes, Series Three—1951	$3,193,000,000.00	$707,000,000.00	$3,833,301,543.00	$66,698,457.00	
1½% Interim notes, Series Four—1952		2,555,000,000.00			$2,555,000,000.00
Economic Cooperation Administration:					
1⅞% Notes, due June 30, 1984	963,979,000.00	131,621,000.00			1,095,600,000.00
1⅞% Notes, due April 3, 1964	431,983.75	764,171.91			1,196,155.66
Export-Import Bank of Washington:					
1% Notes, Series 1951	516,200,000.00				516,200,000.00
1⅞% Notes, Series 1959	448,300,000.00	221,500,000.00	146,400,000.00		523,400,000.00
General Services Administration: [1]					
1⅞% Note		150,000,000.00			150,000,000.00
Housing and Home Finance Agency:					
Federal National Mortgage Association Program:					
1⅞% Notes, due July 1, 1952		1,071,837,642.09	58,526.75		1,071,779,115.34
2% Note, due July 1, 1952		55,939,197.91	10,939,197.91		45,000,000.00
1⅞% Notes, Series A [1]		432,224,000.00			432,224,000.00
Prefabricated Housing Loans Program: [1]					
1⅞% Notes, Series FB		26,670,296.71			26,670,296.71
Slum Clearance Program: [1]					
1⅞% Notes, due June 30, 1952	500,000.00	2,500,000.00			3,000,000.00
Public Housing Administration:					
1⅞% Notes, Series O	349,000,000.00	140,000,000.00			489,000,000.00
Reconstruction Finance Corporation:					
1⅞% Notes, Series AA	1,348,307,051.84		1,348,307,051.84		
2% Notes, Series AA	55,939,197.91		55,939,197.91		
1⅞% Notes, Series DD	44,000,000.00	270,058,526.75	40,000,000.00	7,961.82	274,050,564.93
1⅞% Notes, Series EE		7,400,000.00			7,400,000.00
Noninterest-bearing notes, Series CC	8,000,000.00		8,000,000.00		
Rural Electrification Administration: [1]					
1⅞% Notes of Administrator	1,281,135,657.66	280,000,000.00	20,916,073.86		[2] 1,540,219,583.80
Secretary of Agriculture: [1]					
Farmers Home Administration Program, 1⅞% Notes	49,962,615.47	148,500,000.00	84,147,759.64		[3] 114,314,855.83
Farm Housing Program, 1⅞% Notes	15,000,000.00	10,000,000.00	25,000,000.00		
Secretary of the Army:					
1⅞% Note	100,000,000.00				100,000,000.00

Footnotes at end of table.

TABLE 67.—*Transactions relating to Treasury holdings of bonds and notes issued by Government corporations and other business-type activities, fiscal year 1951*—Continued

Agency and obligation	Treasury holdings June 30, 1950	Transactions during the fiscal year 1951			Treasury holdings June 30, 1951
		Advances by Treasury	Repayments and refunding	Cancellations	
Secretary of the Interior: [1]					
1⅞% Note		500,000.00			500,000.00
Veterans' Administration: [1]					
Advances at 1⅞%		107,109,738.22			107,109,738.22
Tennessee Valley Authority: [4]					
1¾% Bonds of 1943–51	2,500,000.00		2,500,000.00		
2¼% Bonds of 1947–57	15,000,000.00		2,500,000.00		12,500,000.00
2⅜% Bonds of 1951–63	15,000,000.00				15,000,000.00
2½% Bonds of 1955–69	16,500,000.00				16,500,000.00
Total	8,422,755,506.63	6,318,624,573.59	5,578,009,350.91	66,706,418.82	9,096,664,310.49

[1] Interest during each fiscal year based on average rate at beginning of each fiscal year.
[2] Has not been reduced to reflect repayment of principal included in payment received June 29, 1951, due July 1, 1951, in amount $27,072,041.60; not distributed as to principal and interest until after July 1, 1951.
[3] Has not been reduced to reflect repayment of principal included in payment received June 29, 1951, due July 1, 1951, in amount $56,816,101.31; not distributed as to principal and interest until after July 1, 1951.
[4] Interest rate of 1⅞% per annum effective Aug. 16, 1950, subject to change from time to time as conditions may warrant.

TABLE 68.—*Comparative statement of the combined net investment of the United States with respect to Government corporations and certain other assets and liabilities pertaining to business-type activities, as of June 30, 1942–51*

[In thousands of dollars. Classifications for 1944 and prior years conform to classifications prescribed in Budget-Treasury Regulation No. 3]

	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951
ASSETS										
Cash	402,508	[1] 1,763,264	618,304	700,775	1,351,216	1,792,484	1,042,253	513,840	473,566	649,020
Deposits with Government corporations and agencies	230,258	646,315	629,028	350,716	238,268	310,784	3,235	117,756	184,364	159,238
Loans receivable:										
Interagency	[2] 6,512,888	[2] 12,753,019	[2] 18,628,590	[2] 20,694,131	[2] 12,402,850	12,711,713	2,918,640	7,363,749	9,472,354	9,091,310
Others, less reserves	8,378,580	7,685,707	7,186,607	5,544,241	5,424,779	7,662,047	10,372,608	11,769,928	12,501,690	13,503,585
Accounts and other receivables:										
Interagency	68,044	150,343	573,028	1,570,161	1,680,201	872,405	211,522	1,224,344	170,394	174,409
Others, less reserves	643,162	1,320,784	1,535,677	914,485	937,116	804,464	279,545	243,886	322,488	517,555
Commodities, supplies, and materials, less reserves	(3)	(3)	(3)	2,506,305	1,459,311	850,763	250,698	1,139,795	2,185,643	1,718,857
Investments:										
Public debt securities	940,320	1,345,394	1,525,100	1,679,497	1,767,187	1,777,276	1,683,575	2,003,643	2,101,389	2,184,658
Capital stock and paid-in surplus of Government corporations	[4] 603,741	632,741	637,741	639,010	444,151	444,422	190,500	200,500	200,500	179,500
Other interagency	945,610	745,228	355,895	11,335	8,582	1,709				69

International Bank for Reconstruction and Development—stock					158,750	635,000	635,000	635,000	635,000	635,000
International Monetary Fund—subscriptions					275	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000
Others, less reserves	660,227	608,739	455,579	374,581	242,242	179,839	145,817	123,160	97,528	88,920
Land, structures, and equipment, less reserves	6,431,837	12,646,612	18,512,235	20,163,729	15,557,797	12,690,578	2,457,783	2,945,585	2,923,604	2,999,236
Acquired security or collateral, less reserves	(3)	(3)	(3)	75,382	40,625	28,597	29,330	52,516	85,772	116,991
All other assets, less reserves	120,064	551,387	1,105,241	1,593,252	632,374	494,915	473,293	54,424	41,786	24,300
Contra interagency assets	[5] 9,072	[5] 115,478	[5] 1,437,180							
Total assets	25,946,310	40,965,009	53,200,203	56,817,600	[6] 42,345,726	44,006,994	[7] 23,443,798	[7] 31,138,124	[8] 34,146,079	[8] 34,792,648
LIABILITIES										
Accounts and other payables:										
Interagency	28,753	132,773	484,188	732,046	567,704	223,019	30,779	30,301	37,915	73,823
Others	[9] 39,566	[9] 35,458	[9] 20,954	1,099,520	1,272,217	395,849	184,467	303,753	322,111	196,278
Trust and deposit liabilities:										
Interagency	230,433	735,924	1,881,021	2,749,847	1,236,957	1,057,703	698,196	232,119	303,476	264,751
Others	(10)	(10)	(10)	258,693	442,813	505,557	177,188	288,685	380,484	284,547
Bonds, debentures, and notes payable:										
To Secretary of the Treasury	4,078,691	7,519,145	10,716,260	12,168,702	11,672,128	11,945,841	2,788,924	6,069,055	7,458,345	6,380,882
Other interagency	3,379,807	5,970,663	8,268,225	8,500,764	739,304	767,580	129,715	505,687	1,034,598	1,568,951
Others	5,796,744	5,191,585	2,994,836	1,664,831	1,559,217	589,253	903,923	890,372	791,913	1,407,290
All other liabilities	3,053,389	5,450,453	5,620,016	2,803,949	2,477,787	1,143,647	825,520	894,528	743,279	451,590
Contra interagency liabilities	[5] 48,188	[5] 51,876	[5] 274,027							
Total liabilities	16,655,570	25,087,878	30,259,526	29,978,352	[6] 19,968,128	16,628,450	[7] 5,738,713	[7] 9,214,501	[8] 11,072,120	[8] 10,628,111
CAPITAL										
United States interest:										
Interagency	[4] 603,741	632,741	637,741	639,010	444,151	444,422	190,500	200,500	200,500	179,500
Other	8,249,474	14,804,281	21,859,790	25,741,337	21,451,391	26,665,196	[7] 17,360,738	[7] 21,550,871	[8] 22,672,117	[8] 23,670,019
Total United States interest	8,853,215	15,437,022	22,497,531	26,380,347	21,895,542	27,109,618	17,551,238	21,751,371	22,872,617	23,849,519
Private interest	437,525	440,109	443,146	458,901	482,056	268,926	153,846	172,253	201,341	315,019
Total capital	9,290,740	15,877,131	22,940,676	26,839,248	22,377,598	27,378,544	17,705,085	21,923,624	23,073,959	24,164,537
Total liabilities and capital	25,946,310	40,965,009	53,200,203	56,817,600	42,345,726	44,006,994	23,443,798	31,138,124	34,146,079	34,792,648

NOTE.—Prior to 1945, valuation reserves were reported as "other liabilities" rather than suspended credits to the respective asset accounts.

[1] Includes $1,250,000 thousand temporary borrowings by Commodity Credit Corporation from Secretary of the Treasury.

[2] Includes loans made by Secretary of the Treasury.

[3] Included in "land, structures, and equipment" classification.

[4] Includes stock of banks for cooperatives owned by Farm Credit Administration.

[5] Contra interagency assets and liabilities included for those agencies not reporting in statement prior to 1945.

[6] Decrease from 1945 caused in part by elimination of interagency assets and liabilities of merged R. F. C. affiliates effective July 1, 1945, and establishment of valuation and depreciation reserves.

[7] Decrease from 1947 caused in part with respect to (1) assets: exclusion of assets of U. S. Maritime Commission and War Shipping Administration functions (latest reports available to Treasury for these agencies relating to lend-lease and UNRRA activities are as of Mar. 31, 1947, and the remainder of War Shipping Administration functions as of Feb. 28, 1947) amounting to $11,367,847 thousand and decrease of $9,365,307 thousand by cancellation (Public Law 860, approved June 30, 1948) of Treasury loans to R. F. C. for which no assets were acquired by Treasury except right of future recoveries from nonlending net assets; (2) liabilities: exclusion of liabilities of U. S. Maritime Commission and War Shipping Administration functions (see parenthetical statement in item (1) above) amounting to $1,160,232 thousand, and decrease in R. F. C. liabilities to Treasury of $9,365,307 thousand referred to in item (1) above; and (3) United States interest other than interagency: exclusion of proprietary interest in U. S. Maritime Commission and War Shipping Administration functions (see parenthetical statement in item (1) above) amounting to $10,207,553 thousand.

[8] See footnote 7. Reorganization Plan No. 21, effective May 24, 1950, abolished the U. S. Maritime Commission, and transferred its functions into the Department of Commerce. Current data on maritime activities will be published when available.

[9] Represents only accrued interest; other accrued liabilities included in "All other liabilities."

[10] Included in "All other liabilities."

TABLE 69.—*Balance sheets of Government corporations and certain other business-type activities as of June 30, 1951*

[In millions of dollars]

	Grand total	Corporations: Total corporations	Banks for cooperatives	Commodity Credit Corporation	Export-Import Bank of Washington	Federal Deposit Insurance Corporation	Federal Farm Mortgage Corporation	Federal home loan banks	Federal intermediate credit banks
ASSETS									
Cash on hand and in banks [1]	77.9	75.1	16.8	7.6	0.3	0.2		18.6	14.6
Cash with U. S. Treasury [1]	571.2	261.0	1.2	11.4	1.1	2.6	3.1	8.8	(*)
Deposits with other Govt. corps. and agencies	159.2	159.2							
Loans receivable:									
Interagency	9,091.3	64.3		23.8					40.5
Others, less reserves	13,503.6	7,367.8	310.0	[2] 349.0	[3] 2,314.4		34.8	816.2	754.1
Accounts and other receivables:									
Interagency	174.4	115.6	(*)	87.9	(*)	(*)		(*)	.1
Others, less reserves	517.6	400.3	2.5	276.9	23.8	3.5	1.0	2.7	6.5
Commodities, supplies, and materials, less reserves	1,718.9	1,539.1		1,349.9	(*)	.1			
Investments:									
Public debt securities of U. S.	2,184.7	1,917.6	43.3			1,338.3		245.6	46.2
Obligations of Govt. corps. and agencies	179.6	1.1							
Others, less reserves	3,473.9	88.5						.1	
Land, structures, and equipment, less reserves	2,999.2	1,897.6	(*)	110.6	(*)	(*)		(*	
Acquired security or collateral, less reserves	117.0	45.4	2.9			2.2	(*)		
All other assets, less reserves	24.3	17.6	.2	.2	11.3	(*)	(*)	.2	.4
Total assets	34,792.6	13,950.2	377.0	2,217.3	2,350.8	1,347.0	38.9	1,092.3	862.5
LIABILITIES									
Accounts and other payables:									
Interagency	73.8	21.8	.1	(*)	(*)	(*)	(*)	.1	.3
Others	196.3	159.9	.7	55.2	(*)	1.5	.1	4.9	5.6
Trust and deposit liabilities:									
Interagency	264.8	203.6	(*)	9.0	(*)	.2		(*)	(*)
Others	284.5	266.1	.2	12.2	.1	(*)	.4	239.8	1.3
Bonds, debentures, and notes payable: [4]									
U. S. Treasury	6,380.9	4,409.1		2,555.0	1,039.6				
Other interagency	1,569.0	1,568.9	40.5						
Others:									
Guaranteed by United States	29.1	1.9					.6		
Not guaranteed by United States	1,378.1	1,378.1	81.3					543.9	752.9
All other liabilities	451.6	247.7	.3	[2] 61.4	[3] 56.3	101.4	(*)		.8
Total liabilities	10,628.1	8,257.0	123.1	2,692.9	1,096.0	103.1	1.2	788.7	760.9

CAPITAL

United States interest:									
Capital stock	1,705.1	1,705.1	178.5	100.0	1,000.0		(*)	[5] 10.0	60.0
Paid-in surplus	1,177.4	1,177.4							1.2
Expended appropriations	22,233.4	1,217.9							
Earned surplus, *or deficit*	*1,266.5*	1,277.7	53.9	*575.6*	254.8	[6] 1,243.8	37.7		40.4
Total United States interest	23,849.5	5,378.2	232.4	*475.6*	1,254.8	1,243.8	37.7	10.0	101.6
Private interest:									
Capital stock	278.8	278.8	[7] 16.5					262.3	
Earned surplus	36.2	36.2	5.0					31.2	
Total private interest	315.0	315.0	21.5					293.6	
Total capital	24,164.5	5,693.2	253.9	*475.6*	1,254.8	1,243.8	37.7	303.6	101.6
Total liabilities and capital	34,792.6	13,950.2	377.0	2,217.3	2,350.8	1,347.0	38.9	1,092.3	862.5
Contingent liabilities	758.6	508.2		17.6	7.0				
ANALYSIS OF INVESTMENT OF UNITED STATES									
Paid-in capital and expended appropriations	25,116.0	4,100.5	178.5	100.0	1,000.0		(*)	10.0	61.2
Treasury loans to Govt. corps. and agencies [8]	6,380.9	4,409.1		2,555.0	1,039.6				
Subtotal	31,496.9	8,509.5	178.5	2,655.0	2,039.6		(*)	10.0	61.2
Less total Treasury loans [9]	6,380.9								
Investment of the United States	25,116.0	8,509.5	178.5	2,655.0	2,039.6		(*)	10.0	61.2
Earned surplus, *or deficit*, U. S. share	*1,266.5*	1,277.7	53.9	*575.6*	254.8	1,243.8	37.7		40.4
Book value of U. S. interest, including interagency items	23,849.5	9,787.3	232.4	2,079.4	2,294.4	1,243.8	37.7	10.0	101.6
Interagency items—net amounts due to, *or from:*									
Government corporations	*4.9*		40.6	(*)	(*)			(*)	*40.6*
Government agencies reporting	4.9	4.9						.1	
Government agencies not required to report	*1,136.6*	1,450.1	(*)	*102.6*	(*)	.2	(*)	(*)	.3
Interagency proprietary interests	[10] *179.5*	*1.0*							
Total interagency items, excluding Treasury loans to Govt. corps. and agencies	*1,316.1*	1,454.0	40.6	*102.6*	(*)	.2	(*)	.1	*40.3*
Book value of U. S. interest, after exclusion of interagency items	22,533.4	11,241.3	273.1	1,976.8	2,294.4	1,244.0	37.7	10.1	61.3

*Less than $50,000.
[1] Excludes unexpended balances of appropriated funds.
[2] Includes $55.3 million guaranteed loans held by lending agencies.
[3] Includes $44.9 million guaranteed loans held by lending agencies.
[4] Includes notes for short-term borrowings.
[5] The final repayment of all capital stock held by the U. S. Government was covered into miscellaneous receipts of the U. S. Treasury on July 2, 1951, pursuant to act of June 27, 1950 (64 Stat. 257).
[6] The surplus is not available by law for dividend distribution and is considered by the Corporation as a reserve for future deposit insurance losses and related expenses with respect to insured banks.
[7] Includes $0.1 million deposits to "Guaranty fund."
[8] As shown above as a liability of each corporation or agency.
[9] As shown as an asset of the U. S. Treasury under "Other" business-type activities. This does not include obligations of agencies not required to report.
[10] Represents R. F. C. and Agricultural Marketing Act revolving fund proprietary interests in Government corporations.

TABLE 69.—*Balance sheets of Government corporations and certain other business-type activities as of June 30, 1951*—Continued

[In millions of dollars]

	Corporations—Continued								
	Federal National Mortgage Association	Federal Savings and Loan Insurance Corporation	Production credit corporations	Public Housing Administration [11]	Reconstruction Finance Corporation [12]: Exclusive of assets held for the U. S. Treasury	Reconstruction Finance Corporation [12]: Assets held for the U. S. Treasury [13]	Reconstruction Finance Corporation [12]: Defense Production Act of 1950	Tennessee Valley Authority	Other [14]
ASSETS									
Cash on hand and in banks [1]	0.3	(*)	0.8	0.2	1.9	2.1	----	0.1	11.4
Cash with U. S. Treasury [1]	.2	.7	(*)	4.2	9.9	----	0.4	171.3	46.2
Deposits with other Govt. corps. and agencies	----	----	----	----	----	153.3	----	----	5.9
Loans receivable:									
Interagency	----	----	----	----	----	----	----	----	----
Others, less reserves	1,578.9	----	----	446.1	754.1	1.0	6.6	----	2.6
Accounts and other receivables:									
Interagency	6.2	(*)	----	(*)	.4	2.0	----	2.4	16.6
Others, less reserves	6.4	3.7	.2	7.3	14.0	39.3	(*)	7.1	5.3
Commodities, supplies, and materials, less reserves	----	(*)	----	----	----	160.1	----	13.1	16.0
Investments:									
Public debt securities of U. S.	----	201.1	41.9	----	1.2	----	----	----	(*)
Obligations of Govt. corps. and agencies	.1	----	----	----	1.0	----	----	----	----
Others, less reserves	----	----	12.7	(*)	72.7	3.0	----	----	----
Land, structures, and equipment, less reserves	.2	----	----	200.9	.9	588.7	----	960.5	35.8
Acquired security or collateral, less reserves	6.4	1.0	----	----	32.4	----	----	----	.6
All other assets, less reserves	(*)	(*)	.2	1.3	----	3.4	----	----	.4
Total assets	1,598.7	206.5	55.7	660.0	888.5	952.9	6.9	1,154.5	140.8
LIABILITIES									
Accounts and other payables:									
Interagency	13.8	1.9	(*)	(*)	2.9	----	.1	2.0	.5
Others	.8	(*)	.2	.6	52.2	----	(*)	32.0	6.1
Trust and deposit liabilities:									
Interagency	.1	(*)	(*)	(*)	191.8	----	----	2.3	.1
Others	.4	(*)	(*)	----	11.3	----	(*)	.1	(*)
Bonds, debentures, and notes payable: [4]									
U. S. Treasury	----	----	----	489.0	274.1	----	7.4	44.0	----
Other interagency	1,528.0	----	----	----	----	----	----	----	.4
Others:									
Guaranteed by United States	----	----	----	----	----	----	----	----	1.2
Not guaranteed by United States	----	----	----	----	----	----	----	----	.1
All other liabilities	.5	4.9	(*)	8.1	3.8	----	----	1.1	9.1
Total liabilities	1,543.6	6.8	.3	497.7	536.1	----	7.5	81.5	17.5

CAPITAL									
United States interest:									
Capital stock	20.0	[15] 100.0	39.2	1.0	100.0				96.4
Paid-in surplus	1.0			160.8		944.4		45.0	25.1
Expended appropriations				91.5				980.2	146.2
Earned surplus, *or deficit*	34.0	[16] 99.8	16.2	*91.0*	252.3	8.6	*.6*	[17] 47.8	*144.5*
Total United States interest	55.0	199.8	55.4	162.3	352.3	952.9	*.6*	1,073.0	123.3
Private interest:									
Capital stock									
Earned surplus									
Total private interest									
Total capital	55.0	199.8	55.4	162.3	352.3	952.9	*.6*	1,073.0	123.3
Total liabilities and capital	1,598.7	206.5	55.7	660.0	888.5	952.9	6.9	1,154.5	140.8
Contingent liabilities				398.5	84.5				.6
ANALYSIS OF INVESTMENT OF UNITED STATES									
Paid-in capital and expended appropriations	21.0	100.0	39.2	253.3	100.0	944.4		1,025.2	267.8
Treasury loans to Govt. corps. and agencies [8]				489.0	274.1		7.4	44.0	
Subtotal	21.0	100.0	39.2	742.3	374.1	944.4	7.4	1,069.2	267.8
Less total Treasury loans [9]									
Investment of the United States	21.0	100.0	39.2	742.3	374.1	944.4	7.4	1,069.2	267.8
Earned surplus, *or deficit*, U. S. share	34.0	99.8	16.2	*91.0*	252.3	8.6	*.6*	47.8	*144.5*
Book value of U. S. interest, including interagency items	55.0	199.8	55.4	651.3	626.4	952.9	6.8	1,117.0	123.3
Interagency items—net amounts due to, *or from:*									
Government corporations	(*)	(*)			172.4	*153.3*	(*)	(*)	*19.2*
Government agencies reporting	*.1*	1.9			2.3			.3	.4
Government agencies not required to report	1,535.8	(*)	(*)	(*)	19.5	*2.0*	(*)	1.5	*2.7*
Interagency proprietary interests					*1.0*				
Total interagency items, excluding Treasury loans to Govt. corps. and agencies	1,535.7	1.9	(*)	(*)	193.3	*155.3*	.1	1.9	*21.5*
Book value of U. S. interest, after exclusion of interagency items	1,590.7	201.7	55.4	651.3	819.7	797.6	6.9	1,118.8	101.8

Footnotes 1 through 10 on p. 853.

11 See table 70, footnote 3.

12 Figures are shown on a preliminary basis.

13 See table 70, footnote 5.

14 Consists of Defense Homes Corporation (in liquidation); Federal Crop Insurance Corporation; Federal Prison Industries, Inc.; Home Owners' Loan Corporation (in liquidation); Inland Waterways Corporation; Institute of Inter-American Affairs; Panama Railroad Company; Smaller War Plants Corporation (in liquidation); The Virgin Islands Corporation; and War Damage Corporation (in liquidation).

15 A repayment of capital stock of $6.7 million was covered into miscellaneous receipts of the U. S. Treasury on July 24, 1951, pursuant to act of June 27, 1950 (64 Stat. 258).

16 The surplus is considered by the Corporation as available for future insurance losses and related expenses with respect to insured institutions.

17 Consists of net income from power operations of $182.1 million and net expense of nonincome-producing programs of $134.3 million.

TABLE 69.—*Balance sheets of Government corporations and certain other business-type activities as of June 30, 1951*—Continued

[In millions of dollars]

	Certain other business-type activities							
	Total certain other business-type activities [18]	Farmers' Home Administration	Disaster loans, etc., revolving fund (Farmers' Home Administration)	Federal Housing Administration	Office of Housing and Home Finance Administrator [19]	Public Housing Administration [20]	Rural Electrification Administration	Other [21]
ASSETS								
Cash on hand and in banks [1]	2.8	0.1	0.2			0.3		2.2
Cash with U. S. Treasury [1]	310.1	18.3		41.0	9.2	41.1	18.5	182.0
Deposits with other Govt. corps. and agencies								
Loans receivable:								
Interagency	9,027.0						.4	[22] 9,026.7
Others, less reserves	6,135.8	431.1	24.3	22.8	24.8	17.2	1,642.6	[23] 3,973.0
Accounts and other receivables:								
Interagency	58.8			.1		(*)	(*)	58.7
Others, less reserves	117.2	24.3	.4	4.9	.2	7.7	47.3	32.4
Commodities, supplies, and materials, less reserves	179.8					.1		179.7
Investments:								
Public debt securities of U. S.	267.1	1.0		266.1				
Obligations of Govt. corps. and agencies	178.5							178.5
Others, less reserves	3,385.4			.4				[24] 3,385.0
Land, structures, and equipment, less reserves	1,101.7	.2		1.1	34.8	1,057.3	.5	7.8
Acquired security or collateral, less reserves	71.6	.6	(*)	62.6				8.4
All other assets, less reserves	6.7	.5	.2		3.4	.7		1.9
Total assets	20,842.4	476.2	25.2	398.9	72.3	1,124.3	1,709.2	17,036.3
LIABILITIES								
Accounts and other payables:								
Interagency	52.1			3.4	.4	.3	.1	47.8
Others	36.4		(*)	6.2	(*)	5.3	.7	24.1
Trust and deposit liabilities:								
Interagency	61.2	.8		1.1			.2	59.1
Others	18.4	1.3		6.6	.3	.4	(*)	9.9
Bonds, debentures, and notes payable: [4]								
U. S. Treasury	1,971.8	57.8			29.7		1,526.7	357.6
Other interagency	.1			.1				
Others:								
Guaranteed by United States	27.3			27.3				
Not guaranteed by United States								
All other liabilities	203.9	(*)	(*)	[25] 176.8		25.6		1.4
Total liabilities	2,371.1	59.9	.1	221.5	30.4	31.6	1,527.7	499.9

CAPITAL								
United States interest:								
Capital stock								
Paid-in surplus								
Expended appropriations	21,015.5	417.9	29.7	67.5	74.7	1,723.8	201.9	[26] 18,500.0
Earned surplus, *or deficit*	[27] *2,544.2*	*1.6*	*4.6*	109.9	*32.7*	[27] *631.1*	*20.4*	*1,963.6*
Total United States interest	18,471.3	416.2	25.1	177.4	42.0	1,092.7	181.5	16,536.4
Private interest:								
Capital stock								
Earned surplus								
Total private interest								
Total capital	18,471.3	416.2	25.1	177.4	42.0	1,092.7	181.5	16,536.4
Total liabilities and capital	20,842.4	476.2	25.2	398.9	72.3	1,124.3	1,709.2	17,036.3
Contingent liabilities	250.5	39.9		1.1				209.4
ANALYSIS OF INVESTMENT OF UNITED STATES								
Paid-in capital and expended appropriations	21,015.5	417.9	29.7	67.5	74.7	1,723.8	201.9	18,500.0
Treasury loans to Govt. corps. and agencies [8]	1,971.8	57.8			29.7		1,526.7	357.6
Subtotal	22,987.4	475.7	29.7	67.5	104.4	1,723.8	1,728.6	18,857.6
Less total Treasury loans [9]	6,380.9							6,380.9
Investment of the United States	16,606.5	475.7	29.7	67.5	104.4	1,723.8	1,728.6	12,476.8
Earned surplus, *or deficit,* U. S. share	[27] *2,544.2*	*1.6*	*4.6*	109.9	*32.7*	[27] *631.1*	*20.4*	*1,963.6*
Book value of U. S. interest, including interagency items	14,062.3	474.1	25.1	177.4	71.6	1,092.7	1,708.2	10,513.1
Interagency items—net amounts due to, *or from:*								
Government corporations	*4.9*			.1			*.4*	*4.7*
Government agencies reporting					.2			*.2*
Government agencies not required to report	*2,586.7*	.8		4.4	.2	.3	.3	*2,592.7*
Interagency proprietary interests	*178.5*							*178.5*
Total interagency items, excluding Treasury loans to Govt. corps. and agencies	*2,770.2*	.8		4.5	.4	.3	*.1*	*2,776.0*
Book value of U. S. interest, after exclusion of interagency items	11,292.1	474.8	25.1	181.9	72.1	1,093.0	1,708.1	7,737.1

Footnotes 1 through 10 on p. 853, and footnotes 11 through 17 on p. 855.

[18] Reorganization Plan No. 21, effective May 24, 1950, abolished the U. S. Maritime Commission, and transferred its functions into the Department of Commerce. Current data on maritime activities will be published when available.

[19] See table 70, footnote 11.

[20] See table 70, footnote 12.

[21] Consists of Agricultural Marketing Act Revolving Fund; Federal Security Agency—loans to students; Department of the Interior—Indian loans and Puerto Rico Reconstruction Administration; Department of the Army—guaranteed loans (World War II) and natural fibers revolving fund; Department of the Navy—guaranteed loans (World War II); Public Works Administration (in liquidation); Treasury Department—miscellaneous loans and certain other assets; Veterans' Administration—Veterans' Canteen Service, veterans' direct loan program, guaranteed loans to veterans; and agencies reporting pursuant to Defense Production Act of 1950, which consist of General Services Administration and Departments of the Air Force, Army, Commerce, Interior, and Navy.

[22] Represents obligations of Government corporations and agencies as shown under "Bonds, debentures, and notes payable—U. S. Treasury." The latter does not include $2,645.8 million obligations of agencies not required to report.

[23] Includes $3,750 million loan to the United Kingdom.

[24] Consists of $2,750 million subscription to the International Monetary Fund and $635 million stock in the International Bank for Reconstruction and Development.

[25] Includes $97.9 million reserves for contingent losses, expenses, and other charges.

[26] Includes subscriptions to International Monetary Fund and Bank (see footnote 24) and loan to United Kingdom (see footnote 23).

[27] Figures for homes conversion program and public war housing program are shown in this table on a preliminary (daily Treasury statement) basis, therefore this figure will not agree with the corresponding figure in the following table. Final figures were not available in time for inclusion in the daily Treasury statement.

TABLE 70.—*Income and expense of Government corporations and certain other business-type activities, fiscal year 1951*

[In thousands of dollars. On basis of reports received from the corporations and activities]

	Grand total	Corporations							
		Total corporations	Banks for cooperatives	Commodity Credit Corporation	Export-Import Bank of Washington	Federal Deposit Insurance Corporation	Federal Farm Mortgage Corporation	Federal home loan banks	Federal intermediate credit banks
Income:									
Sale of commodities and supplies	2,547,308	2,498,003		2,003,776					
Sale of services	92,613	90,917							
Rents and royalties	69,611	10,410							
Interest and dividends:									
Interest on loans	416,863	217,216	9,783	15,083	66,293	609	2,299	14,930	12,720
Interest on public debt securities	46,656	40,722	1,008			29,087		4,074	1,095
Interest, other	90,334	8,464	(*)	2,737		96		168	20
Dividends	50,346	2,565							
Guaranty and insurance premiums	177,403	85,570				56,383			
Other income:									
Gains on sale of fixed assets	14,585	113		4	(*)				
Gains on sale of investments	2,409	577						304	
Gains on sale of acquired security or collateral	650	193	29			5	159		
Other	26,785	21,452	39	9,399	3	83	13	10	67
Total income	3,535,564	2,976,202	10,859	2,031,000	66,297	86,264	2,471	19,484	13,901
Expense:									
Cost of commodities and supplies sold	2,717,542	2,673,735		2,287,284					
Direct operating costs	103,216	67,127							
Interest expense:									
On borrowings from U. S. Treasury	98,185	70,708		[1] 37,085	13,650				
Other	52,747	52,251	2,343	9			27	10,825	9,954
Administrative expenses	152,852	78,063	1,828	18,638	898	6,563	1,129	1,486	1,436
Depreciation (not included in cost of sales or direct operating costs)	9,055	7,989	1	149	7				
Grants, subsidies, and contributions:									
Direct	33,864	10,901		258					
Indirect									
Guaranty and insurance losses	12,647	12,647							
Other expenses	134,020	120,508	144	75,564	31	5	122	538	268
Losses and charge-offs:									
Loans charged off	36,491	4,558	983	671		2,407			

Other assets charged off	23,717	923	85	460					6
Losses on sale of fixed assets	36,353	23,700							
Losses on sale of investments	430	430						28	14
Losses on sale of acquired security or collateral	13,089	9,275	126			9,146			
Direct charges to operating reserves	266	266							
Other	378	8							
Total expense	3,424,853	3,133,089	5,510	2,420,118	14,586	18,122	1,278	12,878	11,679
Net income, *or loss*, before adjustment of valuation and operating reserves	110,711	*156,887*	5,349	*389,119*	51,711	68,142	1,193	6,607	2,223
Adjustments of valuation and operating reserves:									
Reserve for losses on loans	99,971	76,927	1,293	77,396	8	2,374	1,469		1
Reserve for losses on acquired security or collateral	*956*	8,346	117			8,077	8		(*)
Reserve for losses on fixed assets	11								
Reserve for losses on commodities and supplies	432,014	432,014		432,014					
Operating reserves	*22,417*	*24*							
Other reserves	43,469	35,566	33	35,619					
Net adjustment of valuation and operating reserves	552,093	552,829	1,444	545,029	8	10,451	1,461		(*)
Net income, *or loss*	662,804	395,942	6,793	155,911	51,719	78,593	2,654	6,607	2,223
Changes in unreserved earned surplus or deficit:									
Unreserved earned surplus, *or deficit*, June 30, 1950	r *3,141,804*	*617,116*	32,519	*798,236*			49,029	9,071	26,450
Net income, *or loss*, for fiscal year 1951	662,804	395,942	6,793	155,911	51,719	78,593	2,654	6,607	2,223
Transfers to surplus reserves	*50,069*	*50,069*	*1,963*		*103*			*1,385*	*1,025*
Transfers from surplus reserves	33,593	33,593				33,237			
Distribution of profits:									
To general fund revenues—deposit of earnings	*269,082*								
Dividends	*37,203*	*37,203*					*14,000*	*3,764*	
Other	*14,942*	*14,945*							*300*
Prior year adjustments	*45,134*	*34,758*		66,698		[2] *111,830*			
Unreserved earned surplus, *or deficit*, June 30, 1951	*2,861,837*	*324,556*	37,348	*575,627*	51,615		37,683	10,529	27,349

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*Less than $500.

[1] Includes $1,875 thousand interest paid on capital stock.

[2] Includes $80,562 thousand interest paid on capital stock to U. S. Treasury and $34,353 thousand net assessment income credit for the first half of the calendar year 1950, pursuant to Public Law 797, 81st Cong., approved Sept. 21, 1950.

[3] Represents activities under the U. S. Housing Act as amended. War housing and other operations of the Administration are shown under "Certain other business-type activities."

[4] Figures are shown on a preliminary basis.

[5] Represents assets held for the Treasury in accordance with provisions of the act of June 30, 1948 (62 Stat., 1187–1188), which provided for cancellation of R. F. C. notes in the amount of $9,313,736 thousand, plus interest accrued thereon subsequent to June 30, 1947, representing unrecovered costs to the Corporation as of June 30, 1947, in its national defense, war, and reconversion activities, and stipulated that any amounts recovered by the Corporation with respect to these activities subsequent to June 30, 1947, should, after deduction of related expenses, be deposited in the U. S. Treasury as miscellaneous receipts.

TABLE 70.—*Income and expense of Government corporations and certain other business-type activities, fiscal year 1951*—Continued

[In thousands of dollars]

	Corporations—Continued								
					Reconstruction Finance Corporation [4]				
	Federal National Mortgage Association	Federal Savings and Loan Insurance Corporation	Production credit corporations	Public Housing Administration [3]	Exclusive of assets held for the U. S. Treasury	Assets held for the U. S. Treasury [5]	Defense Production Act of 1950	Tennessee Valley Authority	Other [6]
Income:									
Sale of commodities and supplies						432,688		16,922	44,616
Sale of services								68,101	22,815
Rents and royalties				3,101		6,397		476	435
Interest and dividends:									
Interest on loans	53,714			9,417	31,116		62	6	1,185
Interest on public debt securities		4,437	1,012						9
Interest, other	128				4,738	422			156
Dividends			2		2,557				5
Guaranty and insurance premiums	4,388	9,437			1,059				14,303
Other income:									
Gains on sale of fixed assets		1							108
Gains on sale of investments			274						
Gains on sale of acquired security or collateral									
Other	28	1	85	465	2,237	5,117		1,737	2,167
Total income	58,257	13,876	1,373	12,984	41,706	444,625	62	87,243	85,800
Expense:									
Cost of commodities and supplies sold						335,205		14,787	36,459
Direct operating costs				550				42,065	24,511
Interest expense:									
On borrowings from U. S. Treasury		[7] 1,875		7,629	9,579		26	864	
Other	24,806				4,240				46
Administrative expenses	4,337	564	1,347	9,745	15,230	3,246	382	2,105	9,130
Depreciation (not included in cost of sales or direct operating costs)		3		3,563				2,715	1,551
Grants, subsidies, and contributions:									
Direct				7,207		*1,435*			4,871
Indirect									
Guaranty and insurance losses		(*)							12,647
Other expenses	6,552	10	239	485	90	27,649		7,727	1,082
Losses and charge-offs:									
Loans charged off	(*)								497

Other assets charged off						263			109
Losses on sale of fixed assets				*8*		23, 557			151
Losses on sale of investments			388						
Losses on sale of acquired security or collateral									3
Direct charges to operating reserves									266
Other				4					4
Total expense	35, 695	2, 452	1, 974	29, 174	29, 139	388, 486	408	70, 263	91, 327
Net income, *or loss*, before adjustment of valuation and operating reserves	22, 562	11, 424	*601*	*16, 191*	12, 567	56, 138	*346*	[8] 16, 979	*5, 527*
Adjustments of valuation and operating reserves:									
Reserve for losses on loans					*5, 470*		*220*		76
Reserve for losses on acquired security or collateral		132							28
Reserve for losses on fixed assets									
Reserve for losses on commodities and supplies									
Operating reserves				*53*					29
Other reserves	*94*	(*)							8
Net adjustment of valuation and operating reserves	*94*	132		*53*	*5, 470*		*220*		141
Net income, *or loss*	22, 468	11, 556	*601*	*16, 244*	7, 097	56, 138	*566*	[8] 16, 979	*5, 386*
Changes in unreserved earned surplus or deficit:									
Unreserved earned surplus, *or deficit*, June 30, 1950	12, 302		16, 801	*75, 684*	250, 000	*47, 556*		30, 805	[r] *122, 618*
Net income, *or loss*, for fiscal year 1951	22, 468	11, 556	*601*	*16, 244*	7, 097	56, 138	*566*	[8] 16, 979	*5, 386*
Transfers to surplus reserves	*34, 031*	*11, 556*							*4*
Transfers from surplus reserves					106				250
Distribution of profits:									
To general fund revenues—deposit of earnings									
Dividends	*321*				*16, 618*				*2, 500*
Other									[9] *14, 645*
Prior year adjustments	*418*			962	9, 415				414
Unreserved earned surplus, *or deficit*, June 30, 1951			16, 201	*90,966*	250, 000	8, 583	*566*	47, 785	*144, 489*

Footnotes 1 through 5 on p. 859.

[6] Consists of Defense Homes Corporation (in liquidation); Federal Crop Insurance Corporation; Federal Prison Industries, Inc.; Home Owners' Loan Corporation (in liquidation); Inland Waterways Corporation; Institute of Inter-American Affairs; Panama Railroad Company; Smaller War Plants Corporation (in liquidation); The Virgin Islands Corporation; and War Damage Corporation (in liquidation).

[7] Represents accrual of interest in lieu of dividends on capital stock.

[8] Represents net income during the fiscal year 1951 from power operations.

[9] Includes $13,800 thousand representing surplus from liquidation deposited by Home Owners' Loan Corporation to miscellaneous receipts of the U. S. Treasury.

TABLE 70.—*Income and expense of Government corporations and certain other business-type activities, fiscal year 1951*—Continued

[In thousands of dollars]

	Certain other business-type activities							
	Total certain other business-type activities [10]	Farmers' Home Administration	Disaster loans, etc., revolving fund (Farmers' Home Administration)	Federal Housing Administration	Office of Housing and Home Finance Administrator [11]	Public Housing Administration [12]	Rural Electrification Administration	Other [13]
Income:								
Sale of commodities and supplies	49, 305							49, 305
Sale of services	1, 697							1, 697
Rents and royalties	59, 201	38				58, 750		413
Interest and dividends:								
Interest on loans	199, 647	22, 095	751	5	734	641	33, 465	141, 957
Interest on public debt securities	5, 934	20		5, 914				
Interest, other	81, 870	38	1	1, 265		1		80, 565
Dividends	47, 781			2				47, 779
Guaranty and insurance premiums	91, 834	495		91, 112				227
Other income:								
Gains on sale of fixed assets	14, 471							14, 471
Gains on sale of investments	1, 832			978				854
Gains on sale of acquired security or collateral	457		(*)					457
Other	5, 333	139	5	30		61		5, 098
Total income	559, 362	22, 825	757	99, 306	734	59, 452	33, 465	342, 823
Expense:								
Cost of commodities and supplies sold	43, 807							43, 807
Direct operating costs	36, 089					30, 169		5, 921
Interest expense:								
On borrowings from U. S. Treasury	27, 477	531			357		25, 994	596
Other	496			496				(*)
Administrative expenses	74, 789	27, 883	1, 036	31, 265	95	4, 622	8, 370	1, 518
Depreciation (not included in cost of sales or direct operating costs)	1, 066			149		916		
Grants, subsidies, and contributions:								
Direct	22, 963	172			22, 791			
Indirect								
Guaranty and insurance losses								
Other expenses	13, 512	224	5	19	161	69		13, 482
Losses and charge-offs:								
Loans charged off	31, 934	31, 864	39					31

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Other assets charged off	22,794	22,112	(*)			1	11	670
Losses on sale of fixed assets	12,653	5		*19*		11,577		1,091
Losses on sale of investments								
Losses on sale of acquired security or collateral	3,814	33	16	3,759				5
Direct charges to operating reserves								
Other	370					324		46
Total expense	291,764	82,375	1,096	35,668	23,404	47,678	34,374	67,168
Net income, *or loss*, before adjustment of valuation and operating reserves	267,598	*59,550*	*339*	63,637	*22,670*	11,774	*910*	275,655
Adjustments of valuation and operating reserves:								
Reserve for losses on loans	23,045	23,081	328	*58*	78	*25*	*232*	29
Reserve for losses on acquired security or collateral	*9,302*	*117*	(*)	*9,186*				1
Reserve for losses on fixed assets	11					11		
Reserve for losses on commodities and supplies								
Operating reserves	*22,393*			*22,258*		4		*139*
Other reserves	7,903	9,393	79		*118*	*140*		*1,311*
Net adjustment of valuation and operating reserves	*736*	32,356	406	*31,502*	*196*	*149*	*232*	*1,420*
Net income, *or loss*	266,862	*27,193*	67	32,135	*22,866*	11,625	*1,141*	274,235
Changes in unreserved earned surplus or deficit:								
Unreserved earned surplus, *or deficit*, June 30, 1950	[r] *2,524,688*	25,552	*4,678*	[r] 77,759	[r] *9,870*	[r] *627,053*	*19,247*	[r] *1,967,149*
Net income, *or loss*, for fiscal year 1951	266,862	*27,193*	67	32,135	*22,866*	11,625	*1,141*	274,235
Transfers to surplus reserves								
Transfers from surplus reserves								
Distribution of profits:								
To general fund revenues—deposit of earnings	*269,082*							*269,082*
Dividends								
Other	3							3
Prior year adjustments	*10,376*					*8,734*		*1,642*
Unreserved earned surplus, *or deficit*, June 30, 1951	[14] *2,537,281*	*1,642*	*4,611*	109,894	*32,737*	[14] *624,162*	*20,388*	*1,963,636*

Footnotes 1 through 5 on p. 859, and footnotes 6 through 9 on p. 861.

[10] Reorganization Plan No. 21, effective May 24, 1950, abolished the U. S. Maritime Commission and transferred its functions into the Department of Commerce. Current data on maritime activities will be published when available.

[11] Consists of Alaska housing program, community facilities service, prefabricated housing loans program, and slum clearance program.

[12] Consists of Farm Security Administration program, homes conversion program, public war housing program, and veterans' re-use housing program.

[13] Consists of Agricultural Marketing Act Revolving Fund; Federal Security Agency—loans to students; Department of the Interior—Indian loans and Puerto Rico Reconstruction Administration; Department of the Army—guaranteed loans (World War II) and natural fibers revolving fund; Department of the Navy—guaranteed loans (World War II) and sale of surplus supplies (World War I), which has been liquidated; Public Works Administration (in liquidation); Treasury Department—miscellaneous loans and certain other assets; Veterans' Administration—Veterans' Canteen Service, veterans' direct loan program, guaranteed loans to veterans; and agencies reporting pursuant to Defense Production Act of 1950, which consist of General Services Administration and Departments of the Air Force, Army, Commerce, Interior, and Navy.

[14] Figures for homes conversion program and public war housing program are shown in this table on a final basis, therefore this figure will not agree with the corresponding figure in the preceding table (see table 69, footnote 27).

TABLE 71.—*Source and application of funds of Government corporations and certain other business-type activities, fiscal year 1951*

[In thousands of dollars. On basis of reports received from the corporations and activities]

	Corporations								
	Grand total	Total corporations	Banks for cooperatives	Commodity Credit Corporation	Export-Import Bank of Washington	Federal Deposit Insurance Corporation	Federal Farm Mortgage Corporation	Federal home loan banks	Federal intermediate credit banks
Funds applied:									
To acquisition of assets:									
Loans made	12,413,506	5,541,447	509,949	811,593	226,602	403	137	690,721	[1] 1,923,697
Purchase of investments:									
Public debt securities of U. S.	939,722	875,032				142,537		623,650	60,994
Other securities	310	215						125	
Purchase, construction, or improvement of fixed assets	162,276	160,221		26,485	9				
Cost of acquiring collateral on defaulted loans	60,957	4,863	443			4,300	84		(*)
Other	682,734	682,713		[2] 682,703					
Total acquisition of assets	14,259,505	7,264,491	510,392	1,520,781	226,611	147,239	221	1,314,496	1,984,690
To expenses (excluding depreciation and other charges not requiring funds)	1,121,909	902,089	4,315	62,792	14,579	190,540	1,278	12,850	11,659
To retirement of borrowings and capital, and distribution of surplus:									
Repayment of borrowings:									
To U. S. Treasury:									
By cash	3,098,995	2,898,948		[3] 1,295,302	146,400				
By cancellation of notes	66,706	66,706		66,698					
To other Government corporations and agencies	81,864	78,207	67,266						
To the public	1,676,604	1,665,682	76,275	70,229			205	675,040	843,560
Repayment of capital and surplus:									
To U. S. Treasury	265,049	210,485						65,222	
To others	10,813	10,736	8,189					691	
General fund revenues—deposit of earnings	269,082								
Dividends	46,937	39,062					14,000	3,764	
Other distribution of surplus	697	641							300
Total retirement of borrowings and capital, and distribution of surplus	5,516,747	4,970,466	151,730	1,432,229	146,400		14,205	744,717	843,860
To increase in working capital and deferred items	1,287,476	1,052,858		[4] 780,203	297		186	85,226	
Other funds applied	38,193	38,193			38,193				
Total funds applied	22,223,830	14,228,096	666,438	3,796,004	426,080	337,779	15,889	2,157,288	2,840,208

Funds provided:									
By realization of assets:									
Repayment of loans:									
By cash	10,257,678	4,436,528	441,132	977,006	138,286	416	13,334	317,325	[1] 1,720,253
By cancellation of corporation notes	66,706								
Sale or collection of investments:									
Public debt securities of U. S.	858,524	843,691				80,000		666,025	60,528
Capital stock of Govt. corps.									
Other securities	22,017	22,009							
Sale of fixed assets	34,203	2,208		4	1				
Sale of acquired security or collateral	19,749	7,656	758			3,356	247		
Other	3,086,227	3,086,028		[5] 1,938,066					
Total realization of assets	14,345,105	8,398,119	441,890	2,915,075	138,286	83,772	13,581	983,350	1,780,782
By income	1,596,812	1,038,896	11,021	20,203	66,293	158,094	2,309	19,181	13,908
By borrowings, capital and surplus subscriptions, and appropriations:									
Borrowings:									
From U. S. Treasury	2,088,239	1,362,959		[3] 724,000	221,500				
From other Govt. corps. and agencies	616,216	612,491	90,801						
From the public	2,291,981	2,269,423	108,585	70,028				1,046,800	1,044,010
Capital and surplus subscriptions:									
By U. S. Treasury	1,400	1,400							1,150
By others	124,847	124,717	10,588					107,957	
Cancellation of notes to U. S. Treasury	66,698	66,698		66,698					
General fund appropriations—expended	915,193	252,014							
Other									
Total borrowings, capital and surplus subscriptions, and appropriations	6,104,575	4,689,702	209,974	860,726	221,500			1,154,757	1,045,160
By decrease in working capital and deferred items	175,254	100,843	3,553			95,914			359
Other funds provided	2,085	537							
Total funds provided	22,223,830	14,228,096	666,438	3,796,004	426,080	337,779	15,889	2,157,288	2,840,208

*Less than $500.
[1] Includes renewals.
[2] Represents purchase and exchange of commodities and other related items.
[3] Excludes exchanges of notes amounting to $2,538,000 thousand.
[4] Includes $7,732 thousand increase in cash with U. S. Treasurer.
[5] Represents sales and exchange of commodities.
[6] Represents activities under the U. S. Housing Act as amended. War housing and other operations of the Administration are shown under "Certain other business-type activities."
[7] Figures are shown on a preliminary basis.
[8] See table 70, footnote 5. Figures in this table are shown on a net basis.

TABLE 71.—*Source and application of funds of Government corporations and certain other business-type activities, fiscal year 1951*—Continued

[In thousands of dollars]

	Corporations—Continued								
					Reconstruction Finance Corporation [7]				
	Federal National Mortgage Association	Federal Savings and Loan Insurance Corporation	Production credit corporations	Public Housing Administration [6]	Exclusive of assets held for the U. S. Treasury	Assets held for the U. S. Treasury [8]	Defense Production Act of 1950	Tennessee Valley Authority	Other [9]
Funds applied:									
To acquisition of assets:									
Loans made	855,692			223,200	291,424		7,854		177
Purchase of investments:									
Public debt securities of U. S.		10,804	37,048						
Other securities			90			(*)			
Purchase, construction, or improvement of fixed assets	204	3		1,371		7,526		122,732	1,893
Cost of acquiring collateral on defaulted loans					29				6
Other		8							2
Total acquisition of assets	855,895	10,815	37,138	224,571	291,453	7,526	7,854	122,732	2,078
To expenses (excluding depreciation and other charges not requiring funds)	35,695	2,449	1,586	25,140	29,139	364,666	408	57,425	87,568
To retirement of borrowings and capital, and distribution of surplus:									
Repayment of borrowings:									
To U. S. Treasury:									
By cash					1,452,246			5,000	
By cancellation of notes					8				
To other Govt. corps. and agencies	10,939								2
To the public									373
Repayment of capital and surplus:									
To U. S. Treasury			3,000			50,179		4,000	88,083
To others						1,856			
General fund revenues—deposit of earnings									
Dividends	124				18,674				2,500
Other distr bution of surplus									341
Total retirement of borrowings and capital, and distribution of surplus	11,063		3,000		1,470,928	52,035		9,000	91,299
To increase in working capital and deferred items	4,839	3,860		2,615	17,277	21,319	277	131,862	4,898
Other funds applied									
Total funds applied	907,493	17,124	41,724	252,326	1,808,797	445,545	8,539	321,019	185,842

Funds provided:									
By realization of assets:									
Repayment of loans:									
By cash	327, 560			81, 318	333, 073	607	1, 077	147	84, 993
By cancellation of corporation notes									
Sale or collection of investments:									
Public debt securities of U. S		1	35, 087						2, 050
Capital stock of Govt. corps									
Other securities			5, 499		15, 830				680
Sale of fixed assets		1		128	183			1, 706	185
Sale of acquired security or collateral		3, 240							55
Other		7			[10] 1, 147, 947				9
Total realization of assets	327, 560	3, 248	40, 586	81, 447	1, 497, 033	607	1, 077	1, 853	87, 973
By income	58, 257	13, 875	1, 115	13, 016	41, 706	444, 625	62	89, 676	85, 557
By borrowings, capital and surplus subscriptions, and appropriations:									
Borrowings:									
From U. S. Treasury				140, 000	270, 059		7, 400		
From other Govt. corps. and agencies	521, 676								14
From the public									
Capital and surplus subscriptions:									
By U. S. Treasury									250
By others				488		313		359	5, 011
Cancellation of notes to U. S. Treasury									
General fund appropriations—expended				16, 895				229, 131	5, 988
Other									
Total borrowings, capital and surplus subscriptions, and appropriations	521, 676			157, 383	270, 059	313	7, 400	229, 490	11, 264
By decrease in working capital and deferred items			23						993
Other funds provided				480					56
Total funds provided	907, 493	17, 124	41, 724	252, 326	1, 808, 797	445, 545	8, 539	321, 019	185, 842

Footnotes 1 through 8 on p. 865.

[9] Consists of Defense Homes Corporation (in liquidation); Federal Crop Insurance Corporation; Federal Prison Industries, Inc.; Home Owners' Loan Corporation (in liquidation); Inland Waterways Corporation; Institute of Inter-American Affairs; Panama Railroad Company; Smaller War Plants Corporation (in liquidation); The Virgin Islands Corporation; and War Damage Corporation (in liquidation).

[10] Consists of $1,127,777 thousand investment in Federal National Mortgage Association and $20,170 thousand settlement for prefabricated housing loans transferred to Housing and Home Finance Agency pursuant to Reorganization Plans Nos. 22 and 23, respectively, effective Sept. 7, 1950.

TABLE 71.—*Source and application of funds of Government corporations and certain other business-type activities, fiscal year 1951*—Continued

[In thousands of dollars]

	Certain other business-type activities							
	Total certain other business-type activities [11]	Farmers' Home Administration	Disaster loans, etc., revolving fund (Farmers' Home Administration)	Federal Housing Administration	Office of Housing and Home Finance Administrator [12]	Public Housing Administration [13]	Rural Electrification Administration	Other [14]
Funds applied:								
To acquisition of assets:								
Loans made	6,872,059	152,654	20,463		33,584		268,287	[15] 6,397,072
Purchase of investments:								
Public debt securities of U. S	64,690			64,690				
Other securities	95			93				1
Purchase, construction, or improvement of fixed assets	2,055			381		952	61	660
Cost of acquiring collateral on defaulted loans	56,094	19		54,711				1,364
Other	22		4					18
Total acquisition of assets	6,995,014	152,673	20,467	119,876	33,584	952	268,348	6,399,115
To expenses (excluding depreciation and other charges not requiring funds)	219,820	28,354	1,041	31,779	23,404	35,858	34,360	65,024
To retirement of borrowings and capital, and distribution of surplus:								
Repayment of borrowings:								
To U. S. Treasury:								
By cash	200,047	165,627					34,420	
By cancellation of notes								
To other Govt. corps. and agencies	3,657			3,657				
To the public	10,923			10,923				
Repayment of capital and surplus:								
To U. S. Treasury	54,565	5,068		(*)	684	26,748		22,065
To others	77					77		
General fund revenues—deposit of earnings	269,082							269,082
Dividends	7,875			7,875				
Other distribution of surplus	56					56		
Total retirement of borrowings and capital, and distribution of surplus	546,281	170,695		22,454	684	26,881	34,420	291,147
To increase in working capital and deferred items	234,618		256		1,587	9,137	21,614	202,025
Other funds applied								
Total funds applied	7,995,734	351,721	21,764	174,109	59,258	72,828	358,742	6,957,311

Funds provided:								
By realization of assets:								
Repayment of loans:								
By cash	5, 821, 150	104, 546	22, 477		2, 962	1, 915	36, 699	5, 652, 552
By cancellation of corporation notes	66, 706							66, 706
Sale or collection of investments:								
Public debt securities of U. S	14, 834			14, 834				
Capital stock of Govt. corps								
Other securities	7			7				
Sale of fixed assets	31, 995	8		27	23, 713	7, 483		765
Sale of acquired security or collateral	12, 094	111	57	10, 857				1, 068
Other	199	191	8					
Total realization of assets	5, 946, 986	104, 856	22, 542	25, 724	26, 675	9, 398	36, 699	5, 721, 092
By income	557, 916	22, 727	757	98, 328	734	59, 539	33, 465	342, 366
By borrowings, capital and surplus subscriptions, and appropriations:								
Borrowings:								
From U. S. Treasury	725, 280	158, 500			29, 170		280, 000	257, 610
From other Govt. corps. and agencies	3, 725			3, 725				
From the public	22, 558			22, 558				
Capital and surplus subscriptions:								
By U. S. Treasury								
By others	130					93		37
Cancellation of notes to U. S. Treasury								
General fund appropriations—expended	663, 179	28, 884	*1, 535*		*296*	*568*	8, 578	628, 116
Other								
Total borrowings, capital and surplus subscriptions, and appropriations	1, 414, 872	187, 384	*1, 535*	26, 284	28, 874	*476*	288, 578	885, 763
By decrease in working capital and deferred items	74, 412	36, 754		23, 773	2, 975	2, 823		8, 086
Other funds provided	1, 548					1, 544		4
Total funds provided	7, 995, 734	351, 721	21, 764	174, 109	59, 258	72, 828	358, 742	6, 957, 311

Footnotes 1 through 8 on p. 865, and footnotes 9 through 10 on p. 867.

[11] Reorganization Plan No. 21, effective May 24, 1950, abolished the U. S. Maritime Commission and transferred its functions into the Department of Commerce. Current data on maritime activities will be published when available.

[12] Consists of Alaska housing program, community facilities service, prefabricated housing loans program, and slum clearance program.

[13] Consists of Farm Security Administration program, homes conversion program public war housing program, and veterans' re-use housing program.

[14] See table 70, footnote 13.

[15] Includes $1,692,386 thousand advanced to agencies not required to report.

TABLE 72.—*Restoration of capital impairment of the Commodity Credit Corporation as of June 30, 1951*

		Amount
Restoration of capital impairment:		
By appropriations:		
Act of June 25, 1938 (appraisal as of Mar. 31, 1938, H. Doc. 670, 75th Cong.)		$94, 285, 404. 73
Act of Aug. 9, 1939 (appraisal as of Mar. 31, 1939, H. Doc. 317, 76th Cong.)		119, 599, 918. 05
Act of July 3, 1941 (appraisal as of Mar. 31, 1941, H. Doc. 248, 77th Cong.)		1, 637, 445. 51
Act of Apr. 25, 1945 (appraisal as of Mar. 31, 1944, H. Doc. 48, 79th Cong.)		[1] 256, 764, 881. 04
Total appropriations		472, 287, 649. 33
By cancellation of obligations of the Corporation held by the Treasury:		
Act of July 20, 1946 (appraisal as of June 30, 1945, H. Doc. 54, 79th Cong.)	$921, 456, 561. 00	
Act of May 26, 1947 (appraisal as of June 30, 1946, H. Doc. 186, 80th Cong.)	641, 832, 080. 64	
Act of Sept. 6, 1950 (appraisal as of June 30, 1949, Public Law 759, 81st Cong.)	66, 698, 457. 00	
Act of Aug. 31, 1951 (appraisal as of June 30, 1950, Public Law 135, 82d Cong.)	421, 462, 507. 00	
		2, 051, 449, 605. 64
		2, 523, 737, 254. 97
Less surplus returned to Treasury:		
Appraisal as of Mar. 31, 1940	43, 756, 731. 01	
Appraisal as of Mar. 31, 1942	27, 815, 513. 68	
Appraisal as of June 30, 1947	17, 693, 492. 14	
Appraisal as of June 30, 1948	48, 943, 010. 36	
		138, 208, 747. 19
Net charges to Treasury to restore impaired capital of Commodity Credit Corporation		2, 385, 528, 507. 78

[1] Includes $39,436,884.93 appropriated for capital impairment, applicable to Mar. 31, 1943, appraisal.

TABLE 73.—*Reconstruction Finance Corporation notes canceled through June 30, 1951, and recoveries during the fiscal year 1951*

	Cancellations		Recoveries, fiscal year 1951
	Total through June 30, 1950	Fiscal year 1951	
Transfer of public buildings (act of July 30, 1947, Public Law 268)	$9, 735, 561. 99		
Unrecovered costs as of June 30, 1947, national defense, war and reconversion (act of June 30, 1948, Public Law 860)	9, 359, 742, 084. 04		$50, 140, 464. 14
Strategic and critical materials (act of June 30, 1948, Public Law 860):			
Metals, etc	14, 476, 996. 64	$2, 123. 85	
Rubber	3, 626, 584. 01	5, 837. 97	
Net investment of Defense Homes Corporation (act of June 28, 1948, Public Law 796)	1, 512, 930. 24		
All other	3, 459, 562, 200. 74		
Total	12, 848, 656, 357. 66	7, 961. 82	50, 140, 464. 14

TABLE 74.—*Securities owned by the Government (other than World War I foreign government obligations), June 30, 1951, and changes during 1951*

[On the basis of the face value of the securities received by the United States, with due allowance for repayments. To the extent that the securities are not held in the custody of the Treasury, the statement is made up from reports received from other Government departments and establishments]

Security and issuing agent	Authorizing act	Amount owned June 30, 1951	Net increase during 1951	Net decrease during 1951	Explanation of change
Capital stock of Government corporations:					
Banks for cooperatives	June 16, 1933, as amended	$178,500,000.00			
Commodity Credit Corporation	do	100,000,000.00			
Defense Homes Corporation (in liquidation)	Jan. 22, 1932, as amended	10,000,000.00			
Disaster Loan Corporation	Feb. 11, 1937, as amended	(1)			
Export-Import Bank of Washington	June 16, 1933, as amended	1,000,000,000.00			
Federal Crop Insurance Corporation	Feb. 16, 1938; Aug. 25, 1949	27,000,000.00			
Federal Farm Mortgage Corporation	Jan. 31, 1934, as amended	10,000.00			
Federal home loan banks	July 22, 1932, as amended	10,000,000.00		$65,221,900.00	Repayments of capital funds to miscellaneous receipts.
Federal intermediate credit banks	Mar. 4, 1923, as amended	60,000,000.00			
Federal National Mortgage Association [2]	June 27, 1934, as amended	20,000,000.00			
Federal Savings and Loan Insurance Corporation.	June 27, 1934	100,000,000.00			
Home Owners' Loan Corporation (in liquidation).	June 13, 1933, as amended			74,000,000.00	Repayments of capital funds to miscellaneous receipts.
Inland Waterways Corporation	June 3, 1924, as amended	14,000,000.00			
Panama Railroad Company [3]	June 28, 1902; June 29, 1948	[4] 1.00			
Production credit corporations	June 16, 1933, as amended	39,235,000.00		3,000,000.00	Repayments to revolving fund.
Public Housing Administration	Sept. 1, 1937, as amended	1,000,000.00			
Reconstruction Finance Corporation	Jan. 22, 1932, as amended	100,000,000.00			
Smaller War Plants Corporation (in liquidation).	June 11, 1942, as amended	44,400,000.00			
U. S. Commercial Company	Jan. 22, 1932, as amended				Corporation dissolved-stock to be canceled by R. F. C.
War Damage Corporation (in liquidation) [5]	do	1,000,000.00			
Total capital stock		1,705,145,001.00		142,221,900.00	
Net change in capital stock				142,221,900.00	
Paid-in surplus of Government corporations:					
Federal intermediate credit banks	Jan. 31, 1934	1,150,000.00	$1,150,000.00		Subscription by Governor of Farm Credit Administration with approval of the Secretary of the Treasury.
Federal National Mortgage Association [2]	June 27, 1934, as amended	1,000,000.00			
Total paid-in surplus [6]		2,150,000.00	1,150,000.00		
Net change in paid-in surplus			1,150,000.00		

Footnotes at end of table.

TABLE 74.—*Securities owned by the Government (other than World War I foreign government obligations), June 30, 1951, and changes during 1951*—Continued

[On the basis of the face value of the securities received by the United States, with due allowance for repayments. To the extent that the securities are not held in the custody of the Treasury, the statement is made up from reports received from other Government departments and establishments]

Security and issuing agent	Authorizing act	Amount owned June 30, 1951	Net increase during 1951	Net decrease during 1951	Explanation of change
Bonds and notes of Government corporations and agencies:					
Commodity Credit Corporation	Mar. 8, 1938, as amended	$2,555,000,000.00		$638,000,000.00	Net repayments to Treasury including cancellations of $66,698,457.00.
Economic Cooperation Administration	Apr. 3, 1948, as amended	1,096,796,155.66	$132,385,171.91		Borrowings from Treasury.
Export-Import Bank of Washington	July 31, 1945	1,039,600,000.00	75,100,000.00		Net borrowings from Treasury.
Housing and Home Finance Administrator:					
Federal National Mortgage Association	Reorganization Plan No. 22 of 1950.	1,549,003,115.34	1,549,003,115.34		Do.
Prefabricated housing loans program	do	26,670,296.71	26,670,296.71		Borrowings from Treasury.
Slum clearance program	July 15, 1949	3,000,000.00	2,500,000.00		Do.
Public Housing Administration	Sept. 1, 1937, as amended	489,000,000.00	140,000,000.00		Do.
Reconstruction Finance Corporation	Jan. 22, 1932, as amended	274,050,564.93		[7] 1,182,195,684.82	Net repayments to Treasury including cancellations of $7,961.82.
Rural Electrification Administration	July 30, 1947, as amended	[8] 1,526,715,243.41	245,579,585.75		Net borrowings from Treasury.
Secretary of Agriculture:					
Farmers' Home Administration program	June 29, 1950; Sept. 2, 1950	[8] 57,835,721.62	7,873,106.15		Do.
Farmers' Home Administration (farm housing program).	July 15, 1949; Oct. 14, 1949			15,000,000.00	Repayments to Treasury.
Secretary of the Army:					
Natural fibers revolving fund	June 29, 1948	100,000,000.00			
Tennessee Valley Authority	May 18, 1933, as amended	44,000,000.00		[9] 5,000,000.00	Do.
Veterans' Administration (veterans' direct loan program).	Apr. 20, 1950	107,109,738.22	107,109,738.22		Borrowings from Treasury.
Defense Production Act of 1950:					
General Services Administration	Sept. 8, 1950	150,000,000.00	150,000,000.00		Do.
Reconstruction Finance Corporation	do	7,400,000.00	7,400,000.00		Do.
Secretary of the Interior (Defense Minerals Administration).	do	500,000.00	500,000.00		Do.
Total bonds and notes		9,026,680,835.89	2,444,121,014.08	1,840,195,684.82	
Net change in bonds and notes			603,925,329.26		
Other securities:					
Department of the Army:					
Guaranteed loans (World War II)	June 11, 1942; July 1, 1944	5,230,622.40		626.69	Repayments.
Department of the Navy:					
Guaranteed loans (World War II)	do	489,043.64			
Sale of surplus property (World War I)	July 9, 1918			398,112.87	All outstanding securities were repaid.
Disaster loans, etc., revolving fund (Farmers' Home Administration):					

Crop, livestock, and commodity loans	Apr. 6, 1949	$29, 623, 325. 71		$2, 122, 367. 95	Net repayments and other deductions.
Farm Credit Administration:					
Loans from Agricultural Marketing Act revolving fund.	June 15, 1929, as amended.	73, 819, 944. 51		1, 864, 111. 73	Do.
Farmers' Home Administration:					
Loans to aid agriculture	July 1, 1918, as supplemented Apr. 8, 1935, as supplemented Aug. 14, 1946, as supplemented.	[10] 477, 241, 935. 77	$18, 138, 369. 99		Net loans made.
Federal Housing Administration:					
Mortgage notes and contracts on sales of acquired real estate.	June 27, 1934, as amended	23, 178, 333. 74	3, 049, 515. 54		Do.
Stock in rental and war housing corporations.	do	412, 680. 00	85, 695. 00		Net stock purchased.
Title I defaulted notes	do	47, 427, 112. 88	5, 184, 637. 93		Net loans made.
Federal Security Agency:					
Student war loans	July 2, 1942	1, 079, 148. 90		160, 014. 94	Net repayments and other deductions.
General Services Administration (Public Works Administration): [11]					
Loans to States, municipalities, railroads, and others.	June 16, 1933, as amended	87, 114, 000. 00		111, 000. 00	Net repayments.
Housing and Home Finance Administrator:					
Alaska housing program loans	Apr. 23, 1949	3, 096, 801. 58	3, 013, 501. 58		Net loans made.
Community facilities service loans	Oct. 14, 1940, as amended	1, 608, 437. 66		289, 114. 51	Repayments and other deductions.
Slum clearance program loans	July 15, 1949	[12]		16, 281. 00	Decrease due to adjustment.
Interior Department:					
Indian loans	June 18, 1934, as amended	11, 631, 292. 26	1, 656, 540. 35		Net loans made.
Maritime Administration:					
Ship construction, and reconditioning loans, ship sales notes, etc.	Sept. 7, 1916, as amended, and Reorganization Plan No. 21 of 1950.	[13]			
Public Housing Administration:					
Farm Security Administration program	Sept. 1, 1937, as amended	2, 320, 131. 78		1, 208, 200. 03	Net repayments and other deductions.
Homes conversion program	do			22, 609. 73	Do.
Public war housing program	do	14, 946, 719. 08	2, 743, 342. 47		Net loans made.
Puerto Rico Reconstruction Administration:					
Certificates of Cafeteros de Puerto Rico	Apr. 8, 1935, as supplemented.	5, 426. 00	1, 497. 96		Net increase in certificates.
Loans	do	8, 943, 996. 00	465, 629. 17		Net loans made.
Reconstruction Finance Corporation affiliate:					
Assets held for U. S. Treasury:					
Loans	June 30, 1948	980, 423. 44		606, 963. 41	Net decrease.
Other securities	do	3, 007, 011. 00	1. 00		Securities acquired.
Rural Electrification Administration:					
Loans for rural electrification and rural telephone service.	May 20, 1936, as amended	[14] 117, 523, 867. 96		14, 004, 334. 27	Net repayments and other deductions.
Tennessee Valley Authority:					
Counties and municipalities	May 18, 1933, as amended			147, 315. 69	Do.

Footnotes at end of table.

TABLE 74.—*Securities owned by the Government (other than World War I foreign government obligations), June 30, 1951, and changes during 1951*—Continued

[On the basis of the face value of the securities received by the United States, with due allowance for repayments. To the extent that the securities are not held in the custody of the Treasury, the statement is made up from reports received from other Government departments and establishments]

Security and issuing agent	Authorizing act	Amount owned June 30, 1951	Net increase during 1951	Net decrease during 1951	Explanation of change
Other securities—Continued					
Treasury Department:					
Advances to Federal Reserve Banks	June 19, 1934	$27,546,310.97			
Credit to United Kingdom	July 15, 1946	3,750,000,000.00			
Railroads	Feb. 28, 1920, as amended	5,959,000.00			
Securities received by Bureau of Internal Revenue in settlements of tax liabilities.	Mar. 3, 1863, and opinion of General Counsel of the Treasury Department, Apr. 16, 1937.	704.66		$22,293.04	Net decrease in securities held.
Subscriptions to International Bank for Reconstruction and Development and to International Monetary Fund.	July 31, 1945	3,385,000,000.00			
Veterans' Administration:					
Guaranteed loans to veterans	June 22, 1944, as amended	17,183,588.63	$10,241,839.06		Net loans made.
Virgin Islands Corporation, The:					
Loans to aid agriculture and industry	June 30, 1949	13,926.79	9,926.79		Do.
Defense Production Act of 1950:					
Department of the Army:					
Guaranteed loans	Sept. 8, 1950	2,750,590.89	2,750,590.89		This amount was purchased during first year of operation.
Total, other securities		[15] 8,098,134,376.25	47,341,087.73	20,973,345.86	
Net change in other securities			26,367,741.87		
Total, all securities		18,832,110,213.14	2,492,612,101.81	2,003,390,930.68	
Net change in all securities			489,221,171.13		
Less:					
Face amount of above securities acquired by Government corporations or agencies from funds or by exchange for obligations:					
Capital stock:					
Housing and Home Finance Administrator.[2]		20,000,000.00	20,000,000.00		Transfer of capital stock of Federal National Mortgage Association from Reconstruction Finance Corporation.
Reconstruction Finance Corporation		1,000,000.00		20,000,000.00	Transfer of capital stock of Federal National Mortgage Association to Housing and Home Finance Administrator.
Paid-in surplus:					
Housing and Home Finance Administrator.[2]		1,000,000.00	1,000,000.00		Transfer of paid-in surplus of Federal National Mortgage Association from Reconstruction Finance Corporation.

Reconstruction Finance Corporation				1,000,000.00	Transfer of paid-in surplus of Federal National Mortgage Association to Housing and Home Finance Administrator.
Total face amount of securities owned by the United States.		18,810,110,213.14	2,471,612,101.81	1,982,390,930.68	
Net change during year			489,221,171.13		

Amount due the United States from the Central Branch Union Pacific R. R. on account of bonds issued (Pacific Railroad Aid Bonds Acts, approved July 1, 1862, July 2, 1864, and May 7, 1878):

Principal	$1,600,000.00
Interest	1,493,353.09
Total	3,093,353.09

[1] Corporation functions, assets, and liabilities have been transferred for liquidation to R. F. C., and ownership of stock by Treasury consists of stock certificate of $24,000,000 indorsed for $18,243,104.96, representing payment by R. F. C. The Treasury has not canceled this stock certificate because there is no authority to do so.

[2] Funds of Housing and Home Finance Administrator. This corporation was transferred from Reconstruction Finance Corporation to Housing and Home Finance Agency pursuant to Reorganization Plan No. 22, effective Sept. 7, 1950.

[3] Effective July 1, 1951, pursuant to Public Law 841, 81st Cong., approved Sept. 26, 1950, and Executive Order No. 10263, dated June 29, 1951, the business activities of the Panama Canal and the Panama Railroad Company were combined in one Federal corporation to be known as Panama Canal Company.

[4] Pursuant to sec. 246 of act of June 29, 1948 (62 Stat. 1076–1077), the Corporation issued to the United States as of July 1, 1948, a receipt for $1 as evidence of ownership of the Corporation by the United States. This amount is consequently shown as capital stock and the remainder of the capital stock of the predecessor Corporation, $6,999,999, is included in surplus.

[5] Reconstruction Finance Corporation funds.

[6] Exclusive of net payments from Treasury, or transfer of assets authorized by law, for which no formal receipts or other evidences of payment are held by Secretary of the Treasury in the following:

Stock corporations:	
Inland Waterways Corporation	$12,298,327.85
Panama Railroad Company	3,247,764.01
Public Housing Administration	160,785,424.77
Nonstock corporations:	
Federal Prison Industries, Inc	4,951,344.76
Institute of Inter-American Affairs	2,436,018.56
Reconstruction Finance Corporation affiliate:	
Assets held for the U. S. Treasury	944,350,030.62
Tennessee Valley Authority	45,014,747.92
Virgin Islands Corporation, The	$2,207,007.81
Total	1,175,290,666.30

[7] Consists of net cash repayments of $1,182,187,723 to Treasury and cancellations of R. F. C. notes amounting to $7,961.82. Cancellations were made under provisions of act of June 30, 1948 (62 Stat. 1187–1188), representing costs incurred subsequent to June 30, 1947, for handling, storing, processing, and transporting strategic and critical materials to stockpiles.

[8] Figures differ from those shown in tables 65, 66, and 67; see explanation in footnotes 2 and 3 of those tables.

[9] A payment amounting to at least $2,500,000 is required to be made not later than June 30 of each calendar year under provisions of act of July 30, 1947 (61 Stat. 576–577).

[10] Excludes $57,835,721.62 shown under bonds and notes in preceding part of this table. This sum represents funds borrowed from the Treasury which, together with funds appropriated to Farmers' Home Administration has been made available for loans.

[11] Formerly shown under Federal Works Agency. Act approved June 30, 1949 (63 Stat. 378) abolished the Federal Works Agency and transferred its functions to the General Services Administration.

[12] Loans amounting to $2,111,596.95 are included in amount shown under bonds and notes in preceding part of this table.

[13] Reorganization Plan No. 21, effective May 24, 1950, abolished the U. S. Maritime Commission, and transferred its functions into the Department of Commerce. Current data on maritime activities will be published when available.

[14] Excludes $1,526,715,243.41 shown under bonds and notes in preceding part of this table. This sum represents funds borrowed from the Treasury, which, together with funds appropriated to Rural Electrification Administration, has been made available for loans.

[15] Reserves amounting to $216,694,409.44 have been established against these securities.

TABLE 75.—*Capital stock of Federal home loan banks held on June 30, 1950 and 1951, repayments on capital stock, and dividends earned by the Treasury during the fiscal year 1951*

Bank	Stock held June 30, 1950	Repayments fiscal year 1951	Stock held June 30, 1951	Dividends earned, fiscal year 1951
Boston	$9,200,000.00	$9,200,000.00		$30,000.00
Chicago	10,000,000.00	10,000,000.00		100,000.00
Greensboro (formerly Winston-Salem)	5,821,300.00	5,821,300.00		[1] 87,319.50
Little Rock	8,772,400.00	3,772,400.00	$5,000,000.00	68,862.00
New York	14,000,000.00	14,000,000.00		
Pittsburgh	5,000,000.00	5,000,000.00		[1] 75,000.00
San Francisco	15,663,800.00	10,663,800.00	5,000,000.00	115,819.00
Topeka	6,764,400.00	6,764,400.00		50,733.00
Total	75,221,900.00	65,221,900.00	[2] 10,000,000.00	[3] 527,733.50

[1] Dividends declared annually on Dec. 31 of each year.
[2] This stock was repaid in July 1951.
[3] This figure stated on an accrual basis. Actual coverings into the Treasury for 1951 amounted to $956,009.50.

TABLE 76.—*Securities acquired under the Transportation Act of 1920, or in exchange for securities so acquired by reason of subsequent railroad reorganizations, and held by the Treasury and the Reconstruction Finance Corporation, June 30, 1951*

Securities held June 30, 1951	Interest and dividends received during 1951
Held by the Treasury:	
Fort Dodge, Des Moines & Southern Ry. Co.:	
$160,000 general mortgage, 4% income bonds, Series B	$6,400.00
10,000 shares common stock @ $10.00	
Chicago, Milwaukee, St. Paul and Pacific R. R. Co.:	
32,070 shares of 5% noncumulative preferred stock	
Georgia & Florida Ry. (receiver):[1]	
$1,100,000 first mortgage, 6% gold bonds, Series A	
Waterloo, Cedar Falls & Northern Ry. Co.:	
$2,200,000 general mortgage, 7% gold bonds, due May 1, 1950 [2]	
Held by the Reconstruction Finance Corporation:	
Seaboard Air Line R. R. Co.:[3]	
$5,785,800 general mortgage, 4½% income bonds, Series A	260,361.00
$72 scrip certificate on above	
9,543.16 shares of preferred stock	47,715.00
Voting trust certificate for 102,273.08 shares of common stock	357,955.50
Total	672,431.50

[1] Securities held by the Treasury but administered by the Reconstruction Finance Corporation pursuant to Executive Order 9744, Sept. 30, 1946.
[2] No provision for payment of these securities was made in reorganization proceedings of the carriers.
[3] Securities administered by the Reconstruction Finance Corporation pursuant to Executive Order 9543, Apr. 3, 1945.

TABLE 77.—*Dividends, interest, etc., received by the Treasury from Government corporations and other enterprises, fiscal year 1951*

	Amount
Commodity Credit Corporation:	
Interest on capital stock outstanding	$1,875,000.00
Interest on borrowings from U. S. Treasury	35,210,048.15
Export-Import Bank of Washington:	
Interest on borrowings from U. S. Treasury	13,650,164.11
Farmers' Home Administration:	
Interest on borrowings from U. S. Treasury	[1] 394,016.84
Federal Deposit Insurance Corporation:	
Public Law 797, 81st Cong., approved Sept. 21, 1950, required the corporation to pay interest at the rate of 2 percent per annum on its capital stock for the length of time it was outstanding. The entire amount of interest was paid into the Treasury prior to July 1, 1951	80,562,311.78
Federal Farm Mortgage Corporation:	
Pursuant to Public Law 759, 81st Cong., approved Sept. 6, 1950, all cash funds in excess of operating requirements for the current fiscal year are to be declared as dividends and paid into the Treasury	14,000,000.00
Federal intermediate credit banks:	
Franchise tax	393,660.11
Federal home loan banks:	
Dividends	956,009.50
Federal Prison Industries, Inc.:	
Dividends	2,500,000.00
Home Owners' Loan Corporation (in liquidation):	
Payment made representing surplus from liquidation of corporation	13,800,000.00
Housing and Home Finance Administrator:	
Federal National Mortgage Association:	
Interest on borrowings from U. S. Treasury	7,406,788.63
Prefabricated housing loans program:	
Interest on borrowings from U. S. Treasury	122,426.79
Slum clearance program	3,869.28
Public Housing Administration (U. S. Housing Act):	
Interest on borrowings from U. S. Treasury	7,628,552.13
Reconstruction Finance Corporation:	
In accordance with act of May 25, 1948 (62 Stat. 261–262), dividends representing the accumulated net income in excess of $250,000,000 for the fiscal year 1950 were paid into the Treasury	18,674,005.20
Interest on borrowings from U. S. Treasury	19,678,492.73
Rural Electrification Administration:	
Interest on borrowings from U. S. Treasury	38,059,816.49
Secretary of the Army (natural fibers revolving fund):	
Interest on borrowings from U. S. Treasury	134,659.84
Tennessee Valley Authority:	
Interest on borrowings from U. S. Treasury	922,116.17
Receipts from power operations	4,000,000.00
Veterans' Administration, (veterans' direct loan program):	
Interest on borrowings from U. S. Treasury	283,338.22
Total	260,255,275.97

[1] Has not been increased to reflect interest payment included in payment received June 29, 1951, in amount $56,816,101.31, the interest portion of which will be reflected in the 1952 statement.

STOCK AND CIRCULATION OF MONEY IN THE UNITED STATES

TABLE 78.—*Stock of money, money in the Treasury, in the Federal Reserve Banks, and in circulation, by kinds, June 30, 1951*

[In millions of dollars, except per capita figures]

Kind of money	Stock of money	Money held in the Treasury					Money outside of the Treasury			
		Total	Amount held as security against gold and silver certificates (and Treasury notes of 1890)	Reserve against United States notes (and Treasury notes of 1890)	Held for Federal Reserve Banks and agents	All other money	Total	Held by Federal Reserve Banks and agents	In circulation	
									Amount [1]	Per capita [2]
Gold	[3] 21,756	21,756	20,553	156		1,047				
Standard silver dollars	492	309	284			25	183	3	180	1.17
Silver bullion	2,057	2,057	2,057							
Subsidiary silver	1,042	1				1	1,041	21	1,020	6.61
Minor coin	389	2				2	387	8	378	2.45
United States notes	347	2				2	345	26	318	2.06
Federal Reserve notes	24,575	47				47	24,528	1,072	23,456	151.96
Federal Reserve Bank notes	246	1				1	245	2	243	1.58
National bank notes	82	(*)				(*)	82	1	81	.53
Subtotal	50,986	24,176	22,895	156		[4] 1,125	26,810	1,134	25,677	166.36
Gold certificates	[5] 20,553	[6] 17,699			[6 7] 17,699		2,855	2,816	39	.25
Silver certificates	[5] 2,340						2,340	248	2,092	13.55
Treasury notes of 1890	[5] 1						1		1	.01
Subtotal	[5] 22,895	[6] 17,699			[6 7] 17,699		5,196	3,064	2,132	13.81
Total June 30, 1951	50,986	24,176	22,895	156		[4] 1,125	[8] 32,006	4,197	27,809	180.17
Comparative totals:										
June 30, 1950	52,440	26,646	25,349	156	20,167	1,142	30,976	3,820	27,156	[r] 179.03
Oct. 31, 1920	8,480	2,437	719	153	1,212	353	6,761	1,063	5,698	53.18
Mar. 31, 1917	5,397	2,952	2,682	153		117	5,126	953	4,173	40.49
June 30, 1914	3,798	1,846	1,507	150		188	3,459		3,459	34.90
Jan. 1, 1879	1,007	212	22	100		91	816		816	16.76

NOTE.—For a description of security held, see table 80, footnote 2.

[r] Revised.

*Less than $500,000.

[1] Money in circulation includes any paper currency held outside continental limits of United States.

[2] Based on Bureau of the Census estimated population for continental United States.

[3] Does not include gold other than that held by Treasury.

[4] Includes $140,000,000 lawful money deposited as reserve for Postal Savings deposits.

[5] Excluded from total stock, since gold or silver held as security against gold and silver certificates and Treasury notes of 1890 is included under gold, standard silver dollars, and silver bullion, respectively.

[6] Excluded from total in Treasury. (See footnote 5.)

[7] Includes credits with Treasurer of the United States payable in gold certificates in (1) gold certificate fund—Board of Governors, Federal Reserve System, in amount of $17,043,847,599, and (2) redemption fund for Federal Reserve notes in amount of $654,874,682.

[8] The amount of gold and silver certificates and Treasury notes of 1890 should be deducted from this amount before combining with total money held in Treasury to arrive at stock of money in United States. (See footnote 5.)

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TABLE 79.—*Stock of money, money in the Treasury, in the Federal Reserve Banks, and in circulation, June 30, 1913–51* [1]

[In thousands of dollars, except per capita figures]

June 30	Stock of money [2]	Money held in the Treasury					Money outside of the Treasury			
		Total [3]	Amount held as security against gold and silver certificates (and Treasury notes of 1890)	Reserve against United States notes (and Treasury notes of 1890)	Held for Federal Reserve Banks and agents [3]	All other money	Total	Held by Federal Reserve Banks and agents	In circulation	
									Amount [4]	Per capita [5]
1913	3,777,021	1,834,112	1,475,783	150,000	....	208,329	3,418,692	....	3,418,692	35.16
1915	4,050,783	1,967,665	1,619,429	152,977	....	195,259	3,702,547	382,965	3,319,582	33.01
1920	8,158,496	2,379,664	704,638	152,979	1,184,276	337,771	6,483,470	1,015,881	5,467,589	51.36
1925	8,299,382	4,176,381	2,059,799	153,621	1,752,744	210,217	6,182,799	1,367,591	4,815,208	41.57
1930	8,306,564	4,021,937	1,978,448	156,039	1,796,239	91,211	6,263,075	1,741,087	4,521,988	36.74
1935	15,113,035	9,997,362	7,131,431	156,039	5,532,590	2,709,891	6,714,514	1,147,422	5,567,093	43.75
1936	17,402,493	11,851,635	9,355,224	156,039	5,304,027	2,340,372	9,602,055	3,360,854	6,241,200	48.74
1937	19,376,690	13,685,480	10,240,964	156,039	6,030,913	3,288,477	9,901,261	3,454,205	6,447,056	50.05
1938	20,096,865	14,535,627	12,233,068	156,039	7,829,838	2,146,520	9,964,467	3,503,576	6,460,891	49.77
1939	23,754,736	17,862,671	15,299,262	156,039	10,708,118	2,407,369	10,483,210	3,436,467	7,046,743	53.84
1940	28,457,960	21,836,936	19,651,067	156,039	14,938,895	2,029,829	11,333,196	3,485,695	7,847,501	59.40
1941	32,774,611	24,575,186	22,300,087	156,039	17,506,167	2,119,059	12,993,346	3,380,914	9,612,432	72.07
1942	35,840,908	24,783,526	22,596,352	156,039	17,750,403	2,031,135	15,903,331	3,520,465	12,382,866	91.84
1943	40,868,266	24,466,764	22,199,035	156,039	17,408,945	2,111,690	21,191,591	3,770,331	17,421,260	127.42
1944	44,805,301	23,173,693	20,878,641	156,039	16,194,111	2,139,012	26,316,138	3,811,797	22,504,342	162.61
1945	48,009,400	22,202,115	19,923,738	156,039	15,239,072	2,122,338	30,491,950	3,745,512	26,746,438	191.13
1946	49,648,011	22,649,365	20,397,885	156,039	15,287,592	2,095,441	32,108,928	3,863,941	28,244,997	199.76
1947	50,599,352	23,633,353	22,318,880	156,039	17,223,658	[6] 1,158,433	32,061,222	3,763,994	28,297,227	196.33
1948	52,601,129	25,890,134	24,563,132	156,039	19,442,373	1,170,962	31,831,755	3,928,896	27,902,859	190.31
1949	53,103,980	26,861,355	25,554,811	156,039	20,429,710	1,150,505	31,367,726	3,874,816	27,492,910	184.33
1950	52,440,353	26,646,409	25,348,625	156,039	20,166,524	1,141,744	30,976,045	3,819,755	27,156,290	179.03
1951	50,985,939	24,175,565	22,894,641	156,039	17,698,722	1,124,884	32,006,293	4,197,063	27,809,230	180.15

[1] Figures differ slightly from monthly circulation statements for following reasons: (*a*) Beginning June 30, 1922, form of circulation statement was revised so as to include in holdings of Federal Reserve Banks and agents, and hence in stock of money, gold bullion and foreign gold coin held by Federal Reserve Banks and agents, and to include in holdings of Federal Reserve Banks and agents, and hence exclude from money in circulation, all forms of money held by Federal Reserve Banks and agents, whether as reserve against Federal Reserve notes or otherwise. For sake of comparableness, figures in this table for earlier years include these changes. For full explanation of this revision, see 1922 annual report, p. 433. (*b*) The form of circulation statement was revised again beginning Dec. 31, 1927, so as to exclude earmarked gold coin from stock of money, and hence from money in circulation; to include in holdings of Federal Reserve Banks and agents, and hence in stock of money, gold held abroad for account of Federal Reserve Banks; and to include in all categories, minor coin (1-cent piece and 5-cent piece). Beginning Dec. 31, 1927, circulation statement is dated for end of month instead of beginning of succeeding month, as was practice theretofore, and figures on revised basis for "Money held in the Treasury" are used. For sake of comparableness, figures in this table for earlier years include these changes. For full explanation of this revision, see 1928 annual report, pp. 70–71. For figures for all years from 1860 through 1934, see 1947 annual report, pp. 478–481. Changes, minor in amount, are made in some figures in the June 30 circulation statements for use in these annual report tables.

[2] Excludes gold and silver certificates and Treasury notes of 1890 outside Treasury. Beginning with 1934, excludes amount (gold certificates) held for Federal Reserve Banks and agents. These items are excluded since gold and silver held as security against them are included. Composition of the stock of money is shown in table 80.

[3] From 1934 to date, amount (gold certificates) held for Federal Reserve Banks and agents is excluded from total money in Treasury, see footnote 2.

[4] Composition of money in circulation is shown in table 81.

[5] Based on Bureau of Census estimated population for continental United States as of July 1 of each year.

[6] On February 26, 1947, gold in amount of $1,800,000,000 held for account of exchange stabilization fund was used as follows: (1) $687,500,000.11 was paid to International Monetary Fund; (2) $275,224,999.89 was transferred to gold certificate fund, Board of Governors, Federal Reserve System; and (3) $837,275,000 was transferred to general fund of Treasury (and is included in this column).

TABLE 80.—*Stock of money, by kinds, June 30, 1913–51* [1]

[Dollars in thousands]

June 30	Gold [2]	Silver bullion [2]	Standard silver dollars [2]	Subsidiary silver	Minor coin	United States notes [2]	Federal Reserve notes [2]	Federal Reserve Bank notes [2]	National bank notes [2]	Total [3]	Percentage of gold to total money
1913	$1,870,762		$568,273	$175,196	$56,951	$346,681			$759,158	$3,777,021	49.53
1915	1,985,539		568,272	185,430	61,327	346,681	$84,261		819,274	4,050,783	49.02
1920	2,865,482		268,857	258,855	92,479	346,681	3,405,877	$201,226	719,038	8,158,496	35.12
1925	4,360,382		522,061	283,472	104,004	346,681	1,942,240	7,176	733,366	8,299,382	52.54
1930	4,534,866		539,960	310,978	126,001	346,681	1,746,501	3,260	698,317	8,306,564	54.59
1935	9,115,643	$313,309	545,642	312,416	133,040	346,681	3,492,854	84,354	769,096	15,113,035	60.32
1936	10,608,417	708,211	547,080	331,716	139,057	346,681	4,296,310	53,300	371,722	17,402,493	60.96
1937	12,318,271	835,196	547,080	358,899	150,954	346,681	4,508,973	38,472	272,164	19,376,690	63.57
1938	12,962,954	1,037,163	547,079	373,461	157,183	346,681	4,420,815	30,840	220,688	20,096,865	64.50
1939	16,110,079	1,230,586	547,079	379,812	161,147	346,681	4,763,989	26,074	189,292	23,754,736	67.82
1940	19,963,091	1,353,162	547,078	402,261	173,909	346,681	5,481,778	22,809	167,190	28,457,960	70.15
1941	22,624,198	1,435,909	547,078	447,248	199,364	346,681	7,001,521	20,704	151,909	32,774,611	69.03
1942	22,736,705	1,505,844	547,077	529,814	224,748	346,681	9,790,727	18,976	140,337	35,840,908	63.44
1943	22,387,522	1,519,746	538,996	659,968	244,850	346,861	14,404,174	632,971	133,358	40,868,266	54.78
1944	21,173,066	1,520,134	494,337	734,488	276,393	346,681	19,527,974	605,011	127,218	44,805,301	47.26
1945	20,212,973	1,520,295	493,943	825,798	303,539	346,681	23,650,975	533,979	121,215	48,009,400	42.10
1946	20,269,934	1,909,099	493,580	878,958	325,978	346,681	24,839,323	469,343	115,114	49,648,011	40.83
1947	21,266,490	1,923,913	493,462	922,656	348,889	346,681	24,780,495	409,443	107,323	50,599,352	42.03
1948	23,532,460	1,955,072	493,100	952,299	359,506	346,681	24,503,331	358,321	100,358	52,601,129	44.74
1949	24,466,324	1,988,559	492,857	989,456	371,956	346,681	24,040,979	313,333	93,835	53,103,980	46.07
1950	24,230,720	2,022,835	492,583	1,001,574	378,463	346,681	23,602,680	277,202	87,615	52,440,353	46.21
1951	21,755,888	2,057,227	492,249	1,041,946	388,646	346,681	24,574,934	245,987	82,382	50,985,939	42.67

[1] See table 79, footnote 1. For figures for all years from 1860 through 1934, see 1947 annual report, pp. 482–484.

[2] Part of gold and silver included in stock of money is held as reserve against other kinds of money, as follows: (1) As reserve for United States notes and Treasury notes of 1890—gold bullion (gold coin and bullion prior to gold conservation actions of 1933 and 1934) varying in amount from $150,000,000 to $156,039,431 during years included in this table; (2) also as security for Treasury notes of 1890 (these notes are being canceled and retired on receipt)—an equal dollar amount in standard silver dollars; (3) as security for outstanding silver certificates—silver in bullion and standard silver dollars of monetary value equal to face amount of such silver certificates; and (4) as security for gold certificates—gold bullion (gold coin and bullion before gold actions of 1933 and 1934) of value at legal standard equal to face amount of such gold certificates. Federal Reserve notes are secured by deposit by Federal Reserve Banks with Federal Reserve agents of like amount of gold certificates (gold prior to actions of 1933 and 1934) or of gold certificates and such discounted or purchased paper as are eligible under terms of Federal Reserve Act, as amended, or (from Feb. 27, 1932) of direct obligations of United States. Federal Reserve Banks must maintain reserves in gold certificates (gold for 1933 and prior years) of at least 25 percent (40 percent prior to passage of act of June 12, 1945) including redemption fund which must be deposited with Treasurer of United States, against Federal Reserve notes in actual circulation ("Gold certificates" as herein used for 1934 and subsequent years include credits with Treasurer of United States payable in gold certificates). Federal Reserve notes are obligations of United States and first lien on all assets of issuing Federal Reserve Bank. Federal Reserve Bank notes at time of issuance were secured by direct obligations of United States or commercial paper; however, lawful money has been deposited with Treasurer of United States for their redemption and they are in process of retirement. National bank notes at issuance were secured by direct obligations of United States; lawful money has been deposited with Treasurer for their redemption and they are being retired.

[3] Totals involve duplication to extent that United States notes and Federal Reserve notes, included in full, are in part secured by gold, also included in full. Gold certificates, silver certificates, and Treasury notes of 1890 have been excluded, however, since they are complete duplications of equal amounts of gold or silver held as security therefor and included in totals.

TABLE 81.—*Money in circulation, by kinds, June 30, 1913–51* [1]

[In thousands of dollars]

June 30	Gold coin	Gold certificates [2]	Standard silver dollars	Silver certificates [2]	Treasury notes of 1890 [2]	Subsidiary silver	Minor coin	United States notes [2]	Federal Reserve notes [2]	Federal Reserve Bank notes [2]	National bank notes [2]	Total
1913	608, 401	1, 003, 998	72, 127	469, 129	2, 657	154, 458	54, 954	337, 215	----------	----------	715, 754	3, 418, 692
1915	587, 537	821, 869	64, 499	463, 147	2, 245	159, 043	58, 516	309, 796	70, 810	----------	782, 120	3, 319, 582
1920	474, 822	259, 007	76, 749	97, 606	1, 656	248, 863	90, 958	278, 144	3, 064, 742	185, 431	689, 608	5, 467, 589
1925	402, 297	1, 004, 823	54, 289	382, 780	1, 387	262, 009	100, 307	282, 578	1, 636, 108	6, 921	681, 709	4, 815, 208
1930	357, 236	994, 841	38, 629	386, 915	1, 260	281, 231	117, 436	288, 389	1, 402, 066	3, 206	650, 779	4, 521, 988
1935	(3)	117, 167	32, 308	701, 474	1, 182	295, 773	125, 125	285, 417	3, 222, 913	81, 470	704, 263	5, 567, 093
1936	(3)	100, 771	35, 029	954, 592	1, 177	316, 476	134, 691	278, 190	4, 002, 216	51, 954	366, 105	6, 241, 200
1937	(3)	88, 116	38, 046	1, 078, 071	1, 172	340, 827	144, 107	281, 459	4, 168, 780	37, 616	268, 862	6, 447, 056
1938	(3)	78, 500	39, 446	1, 230, 156	1, 169	341, 942	145, 625	262, 155	4, 114, 338	30, 118	217, 441	6, 460, 891
1939	(3)	71, 930	42, 407	1, 453, 573	1, 166	361, 209	154, 869	265, 962	4, 483, 552	25, 593	186, 480	7, 046, 743
1940	(3)	66, 793	46, 020	1, 581, 662	1, 163	384, 187	168, 977	247, 887	5, 163, 284	22, 373	165, 155	7, 847, 501
1941	(3)	62, 872	52, 992	1, 713, 508	1, 161	433, 485	193, 963	299, 514	6, 684, 209	20, 268	150, 460	9, 612, 432
1942	(3)	59, 399	66, 093	1, 754, 255	1, 158	503, 947	213, 144	316, 886	9, 310, 135	18, 717	139, 131	12, 382, 866
1943	(3)	56, 909	83, 701	1, 648, 571	1, 155	610, 005	235, 672	322, 343	13, 746, 612	584, 162	132, 130	17, 421, 260
1944	(3)	53, 964	103, 325	1, 587, 691	1, 154	700, 022	262, 775	322, 293	18, 750, 201	597, 030	125, 887	22, 504, 342
1945	(3)	52, 084	125, 178	1, 650, 689	1, 150	788, 283	291, 996	322, 587	22, 867, 459	527, 001	120, 012	26, 746, 438
1946	(3)	50, 223	140, 319	2, 025, 178	1, 149	843, 122	316, 994	316, 743	23, 973, 006	464, 315	113, 948	28, 244, 997
1947	(3)	47, 794	148, 452	2, 060, 728	1, 147	875, 971	331, 039	320, 403	23, 999, 004	406, 260	106, 429	28, 297, 227
1948	(3)	45, 158	156, 340	2, 060, 869	1, 146	918, 691	346, 112	321, 485	23, 600, 323	353, 499	99, 235	27, 902, 859
1949	(3)	42, 665	163, 894	2, 060, 852	1, 145	939, 568	355, 316	318, 688	23, 209, 437	308, 821	92, 524	27, 492, 910
1950	(3)	40, 772	170, 185	2, 177, 251	1, 145	964, 709	360, 886	320, 781	22, 760, 285	273, 788	86, 488	27, 156, 290
1951	(3)	39, 070	180, 013	2, 092, 174	1, 145	1, 019, 824	378, 350	318, 173	23, 456, 018	243, 261	81, 202	27, 809, 230

[1] See table 79, footnote 1. For figures for all years from 1860 through 1934, see 1947 annual report, pp. 485–487.

[2] For description of reserves held against various kinds of money, see table 80, footnote 2.

[3] Gold Reserve Act of 1934, which was culmination of gold actions of 1933, vested in United States title to all gold coin and gold bullion. Gold coin was withdrawn from circulation and formed into bars. Gold coin ($287,000,000) shown on Treasury records as being then outstanding was dropped from monthly circulation statement as of Jan. 31, 1934.

TABLE 82.—*Paper currency issued and redeemed during the fiscal year 1951, and outstanding June 30, 1951, by classes and denominations*

	Issued during 1951	Redeemed during 1951	Outstanding June 30, 1951— In Treasury	In Federal Reserve Banks	Outside Treasury and Federal Reserve Banks
CLASS					
Gold certificates		$1,697,210	$532,200	$2,815,555,600	$39,070,219
Silver certificates	$1,789,664,000	1,770,371,300	13,112,888	247,974,279	2,092,173,587
United States notes	189,760,000	189,760,000	2,066,947	26,441,561	318,172,508
Treasury notes of 1890		5	1,826		1,144,760
Federal Reserve notes	6,522,755,000	5,550,501,145	46,609,590	1,072,306,020	23,456,018,080
Federal Reserve Bank notes		31,215,455	722,761	2,002,740	243,261,000
National bank notes		5,233,645	182,620	997,100	81,202,017
Total	8,502,179,000	7,548,778,760	63,228,832	4,165,277,300	26,231,042,171
DENOMINATION					
$1	1,223,844,000	1,073,594,039	12,192,969	204,984,509	1,092,062,998
$2	26,480,000	24,321,086	842,428	11,713,506	63,754,838
$5	1,473,190,000	1,355,287,125	9,595,805	193,743,895	2,011,299,035
$10	2,680,160,000	2,342,842,320	9,586,770	362,445,980	6,112,961,812
$20	2,291,100,000	1,904,512,540	17,412,320	329,375,860	8,663,057,716
$50	314,500,000	281,387,250	4,041,800	76,686,450	2,405,293,915
$100	415,200,000	406,350,400	6,405,500	105,154,100	4,946,662,220
$500	24,510,000	44,377,000	1,047,500	20,189,000	355,925,250
$1,000	48,400,000	111,112,000	1,553,000	36,689,000	569,797,500
$5,000	575,000	675,000		3,045,000	3,845,000
$10,000	4,220,000	4,320,000	20,000	11,150,000	7,850,000
$100,000				2,810,100,000	
Fractional parts					62,627
Unassorted			530,740		
	8,502,179,000	7,548,778,760	63,228,832	4,165,277,300	26,232,572,911
Deduct:					
Unknown, destroyed					1,000,000
Unassorted					530,740
Total	8,502,179,000	7,548,778,760	63,228,832	4,165,277,300	26,231,042,171

CUSTOMS STATISTICS

TABLE 83.—*Summary of customs collections and expenditures, fiscal year 1951*

[On basis of accounts of the Bureau of Customs]

Collections [1]	Amount	Appropriations and expenditures	Amount
Customs collections:		Appropriation "Collecting the revenue from customs":	
Duties on imports	$625, 809, 091	Regular	$36, 600, 000
Miscellaneous collections (fines, penalties, etc.)	4, 158, 681	Deficiency	225, 000
Total	629, 967, 772	Net appropriation	36, 825, 000
Collections for other departments, bureaus, etc.:		Expenditures, obligations incurred by:	
Internal revenue taxes	176, 939, 581	Collectors of customs	27, 460, 853
Department of Justice	2, 160, 206	Agency Service (investigation)	1, 680, 830
Public Health Service and other governmental agencies	65, 733	Appraisers of merchandise	4, 266, 458
		Chief chemists	587, 559
		Comptrollers of customs	1, 081, 050
Total for others	179, 165, 520	Customs Information Exchange	120, 558
		Administrative	1, 565, 883
Total collections	809, 133, 292		
		Total obligations incurred	36, 763, 191
		Balance of appropriations	61, 809
		Appropriation "Refunds and drawback"	20, 000, 000
		Expenditures for refunds, drawbacks, and minor payments of a similar nature	14, 207, 932
		Balance of appropriation	5, 792, 068

[1] Excludes duties and sale of insular property for Puerto Rico, but includes other Puerto Rican collections.

TABLE 84.—*Customs collections and payments, by districts, fiscal year 1951*

District	Collections [1]					Payments			Cost to collect $100
	Duties and miscellaneous customs collections	Department of Justice	Bureau of Internal Revenue	Other collections	Total	Excessive duties and other refunds	Drawback	Expenses (net obligations)	
Alaska	$79,239	$3,577	$343	$19	$83,178	$754		$158,591	$190.66
Arizona	3,059,442	4,868	1,231	1,211	3,066,752	9,569		309,326	10.09
Buffalo	11,298,756	46,044	870,596	1,014	12,216,410	109,967	$7,819	997,410	8.16
Chicago	13,936,882	3,328	16,187,749	1,606	30,129,565	381,294	100,026	749,991	2.49
Colorado	189,643		233,158	16	422,817	4,743		39,540	9.35
Connecticut	2,029,248	104	1,225,311	802	3,255,465	10,724	2,476	101,426	3.12
Dakota	2,018,553	13,505	241,069	89	2,273,216	17,361		386,055	16.98
Duluth and Superior	1,351,747	916	1,174	82	1,353,919	14,946		224,019	16.55
El Paso	1,685,562	10,860	23,341	558	1,720,321	8,881	195	820,444	47.69
Florida	7,747,391	272,686	2,521,961	1,877	10,543,915	145,336	2,703	947,836	8.99
Galveston	11,179,670	17,330	2,558,687	2,134	13,757,821	112,829	25,323	436,318	3.17
Georgia	3,718,202	2,306	106,036	1,018	3,827,562	8,617	5	180,369	4.71
Hawaii	1,621,278	55,522	384,644	656	2,062,100	203,432	1,185	429,364	20.82
Indiana	1,228,781		6,744,838	704	7,974,323	15,554		76,342	.96
Kentucky	408,311		66,673	311	475,295	18,653	138,445	54,034	11.37
Laredo	5,491,753	29,871	179,415	3,158	5,704,197	77,959		831,301	14.57
Los Angeles	12,714,656	17,973	9,214,243	3,006	21,949,878	214,208	53,448	955,389	4.35
Maine and New Hampshire	2,709,336	13,312	1,396	291	2,724,335	39,726		793,588	29.13
Maryland	16,279,593	23,698	2,650,950	1,450	18,955,691	319,292	26,741	1,176,828	6.21
Massachusetts	79,947,352	29,100	5,037,865	1,694	85,016,011	249,214	243,423	2,262,002	2.66
Michigan	18,608,379	67,320	22,794,961	1,553	41,472,213	255,463	32,918	1,357,698	3.27
Minnesota	1,942,696		983,468	206	2,926,370	26,436	1,382	167,664	5.73
Mobile	1,893,492	4,368	142,230	639	2,040,729	14,737		169,957	8.33
Montana and Idaho	4,232,032	4,888	288	88	4,237,296	1,885	47	206,838	4.88
New Orleans	18,538,802	61,844	969,844	2,749	19,573,239	93,990	258,208	1,203,187	6.15
New York	275,889,989	1,203,203	67,377,389	15,105	344,485,686	3,612,735	5,117,281	12,067,478	3.50
North Carolina	10,861,044	184		66	10,861,294	14,493	262,843	93,618	.86
Ohio	7,887,767	1,185	3,215,222	5,760	11,109,934	69,954	222,164	367,891	3.31
Oregon	2,113,805	3,060	623,254	1,055	2,741,174	19,371	1,573	258,906	9.45
Philadelphia	45,803,474	31,266	3,045,258	2,737	48,882,735	403,349	336,487	1,480,245	3.03
Pittsburgh	4,093,096		1,308,625	1,010	5,402,731	61,484	1,755	93,843	1.74
Rhode Island	4,695,023	3,541	303,829	715	5,003,108	13,370	5,022	102,134	2.04
Rochester	1,174,714	73	971,735	947	2,147,469	11,096	21,361	145,366	6.77
Sabine	64,583	636	8,155	706	74,080			102,468	138.32
St. Lawrence	8,604,543	34,306	11,105,955	154	19,744,958	57,942	538	717,954	3.64
St. Louis	3,845,143		1,255,231	811	5,101,185	54,505	15,112	162,415	3.18
San Diego	944,599	26,262	7,957	2,538	981,356	6,138		458,651	46.74
San Francisco	13,701,509	51,656	9,822,548	2,079	23,577,792	296,859	74,391	1,479,867	6.28

South Carolina	2,657,034	1,592	216,880	102	2,875,608	5,719	106	81,434	2.83
Tennessee	828,049		76,203	175	904,427	1,922	8,914	52,065	5.76
Vermont	4,333,504	19,750	156,644	202	4,510,100	32,500	1,157	709,083	15.72
Virginia	9,997,778	14,165	2,979	535	10,015,457	69,531	4,578	448,267	4.48
Washington	7,044,177	46,317	3,941,202	1,147	11,032,843	48,259	4,558	1,097,209	9.94
Wisconsin	1,450,202	383	359,044	1,734	1,811,363	22,176	78,684	111,347	6.15
Puerto Rico	66,943	39,207		1,224	107,374	91			
Items not assigned to districts								[2] 1,697,433	
Total	629,967,772	2,160,206	176,939,581	65,733	809,133,292	7,157,064	7,050,868	36,763,191	4.54
Collections deposited to the credit of Government of Puerto Rico	4,419,761				4,419,761				
Grand total	634,387,533	2,160,206	176,939,581	65,733	813,553,053	7,157,064	7,050,868	36,763,191	

[1] Customs receipts, on the basis of reports of collecting officers, are credited to the districts in which the collections are made. Receipts in various districts do not indicate the tax burden of the respective districts, since the taxes may be borne eventually by persons in other districts. Customs duties and sale of insular government property for Puerto Rico ($4,419,761) are deposited to the credit of the Government of Puerto Rico.

[2] Bureau and foreign.

TABLE 85.—*Values of dutiable and taxable imports for consumption and estimated duties and taxes collected by tariff schedules, fiscal years 1950 and 1951*

Tariff schedule	Value of dutiable and taxable imports for consumption		Estimated duties and import taxes [1]		Percentage increase, or decrease (−)	
	1950	1951	1950	1951	Value	Duty
1. Chemicals, oils, and paints	$88,707,813	$220,129,759	$13,443,964	$31,841,684	148.2	136.8
2. Earths, earthenware, and glassware	61,068,297	109,378,960	16,925,961	28,345,801	79.1	67.5
3. Metals and manufactures	402,280,410	895,719,922	57,214,516	110,144,640	122.7	92.5
4. Wood and manufactures	145,532,967	255,386,397	6,073,015	10,296,452	75.5	69.5
5. Sugar, molasses, and manufactures	325,662,164	385,656,174	35,123,334	37,354,229	18.4	6.4
6. Tobacco and manufactures	75,455,117	81,568,778	21,622,559	19,472,548	8.1	−9.9
7. Agricultural products and provisions	556,937,234	750,463,296	59,062,633	73,298,484	34.7	24.1
8. Spirits, wines, and other beverages	93,048,335	128,096,796	24,373,452	32,798,060	37.7	34.6
9. Cotton manufactures	30,452,324	48,954,127	7,269,312	11,232,225	60.8	54.5
10. Flax, hemp, jute, and manufactures	132,728,010	172,830,354	7,581,873	11,263,820	30.2	48.6
11. Wool and manufactures	307,239,690	658,562,949	77,803,608	110,575,755	114.3	42.1
12. Silk manufactures	20,693,641	36,447,779	5,763,376	11,203,264	76.1	94.4
13. Manufactures of rayon and other synthetic textiles	15,499,418	49,561,523	3,359,688	10,916,610	219.8	224.9
14. Pulp, paper, and books	21,894,987	36,558,377	2,245,099	3,537,227	67.0	57.6
15. Sundries	253,866,376	387,815,539	47,998,982	67,768,964	52.8	41.2
Free-list commodities taxable under Revenue Act of 1932 and subsequent acts	529,743,267	695,066,702	27,334,416	42,885,077	31.2	56.9
Dutiable under sec. 466, Tariff Act of 1930, etc	2,736,528	6,205,324	1,302,311	1,862,377	126.8	43.0
Total	3,063,546,578	4,918,402,756	414,498,099	614,797,216	60.5	48.3

[1] Taxes collected on dutiable commodities under the revenue acts and the Sugar Act of 1937 are included in appropriate schedules.

TABLE 86.—*Value of dutiable imports and amounts of duties collected at specific, ad valorem, and compound rates, fiscal years 1938–51*

[In millions of dollars]

Fiscal year	Total		Specific		Ad valorem		Compound		Average ad valorem equivalent				Percent of total value			Percent of total duty		
	Value	Duty	Value	Duty	Value	Duty	Value	Duty	Total	Specific	Ad valorem	Compound	Specific	Ad valorem	Compound	Specific	Ad valorem	Compound
1938	909	348	575	224	277	90	57	34	38	39	33	60	63	31	6	64	26	10
1939	820	312	502	206	268	78	50	28	38	41	29	57	61	33	6	66	25	9
1940	920	340	611	245	265	71	44	24	37	40	27	56	66	29	5	72	21	7
1941	1,011	385	769	315	205	50	37	20	38	41	24	53	76	20	4	82	13	5
1942	1,166	386	894	319	226	45	46	22	33	36	20	49	77	19	4	83	12	5
1943	1,032	330	827	288	174	28	31	14	32	35	16	45	80	17	3	87	9	4
1944	1,249	421	1,015	372	201	36	33	13	34	37	18	39	81	16	3	88	9	3
1945	1,199	343	910	283	251	45	38	15	29	31	18	38	76	21	3	83	13	4
1946	1,592	429	1,103	323	430	83	59	23	27	29	19	39	69	27	4	75	19	6
1947	2,096	476	1,508	333	513	115	75	28	23	22	22	39	72	24	4	70	24	6
1948	2,489	402	1,878	271	530	105	81	26	16	14	20	32	76	21	3	68	26	6
1949	2,839	374	2,138	233	589	109	112	32	13	11	19	28	75	21	4	63	29	8
1950	3,064	415	2,338	264	616	117	110	34	14	11	19	31	76	20	4	64	28	8
1951	4,919	615	3,511	346	1,202	207	206	62	13	10	17	30	71	25	4	56	34	10

TABLE 87.—*Estimated customs duties, value of imports entered for consumption, and ratio of duties to value of dutiable imports and to value of all imports, calendar years 1941–50 and monthly January 1949–June 1951* [1]

[Dollars in thousands]

Calendar year and month	Estimated duties (including taxes on imports)	Value of imports entered for consumption		Ratio of dutiable to total	Ratio of duties to value of	
		Total	Dutiable		Dutiable imports	Total imports
				Percent	Percent	Percent
1941	$438,596	$3,221,954	$1,191,224	36.97	36.82	13.61
1942	318,490	2,780,317	1,009,679	36.32	31.54	11.46
1943	391,540	3,390,101	1,207,301	35.61	32.43	11.55
1944	368,234	3,887,490	1,164,561	29.96	31.62	9.47
1945	382,212	4,098,101	1,350,487	32.95	28.30	9.33
1946	482,860	r 4,824,902	1,889,228	r 39.16	25.56	r 10.00
1947	427,679	5,666,321	2,213,764	39.07	19.32	7.55
1948	404,778	7,092,032	2,908,976	41.02	13.91	5.71
1949	364,618	r 6,591,640	2,709,716	r 41.11	13.46	5.53
1950	522,337	8,734,546	3,967,246	45.42	13.17	5.98
1949—January	29,685	578,967	230,597	39.83	12.87	5.13
February	29,742	554,707	226,605	40.85	13.13	5.36
March	32,251	624,093	237,565	38.06	13.58	5.17
April	26,927	526,903	207,181	39.32	13.00	5.11
May	26,784	533,635	199,549	37.39	13.42	5.02
June	27,109	529,489	201,656	38.09	13.44	5.12
July	24,125	458,938	177,494	38.67	13.59	5.26
August	30,624	513,086	222,227	43.31	13.78	5.97
September	32,952	528,803	236,322	44.69	13.94	6.23
October	35,099	561,829	253,514	45.12	13.84	6.25
November	36,476	592,542	269,152	45.42	13.55	6.16
December	32,842	595,065	247,854	41.65	13.25	5.52
1950—January	36,221	r 622,917	257,837	r 41.39	14.05	r 5.81
February	35,751	r 590,347	255,656	r 43.31	13.98	r 6.06
March	40,896	r 659,835	308,918	r 46.82	13.24	r 6.20
April	33,035	r 573,441	247,294	r 43.12	13.36	r 5.76
May	38,653	r 653,955	289,213	r 44.23	13.36	r 5.91
June	37,822	r 679,365	298,066	r 43.87	12.69	r 5.57
July	39,376	701,378	308,976	44.05	12.74	5.61
August	51,806	817,771	390,137	47.71	13.28	6.34
September	48,631	824,319	378,122	45.87	12.86	5.90
October	53,516	913,535	416,159	45.55	12.86	5.86
November	53,867	841,014	403,498	47.98	13.35	6.41
December	52,762	856,668	413,370	48.25	12.76	6.16
1951—January	55,802	1,016,043	448,681	44.16	12.44	5.49
February	51,658	906,460	439,780	48.52	11.75	5.70
March	56,472	1,033,994	444,809	43.02	12.70	5.46
April	53,278	956,735	441,753	46.17	12.06	5.57
May	50,370	945,784	422,600	44.68	11.92	5.33
June	47,260	920,899	410,518	44.58	11.51	5.13

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[1] Amount of customs duties is calculated on basis of reports of Bureau of the Census showing quantity and value of merchandise imported. Figures back to 1867 can be found in annual reports for 1930, p. 523; 1932, p. 382; and corresponding tables in subsequent reports.

TABLE 88.—*Estimated customs duties, value of dutiable imports, and ratio of estimated duties to value of dutiable imports, by tariff schedules, calendar years 1941–50 and monthly January 1949–June 1951* [1]

[Dollars in thousands]

Calendar year and month	Schedule 1.—Chemicals, oils, and paints			Schedule 2.—Earths, earthenware, and glassware			Schedule 3.—Metals and manufactures			Schedule 4.—Wood and manufactures		
	Estimated duties	Value of dutiable imports	Ratio of duties to imports	Estimated duties	Value of dutiable imports	Ratio of duties to imports	Estimated duties	Value of dutiable imports	Ratio of duties to imports	Estimated duties	Value of dutiable imports	Ratio of duties to imports
			Percent			*Percent*			*Percent*			*Percent*
1941	$13,291	$48,695	27.29	$7,742	$25,857	29.94	$43,435	$126,095	34.45	$2,536	$36,039	7.04
1942	10,621	47,203	22.50	4,786	19,031	25.15	28,040	102,300	27.41	2,413	46,185	5.22
1943	7,634	41,480	18.40	4,071	18,399	22.13	31,434	120,054	26.18	1,642	27,852	5.90
1944	8,037	54,122	14.85	3,103	10,764	28.83	28,919	117,660	24.58	2,297	37,299	6.16
1945	10,051	71,859	13.99	3,884	14,760	26.31	34,896	150,019	23.26	2,867	44,563	6.43
1946	13,622	90,198	15.10	9,546	30,941	30.85	50,628	197,984	25.57	4,191	54,610	7.67
1947	16,578	119,282	13.90	13,643	44,308	30.79	51,079	246,376	20.73	3,073	42,112	7.30
1948	14,252	114,896	12.40	15,321	60,710	25.24	53,421	348,465	15.33	4,624	127,498	3.62
1949	10,635	77,975	13.64	16,220	59,496	27.26	48,513	337,977	14.35	4,563	97,541	4.68
1950	23,133	149,773	15.45	21,935	82,736	26.51	85,475	658,793	12.97	8,514	237,168	3.59
1949—January	1,054	8,270	12.74	1,211	4,721	25.65	3,895	33,115	11.76	339	6,486	5.23
February	912	8,051	11.33	1,282	4,750	26.99	3,914	31,753	12.33	360	6,858	5.25
March	824	6,253	13.18	1,337	5,238	25.53	4,095	30,040	13.63	426	8,293	5.14
April	788	6,874	11.46	1,413	5,452	25.92	3,565	24,718	14.42	415	6,960	5.96
May	657	5,645	11.64	1,387	4,945	28.05	3,947	26,603	14.84	417	7,656	5.45
June	786	5,949	13.21	1,300	4,876	26.66	3,606	21,584	16.71	367	7,693	4.77
July	682	4,910	13.89	1,281	4,504	28.44	3,003	20,777	14.45	307	6,181	4.97
August	775	5,427	14.28	1,341	4,827	27.78	4,083	29,946	13.63	336	7,677	4.38
September	938	5,211	18.00	1,547	5,107	30.29	3,991	24,491	16.30	352	8,561	4.11
October	895	6,545	13.67	1,414	4,962	28.50	4,408	27,281	16.16	398	10,046	3.96
November	1,156	6,853	16.87	1,451	5,311	27.32	5,135	33,247	15.45	422	11,548	3.65
December	1,166	7,987	14.60	1,256	4,803	26.15	4,871	34,422	14.15	424	9,583	4.42
1950—January	1,238	8,334	14.85	1,186	4,450	26.65	4,225	31,007	13.63	501	9,418	5.32
February	1,280	7,965	16.07	1,211	4,302	28.15	4,485	31,003	14.47	489	10,143	4.82
March	1,390	9,418	14.76	1,540	5,667	27.17	5,366	38,067	14.10	677	15,393	4.40
April	1,212	8,079	15.00	1,375	5,118	26.87	5,074	36,337	13.96	688	15,599	4.41
May	1,370	8,749	15.66	1,635	5,677	28.80	6,230	46,325	13.45	709	17,527	4.05
June	1,342	9,230	14.53	1,691	6,342	26.66	6,345	49,378	12.85	760	23,858	3.19
July	1,463	9,654	15.15	1,601	6,226	25.71	6,855	51,326	13.36	633	23,497	2.69
August	2,345	13,877	16.90	2,136	7,436	28.73	7,872	61,995	12.70	672	23,678	2.84
September	2,583	16,347	15.80	1,948	7,654	25.45	7,862	60,228	13.05	724	27,914	2.59
October	2,722	17,492	15.56	2,654	10,161	26.12	9,448	72,099	13.10	897	29,758	3.01
November	3,286	19,483	16.87	2,840	10,791	26.32	10,676	82,997	12.86	817	20,519	3.98
December	2,901	21,146	13.72	2,120	8,914	23.78	11,038	98,032	11.26	937	19,864	4.72
1951—January	3,254	24,031	13.54	2,292	8,980	25.52	9,835	83,958	11.71	841	17,099	4.92
February	3,439	22,184	15.50	2,135	7,818	27.31	7,669	64,574	11.88	838	15,424	5.43
March	2,913	21,201	13.74	2,600	9,642	26.97	10,192	81,632	12.49	1,018	20,064	5.07
April	2,638	20,164	13.08	2,607	10,366	25.15	10,250	83,669	12.25	1,141	20,473	5.57
May	2,629	20,846	12.61	2,718	10,334	26.30	9,295	77,383	12.01	989	19,271	5.13
June	1,667	13,706	12.16	2,696	11,056	24.38	9,153	77,828	11.76	788	17,825	4.42

Calendar year and month	Schedule 5.—Sugar, molasses, and manufactures: Estimated duties	Schedule 5: Value of dutiable imports	Schedule 5: Ratio of duties to imports	Schedule 6.—Tobacco and manufactures: Estimated duties	Schedule 6: Value of dutiable imports	Schedule 6: Ratio of duties to imports	Schedule 7.—Agricultural products and provisions: Estimated duties	Schedule 7: Value of dutiable imports	Schedule 7: Ratio of duties to imports	Schedule 8.—Spirits, wines, and other beverages: Estimated duties	Schedule 8: Value of dutiable imports	Schedule 8: Ratio of duties to imports
			Percent			*Percent*			*Percent*			*Percent*
1941	$63,586	$145,375	43.74	$23,017	$38,026	60.53	$56,818	$173,113	32.82	$30,186	$49,635	60.82
1942	36,056	134,811	26.75	22,505	37,779	59.57	41,368	178,729	23.15	28,811	56,695	50.82
1943	55,730	194,349	28.68	23,044	43,209	53.33	40,256	248,557	16.30	61,563	83,094	74.09
1944	29,096	101,071	28.79	24,882	65,930	37.74	37,584	266,284	14.11	85,671	115,304	74.30
1945	10,430	34,418	29.45	28,253	82,278	34.34	42,542	314,005	13.55	45,340	69,923	64.84
1946	10,167	42,524	23.91	24,916	89,337	27.89	43,405	354,680	12.24	50,520	95,150	53.10
1947	67,280	436,404	15.42	25,757	92,367	27.89	36,347	311,800	11.66	31,718	67,305	47.13
1948	34,565	336,010	10.29	23,784	79,943	29.75	56,729	529,066	10.72	23,834	86,434	27.57
1949	37,206	345,663	10.76	23,522	75,278	31.25	51,914	489,056	10.62	24,145	89,594	26.95
1950	37,635	359,948	10.46	19,534	78,654	24.84	66,673	623,196	10.70	29,284	116,485	25.14
1949—January	1,953	20,717	9.43	1,918	6,293	30.48	4,717	41,506	11.36	1,637	5,971	27.42
February	3,478	31,784	10.94	1,811	5,428	33.36	4,178	35,854	11.65	1,534	5,609	27.53
March	4,903	41,713	11.75	2,123	6,714	31.62	4,641	39,530	11.74	1,956	7,135	27.41
April	3,627	32,241	11.25	1,862	6,066	30.70	4,423	39,402	11.23	1,687	6,285	26.84
May	3,454	32,803	10.53	2,080	6,606	31.49	3,519	30,156	11.67	1,909	7,245	26.34
June	3,549	32,010	11.09	2,248	7,018	32.03	3,501	36,101	9.70	1,890	7,048	26.82
July	3,005	28,067	10.71	1,767	5,960	29.65	2,986	27,903	10.70	1,489	5,776	25.78
August	3,539	32,629	10.85	2,467	7,876	31.32	3,551	34,474	10.30	1,010	6,240	16.19
September	3,272	29,539	11.08	2,052	6,610	31.04	4,364	46,255	9.43	2,240	8,331	26.89
October	3,209	30,345	10.58	2,035	6,599	30.84	5,037	48,556	10.37	2,724	9,866	27.61
November	2,509	25,271	9.93	1,844	6,043	30.51	5,927	61,445	9.65	2,837	10,701	26.51
December	708	8,544	8.29	1,314	4,067	32.31	5,069	47,876	10.59	2,532	9,587	26.41
1950—January	1,799	15,697	11.46	2,202	7,025	31.35	5,400	47,486	11.37	1,566	6,386	24.52
February	2,908	25,746	11.29	1,695	5,442	31.15	6,439	58,748	10.96	1,491	5,945	25.08
March	4,614	41,915	11.01	1,718	6,912	24.86	6,272	56,017	11.20	1,885	7,182	26.25
April	2,948	26,487	11.13	1,356	5,722	23.70	4,378	35,622	12.29	1,561	6,160	25.34
May	3,724	32,884	11.32	1,645	7,073	23.26	4,902	45,116	10.87	2,021	7,624	26.51
June	2,890	28,536	10.13	1,529	6,127	24.96	4,738	47,440	9.99	2,318	9,449	24.53
July	3,219	32,538	9.89	1,175	5,338	22.01	4,482	45,154	9.93	3,077	12,485	24.65
August	5,272	49,916	10.56	2,143	9,125	23.48	5,165	49,062	10.53	2,827	10,929	25.87
September	4,021	39,743	10.12	1,672	7,021	23.81	5,540	52,331	10.59	2,478	9,917	24.99
October	3,194	33,643	9.49	1,649	7,232	22.80	6,407	62,566	10.24	2,949	11,760	25.08
November	1,697	17,992	9.43	1,465	6,528	22.44	6,559	64,497	10.17	3,805	15,661	24.30
December	1,353	14,856	9.11	1,287	5,109	25.19	6,391	59,157	10.80	3,306	12,986	25.46
1951—January	2,845	29,470	9.65	1,753	7,404	23.68	6,818	64,835	10.52	2,550	9,388	27.16
February	3,484	35,982	9.68	1,627	6,666	24.41	8,176	110,407	7.41	2,251	8,298	27.13
March	3,709	38,016	9.76	1,668	6,897	24.18	6,734	57,532	11.70	2,413	9,269	26.03
April	3,387	34,615	9.78	1,600	6,624	24.15	5,930	57,671	10.28	2,335	8,783	26.59
May	2,678	28,846	9.28	1,804	7,158	25.20	6,159	64,254	9.59	2,371	8,826	26.86
June	2,496	30,038	8.31	1,629	6,467	25.19	4,937	62,997	7.84	2,435	9,794	24.86

TABLE 88.—*Estimated customs duties, value of dutiable imports, and ratio of estimated duties to value of dutiable imports, by tariff schedules, calendar years 1941–50 and monthly January 1949–June 1951* [1]—Continued

Calendar year and month	Schedule 9.—Cotton manufactures			Schedule 10.—Flax, hemp, jute, and manufactures			Schedule 11.—Wool and manufactures			Schedule 12.—Silk manufactures		
	Estimated duties	Value of dutiable imports	Ratio of duties to imports	Estimated duties	Value of dutiable imports	Ratio of duties to imports	Estimated duties	Value of dutiable imports	Ratio of duties to imports	Estimated duties	Value of dutiable imports	Ratio of duties to imports
			Percent			*Percent*			*Percent*			*Percent*
1941	$5,002	$15,003	33.34	$9,526	$69,846	13.64	$123,118	$185,672	66.31	$1,457	$2,829	51.50
1942	2,548	8,270	30.81	6,639	52,309	12.69	112,972	178,771	63.19	411	855	48.07
1943	2,707	8,946	30.26	4,857	40,635	11.95	134,360	218,316	61.54	209	438	47.72
1944	1,900	6,709	28.32	2,252	10,047	22.41	114,379	179,016	63.89	307	598	51.34
1945	4,533	26,066	17.39	3,982	17,863	22.29	144,039	229,513	62.76	927	1,928	48.08
1946	5,453	23,451	23.25	15,394	106,202	14.50	167,759	276,042	60.77	2,459	5,159	47.66
1947	4,921	15,986	30.78	13,878	149,880	9.26	95,072	199,090	47.75	5,272	10,930	48.23
1948	6,224	26,079	23.87	10,000	173,155	5.77	81,410	291,730	27.91	6,258	20,398	30.68
1949	5,376	22,510	23.88	7,035	141,656	4.97	58,040	239,329	24.25	5,671	21,483	26.40
1950	9,742	40,999	23.76	9,279	144,843	6.41	94,294	394,178	23.91	8,953	29,272	30.59
1949—January	504	2,114	23.84	659	14,911	4.42	5,395	21,382	25.23	569	2,164	26.29
February	481	2,008	23.95	702	14,761	4.76	4,964	21,612	22.97	736	2,841	25.91
March	612	2,588	23.65	684	14,216	4.81	4,069	17,517	23.23	556	2,096	26.53
April	455	1,840	24.73	598	12,721	4.70	2,628	10,906	24.10	323	1,194	27.05
May	467	1,816	25.72	546	11,015	4.96	2,805	11,212	25.02	266	976	27.25
June	293	1,265	23.16	389	8,695	4.47	3,758	15,948	23.56	260	948	27.43
July	311	1,355	22.95	391	6,462	6.05	3,488	13,907	25.08	241	891	27.05
August	354	1,518	23.32	532	10,801	4.93	5,761	24,589	23.43	383	1,501	25.52
September	396	1,735	22.82	593	11,448	5.18	6,030	26,059	23.14	565	2,169	26.05
October	450	1,889	23.82	605	11,589	5.22	5,973	23,032	25.93	580	2,201	26.35
November	539	2,262	23.83	637	11,557	5.51	6,341	24,429	25.96	641	2,430	26.38
December	514	2,119	24.26	698	13,480	5.18	6,828	28,737	23.76	551	2,070	26.62
1950—January	641	2,574	24.90	701	9,816	7.14	8,714	32,973	26.43	566	2,113	26.79
February	734	2,855	25.71	592	9,115	6.49	7,399	28,659	25.82	578	2,123	27.23
March	1,015	4,240	23.94	873	14,670	5.95	6,961	26,742	26.03	454	1,492	30.43
April	709	3,010	23.52	717	13,140	5.46	5,776	20,113	28.72	434	1,370	31.68
May	790	3,349	23.59	633	10,257	6.17	7,386	29,693	24.87	359	1,112	32.28
June	816	3,543	23.03	610	10,394	5.87	7,145	28,308	25.24	410	1,221	33.58
July	644	2,617	24.61	604	10,005	6.04	7,299	30,044	24.29	681	2,014	33.81
August	781	3,150	24.79	807	14,365	5.62	10,663	45,106	23.64	878	2,699	32.53
September	771	3,356	22.97	898	13,002	6.91	8,529	36,217	23.55	1,067	3,719	28.69
October	922	3,937	23.42	900	12,239	7.35	8,178	35,733	22.89	1,267	4,233	29.93
November	1,029	4,460	23.07	992	14,820	6.69	7,568	35,241	21.47	1,158	3,690	31.38
December	889	3,906	22.76	954	13,021	7.33	8,674	45,349	19.13	1,100	3,486	31.55
1951—January	956	4,193	22.80	1,225	21,444	5.71	11,385	63,093	18.04	1,147	3,658	31.36
February	1,141	5,305	21.51	860	9,805	8.77	8,442	50,702	16.65	1,172	3,742	31.32
March	1,296	5,726	22.63	1,229	16,937	7.26	10,757	75,328	14.28	953	3,107	30.67
April	896	3,850	23.27	1,087	17,281	6.29	11,072	89,852	12.32	663	2,248	29.49
May	1,051	4,723	22.25	907	13,483	6.73	9,410	79,196	11.88	588	1,998	29.43
June	856	3,731	22.94	802	16,428	4.88	8,599	72,701	11.83	529	1,853	28.55

Calendar year and month	Schedule 13.—Manufactures of rayon or other synthetic textiles: Estimated duties	Schedule 13: Value of dutiable imports	Schedule 13: Ratio of duties to imports	Schedule 14.—Pulp, paper, and books: Estimated duties	Schedule 14: Value of dutiable imports	Schedule 14: Ratio of duties to imports	Schedule 15.—Sundries: Estimated duties	Schedule 15: Value of dutiable imports	Schedule 15: Ratio of duties to imports	Free-list commodities taxable under the Revenue Act of 1932 and subsequent acts [2] dutiable under section 466, Tariff Act of 1930, etc.: Estimated duties	Free-list: Value of dutiable imports	Free-list: Ratio of duties to imports
			Percent			*Percent*			*Percent*			*Percent*
1941	$753	$2,550	29.53	$2,791	$13,641	20.46	$25,438	$132,757	19.16	$29,901	$126,091	23.71
1942	81	202	40.10	1,643	9,534	17.23	13,411	96,819	13.85	6,183	40,185	15.39
1943	113	219	51.60	1,029	7,432	13.85	17,457	115,815	15.07	5,163	38,505	13.41
1944	198	362	54.70	1,038	7,711	13.46	21,069	118,006	17.85	7,502	73,677	10.18
1945	1,252	2,529	49.51	1,260	8,773	14.36	33,008	170,234	19.39	11,347	112,430	10.09
1946	5,341	15,819	33.76	1,980	15,692	12.62	60,854	324,444	18.20	16,626	156,996	10.59
1947	4,623	15,686	29.47	3,186	23,304	13.67	39,468	207,728	19.00	15,784	231,207	6.83
1948	6,744	28,136	23.97	3,442	29,803	11.54	45,419	267,551	16.98	18,750	389,103	4.82
1949	1,706	7,233	23.59	2,199	21,443	10.26	43,374	225,844	19.21	24,499	457,636	5.35
1950	7,877	35,209	22.37	2,691	27,144	9.91	61,370	338,043	18.15	35,947	650,803	5.52
1949—January	295	1,260	23.41	208	1,967	10.57	3,376	19,758	17.09	1,954	39,964	4.89
February	200	841	23.78	183	1,776	10.30	3,308	18,631	17.76	1,697	34,047	4.98
March	169	674	25.07	198	1,971	10.05	3,906	19,713	19.81	1,751	33,876	5.17
April	96	399	24.06	189	1,870	10.11	3,092	14,824	20.86	1,767	35,425	4.99
May	53	207	25.60	184	1,817	10.13	3,243	16,299	19.90	1,848	34,549	5.35
June	39	127	30.71	164	1,606	10.21	2,952	15,828	18.65	2,008	34,958	5.74
July	38	120	31.67	165	1,618	10.20	2,979	15,242	19.54	1,992	34,022	5.86
August	81	318	25.47	193	1,981	9.74	3,545	17,824	19.89	1,972	34,599	5.70
September	78	285	27.37	174	1,713	10.16	4,237	21,645	19.57	2,123	37,163	5.71
October	102	421	24.23	160	1,550	10.32	4,557	22,312	20.42	2,552	46,322	5.51
November	232	1,094	21.21	195	1,819	10.72	4,346	21,520	20.20	2,265	43,621	5.19
December	322	1,486	21.67	185	1,754	10.55	3,833	22,248	17.23	2,570	49,090	5.24
1950—January	286	1,322	21.63	170	1,698	10.01	4,132	22,904	18.04	2,895	54,633	5.30
February	363	1,678	21.63	205	1,897	10.81	3,921	21,355	18.36	1,961	38,681	5.07
March	485	2,224	21.81	218	1,971	11.06	4,601	24,559	18.73	2,828	52,448	5.39
April	368	1,759	20.92	193	1,844	10.47	3,631	18,887	19.22	2,616	48,045	5.44
May	506	2,412	20.98	205	2,081	9.85	4,050	22,113	18.32	2,479	47,219	5.25
June	497	2,380	20.88	182	1,967	9.25	4,166	23,258	17.91	2,384	46,635	5.11
July	481	2,249	21.39	186	1,977	9.41	4,454	29,758	14.97	2,522	45,896	5.50
August	679	2,952	23.00	205	2,176	9.42	5,913	34,260	17.26	3,448	59,413	5.80
September	827	3,532	23.41	228	2,352	9.69	5,934	34,500	17.20	3,549	60,287	5.89
October	1,155	4,903	23.56	283	2,913	9.72	6,991	38,759	18.04	3,901	68,730	5.68
November	1,123	4,978	22.55	321	3,263	9.84	7,038	36,045	19.53	3,492	62,532	5.58
December	1,107	4,818	22.98	295	3,004	9.82	6,535	33,440	19.54	3,872	66,281	5.84
1951—January	1,162	5,041	23.05	308	3,178	9.69	5,428	33,319	16.29	4,003	69,588	5.75
February	935	4,199	22.27	316	3,263	9.68	5,724	31,880	17.95	3,450	59,532	5.80
March	890	3,872	22.99	342	3,444	9.93	5,927	34,758	17.05	3,830	57,382	6.67
April	970	4,433	21.88	337	3,387	9.95	4,655	27,281	17.06	3,709	51,056	7.26
May	677	3,018	22.43	368	3,922	9.38	4,699	28,237	16.64	4,025	51,106	7.88
June	911	5,566	16.37	348	3,679	9.45	4,470	27,379	16.33	4,944	49,470	9.99

[1] Amount of customs duties is calculated on basis of reports of Bureau of the Census, showing quantity and value of merchandise imported. Total estimated duties and total value of dutiable imports will be found in table 87. For figures back to 1890 see annual reports for 1930, p. 525; 1932, p. 383; and corresponding tables in subsequent reports.

[2] Taxes collected on dutiable commodities under revenue acts and Sugar Act of 1937 are included in appropriate schedules.

TABLE 89.—*Value of dutiable imports for consumption and estimated duties collected, by countries, fiscal years 1950 and 1951*

Country	Value		Duty		Percentage increase, or decrease (—)	
	1950	1951	1950	1951	Value	Duty
North America:						
Canada and Newfoundland	$663, 833, 490	$993, 682, 502	$52, 034, 356	$67, 193, 299	49.7	29.1
Cuba	349, 245, 666	408, 779, 635	39, 652, 827	43, 002, 816	17.0	8.4
Central American countries	4, 084, 340	6, 072, 260	339, 288	482, 985	48.7	42.4
Dominican Republic	9, 467, 041	12, 632, 854	1, 101, 372	1, 582, 762	33.4	43.7
Haiti	1, 883, 199	2, 956, 796	213, 509	242, 891	57.0	13.8
Jamaica	668, 679	1, 084, 177	249, 095	283, 871	62.1	14.0
Mexico	120, 547, 740	181, 656, 376	13, 357, 681	18, 364, 650	50.7	37.5
Netherlands Antilles	94, 548, 957	116, 220, 400	6, 710, 864	9, 575, 894	22.9	42.7
Trinidad and Tobago	4, 150, 268	5, 983, 215	397, 952	473, 122	44.2	18.9
Other	748, 111	1, 845, 582	87, 525	192, 682	146.7	120.1
Total North America	1, 249, 177, 491	1, 730, 913, 797	114, 144, 469	141, 394, 972	38.6	23.9
South America:						
Argentina	76, 881, 954	158, 557, 527	15, 729, 860	23, 448, 342	106.2	49.1
Bolivia	418, 683	7, 171, 264	173, 141	1, 019, 544	1, 612.8	488.9
Brazil	35, 671, 245	55, 985, 113	3, 207, 489	4, 598, 932	56.9	43.4
Chile	5, 803, 769	84, 184, 296	1, 323, 131	7, 940, 398	1, 350.5	500.1
Colombia	34, 112, 394	40, 468, 211	1, 561, 774	2, 213, 458	18.6	41.7
Ecuador	4, 466, 210	5, 395, 942	478, 340	529, 984	20.8	10.7
Paraguay	4, 241, 025	5, 061, 669	410, 354	499, 501	19.4	21.7
Peru	22, 791, 159	38, 267, 492	3, 474, 072	5, 159, 649	67.9	48.5
Surinam	10, 655, 092	11, 852, 509	822, 859	949, 727	11.2	15.4
Uruguay	67, 843, 388	151, 193, 927	16, 836, 950	25, 185, 325	122.9	49.6
Venezuela	277, 733, 951	285, 436, 803	12, 852, 156	14, 964, 988	2.8	16.4
Other	696, 341	1, 419, 498	80, 942	129, 912	103.9	60.5
Total South America	541, 315, 211	844, 994, 251	56, 951, 068	86, 639, 760	56.1	52.1
Europe:						
Austria	7, 660, 398	19, 801, 275	1, 118, 132	2, 875, 926	158.5	157.2
Belgium	72, 261, 455	158, 693, 759	9, 082, 272	17, 864, 348	119.6	96.7
Bulgaria	1, 573, 068	801, 479	440, 437	182, 659	—49.1	—58.5
Czechoslovakia	23, 780, 269	25, 384, 938	5, 170, 218	5, 638, 158	6.7	9.1
Denmark	6, 528, 070	13, 533, 885	722, 352	1, 615, 437	107.3	123.6
Eire	864, 217	3, 996, 453	164, 222	563, 167	362.4	242.9
Finland	2, 342, 431	8, 946, 044	383, 768	1, 332, 668	281.9	247.3
France	54, 702, 161	183, 343, 410	13, 486, 715	31, 236, 261	235.2	131.6
Germany	36, 155, 044	150, 029, 964	7, 783, 099	24, 697, 902	315.0	217.3
Greece	13, 478, 069	15, 910, 774	3, 007, 225	2, 842, 689	18.0	—5.5
Hungary	1, 295, 137	1, 936, 539	236, 711	339, 486	49.5	43.4
Iceland	1, 942, 206	4, 007, 317	245, 462	508, 016	106.3	107.0

Italy	56, 911, 414	112, 353, 601	14, 618, 238	24, 679, 939	97. 4	68. 8
Netherlands	33, 951, 742	70, 709, 246	3, 584, 940	6, 793, 558	108. 3	89. 5
Norway	15, 938, 552	35, 742, 631	2, 050, 286	3, 586, 480	124. 3	74. 9
Poland	5, 862, 018	8, 988, 599	545, 725	777, 078	53. 3	42. 4
Portugal	6, 248, 953	11, 024, 207	1, 616, 237	2, 943, 246	76. 4	82. 1
Spain	26, 331, 473	47, 752, 287	4, 878, 542	8, 395, 350	81. 4	72. 1
Sweden	9, 430, 671	26, 131, 962	1, 581, 878	3, 616, 140	177. 1	128. 6
Switzerland	86, 057, 539	121, 954, 584	27, 273, 376	37, 402, 972	41. 7	37. 1
United Kingdom	191, 925, 985	335, 286, 176	41, 074, 720	67, 046, 387	74. 7	63. 2
U. S. S. R.	10, 793, 095	7, 160, 564	1, 833, 877	1, 205, 912	−33. 7	−34. 2
Yugoslavia	12, 434, 548	17, 090, 023	1, 296, 848	1, 718, 292	37. 4	32. 5
Other	655, 238	1, 386, 849	310, 296	539, 608	111. 7	73. 9
Total Europe	679, 123, 753	1, 381, 966, 566	142, 505, 576	248, 401, 679	103. 5	74. 3
Asia:						
Arabia Peninsula States	55, 938, 791	67, 573, 942	3, 683, 055	5, 550, 905	20. 8	50. 5
British Malaya	875, 188	4, 689, 583	112, 855	378, 236	435. 8	235. 2
China and Manchuria	56, 900, 581	73, 560, 307	10, 141, 884	10, 624, 275	29. 3	4. 8
Hong Kong	2, 488, 470	6, 092, 025	632, 839	1, 549, 661	144. 8	144. 9
India	122, 121, 448	170, 117, 477	6, 025, 221	9, 959, 725	39. 3	65. 3
Indonesia	3, 897, 865	6, 708, 028	681, 008	1, 123, 770	72. 1	65. 0
Iran	8, 143, 627	10, 935, 948	1, 694, 107	2, 176, 439	34. 3	28. 5
Iraq	2, 439, 611	4, 681, 171	646, 497	1, 062, 122	91. 9	64. 3
Japan, Korea, and Formosa	80, 028, 966	157, 366, 868	22, 593, 434	43, 769, 166	96. 6	93. 7
Palestine	6, 327, 702	9, 621, 245	672, 118	1, 027, 155	52. 0	52. 8
Syria	1, 352, 991	1, 384, 063	557, 713	605, 596	2. 3	8. 6
Turkey	37, 783, 676	42, 042, 982	13, 918, 105	11, 845, 593	11. 3	−14. 9
Thailand	1, 414, 009	2, 157, 719	201, 520	510, 818	52. 6	153. 5
Other	2, 074, 281	5, 789, 383	308, 521	613, 495	179. 1	98. 9
Total Asia	381, 787, 206	562, 720, 741	61, 873, 877	90, 796, 956	47. 4	46. 7
Oceania:						
Australia	100, 353, 349	231, 162, 895	22, 148, 286	27, 882, 496	130. 3	25. 9
New Zealand	13, 703, 389	30, 497, 170	3, 785, 319	5, 567, 351	122. 6	47. 1
Other	244, 438	219, 797	24, 287	19, 198	−10. 1	−25. 1
Total Oceania	114, 301, 176	261, 879, 862	25, 957, 892	33, 469, 045	129. 1	28. 9
Africa:						
Egypt and Anglo Egyptian Sudan	33, 065, 286	33, 412, 956	2, 437, 210	2, 168, 585	1. 1	−11. 0
Gold Coast	7, 534, 569	9, 170, 408	901, 248	891, 439	21. 7	−1. 1
Madeira Islands	2, 738, 105	2, 859, 933	1, 412, 455	1, 645, 729	4. 4	16. 5
Madagascar	4, 797, 581	4, 358, 056	417, 484	326, 919	−9. 2	−21. 7
Rhodesia	1, 031, 210	937, 723	427, 858	262, 923	−9. 1	−38. 6
Union of South Africa	41, 697, 459	74, 849, 507	6, 478, 814	7, 811, 162	79. 5	20. 6
Other	6, 977, 531	10, 338, 956	985, 940	988, 047	48. 2	0. 2
Total Africa	97, 841, 741	135, 927, 539	13, 061, 009	14, 094, 804	38. 9	7. 9
Grand total	3, 063, 546, 578	4, 918, 402, 756	414, 493, 891	614, 797, 216	60. 5	48. 3

TABLE 90.—*Number of entries of merchandise, fiscal years 1950 and 1951*

Type	1950	1951	Percentage increase, or decrease (—)
Consumption entries	674, 841	849, 278	25. 8
Warehouse and rewarehouse entries	59, 919	83, 342	39. 1
Warehouse withdrawals	252, 217	298, 524	18. 4
Mail entries	619, 300	558, 339	—9. 7
Baggage entries	1, 527, 666	1, 739, 781	13. 9
Informal entries	535, 221	399, 402	—25. 4
Appraisement entries	13, 530	12, 221	—9. 7
All others	551, 741	622, 337	12. 8
Total	4, 234, 435	4, 563, 224	7. 8

TABLE 91.—*Number of vehicles and persons entering the United States, fiscal years 1950 and 1951*

Kind of entrant	1950	1951	Percentage increase, or decrease (—)
Vehicles:			
Automobiles and busses	19, 243, 798	21, 889, 352	13. 7
Documented vessels	46, 831	48, 490	3. 5
Undocumented vessels	18, 717	18, 712	
Ferries	112, 086	122, 253	9. 1
Passenger trains	29, 683	30, 142	1. 5
Freight cars	2, 263, 996	2, 506, 101	10. 7
Aircraft	71, 729	80, 533	12. 3
Other vehicles	628, 210	941, 903	49. 9
Passengers by:			
Automobiles and busses	56, 948, 884	61, 487, 841	8. 0
Documented vessels	762, 353	723, 030	—5. 2
Undocumented vessels	51, 226	48, 303	—5. 7
Ferries	2, 306, 785	2, 272, 910	—1. 5
Passenger trains	1, 643, 307	1, 642, 444	—0. 1
Aircraft	963, 346	1, 170, 198	21. 5
Other vehicles	5, 969, 407	6, 372, 659	6. 8
Pedestrians	18, 310, 866	18, 940, 538	3. 4
Total passengers and pedestrians	86, 956, 174	92, 657, 923	6. 6

TABLE 92.—*Number of airplanes and airplane passengers entering the United States during fiscal years 1950 and 1951*

District	Airplanes		Airplane passengers		Percentage increase, or decrease (−)	
	1950	1951	1950	1951	Airplanes	Passengers
Northern Border:						
Maine	1,007	684	1,310	893	−32.1	−31.8
Vermont	2,589	2,635	17,557	16,792	1.8	−4.4
Massachusetts	4,361	4.625	59,410	52,989	6.1	−10.8
New York	13,311	14,460	293,909	379,953	8.6	29.3
St. Lawrence	1,068	936	5,150	3,775	−12.4	−26.7
Buffalo	1,694	1,679	18,237	19,897	−0.9	9.1
Maryland	758	644	6,059	5,058	−15.0	−16.5
Michigan	1,589	1,561	3,422	3,023	−1.8	−11.7
Chicago	820	812	16,081	19,468	−1.0	21.1
Cleveland	1,453	1,626	12,729	15,532	11.9	22.0
Duluth	867	1,248	2,235	2,663	43.9	19.1
Dakota	1,221	1,076	13,238	11,393	−11.9	−13.9
Montana	1,641	1,289	16,584	9,930	−21.5	−40.1
Washington	3,138	3,289	27,427	35,197	4.8	28.3
Other	1,074	1,137	9,896	11,862	5.9	19.9
Total	36,591	37,701	503,244	588,425	3.0	16.9
Southern Border:						
Los Angeles	1,103	1,167	21,586	21,909	5.8	1.5
San Diego	1,490	1,478	3,727	3,446	−0.8	−7.5
El Paso	854	1,565	11,430	14,013	83.3	22.6
Laredo	3,159	3,683	40,993	47,281	16.6	15.3
Galveston	771	773	15,804	18,103	0.3	14.5
Nogales	1,634	1,872	8,257	11,298	14.6	36.8
New Orleans	1,798	1,808	25,443	26,517	0.6	4.2
Florida	21,272	22,689	283,685	319,540	6.7	12.6
Other	88	191	11,413	10,620	117.0	−6.9
Total	32,169	35,226	422,338	472,727	9.5	11.9
Alaska	1,904	2,312	9,300	8,805	21.4	−5.3
Hawaii	1,065	5,294	28,464	100,241	397.1	252.2
Total	2,969	7,606	37,764	109,046	156.2	188.8
Grand total	71,729	80,533	963,346	1,170,198	12.3	21.5

TABLE 93.—*Drawback transactions, fiscal years 1950 and 1951*

Transactions	1950	1951	Percentage increase, or decrease (−)
	Number	*Number*	
Drawback entries received	13,376	11,875	−11.2
Drawback notices of intent:			
Originating in the district	117,691	129,020	9.6
Received from other districts	64,139	61,712	−3.8
Forwarded to other districts for disposition	60,162	61,141	1.6
Certificates of manufacture received	7,790	7,623	−2.1
Import entries used in drawback liquidations	15,923	13,580	−14.7
Certificates of importation issued	4,844	4,791	−1.1
Drawback allowed:	*Amount*	*Amount*	
Manufactured from imported merchandise	$8,083,863.37	$6,825,053.81	−15.6
Duty paid on merchandise exported from continuous customs custody	120,008.36	57,848.33	−51.8
Merchandise which did not conform to sample specifications and returned to customs custody and exported	236,486.36	151,891.56	−35.8
Imported materials used in the construction and equipment of vessels built for foreigners	1,774.83		
Total drawback allowed	8,442,132.92	7,034,793.70	−16.7
Internal revenue refund on account of domestic alcohol	706,552.99	1,027,235.70	45.4
Total	9,148,685.91	8,062,029.40	−11.9

TABLE 94.—*Principal commodities on which drawback was paid, fiscal years 1950 and 1951*

Commodity	1950	1951	Percentage increase, or decrease(−)
Aluminum	$543, 798. 83	$1, 160, 793. 51	113. 5
Tobacco, unmanufactured	758, 983. 49	890, 140. 57	17. 3
Sugar	902, 267. 35	730, 700. 30	−19. 0
Petroleum, crude	464, 324. 70	535, 798. 61	15. 4
Rayon and other synthetic textiles	314, 385. 99	522, 548. 43	66. 2
Wool	784, 592. 02	317, 641. 95	−59. 5
Lead ore, matte, pigs	420, 598. 59	308, 274. 72	−26. 7
Tungsten ore and powder	593, 458. 28	226, 263. 30	−61. 9
Cotton cloth	359, 248. 88	219, 253. 41	−39. 0
Zinc ore, blocks and manufactures	298, 198. 96	167, 900. 47	−43. 7
Cotton, unmanufactured	37, 088. 71	156, 682. 25	322. 5
Coal tar products	86, 255. 63	146, 873. 49	70. 3
Manganese	329, 442. 30	130, 458. 04	−60. 4
Machinery and parts	16, 221. 03	126, 950. 52	682. 6
Fur and fur plates	98, 873. 45	109, 169. 46	10. 4
Watch movements and parts	329, 843. 27	92, 282. 85	−72. 0
Iron and steel scrap	3, 775. 85	71, 346. 67	789. 6
Flaxseed		59, 564. 32	
Nickel	97, 279. 46	56, 282. 88	−42. 2
Carpets and rugs	143, 769. 13	51, 163. 65	−64. 4
Burlap	43, 844. 67	41, 242. 22	−5. 9
Strip steel	46, 139. 77	33, 515. 01	−27. 4
Bauxite ore	27, 903, 62	33, 340. 62	19. 5
Animal fats and oils (including tallow, inedible)	43, 732. 79	32, 786. 66	−25. 0
Wool fabrics	35, 107. 91	31, 758. 01	−9. 5
Barley	5, 638. 79	18, 830. 21	233. 9
Copper	88, 197. 72	18, 476. 76	−79. 1
Ferromanganese	31, 658. 85	14, 808. 86	−53. 2
Quicksilver	12, 248. 70	13, 917. 16	13. 6
Tires and tubes	10, 223. 34	13, 646. 64	33. 5
Hides and skins, raw	6, 427. 32	13, 124. 47	104. 2
Pigments, paints, and varnishes	42, 844. 67	12, 297. 91	−71. 3

TABLE 95.—*Seizures for violations of the customs laws, fiscal years 1950 and 1951*

Seizures	1950	1951	Percentage increase, or decrease(−)
Automobiles and trucks:			
Number [1]	446	450	0. 9
Value	$398, 910	$444, 301	11. 4
Aircraft:			
Number [1]	5	6	20. 0
Value	$13, 400	$42, 500	217. 2
Boats:			
Number [1]	44	20	−54. 5
Value	$2, 822, 643	$1, 253, 036	−55. 6
Narcotics:			
Number	1, 059	1, 024	−3. 3
Value	$264, 841	$219, 558	−17. 1
Liquors:			
Number	5, 385	4, 339	−19. 4
Gallons	33, 959	68, 238	100. 9
Value	$382, 809	$968, 906	153. 1
Prohibited articles (obscene, lottery, etc.):			
Number	1, 787	1, 721	−3. 7
Value	$13, 430	$14, 450	7. 6
Other seizures:			
Number	7, 553	6, 634	−12. 2
Value:			
Cameras	$32, 317	$76, 136	135. 6
Edibles and farm products	29, 133	47, 777	64. 0
Furs—skins and manufactures	12, 409	47, 809	285. 3
Guns and ammunition	11, 222	16, 917	50. 7
Jewelry, including gems	190, 057	1, 059, 199	457. 3
Livestock	10, 562	10, 900	3. 2
Tobacco and manufactures	8, 578	9, 828	14. 6
Watches and parts	279, 959	58, 194	−79. 2
Wearing apparel	44, 393	121, 626	174. 0
Miscellaneous	844, 514	901, 453	6. 7
Total value of other seizures	1, 463, 145	2, 349, 839	60. 6
Grand total:			
Number [1]	15, 784	13, 718	−13. 1
Value	$5, 359, 178	$5, 292, 590	−1. 2

[1] Total number of seizures does not include number of automobiles, trucks, aircraft, and boats seized, since these are frequently seized in connection with seizures of liquor, narcotics, etc.

TABLE 96.—*Seizures for violations of customs laws, classified according to agencies participating, fiscal year 1951*

Seizures	By Customs officers	By other agencies	Joint seizures by Customs and other agencies	Total
Automobiles:				
Number [1]	333	35	29	397
Value	$312, 988	$34, 145	$26, 765	$373, 898
Trucks:				
Number [1]	45	4	4	53
Value	$61, 493	$6, 800	$2, 110	$70, 403
Aircraft:				
Number [1]	5		1	6
Value	$41, 300		$1, 200	$42, 500
Boats:				
Number [1]	19		1	20
Value	$1, 253, 026		$10	$1, 253, 036
Narcotics:				
Number	954	13	57	1, 024
Value	$152, 118	$1, 590	$65, 850	$219, 558
Liquors:				
Number	4, 298	23	18	4, 339
Gallons	68, 154	62	22	68, 238
Value	$967, 192	$1, 269	$445	$968, 906
Prohibited articles:				
Number	1, 717	3	1	1, 721
Value	$14, 381	$69		$14, 450
Other seizures:				
Number	6, 503	93	38	6, 634
Value	$2, 309, 441	$35, 423	$4, 975	$2, 349, 839
Total seizures:				
Number [1]	13, 472	132	114	13, 718
Value	$5, 111, 939	$79, 296	$101, 355	$5, 292, 590

[1] Total number of seizures does not include number of automobiles, trucks, aircraft, and boats seized since these are frequently seized in connection with seizures of liquor, narcotics, etc.

TABLE 97.—*Investigative and patrol activities, fiscal years 1950 and 1951*

Activity	1950	1951	Percentage increase, or decrease (−)
Investigations of violations of customs laws:			
Undervaluation	981	846	−13. 8
Marking violations	43	81	88. 4
Baggage violations	1, 941	1, 646	−15. 2
Diamond and jewelry smuggling	510	548	7. 5
Narcotic smuggling	2, 491	2, 430	−2. 4
Other smuggling	1, 197	1, 215	1. 5
Touring permits	1, 653	1, 297	−21. 5
Navigation or air violations	r 612	1, 508	146. 4
Other investigations:			
Alleged erroneous customs procedure	201	152	−24. 4
Drawback	1, 219	1, 083	−11. 2
Classification and market value	695	678	−2. 4
Application for customshouse brokers' licenses	156	146	−6. 4
Application for bonded truckman's licenses	113	146	29. 2
Petitions for relief from additional duty	550	553	0. 5
Personnel	r 1, 075	826	−23. 2
Pilferage of merchandise	295	273	−7. 5
Export control	653	828	26. 8
Miscellaneous	2, 089	1, 949	−6. 7
Examination of customshouse brokers' records	296	215	−27. 4
Cases of cooperation with other agencies	r 1, 778	1, 865	4. 9

r Revised.

FEDERAL AID TO STATES

TABLE 98.—*Expenditures for Federal aid to States, individuals, etc. (exclusive of emergency appropriations from which payments are made to or within States), fiscal years 1930, 1940, 1950, and 1951*

Appropriation titles	1930	1940	1950	1951
I. APPROPRIATIONS FROM WHICH PAYMENTS ARE MADE FOR GRANTS TO STATES AND LOCAL UNITS				
DEPARTMENT OF AGRICULTURE				
Payments to States, Hawaii, Alaska, and Puerto Rico, experiment stations, Agricultural Research Administration (7 U. S. C. 361–427j)	$4,335,000	$6,848,149	$7,399,422	$12,258,555
Payments to States and Territories for agricultural experiment stations (7 U. S. C. 301–308, 361–386f, 369a, 427–427g)				
Cooperative agricultural extension work (7 U. S. C. 301–308, 341–348, 343c–343e, 343f, 343g)	7,539,786	18,458,267	31,025,919	31,142,379
Payments to States, Hawaii, Alaska, and Puerto Rico for cooperative agricultural extension work (7 U. S. C. 343, 386b, 386f)				
Payments to States and Territories from the national forests fund (16 U. S. C. 500)	1,565,032	1,192,370	7,753,121	8,406,445
Payments to school funds, Arizona and New Mexico (act June 20, 1910, 36 Stat. 561, 573, secs. 6, 24)	41,243	23,555	60,775	71,930
National school-lunch program (act June 22, 1946, 60 Stat. 290)			81,213,235	78,244,616
Removal of surplus agricultural commodities (acts Aug. 24, 1935, 49 Stat. 774, sec. 32; Feb. 29, 1936, 49 Stat. 1151, sec. 2; Feb. 16, 1938, 52 Stat. 38, sec. 203 (7 U. S. C. 612c))			50,326,135	19,374,144
Forest-fire cooperation (16 U. S. C. 564–570)	1,383,041	1,987,538	8,768,555	[1] 8,946,339
Commodity Credit Corporation funds [2]			13,697,824	40,766,128
Cooperative farm forestry (16 U. S. C. 567–568b)	139,196	90,332	708,112	960,838
Cooperative distribution of forest planting stock (16 U. S. C. 567)				
Payments to counties from submarginal land program (7 U. S. C. 1012)			228,447	3,008
Research and Marketing Act of 1946 (act Aug. 14, 1946, Pub. Law 733)			6,183,682	1,435,728
Total	15,003,298	28,600,211	207,365,227	201,610,110
DEPARTMENT OF COMMERCE				
Federal-aid airport program, Federal Airport Act, Civil Aeronautics Administration (act May 13, 1946, 60 Stat. 171)			32,782,999	30,388,414
Cooperative construction of rural post roads (23 U. S. C. 21, 54) (see also items of similar type under class II)	77,887,693	150,470	7,023,393	2,238,553
Federal-aid highway system (23 U. S. C. 1–24, 41, 21a, 23a, 41a)		105,351,358		
Elimination of grade crossings (act June 16, 1936, 49 Stat. 1521, sec. 8)		29,521,720	10,155,389	5,991,967
Public-lands highways (act June 16, 1936, 49 Stat. 1520, sec. 3)		2,128,682	775,395	497,731
Federal-aid postwar highways (acts Dec. 28, 1945, 59 Stat. 638, and Mar. 26, 1946, 60 Stat. 70)			400,989,712	383,446,657
Federal-aid secondary or feeder roads (act June 16, 1936, 49 Stat. 1521, sec. 7)		18,355,139	3,477,250	1,557,341
Maritime Administration				
State marine schools, act Mar. 4, 1911 (34 U. S. C. 1121)	50,000	140,036	157,761	310,196
Total	77,937,693	155,647,405	455,361,899	424,430,859
DEFENSE DEPARTMENT				
Army				
Payments to States, Flood Control Act of 1938, as amended (52 Stat. 1221–1222)			467,516	566,393

Footnotes at end of table.

TABLE 98.—*Expenditures for Federal aid to States, individuals, etc. (exclusive of emergency appropriations from which payments are made to or within States), fiscal years 1930, 1940, 1950, and 1951*—Continued

Appropriation titles	1930	1940	1950	1951
I. APPROPRIATIONS FROM WHICH PAYMENTS ARE MADE FOR GRANTS TO STATES AND LOCAL UNITS—Continued				
DEPARTMENT OF THE INTERIOR				
Payments to States from receipts under Mineral Leasing Act (30 U. S. C. 191)	$1,387,838	$2,151,654	$11,328,583	$16,741,169
Payments to States under Grazing Act, June 28, 1934, public lands (43 U. S. C. 315i) Payments to States under Grazing Act, June 28, 1934, Indian ceded lands (43 U. S. C. 315j)		503,970	185,489	297,986
Federal aid, wildlife restoration (act Sept. 2, 1937, 50 Stat. 917)		451,299	7,577,938	7,823,628
Payments to counties from receipts under Migratory Bird Conservation Act (16 U. S. C. 715e)			88,419	108,299
Payments to States of 5% of proceeds of public lands (receipt limitation) (31 U. S. C. 711, par. 17; annual appropriation provided for 1942, act June 28, 1941, 55 Stat. 310)	18,292	602	5,518	18,552
Coos Bay wagon-road grant fund (act Feb. 26, 1919, 40 Stat. sec. 5)	43,613	(3)		
Revested Oregon and California Railroad and reconveyed Coos Bay wagon-road grant lands, Oregon (reimbursable) (act Aug. 28, 1937, 50 Stat. 874)		142,041		
Payment to certain counties in Oregon in lieu of taxes on Oregon and California grant lands (receipt limitation) (act June 9, 1916, 39 Stat. 222, sec. 10, and various supplemental acts; additional annual appropriation provided for 1939, act June 25, 1938, 52 Stat. 1129) Payment to counties, Oregon and California grant lands (50%) Payment to counties in lieu of taxes on Oregon and California grant lands, 25 per centum fund (25%) (act Aug. 28, 1937, 50 Stat. 875)	979,387	313,845	1,761,766	1,833,517
Paymgnt of proceeds of sales of Coos Bay wagon-road grant lands and timber (receipt limitation) (act Feb. 26, 1919, 40 Stat. 1179)		12,771		
Payments to Coos and Douglas Counties, Oreg., in lieu of taxes on Coos Bay wagon-road grant lands (act May 24, 1939, 53 Stat. 753)		221	58,190	
Payment to Oklahoma from royalties, oil and gas, south half of Red River (receipt limitation) (act Mar. 4, 1923, 30 U. S. C. 233)	41,778	8,786		
Payments to States from potash deposits, royalties and rentals (act Feb. 7, 1927, secs. 5 and 6) (30 U. S. C. 149, 285, 286)		49,256		
Payment to Alaska under Alaska Game Law (48 U. S. C. 199, Subdiv. K)		20,281	49,286	62,466
Payments to Arizona and Nevada for Colorado River Dam fund, Boulder Canyon Project (43 U. S. C. 617a, f)			600,000	600,000
Total	2,470,908	3,654,726	21,655,190	27,485,617
DEPARTMENT OF LABOR				
Promotion of welfare and hygiene of maternity and infancy	[4] 9,522			
Grants to States for Unemployment Compensation and Employment Service Administration, Bureau of Employment Security, Social Security Administration (act June 6, 1933, as amended, 29 U. S. C. 49-49i) Grants to States for Unemployment Compensation Administration, Social Security Board (act Aug. 14, 1935, 49 Stat., secs. 301, 302) Payment to States, United States Employment Service (29 U. S. C. 49-49i)		3,366,606	207,617,255	173,838,303
Total	9,522	3,366,606	207,617,255	173,838,303

Footnotes at end of table.

TABLE 98.—*Expenditures for Federal aid to States, individuals, etc. (exclusive of emergency appropriations from which payments are made to or within States), fiscal years 1930, 1940, 1950, and 1951*—Continued

Appropriation titles	1930	1940	1950	1951
I. APPROPRIATIONS FROM WHICH PAYMENTS ARE MADE FOR GRANTS TO STATES AND LOCAL UNITS—Continued				
INDEPENDENT ESTABLISHMENTS				
Federal Security Agency				
Colleges for agriculture and the mechanic arts (7 U. S. C. 321-343g)	$2,550,000	$2,550,000	$5,030,000	$5,030,000
Further endowment of colleges of agriculture and the mechanic arts (7 U. S. C. 343e-343g; 54 Stat. 582)		2,480,000		
Cooperative vocational education in agriculture (20 U. S. C. 11-30)	3,151,340	[5] 19,730		
Cooperative vocational education in trades and industries (20 U. S. C. 11-30)	2,956,295	[5] 9,787		
Cooperative vocational education, teachers, etc. (20 U. S. C. 11-30)	1,029,078	[5] 10,000		
Cooperative vocational education in home economics (20 U. S. C. 11-30)	248,957	[5] 18,431		
Cooperative vocational education in distributive occupations (20 U. S. C. 11-30)		[5] 10,000		
Cooperative vocational rehabilitation of persons disabled in industry (29 U. S. C. 31-45b)	735,619	2,082,198		
Promotion and further development of vocational education (20 U. S. C. 15h-15p; 54 Stat. 583, 29-30; 29 U. S. C. 31-35)		19,384,914	26,489,335	26,652,239
Promotion of vocational education, act Feb. 23, 1917, Office of Education (39 Stat. 929-931, secs. 1-4, 20 U. S. C. 11-14)				
To promote the education of the blind (American Printing House for the Blind) (20 U. S. C. 101, 102)	75,000	115,000	125,000	125,000
Mental health activities, Public Health Service (act July 8, 1947, 61 Stat. 269)			3,293,697	3,074,429
Control of venereal diseases, Public Health Service (42 U. S. C. 24, 25; 52 Stat. 439, 440)		4,188,399	12,399,314	9,301,492
Control of tuberculosis, Public Health Service (act of July 1, 1944, 58 Stat. 693, sec. 314 (b))			6,781,262	6,350,000
Operating expenses, National Heart Institute, Public Health Service (act June 29, 1949, 63 Stat. 291)			3,095,842	2,518,055
Operating expenses, National Cancer Institute, Public Health Service (act Apr. 19, 1946, 60 Stat. 106)			6,592,932	7,509,926
Grants, water pollution control, Public Health Service (act June 30, 1948, sec. 8 (a), Pub. Law 845)			913,027	866,853
Disease and sanitation investigations and control, Territory of Alaska (act July 1, 1944, 58 Stat. 704)			757,117	694,000
Assistance to States, general, Public Health Service (act July 1, 1944, 58 Stat. 693, sec. 314 (c))		9,500,706	14,081,127	13,540,085
Grants to States for public health work, Social Security Act, Aug. 14, 1935 (42 U. S. C. 801-803)				
Payments to States for surveys and programs for hospital construction, Public Health Service (act Aug. 13, 1946, 60 Stat. 1040-1049)			57,073,217	108,204,301
Grants for hospital construction, Public Health Service (act Aug. 13, 1946, 60 Stat. 1040-1049)				
Grants to States for maternal and child welfare services of the Social Security Act, Aug. 14, 1935, as amended (42 U. S. C. 701-731)		9,680,706	11,234,511	28,058,136
Grants to States under Social Security Act, Social Security Board (42 U. S. C. 301-306, 1201-1206)		329,303,433	1,134,960,863	1,185,763,922
Payments to States, Vocational Rehabilitation Act, as amended, Office of Vocational Rehabilitation (act July 3, 1945, 59 Stat. 374)			24,741,510	16,127,246
Payments to States, including Alaska, Hawaii, and Puerto Rico, Office of Vocational Rehabilitation (29 U. S. C., ch. 4)				
Total	10,746,289	379,217,408	1,307,568,754	1,413,815,684

Footnotes at end of table.

TABLE 98.—*Expenditures for Federal aid to States, individuals, etc. (exclusive of emergency appropriations from which payments are made to or within States), fiscal years 1930, 1940, 1950, and 1951*—Continued

Appropriation titles	1930	1940	1950	1951
I. APPROPRIATIONS FROM WHICH PAYMENTS ARE MADE FOR GRANTS TO STATES AND LOCAL UNITS—Continued				
INDEPENDENT ESTABLISHMENTS—continued				
Housing and Home Finance Agency				
Annual contributions, Federal Public Housing Authority (42 U. S. C. 1410)			$5,737,706	$9,014,437
United States Housing Authority fund (42 U. S. C. 1404 (d), 1418; 50 Stat. 889, 897, sec. 4 (d), 18)		$1,386,132		
Total		1,386,132	5,737,706	9,014,437
Federal Power Commission				
Payments to States under Federal Power Act (16 U. S. C. 810)	$12,875	19,386	28,315	27,013
Veterans' Administration				
(Annual appropriations under title "Salaries and expenses, Veterans' Administration"):				
State and territorial homes for disabled soldiers and sailors (24 U. S. C. 134)	575,206	978,767	3,273,924	2,642,728
Administration of unemployment and self-employment allowances (act June 22, 1944, 58 Stat. 290)			4,354,348	1,803,390
Supervision of on-the-job training (act June 22, 1944, 58 Stat. 290)			6,909,143	2,401,956
Total	575,206	978,767	14,537,415	6,848,074
Total class I	106,755,791	572,870,641	2,220,339,277	2,257,636,490
II. APPROPRIATIONS FROM WHICH PAYMENTS ARE MADE FOR SELECTED PROGRAMS INVOLVING PAYMENTS TO INDIVIDUALS, ETC., WITHIN THE STATES				
DEPARTMENT OF AGRICULTURE				
Cooperative construction, etc., of roads and trails, national forests (act July 11, 1916, 39 Stat. 358)	(6)	(6)		
Federal forest road construction (act Feb. 28, 1919, 40 Stat. 1201)	(6)	(6)		
Forest roads and trails (23 U. S. C. 23, 23a); Forest reserve fund, roads and trails for States (16 U. S. C. 501)	7,961,032	11,478,686		
Conservation and use of agricultural land resources (act Feb. 29, 1936, 16 U. S. C. 590g-590q); Administration of Sugar Act of 1937 (7 U. S. C. 1100-1183)		552,042,804	289,951,995	318,094,081
Grants and loans, Farm Housing (act July 15, 1949, 63 Stat. 434, sec. 504 (a))			46,321	209,650
Total	7,961,032	563,521,490	289,998,316	318,303,731
DEPARTMENT OF COMMERCE				
Forest highway construction (sec. 10 (a), act Dec. 20, 1944, 58 Stat. 838-843)			26,916,655	19,181,543

Footnotes at end of table.

TABLE 98.—*Expenditures for Federal aid to States, individuals, etc. (exclusive of emergency appropriations from which payments are made to or within States), fiscal years 1930, 1940, 1950, and 1951*—Continued

Appropriation titles	1930	1940	1950	1951
II. APPROPRIATIONS FROM WHICH PAYMENTS ARE MADE FOR SELECTED PROGRAMS INVOLVING PAYMENTS TO INDIVIDUALS, ETC., WITHIN THE STATES—Continued				
DEFENSE DEPARTMENT				
Army				
National Guard (32 U. S. C. 21, 22)	$31, 987, 927	$71, 019, 749	$87, 261, 167	$95, 484, 042
Maintenance and improvement of existing river and harbor works (act July 24, 1946, 60 Stat. 637, sec. 6) Flood control, general (act July 24, 1946, 60 Stat. 637, sec. 6)			609, 498	1, 026, 144
Total	31, 987, 927	71, 019, 749	87, 870, 665	96, 510, 186
Air Force				
Air National Guard (act Oct. 29, 1949, 63 Stat. 1016–25)			44, 295, 643	44, 940, 676
Total, Defense Department	31, 987, 927	71, 019, 749	132, 166, 308	141, 450, 862
DEPARTMENT OF LABOR				
Reconversion unemployment benefits for seamen, Social Security Administration (act Aug. 10, 1946, 60 Stat. 982)			905, 964	[a] 31, 482
TREASURY DEPARTMENT				
Public Health Service [7]				
Preventing the spread of epidemic diseases	273, 330			
Interstate quarantine service	71, 117			
Studies in rural sanitation	345, 159			
Total	689, 606			
INDEPENDENT ESTABLISHMENTS				
Federal Security Agency				
Civilian Conservation Corps (16 U. S. C. 584–584q; 54 Stat. 581)		270, 856, 832		
Operating expenses, National Cancer Institute, Public Health Service (act Apr. 19, 1946, 60 Stat. 106) [8]			5, 177, 886	7, 150, 285
Operating expenses, National Heart Institute, Public Health Service (act June 29, 1949, 63 Stat. 291) [8]			4, 909, 702	5, 652, 537
Operating expenses, dental health activities, Public Health Service (act June 24, 1948, 62 Stat. 598–602, sec. 421) [8]			231, 764	273, 133
Operating expenses, National Institute of Health, Public Health Service (act July 1, 1944, 58 Stat. 692, sec. 301) [8]			5, 726, 699	8, 471, 919
Mental health activities, Public Health Service (act July 8, 1947, 61 Stat. 269) [8]			3, 635, 866	4, 914, 147
Total		270, 856, 832	19, 681, 917	26, 462, 021
General Services Administration				
Construction services, Public Buildings Administration (act June 15, 1938, 40 U. S. C. 265)			172, 178	

Footnotes at end of table.

TABLE 98.—*Expenditures for Federal aid to States, individuals, etc. (exclusive of emergency appropriations from which payments are made to or within States), fiscal years 1930, 1940, 1950 and 1951*—Continued

Appropriation titles	1930	1940	1950	1951
II. APPROPRIATIONS FROM WHICH PAYMENTS ARE MADE FOR SELECTED PROGRAMS INVOLVING PAYMENTS TO INDIVIDUALS, ETC., WITHIN THE STATES—Continued				
INDEPENDENT ESTABLISHMENTS—continued				
Veterans' Administration				
Veterans' miscellaneous benefits, Veterans' Administration (act Mar. 24, 1943, 57 Stat. 43) / Readjustment benefits, Veterans' Administration (act June 22, 1944, 58 Stat. 284)			$2,815,021,445	$2,062,647,580
Automobiles and other conveyances for disabled veterans (act Aug. 8, 1946, Public Law 663)			2,169,664	579,402
Total			2,817,191,109	2,063,226,982
Total class II	$40,638,565	$905,398,071	3,287,032,447	2,568,593,657
Grand total	147,394,356	1,478,268,712	5,507,371,724	4,826,230,147

[a] Deduct.
[1] Estimated cost of perishable food commodities acquired through price support operations as ordered for distribution within States, pursuant to Sec. 416 of Pub. Law 439, 81st Cong., approved Oct. 31, 1949.
[2] Includes $162,157 expenditures for fire control activities in connection with the flood control program (Flood Control Act, 33 U. S. C. 701a).
[3] Special fund account repealed as a permanent appropriation, effective July 1, 1935, by sec. 4 of the Permanent Appropriation Repeal Act, June 26, 1934 (48 Stat. 1227). Annual appropriation provided for same object under the account immediately following.
[4] Activities under this caption expired June 30, 1929.
[5] Deduct; represents net repayments. These accounts were discontinued, but their functions are continued under the two accounts immediately following.
[6] These accounts consolidated with combined accounts immediately following.
[7] Beginning July 1, 1939, expenditures of Public Health Service stated under Federal Security Agency.
[8] For additional payments from this appropriation, see Part I.

TABLE 99.—*Expenditures made by the Government as direct payments to States under cooperative arrangements and expenditures within States which provided relief and other aid, fiscal year 1951*

[The Treasury Department, for general information, has compiled from figures furnished by the departments and establishments concerned the following statement, exhibiting by States and Territories the amounts paid to or within each under the appropriations for Federal aid to States shown under classes I and II in the preceding table.]

PART A. GRANTS TO STATES AND LOCAL UNITS

State	Department of Agriculture						
	Agricultural experiment stations—Regular grants (1)	Cooperative agricultural extension work—Regular grants (2)	National school-lunch program [1]—Regular grants (3)	National forests fund [2]—Shared revenues (4)	Submarginal land program, payment to counties—Shared revenues (5)	Research and Marketing Act of 1946—Cooperative projects in marketing [3] (6)	Forest fire cooperation, etc. [4] (7)
Alabama	$322,112	$1,204,306	$2,951,171	$114,547		$22,879	$330,779
Arizona	149,103	186,080	480,596	362,722			
Arkansas	283,025	975,419	1,998,817	498,758		21,886	296,774
California	296,310	709,343	3,743,288	982,852		74,774	1,744,994
Colorado	200,174	353,505	576,863	225,074	$3,008	14,246	36,680
Connecticut	169,074	170,838	681,172			13,480	66,301
elaware	121,053	95,183	95,115			17,490	12,651
District of Columbia			208,973				
Florida	193,575	311,004	1,541,185	57,660		9,698	501,429
Georgia	357,120	1,238,074	2,979,866	65,175		31,333	374,864
Idaho	161,695	271,107	371,768	495,281			147,924
Illinois	312,225	954,161	2,827,249	12,383		21,044	58,337
Indiana	298,796	742,606	1,890,551	1,486		57,623	91,879
Iowa	317,660	886,316	1,112,176	461		45,747	29,007
Kansas	234,152	633,843	988,148			56,553	1,620
Kentucky	308,752	1,147,022	2,603,375	36,801		26,163	107,598
Louisiana	261,148	794,984	2,664,017	112,673		27,375	267,654
Maine	175,953	229,197	408,951	1,901		24,278	182,002
Maryland	189,118	292,467	748,211			48,200	126,638
Massachusetts	161,238	193,080	1,478,069			16,079	108,940
Michigan	298,009	841,718	2,495,518	82,492		87,593	442,252
Minnesota	276,156	835,343	1,376,149	112,392		40,920	271,476
Mississippi	328,507	1,232,146	2,454,497	265,085		69,699	314,894
Missouri	306,273	1,034,195	1,933,556	26,518		3,400	228,874
Montana	159,096	280,296	223,633	206,892		6,197	84,385
Nebraska	212,077	536,630	452,211	11,894		13,334	1,740
Nevada	120,079	116,747	59,428	43,505			13,430
New Hampshire	131,327	122,301	268,853	23,918		5,470	107,148
New Jersey	193,483	226,464	1,342,397			8,300	105,882
New Mexico	160,509	254,572	445,866	137,437		24,900	5,351
New York	351,066	774,676	4,430,991			44,975	280,396
North Carolina	399,099	1,490,415	3,714,715	63,635		56,843	286,708
North Dakota	167,567	403,921	296,386	41		12,256	10,807
Ohio	336,999	1,036,424	2,939,376	4,180		11,374	66,970
Oklahoma	275,449	908,975	1,814,285	55,601		50,014	76,870
Oregon	197,036	325,526	793,473	2,230,093		18,976	725,960
Pennsylvania	413,930	930,757	2,960,476	22,838		6,628	201,321
Rhode Island	138,585	64,906	268,034			1,533	26,391
South Carolina	274,533	848,524	2,133,332	150,206		32,479	352,133
South Dakota	175,951	370,970	152,134	38,729		13,486	30,284
Tennessee	322,114	1,149,167	2,811,292	50,681		49,031	147,142
Texas	509,888	1,962,830	4,775,787	339,025		29,145	181,451
Utah	211,129	201,466	486,391	145,705		15,064	30,423
Vermont	137,031	166,540	215,894	23,897		2,000	57,642
Virginia	283,656	903,377	2,010,668	35,816		30,729	236,477
Washington	215,706	398,714	1,064,170	1,224,016		34,065	599,708
West Virginia	258,757	553,718	1,465,326	21,548		46,150	193,789
Wisconsin	300,906	793,504	1,246,785	66,166		87,912	321,572
Wyoming	138,849	181,302	149,250	118,989		3,335	4,463
Alaska	76,048	56,740	11,914	5,605		9,157	
Hawaii	128,671	167,716	195,892			26,614	4,051
Puerto Rico	247,786	583,264	2,850,658	3,697		65,301	11,114
Virgin Islands			55,718				
Advances and other undistributed							
Total	12,258,555	31,142,379	78,244,616	8,478,375	3,008	1,435,728	9,907,175

NOTE.—This table does not include Federal payments to State and local governments for State and local taxes or in lieu of such taxes on federally owned property as follows: Housing under supervision of Public Housing Administration, including (*a*) defense and war housing constructed under Lanham Act (42 U. S. C. 1521) and other acts; (*b*) resettlement and rehabilitation authorized by act of June 29, 1936 (40 U. S. C. 431); and (*c*) certain low-rent housing authorized by U. S. Housing Act of 1937, as amended (42 U. S. C. 1401); and housing and other property owned by T. V. A. and certain other Government agencies.

[1] Includes $13,500,591, value of commodities distributed to participating schools.

[2] Includes $71,930 payments to school funds, Arizona and New Mexico.

[3] Under agreements entered into pursuant to sec. 204 (*b*), title II, Research and Marketing Act of 1946.

[4] Comprises $8,784,182 for forest fire cooperation, $960,836 for farm and other private forestry cooperation, and $162,157 for fire control under Flood Control Act.

TABLE 99.—*Expenditures made by the Government as direct payments to States under cooperative arrangements and expenditures within States which provided relief and other aid, fiscal year 1951*—Continued

PART A. GRANTS TO STATES AND LOCAL UNITS—Continued

State	Department of Agriculture—Continued		Department of Commerce				Defense Department, Army: Lease of flood control lands—Shared revenue
	Removal of surplus agricultural commodities—Value of commodities distributed within States	Commodity Credit Corporation—Value of commodities donated [5]	Civil Aeronautics Administration, Federal airport program—Regular grants	Bureau of Public Roads: Highway construction		Maritime Administration: State marine schools—Regular grants	
				Regular grants [6]	Emergency grants [7]		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Alabama	$526,065	$765,476	$223,695	$4,644,512	$26,711		
Arizona	88,072	256,492	530,902	5,846,696	9,835		
Arkansas	641,748	728,440	171,676	7,461,981			$20,740
California	783,631	2,580,488	2,356,655	16,490,620	1,076,121	$65,859	64,430
Colorado	130,762	607,373	188,603	7,844,653	25,385		16,128
Connecticut	92,956	209,068	617,029	4,228,450			194
Delaware	25,115	73,709	46,423	2,026,442			
District of Columbia	49,898	152,535		581,686			
Florida	299,989	479,320	825,606	6,906,059			
Georgia	629,834	590,038	709,314	10,891,567	59,287		494
Idaho	81,225	172,019	308,135	4,165,001	10,040		
Illinois	717,394	5,625,670	1,930,512	14,536,240			188
Indiana	291,839	442,764	771,097	5,766,402	16,122		
Iowa	224,889	386,146	538,347	11,491,029	7,765		
Kansas	167,433	494,980	449,767	8,356,453	55,598		37,674
Kentucky	433,723	775,275	185,270	7,868,232			9,058
Louisiana	1,510,315	875,942	751,722	9,407,734			326
Maine	70,961	214,232	74,646	3,614,357	192	88,787	
Maryland	105,880	528,319	65,389	3,522,630	94,084		22
Massachusetts	557,302	1,798,100	636,428	19,390,576		76,156	296
Michigan	887,018	1,342,232	1,341,391	10,523,008	19,550		
Minnesota	295,698	678,893	1,472,871	10,677,943	13,270		229
Mississippi	342,738	654,726	43,913	4,241,873	139,642		73,240
Missouri	393,998	546,348	1,488,451	10,578,789			57,030
Montana	40,695	87,825	253,665	6,992,787	102,223		
Nebraska	141,704	272,282	368,602	6,239,052	10,347		14,270
Nevada	18,728	25,133	117,743	4,106,104			
New Hampshire	59,761	289,854	20,810	1,979,569			550
New Jersey	307,588	656,013	464,554	6,977,865			
New Mexico	145,024	541,714	247,449	6,916,362			
New York	1,647,619	2,273,343	2,353,560	23,692,992	46,053	79,394	1,758
North Carolina	588,257	806,109	291,891	9,570,880	90,135		
North Dakota	109,620	168,190	85,883	5,915,969			97,485
Ohio	1,050,046	2,761,940	824,767	15,723,481	7,282		27,302
Oklahoma	295,630	723,665	565,554	11,263,452	13,442		58,412
Oregon	153,213	349,340	587,793	5,884,076	70,220		2,050
Pennsylvania	620,498	1,182,940	900,634	22,020,607	28,815		8,329
Rhode Island	168,725	139,879	397,814	2,859,726			
South Carolina	376,233	1,045,349	135,130	6,012,971	19,767		71
South Dakota	38,964	117,021	238,728	6,656,418	22,879		11,439
Tennessee	537,017	1,426,613	608,328	7,020,565	98,234		16,572
Texas	934,300	1,762,975	2,425,552	13,692,694			43,452
Utah	119,275	514,700	163,827	4,732,289	1,444		
Vermont	72,289	57,593	38,837	1,247,268			2
Virginia	429,951	893,335	422,206	7,591,801	536,053		2,444
Washington	237,011	567,446	447,157	7,573,563	2,273		
West Virginia	198,751	999,909	528,402	3,563,471			2,210
Wisconsin	417,198	727,819	745,891	9,027,923	57,672		
Wyoming	28,038	81,538	115,222	4,196,410			
Alaska	46,721	56,049	503,918				
Hawaii	31,257	74,569	289,682	1,564,642	1,568,807		
Puerto Rico	1,135,783	1,184,400	471,295	1,735,276			
Virgin Islands	75,765		45,680				
Advances and other undistributed							
Total	19,374,144	40,766,128	30,388,414	395,821,146	4,229,249	[8] 310,196	566,393

[5] Reported on basis of estimated cost of perishable food commodities acquired through price support operations pursuant to sec. 416 of Public Law 439, 81st Cong., approved Oct. 31, 1949.

[6] Comprises $383,446,657 for Federal aid postwar highways; $2,238,553 for Federal aid highway system; $1,557,341 for Federal aid secondary or feeder roads; $5,991,967 for prewar Federal aid grade crossing elimination; $268,354 for emergency relief (works program); $5,800 for N. I. R. (P. W. A.), act of June 16, 1933; $1,814,743 for access roads (act of 1950); and $497,731 for public lands highways.

[7] Comprises $470,021 for access roads (defense act of 1941); $199,985 for strategic highway network; $89,196 for flight strips (defense act of 1941); $8,144 for flight strips (N. I. R.); $685,377 for advance surveys and plans; $1,207,719 for payment of claims; and $1,568,807 for war and emergency damage (Hawaii).

[8] Includes expenditures of $149,476 for maintenance and repair of vessels, as follows: California, $38,245; Maine, $38,940; Massachusetts, $35,597; and New York, $36,694.

TABLE 99.—*Expenditures made by the Government as direct payments to States under cooperative arrangements and expenditures within States which provided relief and other aid, fiscal year 1951*—Continued

PART A. GRANTS TO STATES AND LOCAL UNITS—Continued

State	Department of the Interior				Department of Labor; Unemployment Compensation and Employment Service Administration—Regular grants	Federal Security Agency	
	Federal aid, Wildlife Restoration, Fish and Wildlife Service—Regular grants	Payments from receipts under Mineral Leasing Act—Shared revenues	Payments from receipts under Migratory Bird Conservation Act and Alaska game law [9]—Shared revenues	Payments under certain special funds [10]—Shared revenues		American Printing House for the Blind—Regular grants	Office of Vocational Rehabilitation—Regular grants
	(15)	(16)	(17)	(18)	(19)	(20)	(21)
Alabama	$90,360	$106	$48		$2,579,892	$4,581	$417,064
Arizona	134,454	15,042		$323,998	1,289,040	782	57,132
Arkansas	139,243	234	2,119	22	1,639,098	2,388	225,133
California	352,904	4,450,773	353	20,371	18,019,463	6,818	1,358,285
Colorado	266,619	2,335,966		18,055	1,411,801	1,368	115,857
Connecticut	32,989				2,712,727	1,238	268,160
Delaware	41,825		170		411,788		119,457
District of Columbia					603,285	195	170,000
Florida	101,524		1,434	1,858	2,921,623	1,629	557,046
Georgia	144,442		9,605		2,824,440	3,539	750,284
Idaho	189,946	35,883	1,976	17,958	897,386	304	39,239
Illinois	108,253	15	1,974	21	8,645,537	5,928	937,138
Indiana	159,182				3,138,440	2,410	299,742
Iowa	146,059		675		1,406,539	2,454	192,433
Kansas	117,021	39,753		165	1,352,497	1,563	154,489
Kentucky	105,807		982		2,108,037	2,540	143,111
Louisiana	165,198	11,539	4,587	124	2,516,647	2,606	428,966
Maine	103,988		157		1,037,020		77,404
Maryland	45,932		4		2,857,252	2,345	236,648
Massachusetts	54,802		7		7,424,278	5,211	141,792
Michigan	530,908				7,641,157	5,493	809,096
Minnesota	334,599		2,410	181	2,640,557	3,127	217,804
Mississippi	147,588	498	4,885		1,766,955	2,063	306,348
Missouri	314,526		377	25	3,151,222	2,931	323,968
Montana	171,925	701,234	10,144	49,830	984,842	499	104,298
Nebraska	100,052	4,256	18,391	1,057	865,737	1,042	144,246
Nevada	96,065	279,577	2,169	320,371	591,246		13,559
New Hampshire	40,546				885,418		37,445
New Jersey	71,844		21		6,853,730	2,953	319,313
New Mexico	115,500	2,734,128	565	19,129	887,328	1,498	64,994
New York	235,158		112		27,496,136	8,750	977,812
North Carolina	115,088		166		3,085,130	7,296	602,287
North Dakota	88,740	33,368	7,250	1,565	582,883	608	68,717
Ohio	255,976				7,730,842	6,644	340,312
Oklahoma	103,353	49,407	6,405	810	2,009,242	2,063	321,730
Oregon	198,740	1,014	17,920	1,845,598	2,274,170	1,802	195,584
Pennsylvania	466,618				12,913,351	9,011	1,066,093
Rhode Island	30,983				1,558,779		74,812
South Carolina	78,264		1,030		1,937,147	1,650	363,470
South Dakota	71,313	38,142	1,353	5,294	459,737	760	50,483
Tennessee	173,594		32		2,661,989	2,692	461,463
Texas	228,021		3,760		6,192,153	3,583	677,726
Utah	112,539	498,750	1,203	18,718	1,145,315	738	74,497
Vermont	56,029		2		556,946		71,703
Virginia	157,680		377		1,717,463	3,452	323,320
Washington	348,332	1,909	1,060	5,274	3,569,962	1,520	351,637
West Virginia	190,335				1,385,348	1,867	348,070
Wisconsin	274,106		4,398	262	2,649,462	3,214	376,410
Wyoming	153,027	5,507,831	87	98,562	548,922		54,938
Alaska	41,205	1,744	62,556	809	372,870		
Hawaii	12,473				602,963	282	94,383
Puerto Rico	7,952				312,897	1,563	201,348
Virgin Islands					9,619		
Advances and other undistributed							
Total	7,823,628	16,741,169	170,764	2,750,055	173,838,303	125,000	16,127,246

[9] Comprises payments of $108,299 under Migratory Bird Conservation Act, and $62,466 under Alaska game law.

[10] Comprises payments of $297,986 under Grazing Act, public lands; $1,833,517 to counties, Oregon land-grant fund; $300,000 each to Arizona and Nevada under Colorado River Dam fund, Boulder Canyon project; and $18,552 to States of 5 percent of proceeds from sales of public lands and materials.

TABLE 99.—*Expenditures made by the Government as direct payments to States under cooperative arrangements and expenditures within States which provided relief and other aid, fiscal year 1951*—Continued

PART A. GRANTS TO STATES AND LOCAL UNITS—Continued

State	Federal Security Agency—Continued						
	Office of Education				Public Health Service		
	Colleges for agriculture and mechanic arts—Regular grants	Cooperative vocational education—Regular grants	Survey and school construction—Emergency grants	Maintenance and operation of schools—Emergency grants	Venereal disease control—Regular grants	Tuberculosis control—Regular grants	General health assistance—Disease and sanitation investigation and control, Alaska—Regular grants
	(22)	(23)	(24)	(25)	(26)	(27)	(28)
Alabama	$102.333	$723,562	$33,919	$253,774	$365,263	$144,406	$389,000
Arizona	75,698	171,685	104.169	81,388	51,335	54,450	96,455
Arkansas	92,248	542,950	10,907	573,109	158,181	104,839	288,351
California	148,834	1,077,490	265,925	2,913,125	220,435	309,972	669,589
Colorado	82,820	221,006	35,850	207,176	42,678	58,600	126,736
Connecticut	89,508	262,000	3,180	250,373	30,447	96,204	132,600
Delaware	73,042	160,997	----------	----------	20,672	26,150	22,136
District of Columbia	----------	97,564	----------	----------	124,406	57,371	58,370
Florida	91,655	345,039	7,500	155,571	437,231	149,700	239,094
Georgia	105,651	767,189	125,122	1,254,601	1,035,195	208,807	390,078
Idaho	75,990	162,063	----------	107,554	29,906	19,745	82,825
Illinois	160,131	1,243,166	233,816	532,644	428,100	297,950	559,778
Indiana	109,121	664,392	214,410	22,847	101,635	133,585	324,489
Iowa	98,969	571,666	32,916	41,340	56,430	58,917	227,238
Kansas	90,555	400,645	17,273	550,752	48,143	87,165	191,648
Kentucky	102,477	708,706	10,000	171,119	343,975	177,699	377,731
Louisiana	96,979	535,650	41,478	----------	481,004	128,686	315,027
Maine	79,669	167,050	771	121,184	21,636	33,592	90,385
Maryland	90,786	307,452	116,304	83,101	176,257	139,990	161,175
Massachusetts	119,267	555,641	----------	123,634	54,860	219,170	343,694
Michigan	129,988	903,472	264,349	351,369	160,164	228,234	479,544
Minnesota	101,868	594,783	----------	8,018	50,139	91,869	283,561
Mississippi	94,924	637,571	14,695	164,995	605,969	157,889	360,130
Missouri	113,194	780,773	34,270	136,439	209,682	140,240	360,912
Montana	76,385	173,051	291	4,242	18,776	24,553	65,962
Nebraska	85,018	304,890	72,192	93,348	40,367	40,669	105,703
Nevada	71,258	92,945	82,427	69,099	19,425	11,147	40,380
New Hampshire	75,610	153,599	550	98,968	10,674	17,009	54,949
New Jersey	117,480	560,561	29,975	82,489	112,053	147,189	325,816
New Mexico	76,070	170,807	98,660	177,060	117,795	44,061	91,958
New York	223,837	1,848,929	26,484	60,019	255,260	448,374	866,339
North Carolina	110,763	917,575	65,699	61,733	470,470	202,159	484,684
North Dakota	77,326	209,114	3,440	796	24,220	49,303	76,291
Ohio	148,836	1,171,401	213,704	502,839	362,383	278,792	591,976
Oklahoma	96,666	551,805	406,809	748,708	169,130	109,873	272,853
Oregon	82,437	216,324	3,000	100,497	42,126	64,583	163,549
Pennsylvania	182,990	1,581,509	56,685	141,177	290,449	294,210	768,725
Rhode Island	78,141	112,871	----------	149,709	16,397	37,673	52,948
South Carolina	91,682	498,568	9,600	93,759	366,510	150,799	282,346
South Dakota	77,338	199,481	2,475	59,639	21,151	28,007	65,881
Tennessee	103,278	713,468	10,640	111,138	200,619	173,161	368,489
Texas	143,212	1,403,888	322,668	1,065,886	721,605	187,046	686,682
Utah	76,281	170,255	----------	182,025	22,590	23,749	91,355
Vermont	74,100	158,396	1,524	9,228	6,588	21,157	37,058
Virginia	100,561	625,977	36,401	946,588	214,748	202,568	313,727
Washington	89,815	328,698	176,932	733,252	47,126	88,695	190,612
West Virginia	91,707	432,753	13,603	----------	158,593	89,920	215,146
Wisconsin	105,309	634,126	----------	38,477	39,880	109,686	255,612
Wyoming	72,362	165,000	----------	44,762	14,666	12,335	47,405
Alaska	50,000	----------	4,125	92,189	18,136	89,026	[11] 746,056
Hawaii	74,831	165,000	6,952	----------	20,387	64,146	53,846
Puerto Rico	50,000	455,736	21,500	----------	215,703	202,092	340,203
Virgin Islands	----------	33,000	521	----------	29,922	12,788	6,988
Advances and other undistributed	----------	----------	----------	----------		----------	----------
Total	5,030,000	26,652,239	3,233,711	13,771,739	9,301,492	6,350,000	14,234,085

[11] Comprises $52,056 for general health and $694,000 for disease and sanitation investigation and control, Alaska.

TABLE 99.—*Expenditures made by the Government as direct payments to States under cooperative arrangements and expenditures within States which provided relief and other aid, fiscal year 1951*—Continued

PART A. GRANTS TO STATES AND LOCAL UNITS—Continued

State	Federal Security Agency—Continued						
	Public Health Service—Continued						
	Mental health activities—Regular grants	Cancer control—Regular grants	Heart disease control—Regular grants	Water pollution control—Industrial waste studies—Regular grants	Hospital construction [12]—Regular grants	National Institutes of Health, construction grants	
						National Cancer Institute—Regular grants	National Heart Institute—Regular grants
	(29)	(30)	(31)	(32)	(33)	(34)	(35)
Alabama	$71,610	$77,204	$54,540	$19,500	$6,624,435		
Arizona	13,274	12,597	3,524	10,100	752,086		
Arkansas	41,459	52,692	15,707	16,400	3,279,914		
California	192,523	189,002	82,913	28,400	2,480,850	$105,000	$125,000
Colorado	26,257	33,445	22,909	11,000	1,304,274	253,000	10,000
Connecticut	38,329	40,793	26,624	12,000	826,159		
Delaware	21,335	6,376	9,253	8,600	265,487		
District of Columbia	21,763	16,381	17,576	9,800	371,380		
Florida	56,221	55,221	35,141	14,900	2,874,919		
Georgia	81,331	79,523	55,009	19,600	4,191,887	50,000	33,500
Idaho	22,374	19,672	17,463	9,600	518,526		
Illinois	103,711	172,927	46,286	25,100	1,544,463	287,300	
Indiana	87,134	82,443	43,212	18,100	1,649,755		
Iowa	53,178	54,566	12,459	15,100	2,151,869	12,250	
Kansas	43,966	48,811	31,059	13,100	961,944	120,000	60,000
Kentucky	65,089	79,797	50,308	19,300	3,742,015		
Louisiana	55,881	60,480	11,050	17,300	2,273,202		
Maine	14,345	22,134	11,310	10,500	1,778,459		
Maryland	45,102	43,789	29,658	12,800	922,528	244,250	101,000
Massachusetts	94,820	107,933	37,824	31,000	2,845,105	1,052,750	394,000
Michigan	126,991	116,543	60,350	22,400	4,573,058		
Minnesota	60,604	56,837	36,601	20,200	1,853,447	145,300	
Mississippi	50,423	69,961	28,321	17,028	4,661,572		
Missouri	59,547	91,034	44,784	18,685	2,390,645	461,000	
Montana	22,374	14,919	8,890	9,100	484,495		
Nebraska	23,567	22,964	7,630	11,300	799,149		
Nevada	13,133	8,986	8,308	8,300	48,076		
New Hampshire	19,859		3,675	9,500	698,136		
New Jersey	98,335	86,886	44,884	18,000	1,997,187		
New Mexico	19,028	19,743	18,214	9,900	497,919		
New York	258,921	231,006	74,471	34,800	5,778,135	190,000	
North Carolina	42,500	38,420	31,243	22,600	4,689,121	281,395	43,605
North Dakota	22,373	19,413	16,964	9,400	443,502		
Ohio	165,423	165,758	71,888	36,940	3,563,668	18,000	
Oklahoma	55,994	55,707	31,250	16,000	3,409,844	125,000	71,000
Oregon	35,428	26,789	2,000	12,100	1,292,617		
Pennsylvania	154,658	154,464		33,700	5,536,069	90,000	75,000
Rhode Island	22,330	12,240	4,000	9,700	610,892		
South Carolina	52,320	54,624	42,535	16,300	2,650,875		
South Dakota	13,100	16,016	6,209	9,500	443,198		
Tennessee	71,441	53,293	34,422	19,400	3,026,380	184,584	16,065
Texas	155,436	145,079	27,031	43,900	7,533,097	200,000	
Utah	22,374	8,153	652	9,900	664,317	196,404	204,500
Vermont	12,817	11,959		9,100	482,013		
Virginia	73,500	50,954	18,158	17,300	3,631,472		
Washington	50,743	48,665	30,900	23,400	805,034	10,000	
West Virginia	45,364	36,695	20,608	14,300	780,828		
Wisconsin	63,158	70,551	15,860	16,200	1,543,818	456,785	25,000
Wyoming	2,725	8,930		8,700	228,310		
Alaska	13,619	6,847	12,053	8,700	46,781		
Hawaii	22,371	11,657	16,910	9,400	331,979		
Puerto Rico	52,019	54,494	23,381	18,900	1,333,646		
Virgin Islands	22,252	1,535	3,368		15,764		
Advances and other undistributed							
Total	3,074,429	3,026,908	1,359,385	866,853	108,204,301	4,483,018	1,158,670

[12] Includes $107,833 for hospital survey and planning.

TABLE 99.—*Expenditures made by the Government as direct payments to States under cooperative arrangements and expenditures within States which provided relief and other aid, fiscal year 1951*—Continued

PART A. GRANTS TO STATES AND LOCAL UNITS—Continued

State	Federal Security Agency—Continued						
	Social Security Administration						
	Old-age assistance—Regular grants	Aid to permanently and totally disabled—Regular grants	Aid to dependent children—Regular grants	Aid to the blind—Regular grants	Maternal and child health services—Regular grants	Services for crippled children—Regular grants	Child-welfare services—Regular grants
	(36)	(37)	(38)	(39)	(40)	(41)	(42)
Alabama	$15,606,317	$1,436,396	$5,836,530	$320,240	$490,201	$324,674	$191,455
Arizona	4,656,830	----------	2,460,495	304,147	152,896	----------	45,871
Arkansas	14,605,317	----------	6,856,304	522,234	296,895	307,544	174,001
California	100,501,006	----------	32,355,782	4,013,956	391,848	232,916	130,588
Colorado	17,277,626	----------	3,025,185	135,501	214,033	77,025	67,671
Connecticut	6,726,544	----------	2,879,763	100,371	117,096	178,814	76,484
Delaware	394,881	24,042	384,176	72,758	72,631	37,592	31,584
District of Columbia	923,669	156,053	1,359,153	87,137	169,429	168,018	24,263
Florida	19,480,849	----------	11,343,759	1,009,290	251,869	136,389	83,429
Georgia	21,842,609	----------	7,305,911	685,329	519,335	269,855	125,221
Idaho	3,596,379	118,409	1,405,795	68,341	93,316	83,269	27,389
Illinois	34,365,520	118,350	12,680,129	1,314,974	315,827	239,737	186,859
Indiana	14,019,352	----------	5,798,424	583,944	298,069	177,519	61,616
Iowa	15,920,834	----------	2,893,236	444,614	128,128	190,436	82,755
Kansas	13,230,799	805,164	2,814,979	227,247	144,977	106,588	139,600
Kentucky	14,082,699	----------	8,867,999	555,014	412,483	323,267	221,902
Louisiana	41,082,741	3,438,890	11,638,123	574,070	364,254	222,767	132,640
Maine	4,960,099	----------	2,436,675	228,640	108,913	95,714	46,387
Maryland	3,466,962	299,086	3,716,527	154,834	317,052	254,896	66,958
Massachusetts	40,897,205	----------	8,768,360	536,044	228,189	211,825	41,232
Michigan	31,407,534	223,000	13,452,609	631,699	391,277	264,276	178,242
Minnesota	17,565,069	----------	4,525,632	401,548	231,556	190,357	95,173
Mississippi	11,987,321	45,404	2,669,608	660,903	337,928	251,403	151,876
Missouri	39,902,933	1,667,735	10,587,945	----------	274,730	272,258	169,771
Montana	4,143,021	297,439	1,362,741	214,318	101,119	86,070	61,929
Nebraska	7,651,420	----------	1,924,305	265,474	102,897	88,568	72,304
Nevada	1,039,620	----------	----------	----------	66,997	30,804	27,349
New Hampshire	2,414,424	----------	933,058	105,628	73,486	62,224	47,958
New Jersey	8,288,489	----------	3,197,228	318,128	205,629	203,508	60,316
New Mexico	3,084,686	226,523	2,674,888	157,786	153,794	80,722	45,043
New York	40,353,288	5,240,500	31,285,250	1,501,485	433,160	305,140	163,918
North Carolina	12,499,699	407,433	6,474,164	1,251,915	572,492	337,705	214,739
North Dakota	2,903,606	100,518	1,100,128	42,211	93,724	79,028	45,078
Ohio	35,999,204	359,207	7,997,691	1,242,256	422,604	258,921	173,064
Oklahoma	32,049,823	----------	10,722,153	892,480	178,991	235,061	156,335
Oregon	7,976,216	418,415	2,299,933	142,541	121,153	92,488	66,150
Pennsylvania	24,949,317	----------	25,632,542	1,572,000	507,567	298,546	157,928
Rhode Island	2,859,797	----------	1,788,124	56,313	94,597	108,512	33,933
South Carolina	8,876,476	477,800	2,034,174	365,506	301,331	284,299	193,783
South Dakota	3,697,778	----------	1,319,496	68,021	57,977	82,165	73,881
Tennessee	16,434,568	----------	10,513,994	791,956	482,037	286,866	145,417
Texas	59,522,547	----------	8,445,712	1,842,674	594,083	455,224	267,939
Utah	3,217,896	432,940	1,880,494	72,614	116,155	109,944	40,761
Vermont	1,779,577	26,500	449,429	51,580	80,601	77,205	50,853
Virginia	4,201,514	438,651	3,870,587	404,214	369,977	257,264	146,218
Washington	27,173,845	----------	6,966,134	324,415	204,928	159,956	56,617
West Virginia	6,153,433	94,880	8,810,745	279,584	256,036	215,297	179,608
Wisconsin	16,019,325	290,383	4,985,734	491,961	162,881	218,664	177,103
Wyoming	1,581,388	107,321	382,319	37,549	53,688	33,477	42,498
Alaska	560,570	----------	342,313	----------	113,854	118,228	31,271
Hawaii	650,214	124,811	2,169,271	36,059	137,130	158,176	39,407
Puerto Rico	1,017,327	78,886	837,434	30,343	396,523	254,143	176,749
Virgin Islands	34,373	1,725	13,759	3,180	75,971	70,468	36,894
Advances and other undistributed	----------	----------	----------	----------	----------	----------	----------
Total	825,635,536	17,456,461	316,476,899	26,195,026	12,854,314	9,665,812	5,538,010

TABLE 99.—*Expenditures made by the Government as direct payments to States under cooperative arrangements and expenditures within States which provided relief and other aid, fiscal year 1951*—Continued

PART A. GRANTS TO STATES AND LOCAL UNITS—Continued

State	Housing and Home Finance Agency: Federal Housing Administration		Federal Power Commission: Payments to States under Federal Power Act—Shared revenues	Veterans' Administration			Total grant payments (Part A)
	Federal annual contributions—Regular grants	Veterans' re-use housing program—Emergency grants		State and territorial homes for disabled soldiers and sailors—Regular grants	Supervision of on-the-job training—Regular grants	Administration of unemployment and self-employment allowances—Regular grants	
	(43)	(44)	(45)	(46)	(47)	(48)	(49)
Alabama	$253,886		$43		$7,457	$10,400	$47,561,449
Arizona	9,626		733		24,652	27,000	18,839,957
Arkansas	27,094		18		74,961	25,900	43,174,526
California	375,454	$400	16,485	$540,531	125,112	151,764	202,823,232
Colorado			837	19,316	42,277	19,062	37,686,404
Connecticut	339,608			211,411	45,233	16,225	21,763,442
Delaware	40,424				11,384	7,742	4,777,683
District of Columbia	113,703					18,610	5,561,218
Florida	282,335		5		81,790	30,851	51,873,397
Georgia	189,012				114,045	10,003	61,118,089
Idaho	7,627		1,515	27,391		2,121	13,864,157
Illinois	239,178			350,784	109,988	163,759	92,414,746
Indiana	77,472			96,894	64,357	51,300	38,651,009
Iowa				90,393	49,356		39,974,353
Kansas				10,931	29,156	4,830	33,321,041
Kentucky	468,781				49,266	31,263	46,722,636
Louisiana	784,642				89,101	48,500	82,196,022
Maine							16,531,489
Maryland	483,175				25,990	27,000	20,149,811
Massachusetts	626,773			216,393	96,261	94,259	89,738,593
Michigan	104,126			190,056	59,348	150,500	81,816,564
Minnesota			11	106,113	52,159	53,000	45,773,863
Mississippi	82,564		24		55,099		35,494,905
Missouri	87,972		3	31,979	46,694	24,678	78,298,384
Montana	28,599	16,951	682	14,797	19,317	10,919	17,721,406
Nebraska	115,956			72,718	27,837		21,337,200
Nevada			902		4,994	3,119	7,571,153
New Hampshire				12,842	13,740	11,173	8,790,032
New Jersey	452,278			59,305	55,299	147,000	134,138,442
New Mexico					23,203		20,490,186
New York	1,780,660	2,643		2,452	79,144	32,458	156,171,464
North Carolina	157,460		36		98,632		50,644,896
North Dakota				18,344	1,886		13,387,921
Ohio				201,056	110,714	155,263	87,335,503
Oklahoma			5	4,218	64,857	48,000	69,066,921
Oregon	30,559		2,392		32,076		29,095,957
Pennsylvania	248,290			63,599	124,824	147,648	106,814,743
Rhode Island	19,334			44,426	15,296	4,695	11,862,095
South Carolina	122,898		11		28,411	2,520	30,759,416
South Dakota				41,116	15,462	2,500	14,794,476
Tennessee	325,008				83,009	37,750	51,723,509
Texas	411,018				115,462	87,018	118,139,549
Utah			1,233		23,392	14,200	16,055,657
Vermont				15,968	13,371		6,072,697
Virginia	82,822		16		49,230	32,367	31,663,619
Washington	196,997		1,307	124,593	32,951	3,146	54,512,284
West Virginia	87,394		3		59,937	36,891	27,830,976
Wisconsin	4,473		36	67,908	34,215	33,187	42,962,032
Wyoming		12,350	224	7,194	3,789	9,000	14,257,255
Alaska			480			3,056	3,502,640
Hawaii	34,568				5,492	12,715	8,907,324
Puerto Rico	322,672		13		11,731		14,706,329
Virgin Islands							549,790
Advances and other undistributed		[a] 33,069					[a] 33,069
Total	9,014,437	[a] 724	27,013	2,642,728	2,401,956	1,803,390	2,280,959,373

[a] Deduct.

TABLE 99.—*Expenditures made by the Government as direct payments to States under cooperative arrangements and expenditures within States which provided relief and other aid, fiscal year 1951*—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS, ETC., WITHIN THE STATES OTHER THAN DIRECT GRANTS AND LOANS

State	Department of Agriculture			Department of Commerce: Bureau of Public Roads, forest highways	Defense Department: Army		Defense Department: Air Force
	Agricultural conservation program	Administration of Sugar Act program	Farm housing program, repair and improvement grants		Reimbursement for education of dependents of construction personnel; river and harbor and flood control	National Guard	National Guard
	(50)	(51)	(52)	(53)	(54)	(55)	(56)
Alabama	$6,484,932		$2,670	$12,891		$1,691,542	$606,661
Arizona	1,729,189	$75,046		715,022		692,260	1,314,482
Arkansas	5,604,955		19,021	346,537	$23,584	1,944,807	656,408
California	5,425,449	9,017,653		2,242,527	74,375	5,375,491	3,720,897
Colorado	4,568,919	5,764,099	750	1,775,461		627,599	602,054
Connecticut	594,097		750			1,287,727	435,628
Delaware	612,620					455,042	262,481
District of Columbia						484,042	397,802
Florida	2,591,571	1,037,139	975	35,414		1,778,044	207,253
Georgia	9,029,297		3,602	67,475		2,423,995	671,383
Idaho	1,667,289	3,786,407	1,900	2,442,665		748,087	224,588
Illinois	10,782,763	88,548	455	22,414		5,765,922	2,431,172
Indiana	6,668,372	20,809				2,205,933	518,883
Iowa	11,772,166	58,514				1,785,589	735,177
Kansas	7,893,518	189,082	500			1,252,571	95,094
Kentucky	6,965,528		1,325	1,140		1,080,424	170,952
Louisiana	4,996,842	6,865,307	6,950	62,200		1,878,657	319,301
Maine	921,661		7,000	2,983		1,028,303	351,499
Maryland	1,682,272					1,430,789	311,803
Massachusetts	810,515					3,566,573	1,845,294
Michigan	6,208,313	2,572,479	3,350	163,604		3,346,397	1,532,746
Minnesota	6,920,367	1,311,387	2,700	115,516		2,088,060	479,441
Mississippi	8,603,189		37,700	105,099		1,226,100	258,008
Missouri	11,384,035		1,425	148,342		1,799,398	963,347
Montana	4,351,855	1,917,166	500	1,787,031	35,670	605,372	231,482
Nebraska	7,437,495	2,103,383		76,441	28,352	1,064,618	266,113
Nevada	269,466			282,616		294,417	258,776
New Hampshire	545,138		765	134,697		715,340	213,498
New Jersey	940,916					3,115,893	626,731
New Mexico	2,579,459	28,085		424,732		753,039	200,031
New York	6,731,160		447			8,529,922	3,146,925
North Carolina	8,659,576		1,960	166,950		1,926,327	172,861
North Dakota	6,305,403	631,805			363,498	304,058	244,715
Ohio	6,900,688	698,462	2,420			3,127,575	1,562,385
Oklahoma	8,691,168		2,260			509,550	466,750
Oregon	2,300,286	1,024,339		2,774,990	170,954	1,628,434	321,119
Pennsylvania	7,333,966		3,610	107,163		3,907,715	2,480,860
Rhode Island	84,282					576,888	388,828
South Carolina	3,785,145		700	63,078		2,275,444	206,583
South Dakota	5,870,011	118,003		262,024	165,722	172,760	168,941
Tennessee	6,922,807		13,475	127,613		2,123,781	670,579
Texas	23,176,188	109,666	59,175	19,000		6,572,575	879,527
Utah	1,362,293	1,314,297	500	772,465		628,968	300,418
Vermont	1,145,966			1,751		508,429	276,953
Virginia	5,120,601		1,500	156,666		1,649,017	248,110
Washington	2,808,804	1,135,725	500	1,106,902	163,989	1,797,856	465,441
West Virginia	1,961,845		2,250	60,720		978,465	154,590
Wisconsin	7,484,038	413,768	1,500	74,428		2,575,370	605,227
Wyoming	2,336,279	1,163,987		993,219		395,106	256,375
Alaska	32,801			1,529,767			
Hawaii	201,682	8,471,321				1,649,879	589,452
Puerto Rico	[13] 1,083,220	17,481,024	26,515			1,133,889	353,595
Virgin Islands		138,510	500				
Advances and other undistributed	217,673						[14] 10,071,456
Total	250,558,070	67,536,011	209,650	19,181,543	1,026,144	[15] 95,484,042	[16] 44,940,676

[13] Represents payments under the Agricultural Conservation Program in Puerto Rico and the Virgin Islands. Distribution is not available.

[14] Represents expenditures of the National Guard Bureau.

[15] The sum of $107,207,557 was also expended from the Army National Guard appropriation by various services of the Army for direct aid of the several States, Territories, and possessions. The amount each State received cannot be ascertained.

[16] Expenditures on an obligation basis.

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TABLE 99.—*Expenditures made by the Government as direct payments to States under cooperative arrangements and expenditures within States which provided relief and other aid, fiscal year 1951*—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS, ETC., WITHIN THE STATES OTHER THAN DIRECT GRANTS AND LOANS—Continued

State	Department of Labor: Reconversion unemployment benefits for seamen	Federal Security Agency: Public Health Service—National Institutes of Health					
		Research grants					
		National Cancer Institute	National Dental Institute	Division of Research Grants	National Heart Institute	National Mental Health Institute	National Arthritis and Metabolic Institute
	(57)	(58)	(59)	(60)	(61)	(62)	(63)
Alabama	[a] $510	$32,808		$16,834	$22,901		
Arizona				15,500	10,000		
Arkansas	[a] 471			25,540			
California	[a] 3,874	365,940		463,951	425,451	$79,356	$13,968
Colorado	[a] 51	9,990	$5,991	81,922	47,014		12,425
Connecticut		72,972	2,646	149,015	21,546	65,707	
Delaware				25,398			
District of Columbia		138,416	9,747	67,043	99,833	29,014	
Florida	30	37,900		26,275	8,000		
Georgia	[a] 354	6,930	8,694	50,496	39,812	11,016	10,000
Idaho				10,368			
Illinois	326	308,307	69,874	472,580	334,908	152,847	76,084
Indiana		30,598	3,218	34,052	8,100	7,300	
Iowa				68,574		39,725	
Kansas	[a] 448	16,291		53,091	43,714	65,905	
Kentucky				12,938	35,035		
Louisiana	1,328	9,990		118,500	59,281	540	30,132
Maine	[a] 4	51,092				13,328	
Maryland	519	140,984		236,907	126,071	10,476	
Massachusetts	[a] 1,795	376,769	36,591	707,701	651,258	172,264	127,177
Michigan	[a] 34	55,514	8,506	130,198	133,228	80,897	68,397
Minnesota		127,139		174,259	170,481	34,369	
Mississippi					10,724		
Missouri	[a] 766	104,152		86,878	182,317	7,884	4,800
Montana					33,000		
Nebraska				18,500			
Nevada							
New Hampshire	[a] 3						
New Jersey	[a] 982	21,000	9,917	16,234	11,394	11,535	
New Mexico							
New York	[a] 20,004	678,077	51,380	1,005,088	776,761	194,044	151,988
North Carolina	[a] 589	21,000		129,043	140,671	22,426	11,331
North Dakota							
Ohio	[a] 198	159,360		142,208	294,955	32,832	25,886
Oklahoma	88			8,295	27,706		
Oregon	[a] 143	16,849		16,853	4,644		
Pennsylvania	[a] 909	303,901	11,324	296,641	501,492	28,223	20,489
Rhode Island	[a] 246	15,524		24,565			
South Carolina		18,650		8,943	11,635		
South Dakota				16,694			
Tennessee	[a] 69	7,632		94,351	63,392	8,829	10,888
Texas	[a] 428	6,735		107,169	35,798		10,770
Utah	[a] 126	32,888		204,242	21,526		108,900
Vermont					39,226		
Virginia	[a] 1,138	21,424	8,320	100,149	9,249		
Washington	[a] 259	68,965		88,530	39,139		19,261
West Virginia	[a] 182				3,100		
Wisconsin	[a] 190	59,283		112,218	20,000		
Wyoming							
Alaska							
Hawaii							
Puerto Rico		7,992		21,600	9,074		
Virgin Islands							
Advances and other undistributed							
Total	[a] 31,482	3,325,072	226,208	5,439,343	4,472,436	1,068,517	702,496

[a] Deduct.

TABLE 99.—*Expenditures made by the Government as direct payments to States under cooperative arrangements and expenditures within States which provided relief and other aid, fiscal year 1951*—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS, ETC., WITHIN THE STATES OTHER THAN DIRECT GRANTS AND LOANS—Continued

State	Federal Security Agency: Public Health Service—National Institutes of Health—Continued						
	Research grants—Continued		Traineeship awards			Teaching grants	
	National Neurological Disease and Blindness Institute	National Microbiological Institute	National Cancer Institute	National Heart Institute	National Mental Health Institute	National Cancer Institute	National Heart Institute
	(64)	(65)	(66)	(67)	(68)	(69)	(70)
Alabama						$29,968	$14,000
Arizona							
Arkansas			$3,550			24,991	
California	$45,320	$142,872	23,380	$11,305	$84,000	104,968	28,000
Colorado		11,777	3,650		46,400	25,000	14,000
Connecticut	19,388	38,597	3,170	7,200	43,854	25,000	14,000
Delaware							
District of Columbia	6,693	26,451	22,040	3,800	52,200	91,500	28,000
Florida	2,000	6,425					
Georgia		34,521	7,220	3,600		55,000	14,000
Idaho							
Illinois	59,907	104,378	11,960		93,434	137,044	56,000
Indiana		3,132		3,000	11,600	29,080	
Iowa		22,362	3,640		7,600	54,876	14,000
Kansas	3,564	10,243	3,690		14,000	25,000	13,500
Kentucky		11,624			22,230	30,000	
Louisiana		2,700		10,800	37,200	55,000	28,000
Maine		8,380					10,000
Maryland	41,523	111,982	15,780	7,595	41,098	47,500	14,000
Massachusetts	46,526	173,550	18,203	20,700	189,484	85,000	14,000
Michigan		15,896	9,630		18,400	60,679	26,000
Minnesota	7,673	23,772	10,230	3,600	86,260	30,000	14,000
Mississippi						5,000	8,000
Missouri	10,000	26,177	27,675	3,600	23,236	74,590	22,532
Montana		1,000					
Nebraska		10,260				60,000	14,000
Nevada							
New Hampshire		5,832					
New Jersey		16,426					
New Mexico							
New York	146,818	237,310	100,590	22,500	146,767	239,798	69,949
North Carolina		9,126	18,220	7,200	27,822	59,899	28,000
North Dakota						5,000	
Ohio	6,000	83,506	6,600	6,600	49,000	59,914	55,376
Oklahoma		3,000				25,000	14,000
Oregon	8,000	3,233	3,100			29,981	14,000
Pennsylvania	32,327	124,677	37,380	21,600	150,738	164,770	55,997
Rhode Island		4,303		3,000			
South Carolina		9,379		1,800		25,000	
South Dakota						5,000	5,000
Tennessee	11,326	15,330	9,670	3,300	6,400	84,991	34,000
Texas		31,936	5,330	6,900	2,400	73,433	14,000
Utah	20,325	3,056			4,000	25,000	12,500
Vermont	3,348					24,845	
Virginia			3,350		6,200	49,980	14,000
Washington	16,262	6,264	3,050		13,604	54,840	
West Virginia		4,200				5,000	
Wisconsin		25,436	3,340		3,600	55,000	73,000
Wyoming							
Alaska							
Hawaii							
Puerto Rico	4,222					25,000	
Virgin Islands							
Advances and other undistributed							
Total	491,222	1,369,113	354,448	148,100	1,181,527	2,062,647	735,854

TABLE 99.—*Expenditures made by the Government as direct payments to States under cooperative arrangements and expenditures within States which provided relief and other aid, fiscal year 1951*—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS, ETC., WITHIN THE STATES OTHER THAN DIRECT GRANTS AND LOANS—Continued

State	Federal Security Agency: Public Health Service—National Institutes of Health—Continued						
	Teaching grants—Con.	Control grants		Fellowship awards			
	National Mental Health Institute (71)	National Cancer Institute (72)	National Mental Health Institute (73)	National Cancer Institute (74)	National Dental Institute (75)	Division of Research Grants (76)	National Heart Institute (77)
Alabama	$12,500	$42,000					$3,000
Arizona							
Arkansas	12,500	10,800					
California	134,214	110,533		$40,758	$5,550	$63,850	7,050
Colorado	48,819	35,703		1,950		3,755	3,600
Connecticut	79,263	59,640	$6,825	16,245		15,289	16,550
Delaware							
District of Columbia	132,417	23,575		7,900			8,950
Florida			10,000			2,350	
Georgia	22,900	25,603		1,950			
Idaho							
Illinois	151,567	77,246	30,000	47,729	6,350	38,265	30,665
Indiana	26,568			3,600	3,900	10,950	2,350
Iowa	32,564	20,000		2,350		6,163	
Kansas	64,175	27,635		3,000		3,900	9,100
Kentucky	63,860						
Louisiana	71,997					2,532	
Maine				2,422		2,024	
Maryland	36,946	6,264		19,793		12,413	18,050
Massachusetts	258,868	53,097		73,589		106,504	52,945
Michigan	47,742	25,000		1,950		3,600	
Minnesota	80,884	27,481		18,077	5,525		11,030
Mississippi				15,005			
Missouri	68,964	25,013				11,900	1,950
Montana							
Nebraska	18,720			2,350			
Nevada							
New Hampshire	1,500						
New Jersey		36,950		6,900	3,000	6,250	
New Mexico							2,350
New York	308,118	135,671	4,800	100,980	18,700	39,406	48,202
North Carolina	85,575	3,294		3,233		8,484	10,269
North Dakota							
Ohio	157,516	52,318		10,650	3,900	29,649	18,600
Oklahoma	12,500			3,600		1,950	
Oregon				2,350		3,600	
Pennsylvania	204,837	19,482		15,388		35,158	18,077
Rhode Island				1,950			
South Carolina	6,500						2,350
South Dakota							
Tennessee	75,967	20,196				15,300	2,350
Texas	63,679	33,414					
Utah	12,500	38,665		9,300		6,718	7,200
Vermont	12,906						3,042
Virginia	35,320						6,617
Washington	67,001	58,536		1,950		17,394	3,650
West Virginia							
Wisconsin				15,855		22,341	8,200
Wyoming							
Alaska							
Hawaii	5,666	9,178					
Puerto Rico							
Virgin Islands							
Advances and other undistributed							
Total	2,415,053	977,294	51,625	430,824	46,925	469,745	296,147

TABLE 99.—*Expenditures made by the Government as direct payments to States under coöperative arrangements and expenditures within States which provided relief and other aid, fiscal year 1951*—Continued

PART B. FEDERAL AID PAYMENTS TO INDIVIDUALS, ETC., WITHIN THE STATES OTHER THAN DIRECT GRANTS AND LOANS—*Continued*

State	Federal Security Agency: Public Health Service—National Institutes of Health—Con. / Fellowship awards—Con. / National Mental Health Institute	General Services Administration: Bureau of Community Facilities, disaster and emergency relief etc.[17]	Veterans' Administration: Automobiles, etc., for disabled veterans	Veterans' Administration: Readjustment benefits (Public Law 346, June 22, 1944) and vocational rehabilitation (Public Law 16, Mar. 24, 1943)	Total payments within States (Part B)	Grand total (Parts A and B)
	(78)	(79)	(80)	(81)	(82)	(83)
Alabama			$3, 200	$70, 140, 825	$79, 116, 222	$126, 677, 671
Arizona			4, 800	9, 003, 337	13, 559, 636	32, 399, 593
Arkansas			9, 590	43, 719, 214	52, 401, 026	95, 575, 552
California	$5, 950		43, 166	115, 614, 612	143, 666, 712	346, 489, 944
Colorado			7, 979	25, 616, 250	39, 315, 056	77, 001, 460
Connecticut	9, 550		3, 185	14, 207, 106	17, 194, 950	38, 958, 392
Delaware				2, 216, 199	3, 571, 740	8, 349, 423
District of Columbia			64, 524	27, 129, 278	28, 823, 225	34, 384, 443
Florida			15, 995	50, 361, 991	56, 121, 362	107, 994, 759
Georgia			6, 400	68, 003, 997	80, 497, 537	141, 615, 626
Idaho				9, 360, 454	18, 241, 758	32, 105, 915
Illinois	19, 798		22, 293	87, 903, 303	109, 296, 139	201, 710, 885
Indiana			9, 584	36, 841, 456	46, 442, 485	85, 093, 494
Iowa	2, 350		8, 000	26, 913, 882	41, 547, 532	81, 521, 885
Kansas		$29, 886	7, 968	15, 068, 735	24, 893, 714	58, 214, 755
Kentucky			6, 374	35, 461, 553	43, 862, 983	90, 585, 619
Louisiana	3, 600		3, 114	82, 411, 773	96, 975, 744	179, 171, 766
Maine	17, 200		4, 795	5, 627, 999	8, 048, 682	24, 580, 171
Maryland	22, 011		4, 800	26, 888, 996	31, 228, 572	51, 378, 383
Massachusetts	27, 173		21, 663	47, 250, 403	56, 684, 052	146, 422, 645
Michigan			17, 588	48, 123, 866	62, 653, 946	144, 470, 510
Minnesota	3, 900	150, 000	7, 999	32, 561, 768	44, 465, 918	90, 239, 781
Mississippi		1, 545	10, 415	60, 814, 750	71, 095, 535	106, 590, 440
Missouri	8, 875		9, 572	66, 750, 431	81, 746, 327	160, 044, 711
Montana			1, 600	7, 926, 931	16, 891, 607	34, 613, 013
Nebraska		125, 000		18, 572, 607	29, 797, 839	51, 135, 039
Nevada		20, 853		973, 283	2, 099, 411	9, 670, 564
New Hampshire			3, 200	4, 200, 302	5, 820, 269	14, 610, 301
New Jersey			17, 600	46, 544, 842	51, 384, 606	85, 523, 048
New Mexico			4, 800	11, 337, 220	15, 329, 716	35, 819, 902
New York	55, 910		54, 395	166, 675, 476	189, 651, 178	345, 822, 642
North Carolina			14, 399	68, 816, 594	80, 343, 671	130, 988, 567
North Dakota		177, 556	6, 338	9, 239, 341	17, 277, 714	30, 665, 635
Ohio			20, 749	68, 279, 717	81, 786, 668	169, 122, 171
Oklahoma			4, 767	38, 286, 462	48, 057, 096	117, 124, 017
Oregon			4, 795	16, 571, 087	24, 898, 471	53, 994, 428
Pennsylvania	15, 450		66, 547	163, 344, 970	179, 301, 873	286, 116, 616
Rhode Island			4, 778	8, 898, 313	10, 002, 185	21, 864, 280
South Carolina			3, 196	45, 373, 227	51, 791, 630	82, 551, 046
South Dakota		39, 753	1, 600	8, 105, 537	14, 931, 045	29, 725, 521
Tennessee			4, 800	78, 625, 263	88, 952, 171	140, 675, 680
Texas			31, 569	140, 790, 938	172, 029, 774	290, 169, 323
Utah			1, 600	13, 318, 182	18, 205, 417	34, 261, 074
Vermont				3, 433, 961	5, 450, 427	11, 523, 124
Virginia			12, 792	26, 255, 476	33, 697, 633	65, 361, 252
Washington	3, 708		4, 521	23, 663, 568	31, 609, 201	86, 121, 485
West Virginia			7, 961	15, 262, 431	18, 440, 380	46, 271, 356
Wisconsin	1, 950		12, 790	27, 435, 929	39, 003, 083	81, 965, 115
Wyoming				4, 115, 423	9, 260, 389	23, 517, 644
Alaska				724, 087	2, 286, 655	5, 789, 295
Hawaii				2, 644, 171	13, 571, 349	22, 478, 673
Puerto Rico			3, 200	19, 556, 756	39, 706, 087	54, 412, 416
Virgin Islands			[a] 1, 600		137, 410	687, 200
Advances and other undistributed				15, 683, 310	25, 972, 439	25, 939, 370
Total	197, 425	544, 592	579, 402	2, 062, 647, 580	2, 569, 138, 249	4, 850, 097, 620

[a] Deduct.

[17] Comprises $1,545 for alleviation from damage from flood and other catastrophe; $492,309 for emergency fund for the President (allotment to General Services Administration, community facilities services); and $50,739 for emergency fund for the President (allotment to G. S. A.).

GOVERNMENT LOSSES IN SHIPMENT

TABLE 100.—*Status as of June 30, 1951, of the revolving fund established under authority of the Government Losses in Shipment Act*

I. RECEIPTS AND EXPENDITURES

	Cumulative through June 30, 1950	Fiscal year 1951	Cumulative through June 30, 1951
Receipts:			
Appropriation	$702, 000. 00	$100, 000. 00	$802, 000. 00
Transferred (Sept. 21, 1939) from the securities trust fund	91, 803. 13		91, 803. 13
Recoveries of payments for losses	367, 135. 98	40, 167. 76	407, 303. 74
Repayments to the fund	3, 924. 32		3, 924. 32
Total receipts	1, 164, 863. 43	140, 167. 76	1, 305, 031. 19
Expenditures:			
Payments for losses	956, 060. 45	53, 301. 90	1, 009, 362. 35
Other payments (refunds, etc.)	92. 57		92. 57
Total expenditures	956, 153. 02	53, 301. 90	1, 009, 454. 92
Balance in fund	208, 710. 41	86, 865. 86	295, 576. 27
	1, 164, 863. 43	140, 167. 76	1, 305, 031. 19

II. FUND ASSETS

	June 30, 1950	Increase, or decrease (−), fiscal year 1951	June 30, 1951
Unexpended balances:			
To the credit of the disbursing officer	$61, 986. 74	$233, 589. 53	$295, 576. 27
On the books of the Division of Bookkeeping and Warrants	146, 723. 67	−146, 723. 67	
Total assets	208, 710. 41	86, 865. 86	295, 576. 27

TABLE 101.—*Reported value of shipments made by or for the account of Government departments and agencies under coverage of the Government Losses in Shipment Act, as amended, fiscal years 1938–51*

[In millions of dollars]

Fiscal year	Total shipments	Classification No. 1 (currency, coin, bullion specie, etc.)	Classification No. 2 (negotiable securities)	Classification No. 3 (canceled coupons)	Classification No. 4 (all other)
1938	$29, 188	$2, 339	$4, 743	$739	$21, 367
1939	39, 504	4, 069	7, 193	820	27, 421
1940	41, 135	3, 810	9, 926	868	26, 531
1941	81, 633	12, 620	24, 766	873	43, 374
1942	107, 313	5, 909	34, 524	945	65, 935
1943	276, 320	5, 735	143, 994	1, 136	125, 454
1944	393, 482	8, 606	160, 534	2, 117	222, 225
1945	455, 318	6, 970	194, 933	3, 171	250, 243
1946	433, 850	4, 758	180, 081	3, 151	245, 860
1947	442, 136	4, 509	161, 321	3, 289	273, 019
1948	403, 652	3, 528	155, 138	3, 176	241, 811
1949	405, 111	4, 564	148, 285	3, 166	249, 096
1950 r	408, 045	3, 609	160, 156	2, 210	242, 069
1951	467, 215	4, 056	171, 182	2, 817	289, 160
	3, 983, 904	75, 083	1, 556, 777	28, 478	2, 323, 566

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals. Classifications Nos. 1, 2, and 3 include classes of valuables which were covered by Treasury's insurance contracts with private companies prior to enactment of the Government Losses in Shipment Act. The classes of valuables included in Classification No. 4 were not, as a general practice, insured by the Government prior to the effective date of the act.

r Revised.

TABLE 102.—*Estimated amounts of insurance premium savings to the Government on shipments made by or for the account of Government departments and agencies under coverage of the Government Losses in Shipment Act, as amended; calculated on three different bases, fiscal years 1938–51.*

Fiscal year during which shipments were made	Estimated insurance premium savings, calculated on basis of premium rates in effect for—		
	Fiscal year 1938 [1]	Fiscal year 1937 [2]	Fiscal years 1936–38 [3] (average)
1938	$160, 000	$200, 000	$192, 000
1939	456, 000	515, 000	503, 000
1940	504, 000	575, 000	537, 000
1941	798, 000	1, 145, 000	1, 098, 000
1942	863, 000	1, 239, 000	1, 188, 000
1943	3, 165, 000	3, 947, 000	3, 800, 000
1944	3, 584, 000	4, 471, 000	4, 303, 000
1945	4, 288, 000	5, 349, 000	5, 148, 000
1946	3, 929, 000	4, 901, 000	4, 718, 000
1947	3, 532, 000	4, 406, 000	4, 241, 000
1948	3, 380, 000	4, 216, 000	4, 058, 000
1949	3, 257, 000	4, 064, 000	3, 911, 000
1950 r	3, 472, 000	4, 332, 000	4, 169, 000
1951	3, 722, 000	4, 644, 000	4, 469, 000
	35, 110, 000	44, 004, 000	42, 335, 000

r Revised.
1 Year of lowest rates under insurance contract system.
2 Year when estimates of insurance premium savings were presented to Congress.
3 Last 3 years of Government insurance contract system.

TABLE 103.—*Agreements of indemnity issued by the Treasury under authority of the Government Losses in Shipment Act, as amended, August 10, 1939–June 30, 1951*

Agreements of indemnity	Number	Amount
Issued through June 30, 1950	250	$2,442,841.47
Issued during the fiscal year 1951	13	12,892.13
Total issued	263	2,455,733.60
Canceled through June 30, 1951	24	1,015,725.41
In force as of June 30, 1951	239	1,440,008.19

NOTE.—The Government has not sustained any actual monetary loss in connection with its liability under these agreements of indemnity.

TABLE 104.—*Number and amount of claims made and settled under authority of the Government Losses in Shipment Act, as amended, August 15, 1937–June 30, 1951*

Claims	Number	Amount
Total made through June 30, 1950	4,106	$3,063,293.82
Made during the fiscal year 1951:		
Processed by the Division of Deposits	120	113,893.93
Processed by the Bureau of the Public Debt	157	42,929.45
Total made through June 30, 1951	4,383	3,220,117.20
Settled through June 30, 1950	4,057	3,028,556.82
Settled during the fiscal year 1951:		
Processed by the Division of Deposits:		
Approved for payment out of the fund	62	6,468.58
Settled by credit in appropriate accounts	52	89,523.26
Settled without payment or credit	11	13,244.58
Losses of paid armed forces leave bonds and paid United States savings bonds, not lost in shipment, settled outside the provisions of the Government Losses in Shipment Act, as amended, through the Bureau of the Public Debt, by reducing the outstanding public debt liability and crediting the appropriate accounts	1	140.63
Processed by the Bureau of the Public Debt:		
Approved for payment out of the fund:		
United States savings bond redemption cases	144	40,491.48
Armed forces leave bond redemption cases	25	6,341.84
Total claims settled through June 30, 1951	4,352	3,184,767.19
Unadjusted as of June 30, 1951 [1]	31	35,350.01
	4,383	3,220,117.20

[1] Includes claims in process of adjustment by the Bureau of the Public Debt.

INTERNATIONAL CLAIMS

TABLE 105.—*Status of the Mexican claims fund, June 30, 1951*

	Amount
Claims certified for payment:	
By the Secretary of State:	
Decisions rendered by the General Claims Commission	$201, 461. 08
Appraisals agreed upon by the Commissioners designated by the Governments of the United States and Mexico, pursuant to the general claims protocol between the United States and Mexico signed Apr. 24, 1934	2, 599, 166. 10
Subtotal	2, 800, 627. 18
By the American-Mexican Claims Commission:	
Decisions under the provisions of secs. 4 (b), 4 (c), and 5 (d) of the act	37, 948, 200. 05
Total claims certified	40, 748, 827. 23
Status of the fund:	
Credits:	
Payments received from Government of Mexico under the agreement of Nov. 19, 1941:	
Under the agrarian claims agreement of 1938	3, 000, 000. 00
On exchange of ratifications of the agreement	3, 000, 000. 00
Annual installments due from Government of Mexico through November 1950	22, 500, 000. 00
Appropriation by Government of the United States on account of awards and appraisals made on behalf of Mexican nationals	533, 658. 95
Total credits	29, 033, 658. 95
Debits: Amounts paid to American nationals:	
Fiscal year 1943	637, 036. 24
Fiscal year 1944	6, 333, 636. 13
Fiscal year 1945	1, 443, 226. 94
Fiscal year 1946	4, 993, 915. 36
Fiscal year 1947	3, 076, 040. 35
Fiscal year 1948	4, 354, 144. 31
Fiscal year 1949	2, 821, 873. 65
Fiscal year 1950	2, 586, 320. 53
Fiscal year 1951	2, 628, 951. 89
Total debits	28, 875, 145. 40
Unexpended balance to the credit of the Chief Disbursing Officer June 30, 1951	158, 513. 55

TABLE 106.—*Number and amount of awards of the Mixed Claims Commission, United States and Germany, certified to the Secretary of the Treasury by the Secretary of State, the amount paid, and balance due, through June 30, 1951*

	Total number of awards	Total amount	Class I		Class II		Class III		Private Law 509, approved July 19, 1940		United States Government	
			Number of awards	Awards on account of death and personal injury	Number of awards	Awards of $100,000 and less	Number of awards	Awards over $100,000	Number of awards	Amount	Number of awards	Amount
1. Amount due on account:												
Principal of awards:												
Agreement of Aug. 10, 1922	4,734	$175,955,880.92	424	$3,549,437.75	3,996	$15,562,321.98	310	$114,809,326.78			4	$42,034,794.41
Agreement of Dec. 31, 1928	2,291	5,582,354.38	115	556,625.00	2,169	2,447,803.92	7	2,577,925.46				
Private Law 509	1	160,000.00							1	$160,000.00		
		181,698,235.30		4,106,062.75		18,010,125.90		117,387,252.24		160,000.00		42,034,794.41
Less amounts paid by Alien Property Custodian and others		187,226.85				48,012.50		139,214.35				
		181,511,008.45		4,106,062.75		17,962,113.40		117,248,037.89		160,000.00		42,034,794.41
Interest to Jan. 1, 1928, at rates specified in awards:												
Agreement of Aug. 10, 1922		78,751,456.32		745,302.98		7,113,930.76		51,682,897.36				19,209,325.22
Agreement of Dec. 31, 1928		2,649,630.04		115,976.22		971,159.15		1,562,494.67				
Private Law 509		64,000.00								64,000.00		
Total payable to Jan. 1, 1928		262,976,094.81		4,967,341.95		26,047,203.31		170,493,429.92		224,000.00		61,244,119.63
Interest thereon to date of payment or, if unpaid June 30, 1951, at 5 percent per annum as specified in the Settlement of War Claims Act, 1928		145,629,638.47		236,195.75		2,061,598.87		71,211,534.12		171,053.58		71,949,256.15
Total due claimants	7,026	408,605,733.28	539	5,203,537.70	6,165	28,108,802.18	317	241,704,964.04	1	395,053.58	4	133,193,375.78
2. Payments made on account through June 30, 1951:												
Principal of awards:												
Agreement of Aug. 10, 1922	4,717	146,101,192.25	424	3,549,437.75	3,983	15,497,158.79	310	[1] 127,054,595.71				
Agreement of Dec. 31, 1928	2,271	6,142,794.02	115	556,625.00	2,149	2,445,886.69	7	[1] 3,140,282.33				
Private Law 509	1	165,053.06							1	[2] 165,053.06		
Interest to Jan. 1, 1928, at rates specified in awards:												
Agreement of Aug. 10, 1922		7,852,463.96		745,302.98		7,107,160.98						
Agreement of Dec. 31, 1928		1,086,361.01		115,976.22		970,384.79						
Private Law 509												

Interest at 5 percent from Jan. 1, 1928, to date of payment as directed by the Settlement of War Claims Act of 1928		11, 055, 557. 51		236, 195. 75		2, 045, 380. 09		[3] 8, 751, 323. 04		[3] 22, 658. 63		
Total payment through June 30, 1951		172, 403, 421. 81		5, 203, 537. 70		28, 065, 971. 34		138, 946, 201. 08		187, 711. 69		
Less ½ of 1 percent deduction from each payment:												
Agreement of Aug. 10, 1922		[4] 820, 633. 18		22, 249. 66		121, 173. 14		677, 210. 38				
Agreement of Dec. 31, 1928		[5] 40, 445. 83		3, 767. 97		19, 156. 68		17, 521. 18				
Private Law 509		[4] 938. 55								938. 55		
Net payments made to claimants through June 30, 1951	6, 989	171, 541, 404. 25	539	5, 177, 520. 07	6, 132	27, 925, 641. 52	317	138, 251, 469. 52	1	186, 773. 14		
3. Balance due on account:												
Principal of awards:												
Agreement of Aug. 10, 1922	327	100, 559, 684. 40			13	17, 150. 69	310	39, 298, 414. 08			4	61, 244, 119. 63
Agreement of Dec. 31, 1928	27	1, 002, 055. 03			20	1, 917. 23	7	1, 000, 137. 80				
Private Law 509	1	58, 946. 94							1	58, 946. 94		
Interest to Jan. 1, 1928, at rates specified in awards:												
Agreement of Aug. 10, 1922		6, 769. 78				6, 769. 78						
Agreement of Dec. 31, 1928		774. 36				774. 36						
Accrued interest at 5 percent per annum from Jan. 1, 1928, on total amount payable as of Jan. 1, 1928, through June 30, 1951		134, 574, 080. 96				[6] 16, 218. 78		62, 460, 211. 08		148, 394. 95		71, 949, 256. 15
Balance due claimants through June 30, 1951	355	236, 202, 311. 47			33	42, 830. 84	317	102, 758, 762. 96	1	207, 341. 89	4	133, 193, 375. 78

[1] Includes payments on account of interest to Jan. 1, 1928. Payments on this class of awards are first applied on account of the total amount payable as of Jan. 1, 1928, as directed by the Settlement of War Claims Act of 1928 until total of all payments on the 3 classes equals 80 percent of the amount payable Jan. 1, 1928. Payment of accrued interest since Jan. 1, 1928, on this class of claims deferred in accordance with act.

[2] Includes payments on account of interest to Jan. 1, 1928.

[3] Payments made in accordance with Public Law 375, approved Aug. 6, 1947.

[4] Represents deductions from payments that have been covered into the Treasury as miscellaneous receipts.

[5] Of this amount, $24,150.09 has been paid to the Government of Germany. A further sum of $16,295.74 is payable in connection with the adjudication of late claims under the agreement of Dec. 31, 1928.

[6] Interest accrued from Jan. 1, 1928, to Mar. 11, 1940, on $26,612.06 representing awards plus interest to Jan. 1, 1928. No applications filed by claimants. Time for filing applications expired Mar. 11, 1940.

MISCELLANEOUS

TABLE 107.—*Treasury cash income and outgo, fiscal years 1942–51*

[In millions of dollars]

	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951
1. SUMMARY OF TREASURY CASH TRANSACTIONS										
Cash operations other than borrowing:										
Cash operating income:										
Cash budget receipts	12, 663	22, 137	43, 925	45, 519	38, 902	39, 884	41, 804	38, 145	36, 925	47, 887
Cash trust account receipts	2, 542	3, 037	3, 936	4, 721	4, 937	3, 707	3, 595	3, 483	4, 046	5, 552
Total	15, 205	25, 174	47, 861	50, 240	43, 839	43, 591	45, 400	41, 628	40, 970	53, 439
Cash operating outgo:										
Cash budget expenditures	33, 433	78, 424	93, 845	95, 952	57, 422	33, 190	32, 482	37, 517	36, 977	41, 795
Cash trust account expenditures	1, 068	485	111	−768	4, 316	3, 270	2, 944	3, 328	6, 868	3, 807
Exchange stabilization fund [1]	-------	-------	-------	-------	-------	1, 026	563	98	−207	−13
Clearing account for outstanding checks, etc	-------	-------	-------	-------	-------	−555	507	−366	−483	214
Total	34, 501	78, 909	93, 956	95, 184	61, 738	36, 931	36, 496	40, 576	43, 155	45, 804
Net cash operating income, or outgo (−)	−19, 294	−53, 735	−46, 095	−44, 945	−17, 899	6, 659	8, 903	1, 051	−2, 185	7, 635
Net cash borrowing, or repayment of borrowing (−)	19, 652	60, 250	56, 757	49, 474	7, 439	−19, 389	−7, 280	−2, 513	4, 231	−5, 795
Increase, or decrease (−), in general fund balance	358	6, 515	10, 662	4, 529	−10, 460	[2]−10, 930	1, 624	−1, 462	2, 047	1, 839
Memorandum: Net receipts from exercise of monetary authority [3]	101	77	43	78	302	60	37	46	25	43
2. DERIVATION OF CASH BUDGET RECEIPTS										
Net budget receipts	12, 696	22, 202	43, 892	44, 762	40, 027	40, 043	42, 211	38, 246	37, 045	48, 143
Plus: Noncash items deducted from budget receipts:										
Excess profits tax refund bonds [4]	-------	-------	134	894	−970	−39	−10	−4	−1	−1
Less: Noncash budget receipts:										
Payments to Treasury by Government agencies:										
Interest:										
Reconstruction Finance Corporation	1	24	54	83	90	91	89	1	17	20
Other	5	13	13	26	27	13	23	34	57	149
Repayment of capital stock and paid-in surplus [5]	-------	-------	-------	-------	-------	-------	270	38	27	65
Reimbursement for administrative expenses [6]	27	27	33	27	37	16	14	24	17	21
Total	33	64	100	136	155	120	396	96	119	255
Equals: Cash budget receipts	12, 663	22, 137	43, 925	45, 519	38, 902	39, 884	41, 804	38, 145	36, 925	47, 887

3. Derivation of Cash Budget Expenditures										
Total budget expenditures	34,187	79,622	95,315	98,703	60,703	39,289	33,791	40,057	40,167	44,633
Less: Noncash budget expenditures:										
Interest payments by Treasury:										
On savings bonds and Treasury bills [7]	81	130	213	342	435	467	559	580	574	638
To Government corporations not wholly owned [8]	----	2	3	4	22	25	24	29	32	31
To trust funds and accounts	207	254	325	429	567	646	746	841	880	892
Transfers to trust accounts	384	440	559	1,659	1,927	1,361	1,178	916	1,383	972
Payroll deductions for Government employees' retirement	88	227	269	290	281	259	236	327	358	378
Budget expenditures involving issuance of Federal securities: [9]										
Armed forces leave bonds	----	----	----	----	----	1,846	−1,221	−164	−95	−160
Adjusted service bonds	−12	−7	−5	−108	−86	−8	−4	−2	−2	−1
Notes issued to International Bank and Fund	----	----	----	----	----	1,366	−350	−25	−41	----
Payments to Treasury by Government agencies:										
Interest	6	37	67	108	118	105	112	33	73	87
Investments in Federal securities	----	115	39	25	18	31	30	6	28	----
Total	754	1,198	1,470	2,750	3,281	6,099	1,309	2,540	3,190	2,837
Equals: Cash budget expenditures	33,433	78,424	93,845	95,952	57,422	33,190	32,482	37,517	36,977	41,795
4. Derivation of Cash Trust Account Transactions										
Total receipts	3,218	3,954	5,085	7,086	7,712	6,244	6,515	5,714	6,669	7,796
Less: Noncash receipts:										
Interest on investments in Federal securities	207	254	325	429	567	646	746	841	880	892
Transfers shown as budget expenditures	381	435	556	1,646	1,927	1,361	1,178	916	1,383	972
Payroll deductions for Government employees' retirement	88	227	269	290	281	259	236	327	358	378
Other [10]	----	----	----	----	----	271	760	148	2	2
Total noncash receipts	676	916	1,150	2,365	2,775	2,538	2,920	2,232	2,623	2,244
Equals: Cash receipts	2,542	3,037	3,936	4,721	4,937	3,707	3,595	3,483	4,046	5,552
Total trust account and other expenditures [11]	4,830	4,292	7,307	6,294	8,236	7,347	6,810	6,209	6,570	7,117
Less: Noncash expenditures:										
Investments in Federal securities:										
By trust funds and accounts	1,925	3,004	4,129	5,200	3,668	3,362	3,060	2,311	−405	3,369
By Government agencies [12]	5	88	167	299	141	147	−99	313	69	[12] 187
Other [13]	1,832	714	2,902	1,563	110	568	904	258	37	−246
Total noncash expenditures	3,763	3,806	7,197	7,062	3,919	4,076	3,865	2,881	−298	3,310
Equals: Cash expenditures	1,068	485	111	−768	4,316	3,270	2,944	3,328	6,868	3,807

Footnotes at end of table.

TABLE 107.—*Treasury cash income and outgo, fiscal years 1942–51*—Continued

	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951
5. DERIVATION OF CASH BORROWING OR REPAYMENT OF BORROWING										
Increase, or decrease (−), in Federal securities outstanding:										
Public debt	23,461	64,274	64,307	57,679	10,740	−11,136	−5,994	478	4,587	−2,135
Guaranteed obligations	−1,802	−468	−2,477	−1,190	43	−387	−16	−46	−8	10
Total Federal securities	21,659	63,806	61,830	56,489	10,783	−11,523	−6,010	432	4,579	−2,126
Less: Noncash debt transactions:										
Net investments in Federal securities:										
By trust funds and accounts	1,925	3,004	4,129	5,200	3,668	3,362	3,060	2,311	−405	3,369
By Government agencies	5	203	206	324	159	178	−69	319	97	187
Issuance of Federal securities resulting from budget expenditures, etc., or refunds of receipts:										
Armed forces leave bonds [9]						1,793	−1,229	−164	−95	−160
Adjusted service bonds [9]	−12	−7	−5	−108	−86	−8	−4	−2	−2	−1
Notes for International Bank and Fund [1]						2,140	−913	−123	166	13
Excess profits tax refund bonds [4]			134	894	−970	−39	−10	−4	−1	−1
Interest on savings bonds and Treasury bills [7]	81	130	213	342	435	467	559	580	574	638
Net transactions in guaranteed securities not reflected in Treasurer's accounts	7	131	207	86	203					
Total	2,006	3,461	4,883	6,738	3,409	7,892	1,394	2,916	334	4,045
Plus: Cash issuance of nonguaranteed securities of Federal agencies	(*)	−95	−190	−277	66	28	123	−28	−14	374
Equals: Net cash borrowing, or repayment of borrowing (−)	19,652	60,250	56,757	49,474	7,439	−19,389	−7,280	−2,513	4,231	−5,795

NOTE.—This table is designed to bring together in one place an analysis of the flow of funds to and from the Federal Government on a cash basis. Budget and trust fund operations have been consolidated and intragovernmental transactions have been eliminated in the derivation of figures on Treasury cash operating income and outgo. Similarly, intragovernmental transactions have been excluded from public debt transactions and figures have been derived on net cash borrowing or repayment of borrowing by the Federal Government as a whole (including all Government corporations and trust funds) from the general public; this category includes the Federal Reserve Banks, Postal Savings System, and State and local governments, as well as private institutions, corporations, associations, and individuals. Figures are based on daily Treasury statements.

*Less than $500,000.

[1] The United States subscription to the capital of the International Monetary Fund was paid in part from the exchange stabilization fund. United States payments to the Fund in 1947 consisted of $1,800 million paid from the exchange stabilization fund and $950 million paid as budget expenditures. Of this total, $1,724 million (net) was invested in noninterest-bearing United States notes, thereby making this amount noncash expenditures during 1947. Of the $1,026 million cash portion of the expenditures, $968 million was assumed to have come from the initial exchange stabilization fund payment and the remaining $58 million represented redemption later in 1947 of notes assumed to have been acquired through the stabilization fund payment. Accordingly, the noncash payments to the Fund are made up of $774 million from the exchange stabilization fund and $950 million from the budget payment.

[2] In addition to this decrease in the general fund balance, the exchange stabilization fund was drawn down by $1,800 million for subscription to the capital of the International Monetary Fund. (See footnote 1.)

[3] Consists of seigniorage on silver and increment resulting from reduction in weight of the gold dollar. This item is part of the cash budget receipts of the Treasury shown in this table, but is excluded from the concept of "Receipts from the public," as used in the Budget document.

[4] The issuance of these securities has been treated as a noncash deduction from budget receipts at the time of issuance of the bonds and as a cash deduction at the time of redemption of the bonds. The figures shown are net issuance, or net redemption (−).

[5] By Government corporations not wholly owned.

[6] By Federal old-age and survivors insurance trust fund through October 1948. Thereafter includes also transfers from railroad unemployment insurance account to railroad unemployment administration fund, and reimbursement by the District of Columbia.

[7] Accrued discount on savings bonds and bills less interest paid on savings bonds and bills redeemed.

[8] Interest payments to wholly owned Government corporations are not deducted because they are treated as negative expenditures when received by corporations; hence payments and receipts offset each other.

[9] The issuance of these securities has been treated as a noncash budget expenditure at the time of issuance of these securities and as a cash expenditure at the time of redemption. The figures shown are net issuance, or net redemption (−).

[10] Includes District of Columbia contribution for employees retirement fund. In 1947, 1948, and 1949 principally proceeds of ship sales carried in trust accounts pending allocation, but finally allocable to budget receipts from sale of surplus property. Figures for 1947 and 1948 include $53 million and $8 million, respectively, of armed forces leave bonds redeemed for insurance premiums; after Aug. 31, 1947, all these bonds were redeemable for cash.

[11] Includes net investments of Government agencies in public debt securities and net redemption, or issuance (−), in the market, of securities of Government agencies. Excludes clearing account for outstanding checks and interest coupons, and telegraphic reports from Federal Reserve Banks (see 1. Summary of Treasury Cash Transactions).

[12] Prior to 1951 consists of net investments of corporations not wholly owned; beginning with that year, includes also those of wholly owned corporations and agencies which for prior years are included in budget expenditures.

[13] Principally proceeds of ship sales (see footnote 10); F. D. I. C. repayments of capital stock until repayment was completed in August 1948; and net redemption, or issuance (−), in the market of securities of Government corporations.

TABLE 108.—*Federal fiscal operations and the Nation's financial structure, fiscal years 1942–51*

[In billions of dollars]

	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951
A. Federal fiscal operations:[1]										
Federal budget expenditures	34.2	79.6	95.3	98.7	60.7	39.3	33.8	40.1	40.2	44.6
Less: Federal budget receipts	12.7	22.2	43.9	44.8	40.0	40.0	42.2	38.2	37.0	48.1
Equals: Federal deficit, or surplus (−)	21.5	57.4	51.4	53.9	20.7	−.8	−8.4	1.8	3.1	−3.5
Increase in general fund balance	.4	6.5	10.7	4.5	−10.5	−10.9	1.6	−1.5	2.0	1.8
Net expenditures, or receipts (−), of trust accounts, etc.[2]	−.2	−.1	−.3	−2.0	.6	.2	.8	.1	−.6	−.5
Net increase in Federal securities outstanding[3]	21.7	63.8	61.8	56.5	10.8	−11.5	−6.0	.4	4.6	−2.1
B. Federal budget expenditures and gross national product:[4]										
Federal budget expenditures	34.2	79.6	95.3	98.7	60.7	39.3	33.8	40.1	40.2	44.6
Less: Expenditures not involving purchases of production[5]	4.2	7.2	9.7	8.7	19.3	22.2	[r] 16.4	[r] 15.4	[r] 17.0	14.7
Equals: Federal purchases of goods and services	30.0	72.4	85.6	90.0	41.4	17.1	17.3	[r] 24.7	[r] 23.1	30.0
State and local purchases of goods and services	7.9	7.5	7.5	7.7	8.7	11.3	14.1	16.9	[r] 19.0	20.6
Gross private domestic investment	17.1	4.9	8.1	8.0	19.0	29.5	[r] 35.7	[r] 39.7	[r] 37.7	58.8
Net foreign investment	.7	−1.2	−2.6	−2.1	1.9	7.3	[r] 5.8	[r] .9	[r] −1.0	−2.1
Personal consumption expenditures	86.4	97.1	106.3	116.8	132.5	157.5	172.5	[r] 179.5	[r] 183.8	202.4
Gross national product	142.1	180.7	204.8	220.5	203.6	222.7	245.5	[r] 261.7	[r] 262.6	309.6
C. Federal budget receipts and charges against gross national product:[4]										
Federal budget receipts	12.7	22.2	43.9	44.8	40.0	40.0	42.2	38.2	37.0	48.1
Less: Receipts not involving gross income flow[6]	−7.3	−7.4	(*)	.3	2.0	−3.3	−2.1	[r] −2.3	[r] −5.6	−15.1
Equals: Federal receipts chargeable to gross income flow	20.0	29.6	43.9	44.5	38.0	43.3	44.3	[r] 40.5	[r] 42.6	63.2
State and local receipts chargeable to gross income flow	9.7	9.8	10.0	10.4	11.3	12.9	14.9	[r] 16.6	[r] 18.2	20.5
Corporate undistributed profits, depreciation, etc.[7]	14.3	16.1	19.1	22.2	15.6	17.4	[r] 23.3	[r] 28.7	[r] 29.9	28.0
Disposable personal income	102.2	129.6	137.1	150.2	152.4	163.6	[r] 178.9	[r] 191.1	[r] 191.4	213.9
Total gross income flow	146.2	185.0	210.1	227.2	217.3	237.3	261.4	[r] 277.0	[r] 282.0	325.6
Less: Government interest and transfer payments	4.1	4.3	5.3	6.7	13.7	14.6	15.9	[r] 15.3	19.4	16.0
Equals: Charges against gross national product	142.1	180.7	204.8	220.5	203.6	222.7	245.5	[r] 261.7	[r] 262.6	309.6
D. Major liquid assets of private nonbank investors: Sources of expansion:										
Federal Government transactions:[1]										
Budget deficit, or surplus (−)	21.5	57.4	51.4	53.9	20.7	−.8	−8.4	1.8	3.1	−3.5
Net expenditures, or receipts (−), of trust accounts, etc.[2]	−.2	−.1	−.3	−2.0	.6	.2	.8	.1	−.6	−.5
Net increase in investment in Federal securities by Government investment accounts (−)	−2.1	−3.7	−4.8	−5.8	−4.2	−3.7	−3.0	−2.5	.5	−3.1
Total	19.2	53.6	46.4	46.1	17.1	−4.3	−10.6	−.6	3.0	−7.1

Other expansion factors:										
Increase in monetary stock	.3	−.4	−1.6	−1.2	−.1	1.0	2.3	1.0	−.2	−2.4
Increases in commercial bank loans and investments other than Federal securities	−.3	−3.1	3.1	3.1	4.5	7.2	6.8	1.5	5.5	11.5
Miscellaneous factors [8]	.3	−.5	−2.2	−.8	.2	2.2	r−.8	−1.0	−1.2	.9
Total other expansion factors	.3	−3.9	−.6	1.2	4.6	10.5	8.4	1.5	4.1	10.0
Total increases in major forms of liquid assets	19.5	49.7	45.8	47.3	21.7	6.2	−2.2	.8	7.1	2.9
E. Major liquid assets of private nonbank investors: Composition of increases:										
Currency and bank deposits: [9]										
Currency [10]	2.8	4.3	5.1	4.3	1.5	−.2	−.6	−.3	(*)	.6
Commercial bank deposits: [11]										
Demand [12]	4.3	14.1	3.8	9.0	10.6	2.8	.5	−.9	3.2	3.9
Time	−.3	1.9	3.7	6.0	5.3	2.4	1.0	.5	.4	1.1
Total	6.8	20.3	12.6	19.3	17.3	5.1	.9	−.7	3.6	5.6
Federal securities	12.7	29.4	33.2	28.0	4.4	1.2	−3.0	1.5	3.5	−2.7
Total increases in major liquid assets of private nonbank investors	19.5	49.7	45.8	47.3	21.7	6.2	−2.2	.8	7.1	2.9
F. Bank absorption of Federal securities and expansion of currency and bank deposits:										
Increases in currency and bank deposits held by private nonbank investors	6.8	20.3	12.6	19.3	17.3	5.1	.9	−.7	3.6	5.6
Plus: Increase in Treasury general fund balance	.4	6.5	10.7	4.5	−10.5	−10.9	1.6	−1.5	2.0	1.8
Equals: Total increase in deposits and currency	7.1	26.8	23.3	23.8	6.9	−5.9	2.5	−2.1	5.6	7.5
Less: Increases accounted for by other expansion factors (D above)	.3	−3.9	−.6	1.2	4.6	10.5	8.4	1.5	4.1	10.0
Equals: Net bank absorptions of Federal securities	6.8	30.7	23.9	22.7	2.2	−16.4	−5.9	−3.6	1.5	−2.5

NOTE.—The concept of private nonbank investors differs from that of nonbank investors used in previous annual reports because of the exclusion of the Government investments accounts.

*Less than $50 million.

r Revised.

1 Operations of Foreign Economic Cooperation trust fund have been considered as budget, rather than trust account, operations for purposes of this table.

2 Includes net expenditures of clearing account for outstanding checks and interest coupons, and telegraphic reports from Federal Reserve Banks; excludes changes in guaranteed securities outstanding.

3 Gross public debt, and guaranteed securities of Federal Government held outside Treasury.

4 Data on gross national product and its components are from Department of Commerce.

5 Includes expenditures for interest, veterans' pensions and benefits, grants-in-aid to State and local governments, loans to foreign governments, loans by Government corporations, etc.

6 Comprises net excess of (1) items such as receipts from sales of surplus property over (2) social insurance contributions not entering into budget receipts and excess of corporate tax liabilities over corporate tax payments to Treasury.

7 Also includes corporate inventory valuation adjustment, excess of Government enterprise surplus over subsidies, excess of wage accruals over disbursements, and statistical discrepancy adjustment.

8 Reflects principally items in process of collection and, as a negative factor, increases in commercial bank capital accounts.

9 Excludes deposits in mutual savings banks since these institutions are classified as nonbank investors rather than as part of the commercial banking system.

10 Currency held outside commercial banks excludes those currency items which constitute a part of noninterest-bearing debt of Federal Government.

11 Total deposits, exclusive of Federal Government and commercial bank interbank deposits.

12 Adjusted demand deposits, plus mutual savings banks' deposits in commercial banks.

TABLE 109.—*Status as of June 30, 1951, of the special trust account for the payment of bonds of the Philippines, its provinces, cities, and municipalities, issued prior to May 1, 1934, under authority of acts of Congress*

I. RECEIPTS AND EXPENDITURES (EXCLUSIVE OF PURCHASES AND SALES OF INVESTMENTS)

	Amount
Receipts:	
Taxes on exports	$1,586,135.92
Interest on investments	1,564,913.53
Profits and losses on investments	575,036.47
Sale of stock of Bank of the Philippine Islands	43,100.00
Deposit of Philippine Government	13,141.85
U. S. Treasury bonds received from the Philippine Government	6,269,750.00
Annual payments by the Philippine Government	11,595,589.37
Total receipts	21,647,667.14
Expenditures	
Balance in fund	21,647,667.14

II. FUND ASSETS

Assets	Face amount	Principal cost
Investments:		
U. S. Government bonds:		
2½% savings bonds, Series G-1947, 1948, 1949, 1950	$400,000.00	$400,000.00
1.40% savings notes, Series D-1952	105,000.00	105,000.00
1¼% Treasury notes of Nov. 1, 1951	1,018,000.00	1,016,355.44
1⅞% Treasury certificates of indebtedness of Apr. 1, 1952	143,000.00	143,201.09
2% Treasury bonds of 1951-55	91,000.00	90,914.69
2¼% Treasury bonds of 1952-55	7,307,300.00	7,373,280.95
2¼% Treasury bonds of June 15, 1959-62	25,000.00	25,075.52
2¼% Treasury bonds of Dec. 15, 1959-62	3,921,000.00	3,968,057.54
2½% Treasury bonds of 1952-54	361,550.00	365,545.52
2⅞% Treasury bonds of 1955-60	1,100,000.00	1,100,000.00
2¼% Treasury bonds of 1956-59	3,265,500.00	3,318,906.97
2½% Treasury bonds of 1956-58	548,550.00	559,610.86
2½% Treasury bonds of 1962-67	148,300.00	153,235.44
2½% Treasury bonds of 1963-68	648,000.00	667,808.55
Total United States securities	19,082,200.00	19,286,992.57
Philippine Government bonds:		
5% due Feb. 1, 1952	238,000.00	245,439.24
4½% due July 1, 1952	417,000.00	426,068.68
4½% due July 15, 1952	1,200,000.00	1,239,131.70
5% due Apr. 1, 1955	21,000.00	19,877.50
4½% due May 1, 1957	5,000.00	5,357.92
4½% due July 1, 1957	99,000.00	109,121.92
4½% due Mar. 1, 1958	46,000.00	50,029.64
4½% due Apr. 1, 1958	81,000.00	91,721.45
4½% due Apr. 1, 1959	73,000.00	77,142.60
4½% due Sept. 15, 1959	41,000.00	45,024.72
4½% due Oct. 1, 1959	33,000.00	37,885.59
4½% due Oct. 15, 1959	7,000.00	7,684.22
Total Philippine securities	2,261,000.00	2,354,485.18
Total investments	21,343,200.00	21,641,477.75
Accrued interest purchased		4,534.51
Cash balance with Treasurer of the United States		1,654.88
Total		21,647,667.14

TABLE 110.—*Assets and liabilities of the exchange stabilization fund, June 30, 1950 and 1951*

Assets and liabilities	June 30, 1950		June 30, 1951	
ASSETS				
Cash:				
Treasurer of the United States, checking account	$7,133,087.51		$57,890,727.52	
Federal Reserve Bank of New York, special account	146,787,230.93		104,103,418.69	
Disbursing officers' balances and advance accounts	14,055.02		10,559.97	
Total cash		$153,934,373.46		$162,004,706.18
Special accounts of Secretary of the Treasury in Federal Reserve Bank of New York:				
Special account No. 1, gold (schedule 1)		99,858,944.55		115,769,670.31
Due from foreign banks (foreign exchange):				
Swiss francs	9.48		9.48	
Indian rupees	9,733,708.13		7,808,268.38	
Mexican pesos	15,000,000.00			
Pakistan rupees	2,906,252.02		2,325,165.16	
Total due from foreign banks		27,639,969.63		10,133,443.02
Investments in United States Government securities (schedule 2)		20,000,000.00		20,000,000.00
Accrued interest receivable (schedule 2)		82,936.11		82,936.11
Accounts receivable		2,925.41		3,894.48
Other accounts (deferred charges)				
Commodity sales contracts (deferred charges)				
Total assets		301,519,149.16		307,994,650.10
LIABILITIES AND CAPITAL				
Accounts payable:				
Vouchers payable	2,161.30		3,603.94	
Employees' payroll allotment account, United States savings bonds	959.13		936.40	
Miscellaneous	101,145.97		385,186.49	
Total accounts payable		104,266.40		389,726.83
Reserve for expenses and contingencies (net)		8,876,228.70		9,044,078.17
Capital accounts		200,000,000.00		200,000,000.00
Earnings less administrative expenses (schedules 3 and 4)		92,538,654.06		98,560,845.10
Total liabilities and capital		301,519,149.16		307,994,650.10

TABLE 110.—*Assets and liabilities of the exchange stabilization fund, June 30, 1950 and 1951*—Continued

SCHEDULE 1. LOCATION OF GOLD HELD BY AND FOR ACCOUNT OF THE EXCHANGE STABILIZATION FUND [1]

	June 30, 1950		June 30, 1951	
	Ounces	Dollars	Ounces	Dollars
Federal Reserve Bank of N. Y.	2, 483, 026. 366	86, 905, 922. 82	2, 289, 189. 759	80, 121, 641. 56
U. S. Assay Office, New York	370, 086. 338	12, 953, 021. 73	1, 018, 515. 096	35, 648, 028. 75
Total gold	2, 853, 112. 704	99, 858, 944. 55	3, 307, 704. 855	115, 769, 670. 31

[1] Excludes gold held by Treasurer of the United States.

SCHEDULE 2. UNITED STATES GOVERNMENT SECURITIES HELD BY THE EXCHANGE STABILIZATION FUND

Issue	June 30, 1951			
	Face value	Cost	Average price	Accrued interest
2½% U. S. Treasury bonds of 1965-70	$10, 000, 000	$10, 000, 000	100. 0000	$72, 690. 21
2½% U. S. Treasury bonds of 1967-72	10, 000, 000	10, 000, 000	100. 0000	10, 245. 90
Total U. S. Government securities	20, 000, 000	20, 000, 000		82, 936. 11

TABLE 110.—*Assets and liabilities of the exchange stabilization fund, June 30, 1950 and 1951*—Continued

SCHEDULE 3. EARNINGS OF THE EXCHANGE STABILIZATION FUND

Source	Jan. 31, 1934 through June 30, 1950	Jan. 31, 1934 through June 30, 1951
Profits on British sterling transactions	$310,638.09	$310,638.09
Profits on French franc transactions	351,527.60	351,527.60
Profits on gold bullion (including profits from handling charges on gold)	42,579,013.09	49,385,251.78
Profits on gold and exchange transactions	40,000,000.00	40,000,000.00
Profits on silver transactions	102,735.27	102,735.27
Profits on sale of silver bullion to Treasury	3,473,362.29	3,473,362.29
Profits on investments	1,876,790.55	1,876,790.55
Interest on investments	7,198,066.89	7,698,066.89
Miscellaneous profits	861,546.93	861,546.93
Interest earned on foreign balances	2,817,573.61	2,849,683.19
Interest earned on Chinese yuan	1,975,317.07	1,975,317.07
Total earnings	101,546,571.39	108,884,919.66

SCHEDULE 4. ADMINISTRATIVE EXPENSE OF THE EXCHANGE STABILIZATION FUND

Classification	Jan. 31, 1934 through June 30, 1950	Jan. 31, 1934 through June 30, 1951
Personal services	$6,340,336.99	$7,462,286.92
Travel	334,641.51	392,969.30
Transportation of things	627,369.27	654,147.75
Communications	521,943.66	539,422.99
Supplies and materials	79,512.17	88,926.40
Other	1,104,113.73	1,186,321.20
Total administrative expenses	9,007,917.33	10,324,074.56

TABLE 111.—*Foreign currency transactions in the accounts of the Treasurer of the United States during 1951 and balances June 30, 1950 and 1951*

Currency	Foreign currency value				U. S. dollar value, balance June 30, 1951
	Balance June 30, 1950	Fiscal year 1951		Balance June 30, 1951	
		Receipts	Sold or transferred [1]		
Australian pounds	368,784	72,000	285,402	155,382	$347,861
Austrian schillings	38,708,623	122,066,232	48,306,203	112,468,652	4,325,717
Belgian francs	2,160,145	62,501,699	64,661,400	444	8
Bolivian bolivianos	22,418,878	282,928	541,773	22,160,033	221,600
British pounds	600,000	766,242	1,366,242	---	---
British East African shillings	6,365	---	6,365	---	---
British West Indies dollars	1,573	2,549	4,122	---	---
Burmese rupees	661,372	2,744,301	3,405,114	559	117
Canadian dollars	3	662,634	662,634	3	2
Ceylonese rupees	---	1,733,156	---	1,733,156	364,122
Chilean pesos	18,831,728	---	700,000	18,131,728	235,476
Colombian pesos	152,032	190,000	189,579	152,453	60,981
Costa Rican colones	653,748	302,000	753,748	202,000	26,684
Czechoslovakian crowns	---	9,629	9,629	---	---
Danish kroner	1,409,159	8,996,426	2,851,284	7,554,301	1,094,822
German marks	2,650,577	19,845,115	17,676,808	4,818,884	1,147,352
Ecuadorian sucres	409,378	530,250	409,378	530,250	34,999
Egyptian pounds	2,315,154	---	487,198	1,827,956	5,265,456
French francs	3,640,401,845	7,528,310,472	9,665,739,227	1,502,973,090	4,703,451
Greek drachmas	63,414,512,000	16,125,000,000	48,572,772,750	30,966,739,250	2,064,449
Hungarian forints	---	873,847	873,847	---	---
Icelandic kroner	802,524	3,256,652	1,243,252	2,815,924	172,861
Indian rupees	35,734,725	---	2,948,151	32,786,574	6,888,225
Indonesian guilders	214,000	3,990,000	3,614,000	590,000	77,631
Iranian rials	104,457,277	---	64,447,616	40,009,661	701,923
Iraqui dinars	736,144	1,000	107,180	629,964	1,769,411
Israeli pounds	100,606	---	394	100,212	280,705
Italian lire	496,913,475	3,067,366,564	3,376,780,039	187,500,000	300,000
Japanese yen	---	888,042,205	12,520,205	875,522,000	2,432,005
Jordan dinars	2,952	99,875	3,362	99,465	278,629
Korean won	280,650,274	895,613,328	400,000,000	776,263,602	129,377
Mexican pesos	---	8,640,000	5,029,902	3,610,098	417,352
Netherlands guilders	385,863	14,907,327	14,021,267	1,271,923	335,660
Norwegian kroner	1,021,223	6,818,365	4,879,527	2,960,061	414,864
Pakistan rupees	9,569,191	---	376,555	9,192,636	2,785,647
Peruvian soles	---	80,900	80,900	---	---
Thailand bahts	---	6,243,250	5,794,070	449,180	21,162
South African pounds	3	23,000	23,000	3	8
Spanish pesetas	---	30,761,359	---	30,761,359	615,227
Swedish kroner	---	2,100,000	2,100,000	---	---
Trieste lire	---	27,000,000	27,000,000	---	---
Turkish lire	200,000	526,000	726,000	---	---
Total	---	---	---	---	37,513,784

[1] Includes amounts transferred to Department of State as shown in statement on p. 97.

TABLE 112.—*Indebtedness of foreign governments to the United States arising from World War I, and payments thereon, as of Nov. 15, 1951*

Country	Total indebtedness	Indebtedness			Payments				Total payments
		Principal		Interest	Principal		Interest		
		Due and unpaid [1]	Other	Due and unpaid [1]	Funded debts	Unfunded debts	Funded debts	Unfunded debts	
Armenia	$30,979,054.55	$11,959,917.49		$19,019,137.06					
Austria [2]	26,024,539.59	11,858,459.70	$14,122,020.96	44,058.93	$862,668.00				$862,668.00
Belgium	553,475,077.60	97,500,000.00	303,180,000.00	152,795,077.60	17,100,000.00	$2,057,630.37	$14,490,000.00	$18,543,642.87	52,191,273.24
Cuba						10,000,000.00		2,286,751.58	12,286,751.58
Czechoslovakia	202,597,250.98	45,886,108.90	119,355,000.00	37,356,142.08	19,829,914.17			304,178.09	20,134,092.26
Estonia	[3] 27,926,880.81	3,016,012.87	13,450,000.00	11,460,867.94			1,246,990.19	1,441.88	1,248,432.07
Finland	7,594,568.90		7,150,872.76	[4] 443,696.14	1,849,127.24		7,379,252.06	309,315.27	9,537,694.57
France	5,088,171,476.89	1,120,324,330.61	2,743,325,669.39	1,224,521,476.89	161,350,000.00	64,689,588.18	38,650,000.00	221,386,302.82	486,075,891.00
Great Britain	7,327,059,301.93	779,000,000.00	3,589,000,000.00	2,959,059,301.93	232,000,000.00	202,181,641.56	1,232,775,999.07	357,896,657.11	2,024,854,297.74
Greece	39,706,495.10	18,041,000.00	13,475,000.00	8,190,495.10	981,000.00	2,922.67	1,983,980.00	1,159,153.34	4,127,056.01
Hungary [5]	[3] 3,139,159.02	325,620.00	1,582,940.00	1,230,599.02	73,995.50		482,171.22	753.04	556,919.76
Italy	2,088,600,159.34	338,100,000.00	1,666,800,000.00	83,700,159.34	37,100,000.00	364,319.28	5,766,708.26	57,598,852.62	100,829,880.16
Latvia	[3] 11,550,288.04	1,236,664.20	5,642,800.00	4,670,823.84	9,200.00		621,520.12	130,828.95	761,549.07
Liberia						26,000.00		10,471.56	36,471.56
Lithuania	[3] 10,357,544.94	1,096,415.00	5,101,267.00	4,159,862.94	234,783.00		1,001,626.61	1,546.97	1,237,956.58
Nicaragua [6]						141,950.36		26,625.48	168,575.84
Poland	[3] 349,491,544.20	35,334,000.00	170,723,000.00	143,434,544.20	[7] 1,287,297.37		[8] 19,310,775.90	2,048,224.28	22,646,297.55
Rumania [9]	85,787,936.01	18,289,560.43	45,571,000.00	21,927,375.58	2,700,000.00	1,798,632.02	29,061.46	263,313.74	[9] 4,791,007.22
Russia	510,552,870.85	192,601,297.37		317,951,573.48				[10] 8,750,311.88	[10] 8,750,311.88
Yugoslavia [11]	65,245,468.78	10,694,000.00	50,931,000.00	3,620,468.78	1,225,000.00	727,712.55		636,059.14	2,588,771.69
Total	16,428,259,617.53	2,685,263,386.57	8,749,410,570.11	4,993,585,660.85	476,602,985.28	281,990,396.99	1,323,738,084.89	671,354,430.62	2,753,685,897.78

[1] Includes amounts postponed and unpaid under moratorium agreements for fiscal year 1932. For total principal and interest by country see Annual Report of the Secretary of the Treasury for 1947, p. 107.

[2] The German Government was notified on Apr. 1, 1938, that the Government of the United States would look to the German Government for the discharge of the indebtedness of the Government of Austria to the Government of the United States.

[3] Increase over amount funded due to exercise of options with respect to the payment of interest due on original issue of bonds of debtor government.

[4] Represents payments deferred.

[5] The Hungarian Government deposited with the foreign creditors' account at the Hungarian National Bank an amount of pengo equivalent to the interest payments due from Dec. 15, 1932, to June 15, 1937. The debt-funding and moratorium agreements with Hungary provide for payment in dollars in the United States.

[6] The United States held obligations in the principal amount of $289,898.78, which, together with accrued interest thereon, were canceled on Oct. 6, 1939, pursuant to agreement of Apr. 14, 1938, between the United States and the Republic of Nicaragua, ratified by the United States Senate on June 13, 1938.

[7] Excludes claim allowance of $1,813,428.69 dated Dec. 15, 1929.

[8] Excludes book credit of $408.02 for overpayment.

[9] Excludes payment by the Rumanian Government to the Treasury on June 15, 1940, of $100,000 as "a token of its good faith and of its real desire to reach a new agreement covering" Rumania's indebtedness to the United States. Silver bullion in the amount of $29,061.46 was paid to the United States on June 16, 1933, which payment was credited June 15, 1947.

[10] Consists principally of proceeds of liquidation of assets of Russian Government in United States. (See annual report of the Secretary for 1922, p. 283.)

[11] This Government has not accepted the provisions of the moratorium.

TABLE 113.—*World War I indebtedness of Germany to the United States and amounts paid and not paid, June 30, 1951*

PART I. INDEBTEDNESS OF GERMANY, JUNE 30, 1951

Class	Indebtedness as funded	Total indebtedness, June 30, 1951 [1]	Principal	Interest accrued and unpaid
Army costs (reichsmarks)	1,048,100,000	1,142,240,176.50	997,500,000	[2] 144,740,176.50
Mixed claims (reichsmarks)	2,121,600,000	2,432,190,000.00	2,040,000,000	392,190,000.00
Total (reichsmarks)	3,169,700,000	3,574,430,176.50	3,037,500,000	536,930,176.50
Total (in dollars, at 40.33 cents to the reichsmark)	$1,278,340,010	$1,441,567,690.18	$1,225,023,750	$2,165,439,401.82

[1] Includes interest accrued under unpaid moratorium agreement annuities.
[2] Includes 4,027,611.95 reichsmarks deposited by German Government in Konversionskasse fur Deutsche Auslandsschulden and not paid to the United States in dollars as required by debt and moratorium agreements.

PART II. PAYMENTS RECEIVED FROM GERMANY THROUGH JUNE 30, 1951

Class	Total payments received as of June 30, 1951	Payments of principal	Payments of interest
Army costs (reichsmarks)	51,456,406.25	50,600,000.00	856,406.25
Mixed claims (reichsmarks)	87,210,000.00	81,600,000.00	5,610,000.00
Total (reichsmarks)	138,666,406.25	132,200,000.00	6,466,406.25
Total (in dollars)	$33,587,809.69	$31,539,595.84	$2,048,213.85

PART III. AMOUNTS NOT PAID BY GERMANY ACCORDING TO CONTRACT JUNE 30, 1951

Date due	Funding agreement		Moratorium agreement	Total
	Principal	Interest		
Total to June 30, 1950 (reichsmarks)	1,182,600,000	476,373,906.25	30,580,989.00	[1] 1,689,554,895.25
Sept. 30, 1950 (reichsmarks)	38,050,000	27,222,687.50		65,272,687.50
Mar. 31, 1951 (reichsmarks)	38,050,000	28,052,593.75		66,102,593.75
Total (reichsmarks)	1,258,700,000	531,649,187.50	30,580,989.00	1,820,930,176.50
Total (in dollars, at 40.33 cents to the reichsmark)	$507,633,710	$214,414,117.32	$12,333,312.86	$734,381,140.18

[1] See footnote 2, Pt. I.

TABLE 114.—*Accounts receivable under active agreements with foreign governments involving lend-lease articles and surplus property, June 30, 1951 (World War II)*

Country	Lend-lease settlement agreements	Surplus property agreements	Other lend-lease accounts	Total [1]
Australia	$60, 257. 87	$5, 930, 512. 71	$8, 395, 444. 80	$14, 386, 215. 38
Austria		8, 614, 786. 73		8, 614, 786. 73
Belgium		17, 698, 869. 29		17, 698, 869. 29
Burma		4, 358, 890. 71		4, 358, 890. 71
China	46, 988, 637. 41		22, 364, 901. 89	69, 353, 539. 30
Czechoslovakia		5, 189, 918. 25		5, 189, 918. 25
Denmark		896, 791. 47		896, 791. 47
Ethiopia	162, 370. 47		3, 857, 777. 78	4, 020, 148. 25
Finland		17, 995, 248. 92		17, 995, 248. 92
France	353, 300, 000. 00	322, 438, 856. 51		675, 738, 856. 51
Germany		66, 377, 402. 64		66, 377, 402. 64
Greece		53, 094, 759. 53		53, 094, 759. 53
Hungary		13, 674, 707. 84		13, 674, 707. 84
India	2, 336, 102. 67	10, 792, 424. 24	165, 212, 575. 84	178, 341, 102. 75
Iran	711, 753. 36	2, 145, 417. 59	90, 000. 00	2, 947, 170. 95
Italy		137, 968, 145. 88		137, 968, 145. 88
Japan		11, 391, 678. 99		11, 391, 678. 99
Korea		20, 950, 019. 42		20, 950, 019. 42
Lebanon		567, 390. 78		567, 390. 78
Liberia			17, 917, 651. 67	17, 917, 651. 67
Middle East			15, 996. 40	15, 996. 40
Netherlands	47, 700, 031. 83	16, 707, 790. 93	40, 346, 553. 70	104, 754, 376. 46
New Zealand		3, 969, 388. 66		3, 969, 388. 66
Norway	5, 900, 000. 00	3, 981, 508. 32		9, 881, 508. 32
Philippines		2, 331, 828. 83		2, 331, 828. 83
Poland		35, 520, 230. 66	250. 00	35, 520, 480. 66
Saudi Arabia			15, 158, 129. 77	15, 158, 129. 77
South Africa		431, 722. 26		431, 722. 26
Southern Rhodesia			43, 579. 29	43, 579. 29
Sweden		1, 350, 116. 63		1, 350, 116. 63
Thailand		4, 423, 842. 30		4, 423, 842. 30
Turkey		2, 543, 060. 82	34, 087. 06	2, 577, 147. 88
Union of Soviet Socialist Republics	222, 552, 917. 04		13, 417, 818. 06	235, 970, 735. 10
United Kingdom	551, 526, 841. 04	52, 236, 566. 63	62, 769, 949. 42	666, 533, 357. 09
Yugoslavia	266, 634. 80			266, 634. 80
American Republics	35, 816, 162. 73	776, 989. 92	1, 152, 888. 14	37, 746, 040. 79
Federal agencies			1, 205, 124. 75	1, 205, 124. 75
Total	1, 267, 321, 709. 22	824, 358, 867. 46	351, 982, 728. 57	2, 443, 663, 305. 25

[1] Includes $41,431,492.38, which represents billings considered past due as of July 1, 1950, and items which are subject of negotiations between the foreign governments and the Department of State.

OWNERSHIP OF GOVERNMENTAL SECURITIES

TABLE 115.—*Estimated ownership of all interest-bearing governmental securities outstanding, classified by type of issuer, June 30, 1937–51*

[Par value.[1] In billions of dollars]

June 30	Total amount outstanding	Held by banks			Held by U. S. Government investment accounts	Held by private nonbank investors						
		Total	Commercial banks	Federal Reserve Banks		Total	Individuals [2]	Insurance companies	Mutual savings banks	Corporations [3]	State, local, and territorial governments [4]	Miscellaneous investors [5]
	I. Securities of U. S. Government and Federal instrumentalities guaranteed by United States [6]											
1937	40.5	16.7	14.2	2.5	3.6	20.2	9.6	5.0	2.4	2.2	0.2	0.7
1938	41.4	16.3	13.7	2.6	4.8	20.3	9.2	5.5	2.7	2.0	.3	.6
1939	45.3	17.9	15.3	2.6	5.9	21.5	9.5	5.9	3.0	2.1	.4	.6
1940	47.9	18.6	16.1	2.5	7.1	22.2	9.4	6.5	3.1	2.1	.4	.7
1941	54.7	21.8	19.7	2.2	8.5	24.4	10.6	7.1	3.4	2.0	.6	.7
1942	76.5	28.7	26.0	2.6	10.6	37.2	17.3	9.2	3.9	4.9	.9	1.1
1943	139.5	59.4	52.2	7.2	14.3	65.7	29.6	13.1	5.3	12.9	1.5	3.4
1944	201.1	83.3	68.4	14.9	19.1	98.6	44.6	17.3	7.3	19.9	3.2	6.4
1945	256.8	106.0	84.2	21.8	24.9	125.9	57.6	22.7	9.6	21.9	5.3	8.9
1946	268.6	108.2	84.4	23.8	29.1	131.2	r 62.0	r 24.9	11.5	17.6	6.5	8.8
1947	255.2	91.9	70.0	21.9	32.8	130.5	r 65.2	r 24.6	12.1	13.9	7.1	7.6
1948	250.1	85.9	64.6	21.4	35.8	128.4	r 64.5	r 22.8	12.0	13.5	7.8	7.8
1949	250.8	82.4	63.0	19.3	38.3	130.1	r 66.0	r 20.5	11.6	15.1	8.0	8.9
1950	255.2	83.9	65.6	18.3	37.8	133.5	66.3	r 19.8	11.6	18.3	r 8.7	r 8.8
1951	252.9	81.4	58.4	23.0	41.0	130.6	64.1	17.0	10.2	20.2	9.4	9.6

	II. Securities of Federal instrumentalities not guaranteed by United States [7]											
1937	2.3	0.4	0.4	----------	0.8	1.1	0.9	(*)	(*)	0.2	----------	(*)
1938	2.3	.4	.4	----------	.8	1.0	.8	(*)	(*)	.2	----------	(*)
1939	2.3	.4	.4	----------	.8	1.1	.8	(*)	(*)	.2	----------	(*)
1940	2.2	.5	.5	----------	.8	1.0	.7	(*)	(*)	.2	----------	(*)
1941	2.2	.6	.6	----------	.8	.8	.6	(*)	(*)	.2	----------	(*)
1942	2.2	.7	.7	----------	.8	.7	.6	(*)	(*)	.1	----------	(*)
1943	1.9	.6	.6	----------	.6	.7	.6	(*)	(*)	.1	----------	(*)
1944	1.5	.6	.6	----------	.2	.7	.6	(*)	(*)	.1	----------	(*)
1945	1.0	.5	.5	----------	(*)	.5	4	(*)	(*)	.1	----------	(*)
1946	1.1	1.0	1.0	----------	----------	.1	.1	(*)	(*)	(*)	----------	(*)
1947	.5	.4	.4	----------	----------	.1	.1	(*)	(*)	(*)	----------	(*)
1948	.8	.6	.6	----------	----------	.2	.1	(*)	0.1	(*)	----------	(*)
1949	.9	.7	.7	----------	----------	.2	.1	(*)	.1	(*)	----------	(*)
1950	.7	.6	.6	----------	----------	.1	.1	(*)	(*)	(*)	----------	(*)
1951	1.3	.8	.8	----------	(*)	.5	.4	(*)	.1	(*)	----------	(*)
	III. Securities of State and local governments, Territories, and possessions [8]											
1937	19.3	2.8	2.8	----------	0.5	16.0	8.8	1.8	0.8	0.6	3.5	0.5
1938	19.3	2.8	2.8	----------	.5	16.0	8.7	1.9	.7	.6	3.6	.5
1939	19.8	3.2	3.2	----------	.4	16.1	8.5	2.0	.6	.5	3.7	.7
1940	20.0	3.6	3.6	----------	.5	16.0	8.2	2.2	.6	.5	3.8	.7
1941	20.0	3.7	3.7	----------	.7	15.6	7.9	2.2	.5	.5	3.9	.6
1942	19.5	3.6	3.6	----------	.7	15.2	7.6	2.2	.4	.5	3.9	.6
1943	18.5	3.5	3.5	----------	.6	14.4	7.5	1.8	.2	.5	3.8	.5
1944	17.3	3.5	3.5	----------	.6	13.3	7.3	1.6	.2	.4	3.4	.4
1945	16.4	3.8	3.8	----------	.5	12.1	7.2	1.1	.1	.4	2.9	.4
1946	15.7	4.1	4.1	----------	.5	11.2	7.0	.9	.1	.4	2.4	.4
1947	16.6	5.0	5.0	----------	.5	11.1	6.9	.9	.1	.4	2.4	.4
1948	18.4	5.6	5.6	----------	.5	12.3	7.7	1.1	.1	.4	2.5	.5
1949	20.5	6.0	6.0	----------	.4	14.2	r 8.8	r 1.6	.1	.5	2.7	.5
1950	r 23.8	7.4	7.4	----------	.4	r 16.0	9.2	r 2.2	.1	.5	r 3.5	.5
1951	26.7	8.6	8.6	----------	.6	17.6	10.1	2.5	.1	.6	3.7	.6

*Less than $50 million.
r Revised.
[1] Figures represent par values except in the case of data which include United States savings bonds of Series A-F, which are included on the basis of current redemption values.
[2] Includes partnerships and personal trust accounts. Nonprofit institutions and corporate pension trust funds are included under "Miscellaneous investors."
[3] Exclusive of banks and insurance companies.
[4] Comprises trust, sinking, and investment funds of State and local governments, Territories, and possessions.
[5] Includes savings and loan associations, nonprofit associations, corporate pension trust funds, dealers and brokers, and investments of foreign balances and international accounts in this country.
[6] Data on daily Treasury statement basis. Since data exclude noninterest-bearing debt, they differ slightly from those in discussion of debt ownership. Includes special issues to Federal agencies and trust funds, and excludes guaranteed securities held by the Treasury.
[7] See table 116, footnote 4.
[8] Excludes obligations of the Philippine Islands after June 30, 1946.

TABLE 116.—*Estimated distribution of interest-bearing governmental securities outstanding June 30, 1939–51, classified by tax status and type of issuer* [1]

[Par value.[2] In millions of dollars]

June 30	Securities of U. S. Government and Federal instrumentalities guaranteed by U. S.[3]					Securities of Federal instrumentalities not guaranteed by U. S.[4]				Securities of State, local, and territorial governments		
	Total	Tax-exempt		Taxable [7]	Special issues [8]	Total	Tax-exempt		Taxable [7]	Wholly tax-exempt [5]		
		Wholly (5)	Partially [6]				Wholly (5)	Partially [6]		Total	Issues of States and localities	Issues of Territories and possessions [9]
	I. Total amount outstanding											
1939	45,336	9,030	32,535	1	3,770	2,265	2,082	175	8	19,761	19,611	150
1940	47,874	8,142	34,953	4	4,775	2,199	2,054	134	11	20,044	19,891	153
1941	54,747	4,903	35,871	7,853	6,120	2,200	1,913	161	126	20,007	19,860	147
1942	76,517	4,260	32,987	31,386	7,885	2,210	1,721	109	380	19,517	19,379	138
1943	139,472	3,050	32,215	93,336	10,871	1,852	1,467	55	329	18,534	18,406	128
1944	201,059	1,414	27,489	157,869	14,287	1,453	1,108	-------	345	17,314	17,194	120
1945	256,766	196	25,656	212,103	18,812	1,008	579	-------	430	16,417	16,293	124
1946	268,578	180	21,335	224,732	22,332	1,093	-------	-------	1,093	15,736	15,626	110
1947	255,197	166	20,939	206,725	27,366	497	-------	-------	497	16,580	16,529	51
1948	250,132	164	17,826	201,931	30,211	827	-------	-------	827	18,399	18,354	45
1949	250,785	162	16,187	201,660	32,776	876	-------	-------	876	20,538	20,481	57
1950	255,226	160	12,877	209,833	32,356	746	-------	-------	746	r 23,804	r 23,722	82
1951	252,879	156	9,276	208,794	34,653	1,320	-------	-------	1,320	26,688	26,592	96
	II. Held by U. S. Government investment accounts [10]											
1939	5,891	86	2,034	(*)	3,770	844	844	-------	-------	426	424	3
1940	7,080	86	2,219	(*)	4,775	844	844	-------	-------	479	476	2
1941	8,494	58	2,154	162	6,120	814	808	-------	6	697	692	5
1942	10,623	53	2,030	654	7,885	824	807	-------	17	735	732	3
1943	14,322	34	1,654	1,763	10,871	560	557	-------	3	634	632	2
1944	19,097	35	1,468	3,307	14,287	186	186	-------	-------	582	580	2
1945	24,940	35	1,281	4,812	18,812	1	(*)	-------	1	490	489	1
1946	29,130	36	992	5,770	22,332	-------	-------	-------	-------	467	466	1
1947	32,810	36	698	4,710	27,366	-------	-------	-------	-------	469	468	1
1948	35,761	37	503	5,010	30,211	-------	-------	-------	-------	506	505	1
1949	38,288	37	384	5,091	32,776	-------	-------	-------	-------	407	406	1
1950	37,830	37	371	5,066	32,356	-------	-------	-------	-------	423	422	1
1951	40,958	36	142	6,127	34,653	4	-------	-------	4	561	559	2
	III. Held by Federal Reserve Banks											
1939	2,551	1,640	911	-------	-------	-------	-------	-------	-------	-------	-------	-------
1940	2,466	1,128	1,339	-------	-------	-------	-------	-------	-------	-------	-------	-------
1941	2,184	775	1,213	196	-------	-------	-------	-------	-------	-------	-------	-------
1942	2,645	634	1,181	830	-------	-------	-------	-------	-------	-------	-------	-------
1943	7,202	306	1,323	5,574	-------	-------	-------	-------	-------	-------	-------	-------
1944	14,901	49	943	13,908	-------	-------	-------	-------	-------	-------	-------	-------
1945	21,792	-------	873	20,919	-------	-------	-------	-------	-------	-------	-------	-------
1946	23,783	-------	529	23,254	-------	-------	-------	-------	-------	-------	-------	-------
1947	21,872	-------	529	21,343	-------	-------	-------	-------	-------	-------	-------	-------
1948	21,366	-------	559	20,807	-------	-------	-------	-------	-------	-------	-------	-------
1949	19,343	-------	210	19,132	-------	-------	-------	-------	-------	-------	-------	-------
1950	18,331	-------	117	18,215	-------	-------	-------	-------	-------	-------	-------	-------
1951	22,982	-------	-------	22,982	-------	-------	-------	-------	-------	-------	-------	-------
	IV. Held by State and local governments, Territories, and possessions											
1939	386	-------	386	-------	-------	-------	-------	-------	-------	3,711	3,682	29
1940	424	-------	424	-------	-------	-------	-------	-------	-------	3,819	3,785	34
1941	619	-------	619	-------	-------	-------	-------	-------	-------	3,916	3,889	27
1942	875	-------	483	392	-------	-------	-------	-------	-------	3,871	3,847	24
1943	1,460	-------	393	1,067	-------	-------	-------	-------	-------	3,832	3,810	22
1944	3,190	-------	291	2,899	-------	-------	-------	-------	-------	3,430	3,399	31
1945	5,256	-------	190	5,066	-------	-------	-------	-------	-------	2,897	2,866	31
1946	6,458	-------	139	6,319	-------	-------	-------	-------	-------	2,377	2,351	26
1947	7,109	-------	n. a.	n. a.	-------	-------	-------	-------	-------	2,437	2,428	9
1948	7,786	-------	n. a.	n. a.	-------	-------	-------	-------	-------	2,483	2,476	7
1949	8,000	-------	n. a.	n. a.	-------	-------	-------	-------	-------	2,733	2,726	7
1950	r 8,743	-------	n. a.	n. a.	-------	-------	-------	-------	-------	r 3,475	r 3,468	7
1951	9,407	-------	n. a.	n. a.	-------	-------	-------	-------	-------	3,699	3,693	6

Footnotes at end of table.

TABLE 116.—*Estimated distribution of interest-bearing governmental securities outstanding June 30, 1939–51, classified by tax status and type of issuer*—Con.

[Par value.[2] In millions of dollars]

June 30	Securities of U. S. Government and Federal instrumentalities guaranteed by U. S.[3]					Securities of Federal instrumentalities not guaranteed by U. S.[4]				Securities of State, local, and territorial governments		
	Total	Tax-exempt		Taxable[7]	Special issues[8]	Total	Tax-exempt		Taxable[7]	Wholly tax-exempt[5]		
		Wholly (5)	Partially[6]				Wholly (5)	Partially[6]		Total	Issues of States and localities	Issues of Territories and possessions[9]
	V. Privately held securities											
1939	36,508	7,304	29,204	1	--------	1,421	1,238	175	8	15,624	15,505	119
1940	37,903	6,928	30,971	4	--------	1,355	1,210	134	11	15,746	15,630	116
1941	43,450	4,070	31,885	7,495	--------	1,385	1,104	161	120	15,394	15,279	115
1942	62,375	3,573	29,293	29,510	--------	1,386	914	109	363	14,911	14,800	111
1943	116,488	2,710	28,845	84,933	--------	1,292	910	55	326	14,068	13,964	104
1944	163,870	1,330	24,788	137,753	--------	1,267	923	--------	345	13,302	13,215	87
1945	204,777	161	23,310	181,307	--------	1,007	579	--------	429	13,030	12,938	92
1946	209,206	144	19,675	189,388	--------	1,093	--------	--------	1,093	12,892	12,809	83
1947	193,406	130	n. a.	n. a.	--------	497	--------	--------	497	13,674	13,633	41
1948	185,219	127	n. a.	n. a.	--------	827	--------	--------	827	15,410	15,373	37
1949	185,154	125	n. a.	n. a.	--------	876	--------	--------	876	17,398	17,349	49
1950	[r]190,322	123	n. a.	n. a.	--------	746	--------	--------	746	[r]19,906	[r]19,832	74
1951	179,532	120	n.a.	n.a.	--------	1,316	--------	--------	1,316	22,428	22,340	88

NOTE.—For data back to 1913, see 1946 annual report, p. 664, and 1949 annual report, p. 591.

*Less than $500,000.
[r] Revised.
n. a. Not available.

[1] The "total amount outstanding" of securities of the several issuers differs from the gross indebtedness of these issuers in that the former excludes noninterest-bearing debt. The "total privately held securities" differs from the net indebtedness of the borrowers in several additional respects. The former is derived by deducting from the total amount of interest-bearing securities outstanding the amount of such securities held by Federal agencies, Federal Reserve Banks, and by public sinking, trust, and investment funds. Net indebtedness, on the other hand, is derived by deducting from the gross indebtedness an amount equivalent to the total volume of sinking fund assets of the respective borrowers, but makes no allowance for any other public assets.

[2] In the case of data which include United States savings bonds, Series A–D, E, and F, the figures for these bonds represent current redemption values.

[3] On basis of daily Treasury statements. Excludes guaranteed securities held by the Treasury.

[4] Includes Electric Home and Farm Authority notes, Federal intermediate credit bank debentures, Central Bank for Cooperatives debentures, Federal National Mortgage Association notes, home loan bank debentures, War Finance Corporation bonds (World War I), and joint stock land bank bonds. Includes Federal land bank bonds only through June 30, 1946; on June 27, 1947, the United States proprietary interest in these banks ended. Excludes stocks and interagency loans.

[5] Securities the income from which is exempt from both the normal rates and surtax rates of the Federal income tax.

[6] Securities the income from which is exempt only from the normal rates of the Federal income tax. In the case of partially tax-exempt (1) Treasury bonds and (2) United States savings bonds, interest derived from $5,000 aggregate principal amount owned by any one holder is exempt from the surtax rates as well as the normal rates of the Federal income tax.

[7] Securities the income from which is subject to both the normal rates and the surtax rates of the Federal income tax.

[8] Special issues to Federal agencies and trust funds.

[9] Excludes obligations of the Philippine Islands after June 30, 1946.

[10] Excludes Federal Reserve Banks. Includes individual Indian trust funds.

TABLE 117.—*Summary of Treasury survey of ownership of interest-bearing public debt and guaranteed obligations, June 30, 1950 and 1951* [1]

[Par values. In millions of dollars]

Classifications	Held by investors covered by Treasury survey [1]										Held by all other investors [4]		Total amount outstanding	
	Commercial banks [2] [3]		Mutual savings banks [2]		Insurance companies: Life		Insurance companies: Fire, casualty, and marine		U. S. Government investment accounts and Federal Reserve Banks					
	June 30, 1950	June 30, 1951	June 30, 1950	June 30, 1951	June 30, 1950	June 30, 1951	June 30, 1950	June 30, 1951	June 30, 1950	June 30, 1951	June 30, 1950	June 30, 1951	June 30, 1950	June 30, 1951
Number of institutions	7,228	7,172	529	527	324	319	615	612	----	----	----	----	----	----
BY TYPE OF SECURITY														
Public marketable:														
Treasury bills	3,703	3,750	35	122	26	756	64	72	3,860	553	5,846	8,360	13,533	13,614
Certificates of indebtedness	5,354	2,753	64	37	107	113	274	174	5,364	3,211	7,255	3,221	18,418	9,509
Treasury notes	11,204	13,704	154	120	66	208	337	478	3,529	12,454	5,114	8,841	20,404	35,806
Treasury bonds—bank eligible	37,746	30,464	1,223	641	1,104	358	1,334	1,052	2,771	2,061	8,981	8,194	53,159	42,772
Treasury bonds—bank restricted [5]	945	822	9,401	7,332	12,776	6,781	2,035	2,072	8,121	5,225	16,358	13,828	49,636	36,061
Postal savings and Panama Canal bonds	13	12	----	1	(*)	(*)	1	1	37	36	108	107	160	156
Guaranteed obligation (Federal Housing Administration debentures) [6]	7	9	1	1	6	9	(*)	(*)	----	(*)	2	7	16	27
Total public marketable	58,972	51,515	10,877	8,254	14,086	8,227	4,046	3,850	23,681	23,541	43,664	42,558	155,325	137,944
Public nonmarketable:														
United States savings bonds [7]	1,034	1,362	534	588	275	316	445	536	19	21	55,229	54,749	57,536	57,572
Treasury savings notes	130	148	20	6	(*)	(*)	207	101	5	6	8,109	7,556	8,472	7,818
Depositary bonds	[8] 284	[8] 319	(*)	(*)	----	----	----	----	----	----	----	----	[8] 285	[8] 319
Armed forces leave bonds	----	----	----	----	----	----	----	----	----	----	297	47	297	47
Treasury bonds, investment series	188	352	123	1,373	291	3,212	36	348	100	5,719	216	3,522	954	14,526
Guaranteed obligations (Commodity Credit Corporation demand obligations)	(9)	(9)	----	----	----	----	----	----	----	----	(9)	(9)	1	(*)
Total public nonmarketable	1,636	2,181	677	1,967	567	3,528	688	985	124	5,746	63,851	65,874	67,545	80,282
Special issues	----	----	----	----	----	----	----	----	32,356	34,653	----	----	32,356	34,653
Grand total	60,608	53,695	11,554	10,221	14,652	11,755	4,734	4,835	56,161	63,940	107,515	108,432	255,226	252,879

By Call Classes														
Public marketable, due or first becoming callable:														
Within 1 year	16,068	21,596	249	626	218	1,206	614	954	9,836	14,090	15,463	22,389	42,448	60,860
1 to 5 years	33,127	20,853	1,058	227	619	113	1,112	643	5,443	4,017	10,442	5,168	51,802	31,022
5 to 10 years	5,675	6,275	2,439	2,010	1,129	842	926	1,017	1,571	1,408	4,186	4,460	15,926	16,012
10 to 15 years	1,409	251	3,824	4,926	6,761	5,879	758	1,033	2,171	3,561	4,358	5,576	19,281	21,226
15 to 20 years	2,685	2,530	3,306	463	5,353	177	636	203	4,660	465	9,213	4,958	25,853	8,797
Over 20 years	------	------	------	------	------	------	------	------	------	------	------	------	------	------
Various (Federal Housing Administration debentures)	7	9	1	1	6	9	(*)	(*)	------	(*)	2	7	16	27
Total public marketable	58,972	51,515	10,877	8,254	14,086	8,227	4,046	3,850	23,681	23,541	43,664	42,558	155,325	137,944

*Less than $500,000.

[1] Banks and insurance companies covered in Treasury survey of ownership of securities issued or guaranteed by U. S. Government account or approximately 95 percent of amount of such securities owned by all banks and insurance companies in United States. Details as to each issue of security are available in *Treasury Bulletin* (a) monthly for above investors and (b) quarterly through September 1947 Bulletin and semiannually thereafter for commercial banks classified by membership in Federal Reserve System.

[2] Securities held in trust departments are excluded.

[3] Includes trust companies and stock savings banks.

[4] Includes banks and insurance companies which are not covered in Treasury survey (see footnote 1).

[5] Issues which commercial banks (banks accepting demand deposits) are not permitted to acquire prior to specified dates, with three exceptions: (1) Concurrently with Fourth, Fifth, and Sixth War Loans and Victory Loan, commercial banks were permitted to subscribe for limited investment of their savings deposits; (2) commercial banks may temporarily acquire such issues through forfeiture of collateral; and (3) commercial banks may hold a limited amount of such issues for trading purposes. Bank restricted issues as of June 30, 1950 and 1951, and the earliest dates on which commercial banks may own them are as follows:

Bank restricted issue of Treasury bonds	Earliest date on which commercial banks may own bonds	Bank restricted issue of Treasury bonds	Earliest date on which commercial banks may own bonds
2¼%, June 15, 1959–62	June 15, 1952	2½%, Dec. 15, 1964–69	Sept. 15, 1953
2¼%, Dec. 15, 1959–62	Dec. 15, 1952	2½%, Mar. 15, 1965–70	Feb. 1, 1954
2½%, June 15, 1962–67	May 5, 1952	2½%, Mar. 15, 1966–71	Dec. 1, 1954
2½%, Dec. 15, 1963–68	Dec. 1, 1952	2½%, June 15, 1967–72	June 15, 1962
2½%, June 15, 1964–69	Apr. 15, 1953	2½%, Dec. 15, 1967–72	Dec. 15, 1962

[6] Excludes guaranteed obligations held by Treasury.

[7] U. S. savings bonds other than Series G are included at current redemption values. They were reported at maturity value by banks and insurance companies covered in Tresury survey and have been adjusted to current redemption value for this table.

[8] Includes depositary bonds held by commercial banks not included in survey: $41 million in 1950 and $61 million in 1951.

[9] All held by commercial banks but holdings by reporting banks are not available; data are as of close of previous month.

BUDGET ESTIMATES

TABLE 118.—*Budget receipts and expenditures, actual for the fiscal year 1951 and estimated for 1952 and 1953*

[On basis of 1953 Budget document]

	Actual,[1] fiscal year 1951	Estimated, fiscal year 1952	Estimated, fiscal year 1953
Budget receipts:			
Internal revenue:			
Corporation income and excess profits taxes	$14, 387, 569, 403	$22, 900, 000, 000	$27, 800, 000, 000
Individual:			
Income tax withheld (daily Treasury statement basis)	[2] 13, 534, 611, 022	17, 906, 000, 000	20, 375, 000, 000
Income tax other than withheld	9, 907, 539, 091	11, 418, 000, 000	11, 860, 000, 000
Adjustment to daily Treasury statement basis [3]	−77, 165, 827		
Income tax other than withheld	9, 830, 373, 264	11, 418, 000, 000	11, 860, 000, 000
Total individual	23, 364, 984, 286	29, 324, 000, 000	32, 235, 000, 000
Total income and excess profits taxes	37, 752, 553, 689	52, 224, 000, 000	60, 035, 000, 000
Miscellaneous internal revenue:			
Estate tax	638, 523, 186	675, 000, 000	700, 000, 000
Gift tax	91, 206, 651	65, 000, 000	70, 000, 000
Liquor taxes:			
Distilled spirits (domestic and imported)[4]	1, 746, 833, 643	1, 683, 000, 000	1,824, 000, 000
Fermented malt liquors	665, 008, 720	720, 000, 000	760, 000, 000
Rectification tax	38, 052, 750	33, 000, 000	33, 000, 000
Wines (domestic and imported)	67, 253, 903	69, 000, 000	73, 000, 000
Special taxes in connection with liquor occupations	13, 623, 046	21, 000, 000	22, 000, 000
Container stamps	14, 920, 840	12, 500, 000	12, 500, 000
Floor stocks taxes on distilled spirits, fermented malt liquors, and wines		72, 000, 000	21, 000, 000
All other	1, 114, 287	1, 500, 000	1, 500, 000
Total liquor taxes	2, 546, 807, 189	2, 612, 000, 000	2, 747, 000, 000
Tobacco taxes:			
Cigarettes (small)	1, 293, 965, 854	1, 494, 000, 000	1, 638, 000, 000
Tobacco (chewing and smoking)	33, 870, 080	23, 000, 000	18, 000, 000
Cigars (large)	44, 219, 558	45, 000, 000	46, 000, 000
Snuff	7, 235, 103	4, 000, 000	4, 000, 000
Cigarette papers and tubes	1, 041, 048	940, 000	940, 000
Floor stocks tax on cigarettes (small)		23, 000, 000	
All other	64, 358	60, 000	60, 000
Total tobacco taxes	1, 380, 396, 001	1, 590, 000, 000	1, 707, 000, 000
Stamp taxes:			
Issues of securities, bond transfers, and deeds of conveyance	56, 105, 079	60, 000, 000	60, 000, 000
Stock transfers	28, 678, 956	25, 000, 000	25, 000, 000
Playing cards	8, 222, 177	6, 800, 000	6, 800, 000
Silver bullion sales or transfers	100, 335	200, 000	200, 000
Total stamp taxes	93, 106, 547	92, 000, 000	92, 000, 000
Manufacturers' excise taxes [5]	2, 363, 775, 128	2, 272, 000, 000	2, 445, 000, 000
Retailers' excise taxes:			
Jewelry, etc	210, 239, 008	229, 000, 000	239, 000, 000
Furs	57, 603, 520	52, 000, 000	55, 000, 000
Toilet preparations	106, 339, 487	114, 000, 000	118, 000, 000
Luggage, handbags, wallets, etc	82, 831, 478	91, 000, 000	95, 000, 000
Total retailers' excise taxes	457, 013, 493	486, 000, 000	507, 000, 000
Miscellaneous excise taxes:			
Telephone, telegraph, radio and cable facilities, leased wires, etc	354, 659, 895	380, 000, 000	390, 000, 000
Local telephone service	290, 319, 939	306, 000, 000	330, 000, 000
Transportation of oil by pipe line	24, 945, 944	28, 000, 000	32, 000, 000
Transportation of persons	237, 617, 257	265, 000, 000	285, 000, 000
Transportation of property	381, 341, 749	392, 000, 000	410, 000, 000
Diesel fuel used in highway vehicles		6, 000, 000	15, 000, 000
Admissions, exclusive of cabarets, roof gardens, etc	346, 491, 715	357, 000, 000	366, 000, 000
Cabarets, roof gardens, etc	42, 646, 314	45, 000, 000	48, 000, 000
Wagering taxes, including occupational tax		50, 000, 000	200, 000, 000

Footnotes at end of table.

TABLE 118.—*Budget receipts and expenditures, actual for the fiscal year 1951 and estimated for 1952 and 1953*—Continued

[On basis of 1953 Budget document]

	Actual,[1] fiscal year 1951	Estimated, fiscal year 1952	Estimated, fiscal year 1953
Budget receipts—Continued			
Internal revenue—Continued			
Miscellaneous internal revenue—Continued			
Club dues and initiation fees	$30,119,719	$33,000,000	$35,000,000
Leases of safe deposit boxes	9,568,647	11,000,000	11,000,000
Coconut and other vegetable oils processed [4]	19,088,332	18,000,000	18,000,000
Sugar tax	80,191,884	75,000,000	78,000,000
Coin-operated amusement and gaming devices	20,730,582	22,700,000	22,500,000
Bowling alleys and billiard and pool tables	3,609,910	4,000,000	4,000,000
All other miscellaneous excise taxes [6]	1,266,106	1,300,000	1,500,000
Total miscellaneous excise taxes	1,842,597,993	1,994,000,000	2,246,000,000
Total miscellaneous internal revenue	9,413,426,188	9,786,000,000	10,514,000,000
Adjustment to daily Treasury statement basis	+9,532,468		
Total miscellaneous internal revenue	9,422,958,656	9,786,000,000	10,514,000,000
Employment taxes:			
Taxes on employment by other than carriers:			
Federal Insurance Contributions Act	[2] 3,119,536,744	3,850,000,000	4,030,000,000
Federal Unemployment Tax Act	233,536,710	257,000,000	269,000,000
Railroad Retirement Tax Act	577,509,196	740,000,000	690,000,000
Total employment taxes	3,930,582,650	4,847,000,000	4,989,000,000
Total internal revenue	51,106,094,995	66,857,000,000	75,538,000,000
Railroad Unemployment Insurance Act	9,796,347	10,000,000	11,000,000
Customs	624,008,052	575,000,000	575,000,000
Miscellaneous receipts:			
Taxes: Miscellaneous taxes	24,856,521	24,761,700	24,773,700
Customs: Undistributed miscellaneous customs collections	4,164,734	4,310,000	4,310,000
Seigniorage and coinage	43,629,639	58,188,500	83,188,500
Fees for permits and licenses	51,619,567	29,063,762	28,796,091
Fines, penalties, and forfeitures	8,308,431	9,834,970	17,286,175
Gifts and contributions	7,225,497	992,110	962,110
Interest	158,250,873	290,673,221	316,336,930
Dividends and other earnings	272,148,770	250,764,512	227,131,530
Rents	67,634,443	47,565,603	46,966,459
Royalties	41,200,815	41,936,175	43,457,800
Sale of products	153,468,088	178,035,169	196,837,102
Fees and other charges for services	51,459,559	58,679,382	51,075,637
Sale of Government property	285,102,814	219,200,967	178,707,140
Realization upon loans and investments	234,323,151	219,450,624	238,577,579
Recoveries and refunds	160,015,955	164,494,411	139,730,002
Other miscellaneous receipts	3,658,044		
Receipts not included above for increased fees and charges:			
Under existing legislation		100,000	200,000
Under proposed legislation			14,800,000
Total receipts not included above		100,000	15,000,000
Total miscellaneous receipts	1,567,066,901	1,598,051,106	1,613,136,755
Adjustment to daily Treasury statement basis	+61,705,597		
Total miscellaneous receipts	1,628,772,498	1,598,051,106	1,613,136,755
Total receipts	53,368,671,892	69,040,051,106	77,737,136,755
Deduct:			
Appropriation to Federal old-age and survivors insurance trust fund	3,119,536,744	3,850,000,000	4,030,000,000
Refunds of receipts (excluding interest)	2,138,604,535	2,509,803,906	2,709,250,000
Adjustment to daily Treasury statement basis	−32,073,920		
Total refunds of receipts (excluding interest)	2,106,530,615	2,509,803,906	2,709,250,000
Net budget receipts	48,142,604,533	62,680,247,200	70,997,886,755

Footnotes at end of table.

TABLE 118.—*Budget receipts and expenditures, actual for the fiscal year 1951 and estimated for 1952 and 1953*—Continued

[On basis of 1953 Budget document]

	Actual,[1] fiscal year 1951	Estimated, fiscal year 1952	Estimated, fiscal year 1953
Budget expenditures: [7]			
Legislative branch	$60, 747, 757	$65, 151, 429	$71, 877, 023
The Judiciary	25, 011, 186	27, 144, 320	27, 599, 150
Executive Office of the President	8, 710, 278	10, 352, 575	10, 510, 713
Funds appropriated to the President	4, 158, 371, 112	7, 177, 552, 501	11, 007, 362, 272
Independent offices:			
Atomic Energy Commission	896, 759, 065	1, 725, 292, 218	1, 775, 050, 000
Civil Service Commission	323, 924, 788	333, 021, 711	482, 597, 000
Economic Stabilization Agency		99, 833, 018	149, 200, 000
Export-Import Bank of Washington	75, 663, 805	62, 558, 158	85, 002, 000
Federal Civil Defense Administration	143, 756	44, 200, 000	339, 300, 000
Railroad Retirement Board	613, 793, 147	783, 337, 053	734, 323, 940
Reconstruction Finance Corporation	[a] 92, 126, 956	[a] 50, 236, 288	[a] 50, 702, 740
Tennessee Valley Authority	72, 161, 105	190, 115, 674	200, 000, 000
Veterans' Administration	5, 389, 115, 526	5, 247, 356, 841	4, 187, 189, 283
Other	279, 050, 056	213, 917, 117	244, 854, 839
Federal Security Agency	1, 570, 588, 230	1, 802, 636, 373	2, 209, 341, 210
General Services Administration	839, 577, 320	1, 071, 004, 862	1, 325, 623, 973
Housing and Home Finance Agency	461, 334, 434	674, 429, 006	281, 097, 113
Department of Agriculture	834, 210, 873	1, 610, 450, 136	1, 680, 078, 322
Department of Commerce	802, 597, 366	1, 064, 552, 183	931, 222, 561
Department of Defense:			
Military functions	19, 771, 530, 243	39, 000, 000, 000	50, 000, 000, 000
Civil functions	994, 296, 653	774, 664, 543	731, 357, 900
Department of the Interior	587, 007, 006	645, 306, 951	686, 044, 500
Department of Justice	150, 879, 124	196, 661, 282	188, 813, 154
Department of Labor	232, 707, 296	250, 585, 164	253, 541, 198
Post Office Department (general fund)	625, 925, 194	813, 921, 641	444, 322, 000
Department of State	281, 286, 876	343, 545, 962	335, 153, 566
Treasury Department:			
Interest on the public debt	5, 615, 246, 850	5, 850, 000, 000	6, 150, 000, 000
Other	748, 208, 222	817, 263, 197	851, 271, 135
District of Columbia (Federal contribution)	10, 824, 166	11, 400, 000	12, 000, 000
Reserve for contingencies		25, 000, 000	100, 000, 000
Adjustment to daily Treasury statement basis	−704, 722, 570		
Total budget expenditures	44, 632, 821, 908	70, 881, 017, 627	85, 444, 030, 112
Budget deficit (or surplus (−))	−3, 509, 782, 625	8, 200, 770, 427	14, 446, 143, 357

[a] Deduct, excess of repayments and collections over expenditures.

[1] The figures shown are amounts as reported in the *Daily Statement of the United States Treasury* where possible. Total receipts, net budget receipts, receipts from the Railroad Retirement Tax Act, the Railroad Unemployment Insurance Act, the Federal Unemployment Tax Act, customs, and refunds of receipts are as shown in the daily Treasury statement. Certain of the detail as to specific tax and nontax sources is not available in the daily Treasury statement and is taken from other reports of the Treasury Department. The detail as to individual and corporation income and excess profits taxes other than the amounts withheld is taken from collectors' reports as compiled by the Bureau of Internal Revenue. The detail of miscellaneous internal revenue is also compiled from such reports. Detail concerning miscellaneous receipts is taken from the *Combined Statement of Receipts, Expenditures and Balances.*

Where documents other than the daily Treasury statement are used to show detailed revenue sources, adjustment is made by group totals to the daily Treasury statement. Beginning in January 1951, withheld taxes under the individual income tax and the Federal Insurance Contributions Act were combined in one total in the daily Treasury statement and in collectors' reports. The amount transferred to the Federal old-age and survivors insurance trust fund shown on the daily Treasury statement is assumed to be the amount collected under the Federal Insurance Contributions Act in allocating receipts under the withheld taxes to its two components.

[2] Estimated.

[3] The adjustment for total income and excess profits taxes other than withheld is arbitrarily assigned to the individual income tax.

[4] Collections for credit to trust funds are not included.

[5] No detail is shown in the manufacturers' excise tax group as it has been necessary to make arbitrary assumptions as to the amount and timing of material shortages as they affect the production of specific taxable commodities. In view of this, it is felt that only the total could be estimated with a reasonable degree of accuracy.

[6] Includes collections from: taxes on narcotics; adulterated and process or renovated butter; mixed flour and filled cheese; and taxes imposed under the National Firearms Act which are effective currently. In addition includes collections from excise taxes repealed or suspended.

[7] Classified by organization units, based on table 4 of the 1953 Budget document. The figures for 1951 are based upon the Treasury's *Combined Statement of Receipts, Expenditures and Balances*, and therefore differ from figures published in the daily Treasury statement.

TABLE 119.—*Trust account and other transactions, actual for the fiscal year 1951 and estimated for 1952 and 1953*

[On basis of 1953 Budget document]

	Actual, fiscal year 1951	Estimated, fiscal year 1952	Estimated, fiscal year 1953
Receipts:			
Federal employees' retirement funds:			
Deductions from employees' salaries and other receipts	$377,592,139	$415,228,747	$413,061,770
Interest and profits on investments	165,220,575	188,752,000	216,412,140
Transfers from general and special accounts	305,000,000	310,000,000	465,295,000
Federal old-age and survivors insurance trust fund:			
Appropriation from general account receipts	3,119,449,312	3,850,000,000	4,030,000,000
Interest on investments	287,391,832	337,976,250	407,000,000
Transfers from general and special accounts	3,694,000	3,734,000	----------
Railroad retirement account:			
Interest on investments	70,167,150	78,500,000	90,000,000
Transfers from general and special accounts	607,991,049	773,000,000	723,000,000
Unemployment trust fund:			
Deposits by States	1,362,718,110	1,300,000,000	1,330,000,000
Deposits by Railroad Retirement Board	14,891,058	15,000,000	16,000,000
Interest on investments	164,126,569	182,000,000	208,000,000
Transfers from general and special accounts	----------	4,371,270	5,212,425
Veterans' life insurance funds:			
Premiums and other receipts	519,960,939	406,388,000	424,676,000
Interest on investments	205,019,439	210,890,000	206,190,000
Transfers from general and special accounts	44,554,686	186,356,200	56,323,840
Other trust accounts:			
Transfers from general and special accounts	10,800,000	11,400,000	12,000,000
Miscellaneous trust receipts	435,319,441	528,837,100	211,474,649
Adjustment to daily Treasury statement basis	102,374,594	----------	----------
Total, trust account receipts	7,796,270,893	8,802,433,567	8,814,645,824
Expenditures:			
Other than investments:			
Federal employees' retirement funds: Annuities and refunds	270,122,261	300,400,440	322,449,000
Federal old-age and survivors insurance trust fund: Benefit payments and administrative expenses	1,567,798,066	2,059,091,862	[1] 2,561,572,605
Railroad retirement account: Benefit payments and other expenditures	321,019,368	397,000,000	447,400,000
Unemployment trust fund: Withdrawals by States and other expenditures	898,238,421	856,510,830	707,112,096
Veterans' life insurance funds: Insurance losses and refunds	690,878,761	1,159,961,214	722,611,000
Other trust accounts: Miscellaneous trust expenditures	257,436,259	501,086,584	363,919,414
All other [1]	[a] 550,775,983	[a] 159,884,883	[a] 64,607,237
Adjustment to daily Treasury statement basis	+189,679,969	----------	----------
Total expenditures other than investments	3,644,397,122	5,114,166,047	5,060,456,878
Investments in Federal securities:			
Federal employees' retirement funds	573,257,000	608,298,000	771,808,910
Federal old-age and survivors insurance trust fund	1,678,300,000	2,435,500,000	2,105,000,000
Railroad retirement account	356,890,000	451,010,000	364,500,000
Unemployment trust fund	650,000,000	647,000,000	850,000,000
Veterans' life insurance funds	102,000,000	[a] 341,000,000	[a] 34,500,000
Other trust accounts	34,055,850	34,714,850	22,443,000
Wholly owned Government corporations	103,602,000	25,678,000	4,454,000
Adjustment to daily Treasury statement basis	−25,454,557	----------	----------
Total investments	3,472,650,293	3,861,200,850	4,083,705,910
Total expenditures	7,117,047,415	8,975,366,897	9,144,162,788
Net receipts, or expenditures (−)	679,223,478	−172,933,330	−329,516,964

NOTE.—Detailed figures for 1951 are based upon the Treasury's *Combined Statement of Receipts, Expenditures and Balances*, and therefore differ from figures published in the daily Treasury statement.

[a] Excess of receipts or redemptions (deduct).

[1] Checking accounts of Government corporations (not wholly owned) with the Treasurer of the United States (net), other special deposit accounts (net), and sales and redemptions of obligations of Government agencies in the market (net).

TABLE 120.—*Effect of financial operations on the public debt, actual for the fiscal year 1951 and estimated for 1952 and 1953*

[In millions of dollars. On basis of 1953 Budget document]

	Actual, fiscal year 1951	Estimated, fiscal year 1952	Estimated, fiscal year 1953
Budget deficit [or surplus (—)]	—$3, 510	$8, 201	$14, 446
Net expenditures of trust account and other transactions [or receipts (—)]	—679	173	329
Decrease in clearing account for outstanding checks, etc. [or increase (—)]	214	—17	—75
Increase in Treasury general fund balance [or decrease (—)]	1, 840	—3, 357	----------
Increase in public debt [or decrease (—)]	—2, 135	5, 000	14, 700
Treasury general fund balance:			
Beginning of year	5, 517	7, 357	4, 000
Change during year	1, 840	—3, 357	----------
End of year	7, 357	4, 000	4, 000
Public debt outstanding:			
Beginning of year	257, 357	255, 222	260, 222
Change during year	—2, 135	5, 000	14, 700
End of year	255, 222	260, 222	274, 922

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