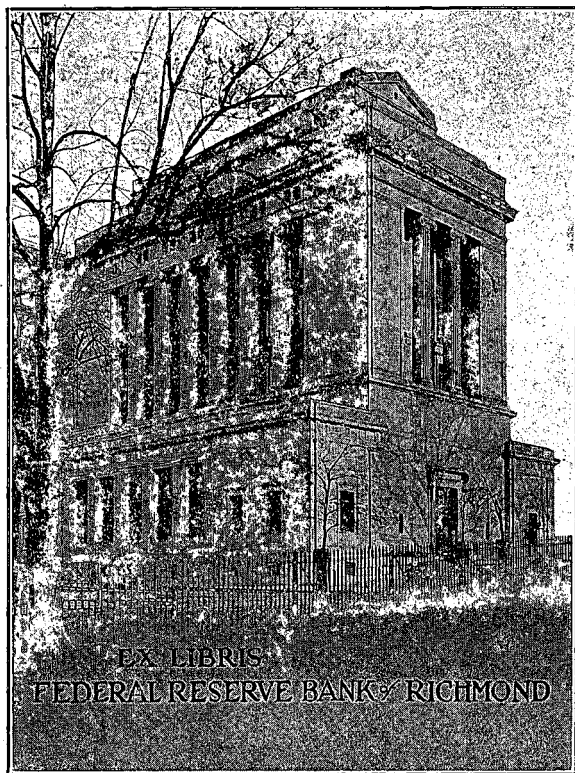


ANNUAL REPORT OF THE  
SECRETARY OF THE TREASURY  
ON THE STATE OF THE FINANCES  
FOR FISCAL YEAR ENDED JUNE 30, 1940





# ANNUAL REPORT OF THE SECRETARY OF THE TREASURY

ON

## THE STATE OF THE FINANCES

FOR THE FISCAL YEAR  
ENDED JUNE 30

1940



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*Secretary*

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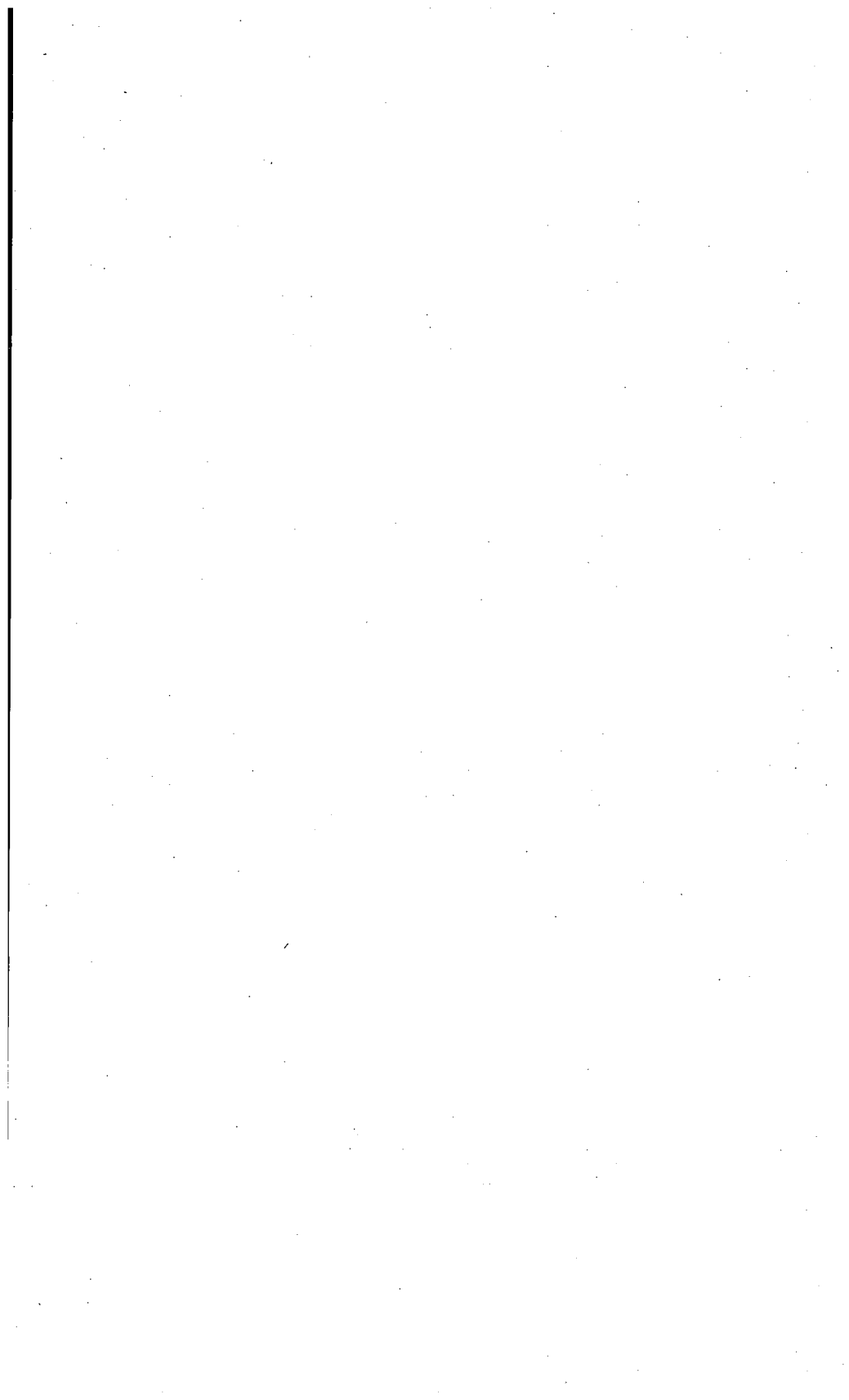
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**SECRETARIES, UNDER SECRETARIES, AND ASSISTANT SECRETARIES  
OF THE TREASURY DEPARTMENT FROM MARCH 4, 1933, TO NOVEM-  
BER 15, 1940,<sup>1</sup> AND THE PRESIDENT UNDER WHOM THEY SERVED**

Term of service		Official	Secretary of the Treasury	President
From—	To—			
<i>Secretaries of the Treasury</i>				
Mar. 4, 1933	Dec. 31, 1933	William H. Woodin, New York.....	-----	Roosevelt.
Jan. 1, 1934	-----	Henry Morgenthau, Jr., New York.....	-----	Roosevelt.
<i>Under Secretaries</i>				
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	-----	Daniel W. Bell, Illinois.....	Morgenthau.....	Roosevelt.
<i>Assistant Secretaries</i>				
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	-----	Herbert E. Gaston, New York.....	Morgenthau.....	Roosevelt.
Jan. 18, 1940	-----	John L. Sullivan, New Hampshire..	Morgenthau.....	Roosevelt.

<sup>1</sup> 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, 1940

### OFFICE OF THE SECRETARY

Henry Morgenthau, Jr.	Secretary of the Treasury.
Daniel W. Bell	Under Secretary of the Treasury.
Herbert E. Gaston	Assistant Secretary of the Treasury.
John L. Sullivan	Assistant Secretary of the Treasury.
(Vacant)	Fiscal Assistant Secretary of the Treasury.
Harold N. Graves	Assistant to the Secretary.
Philip Young	Assistant to the Secretary.
John W. Pehle	Assistant to the Secretary.
Henrietta S. Klotz	Assistant to the Secretary.
H. Merle Cochran	Technical Assistant to the Secretary.
W. N. Thompson	Administrative Assistant to the Secretary.
Charles S. Bell	Assistant Administrative Assistant to the Secretary.
Charles R. Schoeneman	Special Staff Assistant.
Edwin R. Ballinger	Director of Personnel.
Elmer L. Irey	Coordinator of Treasury Agency Services.
Beriah M. Thompson	Consulting Expert.
Thomas Tarleau	Legislative Counsel.
Charles Schwarz	Director of Press Relations.
Herbert J. Wollner	Consulting Chemist.
William T. Heffelfinger	Executive Assistant to the Fiscal Assistant Secretary.
H. R. Sheppard	Assistant to Assistant Secretary.
Francis C. Rose	Assistant to Assistant Secretary.
F. A. Birgfeld	Chief Clerk.
John D. Fox	Superintendent of Treasury Buildings.
Frank J. Wilson	Chief, Secret Service Division.
L. C. Spangler	Chief, Division of Printing.
Gabrielle E. Forbush	Chief, Correspondence Division.

### OFFICE OF THE GENERAL COUNSEL

Edward H. Foley, Jr.	General Counsel.
Huntington Cairns	Assistant General Counsel.
Lawrence J. Bernard	Assistant General Counsel.
Bernard Bernstein	Assistant General Counsel.
N. O. Tietjens	Assistant General Counsel.
Charles I. Kades	Assistant General Counsel.
Oscar S. Cox	Assistant to the General Counsel.
Joseph J. O'Connell, Jr.	Special Assistant to the General Counsel.
Samuel Klaus	Special Assistant to the General Counsel.
John P. Wenchel	Chief Counsel, Bureau of Internal Revenue.
Ralph H. Dwan	Chief Counsel, Bureau of Customs.

### DIVISION OF RESEARCH AND STATISTICS

George C. Haas	Director of Research and Statistics.
Henry C. Murphy	Assistant Director.
Al F. O'Donnell	Assistant Director.
Russell R. Reagh	Assistant Director (Government Actuary).
Anna M. Michener	Assistant to the Director.
Isabella S. Diamond	Librarian.

### DIVISION OF MONETARY RESEARCH

Harry D. White	Director of Monetary Research.
V. Frank Coe	Assistant Director.

### DIVISION OF TAX RESEARCH

Roy Blough	Director of Tax Research.
Louis Shere	Assistant Director.

### BUREAU OF THE PUBLIC DEBT

William S. Broughton	Commissioner of the Public Debt.
Edwin L. Kilby	Assistant Commissioner of the Public Debt.
Rene W. Barr	Deputy Commissioner of the Public Debt.
Edward G. Dolan	Register of the Treasury.
Byrd Leavell	Assistant Register of the Treasury.
Eugene Sloan	Chief, Division of Savings Bonds.
James W. Bryan	Chief, Information Section, Division of Savings Bonds.
Marvin Wesley	Chief, Division of Loans and Currency.
Melvin R. Loafman	Chief, Division of Public Debt Accounts and Audit.
Maurice A. Emerson	Chief, Division of Paper Custody.

BUREAU OF ENGRAVING AND PRINTING

Alvin W. Hall.....	Director, Bureau of Engraving and Printing.
Clark R. Long.....	Assistant Director (Administration).
Jesse E. Swigart.....	Assistant Director (Production).

BUREAU OF ACCOUNTS

Edward F. Bartelt.....	Commissioner of Accounts.
Robert W. Maxwell.....	Chief Accountant.
A. L. Peterson.....	Assistant Commissioner of Accounts.
Paul D. Banning.....	Assistant Commissioner of Accounts.
Joseph Greenberg.....	Executive Assistant to the Commissioner.
Guy F. Allen.....	Chief Disbursing Officer, Division of Disbursement.
L. L. Collie.....	Chief, Division of Bookkeeping and Warrants.
B. M. Mulvihill.....	Chief, Division of Deposits.
Harry R. Schwalm.....	Chief Examiner, Section of Surety Bonds.
Eugene P. O'Daniel.....	Chief, Section of Investments.

BUREAU OF THE COMPTROLLER OF THE CURRENCY

Preston Delano.....	Comptroller of the Currency.
Cyril B. Upham.....	Deputy Comptroller.
Eugene H. Gough.....	Deputy Comptroller.
A. J. Mulroney.....	Deputy Comptroller.
W. F. Folger.....	Chief National Bank Examiner.

OFFICE OF THE TREASURER OF THE UNITED STATES

William A. Julian.....	Treasurer of the United States.
Marion Banister.....	Assistant Treasurer.
George O. Barnes.....	Assistant to the Treasurer.
M. E. Slindee.....	Administrative Assistant.
Louis P. Allen.....	Chief Clerk.

BUREAU OF NARCOTICS

Harry J. Anslinger.....	Commissioner of Narcotics.
Will S. Wood.....	Deputy Commissioner of Narcotics.
Malachi L. Harney.....	Assistant to the Commissioner.

BUREAU OF INTERNAL REVENUE

Guy T. Helvering.....	Commissioner of Internal Revenue.
Jonas W. Graber.....	Assistant to the Commissioner.
Timothy C. Mooney.....	Deputy Commissioner.
George J. Schoeneman.....	Deputy Commissioner.
D. Spencer Bliss.....	Deputy Commissioner.
Stewart Berkshire.....	Deputy Commissioner.
Eldon P. King.....	Special Deputy Commissioner.
A. R. Marrs.....	Head, Technical Staff.
Elmer L. Irey.....	Chief, Intelligence Unit.
Bertha Wetherton.....	Special Assistant to the Commissioner.

BUREAU OF CUSTOMS

W. R. Johnson.....	Commissioner of Customs.
Frank Dow.....	Assistant Commissioner of Customs.
Thomas J. Gorman.....	Deputy Commissioner.
A. S. Johnson.....	Deputy Commissioner.
(Vacant).....	Deputy Commissioner.

BUREAU OF THE MINT

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

UNITED STATES COAST GUARD

Rear Admiral Russell R. Waesche.....	Commandant.
Rear Admiral Leon C. Covell.....	Assistant Commandant and Chief of Operations.
Rear Admiral Harvey F. Johnson.....	Engineer in Chief and Chief, Material Division.
Capt. N. B. Hall.....	Inspector in Chief.
Capt. C. H. Jones.....	Chief, Personnel Division.
Capt. P. F. Roach.....	Chairman of Permanent Board.
Commander Frank J. Gorman.....	Chief, Finance Division.
Kenneth S. Harrison.....	Chief, Legal Division.

## PROCUREMENT DIVISION

Clifton E. Mack.....	Director of Procurement.
Robert LeFevre.....	Assistant Director.
George Landick, Jr.....	Assistant to the Director.
W. N. Rehlaender.....	Administrative Assistant to the Director.

## BOARD OF AWARDS

George Landick, Jr., Assistant to the Director, Chairman.	Harry B. Dyche, Special Assistant to the Director. Thomas A. Manning, Jr., Chief Counsel.
--	--

## STANDING DEPARTMENTAL COMMITTEES

## BUDGET AND IMPROVEMENT COMMITTEE

C. R. Schoeneman, Chairman.	E. R. Ballinger.
F. A. Birgfeld, Vice Chairman.	L. C. Spangler.
George O. Barnes.	Arthur E. Wilson.
M. E. Shindee.	E. C. Nussear, Secretary.
Charles S. Bell.	

## COMMITTEE ON ENROLLMENT AND DISBARMENT

Guy C. Hanna, Chairman.	George D. Carrington.
W. W. Cook.	E. B. Van Veen, Attorney for the Government.

## COMMITTEE ON PERSONNEL

F. A. Birgfeld, Chairman.	(Vacant.)
James E. Harper.	

## BOARD OF REVIEW

(Refunds of Processing Taxes)

William Schwartz, Chairman.	Percy S. Crewe.
(Vacant), Vice Chairman.	Annabel Matthews.
John W. Edwards.	Temple W. Seay.
H. Stewart McDonald.	Bernard D. Hathcock.



# DEPARTMENT OF THE TREASURY

November 15, 1940

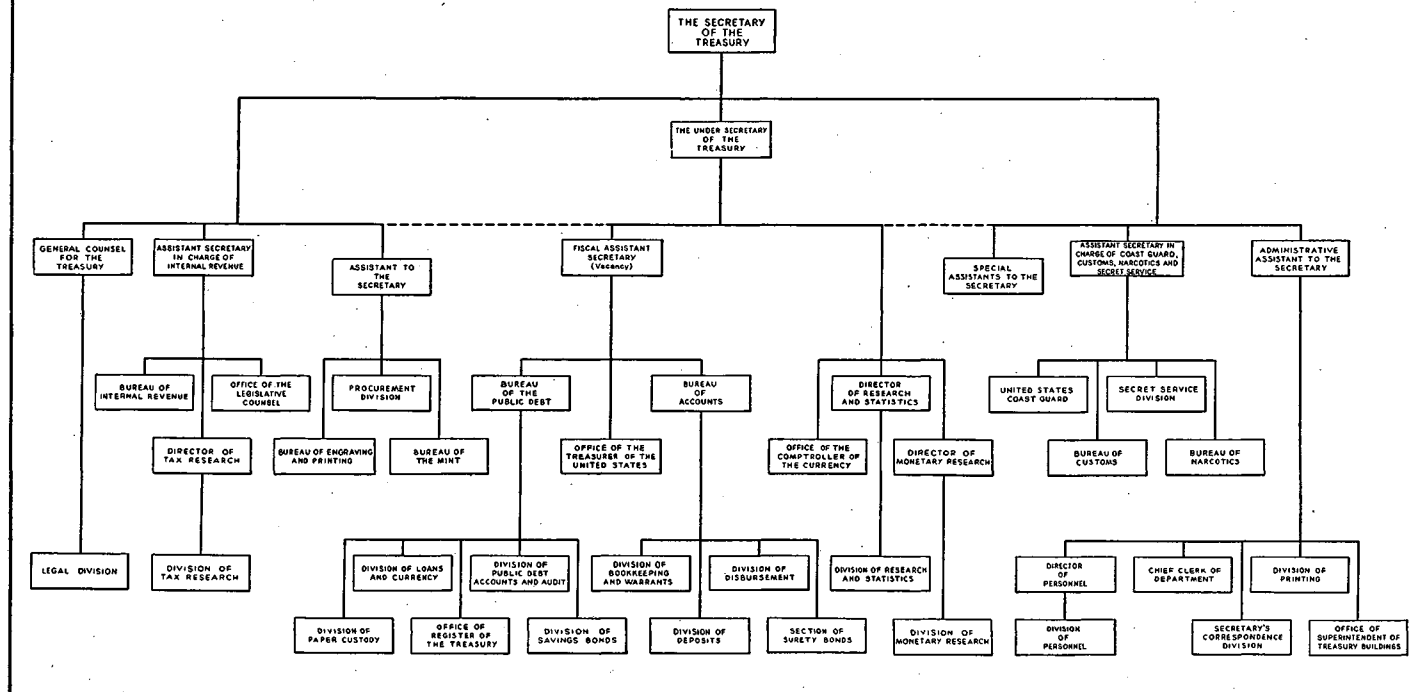


CHART 1.

# ANNUAL REPORT ON THE FINANCES

TREASURY DEPARTMENT,  
Washington, D. C., January 6, 1941.

SIR: I have the honor to make the following report on the finances of the United States for the fiscal year ended June 30, 1940.

The fiscal year 1940 marked the transition from a period of about eight years during which the fiscal policy was concerned primarily with the problems arising out of the depression to a period in which it appears that the emphasis is likely to be placed upon fiscal problems connected with the country's rearmament program. It seems appropriate, therefore, to review at this time developments relating to the Treasury and the fiscal operations of the Government for the entire eight-year period, as well as those for the fiscal year just closed.

## BUDGET RESULTS

### Receipts in general and special accounts

#### *Fiscal years 1933 to 1940*

Total receipts in general and special accounts amounted to \$5,925 millions in the fiscal year 1940, and net receipts, i. e., total receipts less net appropriations to the Federal old-age and survivors insurance trust fund, totaled \$5,387 millions. This level of total receipts represents a resumption, after a reversal in the fiscal year 1939, of the rise in total receipts from the low level of \$2,080 millions in the fiscal year 1933 and comes within \$317 millions of equaling the 1938 total receipts which were next to the highest (1920) of any year of our history. The table below shows total and net receipts in the fiscal year 1940 and the trend of receipts during the eight fiscal years, 1933 to 1940.

*Total receipts and net receipts under general and special accounts, fiscal years 1933 to 1940*

[In millions of dollars. On basis of daily Treasury statements (unrevised), see p. 583]

Year	Total receipts	Net appropriations to Federal old-age and survivors insurance trust fund <sup>1</sup>	Net receipts—total receipts less net appropriations to Federal old-age and survivors insurance trust fund	Year	Total receipts	Net appropriations to Federal old-age and survivors insurance trust fund <sup>1</sup>	Net receipts—total receipts less net appropriations to Federal old-age and survivors insurance trust fund
1933.....	2,080	-----	2,080	1937.....	5,294	265	5,029
1934.....	3,116	-----	3,116	1938.....	6,242	387	5,855
1935.....	3,800	-----	3,800	1939.....	5,668	503	5,165
1936.....	4,116	-----	4,116	1940.....	5,925	538	5,387

<sup>1</sup> Formerly old-age reserve account.

The following chart shows total receipts including employment taxes, by principal sources, for the fiscal years 1933 to 1940. Figures on which the chart is based appear in the table on page 650. The 1940 receipts are discussed on pages 19 to 22.

TOTAL RECEIPTS,<sup>1</sup> FISCAL YEARS 1933 TO 1940, BY PRINCIPAL SOURCES

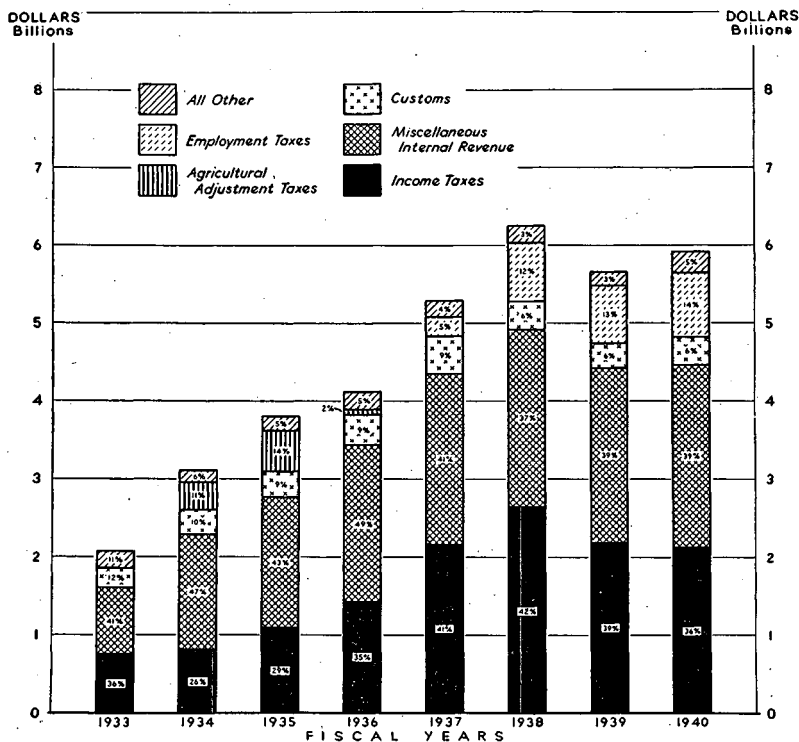


CHART 2.

Total revenue has increased \$3,845 millions between the fiscal years 1933 and 1940. Of this amount, \$3,801 millions is represented by increased internal revenue taxes, contributions under the Railroad Unemployment Insurance Act, and customs. If the taxes based on employment including contributions under the Railroad Unemployment Insurance Act are deducted, the increase is \$2,963 millions.

Both legislative changes and improvement in business conditions have contributed to the revenue increases. The relative effects of the legislation itself can be separated approximately from the effects of business conditions by computing estimated tax liabilities under the same business conditions under revenue laws which existed at the beginning and end of this period.

In this manner there has been prepared a comparison of the relative strength of the tax structure now (December 1940) with the laws

<sup>1</sup>Excludes trust accounts.



which prevailed immediately prior to the fiscal year 1933, i. e., just before the passage of the Revenue Act of 1932 and also under the Revenue Act of 1932. The table below presents forecasts of the estimated tax *liabilities* (excluding miscellaneous receipts) for the calendar year 1941 (which will, in many cases, represent tax collections in the fiscal year 1942 or subsequent years) on three bases: (1) The laws in effect immediately prior to June 6, 1932—immediately prior, that is, to the first major revision of revenue legislation after the onset of the depression, (2) the laws in effect immediately after the passage of the Revenue Act of 1932, and (3) existing legislation as of December 31, 1940. The estimates in this table are based upon a classification which groups Federal receipts from related sources.

*Estimated Federal tax liabilities<sup>1</sup> for calendar year 1941,<sup>2</sup> based on the tax structures of (1) May 1932, (2) immediately following the passage of the Revenue Act of 1932, and (3) December 1940*

[In millions of dollars]

Tax group	Under laws—			Increase (+) or decrease (–) laws in existence December 31, 1940, over laws of May 1932	Increase (+) or decrease (–) laws in existence December 31, 1940, over laws immediately following passage of Revenue Act of 1932
	Of May 1932, immediately preceding the passage of the Revenue Act of 1932	Of July 1932, immediately following passage of Revenue Act of 1932	Of December 31, 1940		
Individual income, estates, and gifts.....	594	1,308	2,230	+1,636	+922
Corporate income and profits.....	1,277	1,594	3,723	+2,446	+2,129
Liquor.....	39	9	825	+816	+816
Tobacco.....	654	654	704	+50	+50
Other miscellaneous internal revenue.....	39	777	879	+840	+102
Employment <sup>4</sup> .....	-----	-----	957	+957	+957
Customs.....	289	289	295	+6	+6
Total tax liabilities.....	2,862	4,631	9,613	+6,751	+4,982

<sup>1</sup> Excluding miscellaneous receipts. In preparing this table the tax base was assumed to be independent of the tax structure.

<sup>2</sup> These estimates are based upon the same estimated levels of business activity for calendar year 1941 as those used in making the revenue estimates contained in the 1942 Budget Message of the President.

<sup>3</sup> This estimate assumes the eighteenth amendment in effect. Application of the 1932 liquor tax rates to the present volume of liquor consumption would yield a much higher amount.

<sup>4</sup> Includes collections under Railroad Unemployment Insurance Act.

The tax structure of May 1932, as shown in the table, would have provided \$2,862 millions of tax liability, based on business conditions similar to those estimated to affect liabilities during the calendar year 1941. Under the tax structure after the passage of the Revenue Act of 1932, it is estimated that tax liabilities would amount to \$4,631 millions, indicating that the Revenue Act of 1932 strengthened the tax structure by \$1,769 millions at the indicated business levels.

The strengthening of the tax structure since the passage of the Revenue Act of 1932 has been principally attributable to taxes collected from liquor largely as a result of the repeal of prohibition

and others levied for special purposes--namely, those collected in conjunction with the insurance features of the Social Security program, and those levied under the two revenue acts of 1940, which were passed in connection with financing the defense preparedness program. These three items account for nearly \$4,000 millions of the \$4,982 millions increased revenue yield of the present tax structure over the tax structure existing immediately after the passage of the Revenue Act of 1932. The balance of the strengthening came about principally by increasing the progressive taxes levied upon incomes, estates, and gifts. Under taxes existing on December 31, 1940, the total tax liability is estimated at \$9,613 millions.

The table on page 654 is in terms of tax collections (excluding miscellaneous receipts) allocated to estimated calendar years of incurrence of tax liability. In studying changes in taxes the movement of liabilities accrued in a particular year is often more illuminating than is the movement of receipts. Tax statutes frequently result in receipts being reflected in the Treasury's receipts months after the corresponding liabilities accrue to the taxpayer. Tax liabilities reflect earlier and more clearly the effects of legislative and economic changes, and probably give a truer picture of underlying conditions. For example, tax receipts in the fiscal year 1930 were higher than in 1929, and in the fiscal year 1938 were higher than in 1937, chiefly because of the long lags involved between the incurrence of tax liability and payments to the Treasury. The summary table below shows for the calendar years 1933 to 1939 the total tax collections (excluding miscellaneous receipts) allocated to the estimated years of incurrence of the tax liability. The classes are indicated in the table itself, and details as to the classification of any particular tax may be found in the table on page 654.

*Tax collections allocated by groups to estimated year of incurrence of the tax liability,<sup>1</sup> calendar years 1933 to 1939*

[In millions of dollars. On basis of reports of collections, see p. 584]

Tax group	1933	1934	1935	1936	1937	1938	1939
I. Individual income, estates, and gifts .....	612.7	858.4	1,206.3	1,741.7	1,605.5	1,248.5	1,389.4
II. Corporate income and profits .....	574.1	783.3	960.4	1,469.8	1,507.0	1,090.4	1,440.5
III. Liquors .....	138.5	366.9	459.8	566.8	588.0	561.3	601.4
IV. Tobacco .....	409.3	451.9	477.9	535.8	562.8	566.7	582.8
V. Other miscellaneous internal revenue .....	514.7	488.2	498.6	569.1	613.2	560.7	614.0
VI. Employment <sup>2</sup> .....				81.3	790.1	734.1	809.5
VII. Agricultural adjustment .....	183.9	508.0	277.5				
VIII. Customs .....	288.2	308.1	363.8	414.0	482.7	309.0	332.8
Total tax liabilities .....	2,721.4	3,764.8	4,244.3	5,378.5	6,149.3	5,070.7	5,780.4

<sup>1</sup> These estimates, which exclude miscellaneous receipts, are not to be confused with data of actual fiscal or calendar year collections in the indicated years.

<sup>2</sup> Includes collections under Railroad Unemployment Insurance Act.

SOURCE.—Table on p. 654.

The table that follows shows Federal tax liabilities and national income produced for calendar years 1933 to 1939. National income "produced" is defined by the Department of Commerce as "the net value of all goods and services produced within a given period." It differs from the concept of national income "paid out" in that it includes "business savings"—i. e., the undistributed net profits of business enterprises—but excludes unearned interest and dividend payments as well as business losses before such payments.

It should, of course, be stressed that Federal tax liabilities should not properly be subtracted from national income, either produced or paid out. They are not a burden or drain upon the sum total of national income. They contribute materially to national income produced when, after being collected as taxes, they are spent by the Government. Any list of the forms in which Federal expenditure increases national income would include such items as salaries, educational services, streets and highways, conservation of natural resources, public works, furnishing of national defense, public health, and emergency relief.

*National income and Federal tax liabilities, calendar years 1933 to 1939, and at assumed higher levels of national income*

[In millions of dollars]

Calendar year	National income produced	Federal tax liabilities
1933.....	42,430	2,721
1934.....	50,347	3,765
1935.....	55,870	4,244
1936.....	65,165	5,379
1937.....	71,172	6,149
1938.....	63,610	5,071
1939.....	69,378	5,780
.....	90,000	11,200
.....	100,000	13,400

<sup>1</sup> These estimates, which are based on the law existing in December 1940, including the temporary tax rates of the Revenue Act of 1940, are rough and may vary somewhat either way. They are presented as an indicator and not a gauge. The \$90,000 million and \$100,000 million levels of national income are not predictions for any particular year. In addition to the tax liabilities the Federal Government collects miscellaneous revenues and receipts which are not estimated at the \$90,000 million and \$100,000 million levels of national income produced. In the fiscal year 1942 these are estimated at \$169 millions.

SOURCES.—Table on page 654 for tax liabilities. *Survey of Current Business*, U. S. Department of Commerce, June 1940, table I, page 7, for national income produced.

The last two lines in the table above have been included in order to present some idea of the strength of the tax structure as of December 31, 1940, at higher levels of national income than now exist. These estimates are of a different type than those appearing elsewhere in the table. They are not predictions of the indicated levels of national income for any particular year but are rough indications of the level of receipts under certain assumed conditions. It is not meant to imply that Federal tax liabilities correlate merely with national income produced or that they may be estimated merely by reference to it. There is no one answer as to the amount of revenue at a given

level of national income. The course of the national income—upward, downward, irregularly fluctuating, or lateral—has a great influence upon tax liabilities. The composition of the income—i. e., its division between types of income and classes of income receivers—also has a great influence. The assumption in connection with the estimates at the \$90 billion and \$100 billion national income levels is that the income remain constant at each level for some years. The assumptions with respect to composition have been made with special reference to the existing international situation. Under these assumptions, if the national income were to achieve an annual level of \$90 billions for several years, it is estimated that the existing tax structure would produce approximately \$11,200 millions in annual tax liabilities. Under comparable circumstances an annual \$100 billions national income would provide annual Federal tax liabilities of \$13,400 millions. This tax yield would be unprecedented in our national history.

The table below shows these estimates of total tax receipts at national income levels of \$90 billions and \$100 billions by principal sources. Employment taxes in each of these estimates are computed at calendar year 1940 rates.

*Estimated total Federal tax receipts,<sup>1</sup> in general and special accounts, by principal sources, at assumed levels of national income*

[In billions of dollars]

Source	National income produced	
	\$90 billion level	\$100 billion level
Income taxes.....	6.6	8.5
Miscellaneous internal revenue.....	3.3	3.5
Customs.....	.3	.3
Employment taxes <sup>2</sup> .....	1.0	1.1
Total tax receipts <sup>3</sup> .....	11.2	13.4

<sup>1</sup> Based upon the law existing in December 1940, including the temporary tax rates of the Revenue Act of 1940. These estimates of receipts assume continuation of the present international situation.

<sup>2</sup> At 1940 rates; includes collections under Railroad Unemployment Insurance Act.

<sup>3</sup> Miscellaneous receipts have not been estimated at the indicated national income levels. In the fiscal year 1942 they are estimated at \$169 millions.

The Federal tax structure as it exists in 1940 and as it existed after the passage of previous revenue laws is shown in summary form in the exhibit beginning on page 466. The discussion that follows summarizes legislation and developments that affected revenues during the eight fiscal years between July 1, 1932, and June 30, 1940. This discussion, except for fiscal year 1940, excludes discussion of miscellaneous revenues and receipts and is therefore confined to other tax receipts and customs and to the changes therein. Miscellaneous revenues and receipts constitute a very small proportion of the total Federal receipts. Although a few small tax items are included in this group, the bulk of it is nontax revenues, such as fees, fines, tolls,

interest on obligations held by the Government, seigniorage charges, gifts, etc. These revenues amounted to from \$162 millions to \$268 millions annually in the period under review.

*Revenue Act of 1932.*—The Revenue Act of 1932, approved June 6, 1932, was the first major revenue law passed after the onset of the depression. It was passed in the face of the necessity of increased revenues at a time when there had been a drastic decline in the existing tax base. Though the date of its passage would include it in the events of the fiscal year 1932, its provisions did not affect Federal revenues or liabilities until the fiscal year 1933.

The principal provisions of the Revenue Act of 1932 were the following:

(1) Increase in the corporation income tax rate from 12 percent to 13½ percent, with an additional tax of ¾ of 1 percent for consolidated returns and the removal of a specific credit of \$3,000.

(2) Increase in the normal rates on individual incomes from 1½, 3, and 5 percent to 4 and 8 percent; elimination of any tax credit for earned income; reduction in personal exemptions from \$3,500 and \$1,500 to \$2,500 and \$1,000 for married persons or heads of families and single individuals, respectively; surtaxes graduated from 1 percent on net income in excess of \$6,000 (as compared with \$10,000 under the previous revenue act), up to 55 percent on net income in excess of \$1,000,000 (as compared with a maximum surtax of 20 percent on net income in excess of \$100,000 under the previous act); changes in the capital gains provision of the law to limit losses from the sale or exchange of stocks and bonds held two years or less to the amount of gains from similar transactions, with a one-year carryover of the disallowed losses.

(3) An additional tax at graduated rates on estates, with an exemption of only \$50,000 (it had been \$100,000 under the Revenue Act of 1926), the additional tax to be paid to the Federal Government without tax credit for payment of State inheritance taxes.

(4) A gift tax at rates graduated up to 33½ percent on net gifts in excess of \$10,000,000, with an exemption of \$50,000 plus an annual exemption for each donee of \$5,000. This tax was included to assist in the collection of the income and estate taxes and partially prevent their avoidance through the splitting up of estates during the lifetime of the taxpayer.

(5) Special manufacturers' excises on specific articles. The list included lubricating oil and gasoline, automobiles, trucks, parts and accessories, tires and inner tubes, brewer's wort, candy, chewing gum, soft drinks, jewelry, toilet preparations, furs, domestic and commercial consumption of electricity, radios, mechanical refrigerators, sporting goods, cameras, malt and grape concentrates, matches, firearms, shells

and cartridges. Of these taxes, that on gasoline proved the most productive as a source of revenue. These taxes, in general enacted for a 2-year period, were originally intended to be temporary. The majority remained in effect until 1938 and certain ones are now scheduled to expire in 1945.

(6) Other miscellaneous taxes, including new and increased stamp taxes, increased taxes on admissions, and new taxes on telephone, telegraph, cable, and radio messages, checks, leases of safe deposit boxes, transportation of oil by pipe line, and the use of yachts and boats.

*Fiscal year 1933.*—The fiscal year 1933 saw the first effects of the revenue act of the preceding year and the creation of a tax base in the liquor industry.

The tax revenues decreased from the level of the previous year but the decrease was only slight—approximately \$34 millions. Revenues other than those from income taxes and customs actually increased. Income tax revenues declined by \$311 millions—the decline in incomes between 1930 and 1932 (1931 being common to both years) more than offsetting the increase in rates. Customs declined by \$77 millions, reaching their lowest level since 1919, as the quantity of imports fell and depreciation of foreign currencies lowered ad valorem duties. The new manufacturers' excises of the Revenue Act of 1932 brought in \$248 millions the first year, half from gasoline, and the other new taxes accounted for another \$68 millions.

The Volstead Act was amended to permit the sale of beer and light wines, and the act which legalized them (approved March 22, 1933) also provided for taxes upon fermented liquor which yielded \$35 millions before the close of the fiscal year. This act was the only significant new item of revenue legislation in the fiscal year 1933 to affect the revenues in that year.

The Agricultural Adjustment Act, approved May 12, 1933, and the National Industrial Recovery Act, approved June 16, 1933, included new taxes which added to the revenues of subsequent fiscal years. These taxes did not affect the revenues during the fiscal year 1933.

The Agricultural Adjustment Act of 1933 imposed taxes upon processors of selected farm products at rates to be determined by the Secretary of Agriculture to equal "the difference between the current average farm price for the commodity and the fair exchange value of the commodity . . ." Corresponding taxes were also placed on floor stocks and imports of the commodities taxed, and on rival products competing with these basic agricultural commodities. The tax was designed primarily to finance the activities of the Agricultural Adjustment Administration, in its program to raise the prices of farm products to "parity" by crop reductions and otherwise. The processing tax provisions of this act, together with its amendments of later fiscal

years, were held unconstitutional on January 6, 1936, by the United States Supreme Court.

The main tax provisions of the National Industrial Recovery Act were four in number: (1) A capital stock tax at the rate of \$1 for each \$1,000 of the declared value of a corporation's capital stock. (2) An excess-profits tax on corporations at the rate of 5 percent on the portion of the net income in excess of 12½ percent of the adjusted declared value of the stock of each corporation. (3) A tax of 5 percent upon all dividends paid by corporations to individuals and to foreign corporations, to be withheld by the dividend-paying corporation. (4) The manufacturers' excise and other taxes imposed by titles IV and V of the Revenue Act of 1932 were extended for one year after June 30, 1934. The rate of the gasoline tax was increased from 1 cent to 1½ cents a gallon, and Public No. 73, approved the same day, placed the expiration date of the gasoline tax on the same basis as the other temporary manufacturers' excise taxes imposed by the Revenue Act of 1932. It was provided that the new and increased taxes imposed under the National Industrial Recovery Act should cease to be effective at stated periods after the President proclaimed the date of (1) the close of the fiscal year ending June 30 of any year after 1933, during which the total receipts of the Government exceeded its total expenditures, or (2) the repeal of the eighteenth amendment to the Constitution, whichever was the earlier.

*Fiscal year 1934.*—The first fiscal year to reflect approximately a full year's collections under the income and estate tax provisions of the Revenue Act of 1932 was 1934, as 1933 had been the first to reflect the manufacturers' excise and other miscellaneous provisions of this act. Total tax revenues amounted to \$2,954 millions, a gain of \$1,099 millions over revenues in the fiscal year 1933.

Both personal and corporate income tax receipts rose during this year despite the fact that their base was now the two low income years, 1932 and 1933. The increase in current corporation income tax was \$2 millions, the increase in current individual income tax receipts was \$60 millions, and the increase in estate tax receipts was \$74 millions over the levels of the previous fiscal year. The other outstanding increases in revenue came in the gasoline excise which yielded \$78 millions more due to the increase to 1½ cents a gallon by the National Industrial Recovery Act, and in fermented malt liquors where, following the repeal of prohibition, there was an increase of \$134 millions in tax revenue. The new taxes imposed under the National Industrial Recovery Act yielded \$133 millions (capital stock tax \$80 millions, dividends tax \$50 millions, excess-profits tax \$3 millions), and the Agricultural Adjustment Act processing taxes yielded \$371 millions. In addition, the eighteenth amendment had been repealed, and the sale of distilled spirits was now legal in many States. Federal

revenues from the taxation of distilled liquors in the fiscal year 1934 amounted to \$90 millions. This amount included the small receipts from the taxation of liquor sold for medicinal and other legal purposes during the period from the beginning of the fiscal year to the repeal of prohibition on December 5, 1933, the receipts from the application of the pre-prohibition rates on liquor sales from December 5, 1933, until the effective date of the Liquor Taxing Act on January 11, 1934, and the receipts at rates levied by this act for the remainder of the fiscal year. All other major taxes showed increasing returns, with the upturn in business. Even customs, with a \$63 millions increase, reversed a downward trend which had covered the previous four years.

Important changes in Federal taxes occurred during this fiscal year. The Liquor Taxing Act, approved January 11, 1934, raised the excise rates on distilled spirits and still wines and lowered the license taxes on brewers and the excises on beer. When the eighteenth amendment was formally repealed (December 5, 1933), the President, acting in accord with the National Industrial Recovery Act, issued a proclamation which had the effect of repealing certain of the National Industrial Recovery Act taxes as of the following dates: The dividends tax was repealed as of December 31, 1933, and the rate of the gasoline tax reverted to its 1 cent a gallon rate after that date, the capital stock tax was not to apply to any year except the year ending June 30, 1933, and the excess-profits tax was not to apply to any taxable year ending after June 30, 1934.

The Revenue Act of 1934 was approved May 10, 1934. This act provided for four principal changes from the 1932 rates:

(1) The corporate income tax was amended to allow consolidated returns only in the case of railroads. This meant that under this act two corporations under the same ownership, other than railroad corporations, could not cancel the losses of one against the profits of another for the purpose of diminishing or avoiding the payment of the income tax. The consolidated return rate was increased to 15% percent while the regular rate remained at 13% percent.

A further change in the corporate income tax was designed to discourage a method of personal income tax avoidance. Individuals and groups of individuals had been arranging to have their incomes received by closely held corporations which would then invest such incomes but make little or no distribution of such incomes to shareholders. These corporations carried on no business other than the investment of their income, and were known as "personal holding companies." The 1934 act placed special taxes on these corporations.

The taxes on capital stock and excess profits of corporations, originally imposed under the National Industrial Recovery Act and repealed upon the adoption of the twenty-first amendment to the Constitution, were again imposed.



(2) The personal income tax was made more sharply progressive by lowering the normal tax rate to a flat 4 percent, raising surtax rates, and restoring a 10 percent earned income credit against the normal tax. However, this was partially offset by permitting the personal exemption and credit for dependents as a credit in determining surtax net income. The entire method of taxing capital gains—previously taxed as ordinary income or subject to a flat rate of 12½ percent, at the option of the taxpayer—was altered. Depending on the length of time the assets had been held, the taxpayer was to include a varying proportion of the capital gain as net income. Deduction of capital losses was limited to capital gains plus \$2,000, regardless of the time for which such assets had been held. For corporations no distinction was made for the length of time for which the assets were held but capital losses were limited to capital gains plus \$2,000.

(3) Tax rates on both estates and gifts were raised. The increase in the gift tax was not to take effect until the calendar year 1935, although the estate tax rates were effective immediately upon the signing of the law by the President. Donors took advantage of the period between the effective date of the act on May 10, 1934, and the end of the year to make a large amount of gifts at the 1932 act rates.

(4) Manufacturers' excise taxes were altered somewhat. Imports of various marine animal and fish oils which competed with domestic products were taxed, and processing taxes on vegetable and coconut oils, either domestic or imported, were imposed. Taxes collected on Philippine coconut oil were to be held as a separate fund and paid to the treasury of the Philippine Islands. On the other hand, certain of the excises of the 1932 act were modified. The taxes on soft drinks, candy, and checks were repealed, increased exemptions were added to the taxes on furs and jewelry, and the stamp tax on the sale of produce for future delivery was reduced.

(5) A special tax, to apply to contracts and subcontracts for the construction of naval vessels and aircraft, was included in the Vinson-Trammell Act, approved March 27, 1934. This act limited all such profits to 10 percent of the contract price.

(6) The Reciprocal Trade Agreements Act was approved on June 12, 1934. This act authorized the President for three years to enter into reciprocal trade agreements with foreign governments wherein, among other things, existing duties might be modified by not more than 50 percent of the duty imposed under the Tariff Act of 1930. This act was renewed in 1937 and again in 1940.

*Fiscal year 1935.*—Continued improvement in business conditions combined with the higher rates of the 1934 Revenue Act to make for continued increase in Federal revenues during the fiscal year 1935. Current corporation income taxes rose \$144 millions and current individual income taxes rose \$93 millions. Aside from these, the largest

increase came in the liquor schedule. Liquor production and consumption were mounting steadily, and liquor tax receipts rose from \$259 millions in 1934 to \$411 millions in 1935, the first full fiscal year after repeal of prohibition. Additions to the list of commodities covered by the Agricultural Adjustment Act probably were responsible for the greater part of the \$155 million increase recorded in these taxes. The very great increase in gift tax receipts to \$72 millions from \$9 millions probably was caused by gifts made because of immediately higher estate and prospectively higher gift tax rates imposed under the Revenue Act of 1934. Receipts from the tax on gasoline totaled \$162 millions as compared with \$203 millions in 1934. This decrease was more than accounted for by the reduction in rate from 1½ cents in the first half of the fiscal year 1934 to 1 cent in subsequent periods. A rise of \$30 millions in customs receipts reflected increased liquor and agricultural imports, the latter brought about by the drought of 1934. Total receipts from taxation rose from \$2,954 millions to \$3,621 millions.

The principal revenue legislation of the fiscal year 1935 was the extension for two years of the special taxes imposed by the Revenue Act of 1932, except for the tax on checks which was repealed as of January 1, 1935. These taxes had been originally designed to expire on June 30 or July 31, 1934, and the National Industrial Recovery Act had postponed the expiration date for one year.

There were also enacted a considerable number of additions to and modifications of the Agricultural Adjustment Act, chiefly concerned with extending the list of commodities covered and extending temporary provisions in time.

*Fiscal year 1936.*—The bulk of revenue changes during the fiscal year 1936 represented the effects of continued business improvement. However, a portion of the \$145 millions increase in current corporation tax returns may be ascribed to altered Treasury regulations regarding deductions for depreciation. Income tax collections, current and back, continued to increase as did all major sources of revenue with the exception of agricultural adjustment taxes.

Almost immediately following the beginning of the fiscal year, cases attacking the constitutionality of the processing taxes began to be supported by the courts, so that tax funds were impounded and taxpayers delayed filing their returns. The taxes were declared unconstitutional in January 1936 and returns ceased, leaving the total collections for the year at \$68 millions, a decrease of \$459 millions from the previous year. The rising level of industrial activity and a 50 percent reduction in the rates on imported distilled spirits more than offset the drop in agricultural imports following normal domestic crop production so that receipts from customs duties increased, and total tax revenues rose \$279 millions to \$3,900 millions.

Two revenue acts were passed during the fiscal year 1936, neither of which was to affect revenue materially until the following fiscal year. The Revenue Act of 1935 was approved August 30, 1935. All individual income surtax rates were raised for surtax net incomes above \$50,000 and the maximum of 59 percent (on incomes above \$1,000,000) increased to 75 percent (on incomes above \$5,000,000). (The 75 percent rate compares with the previous top rate of 65 percent levied on incomes above \$1,000,000 in 1918-1921.) All estate and gift tax rates were raised also; the maximum estate tax rate was revised from 60 percent on net estates over \$10,000,000 to 70 percent on net estates over \$50,000,000; the maximum gift tax rate was increased from 45 percent on net gifts over \$10,000,000 to 52½ percent on net gifts over \$50,000,000. The date of filing estate tax returns was extended to 15 months after decedent's death, and optional valuation of estates either at the time of death or 1 year later was permitted. The specific exemptions for both estate and gift taxes were reduced from \$50,000 to \$40,000.

Two new features were introduced into the corporation income tax by the Revenue Act of 1935. The first was a progressive tax. Instead of the flat rate of 13¾ percent the rate scale was graduated from 12½ percent on the first \$2,000 of net income to 15 percent on net incomes of over \$40,000. The second required 10 percent of the dividends received from domestic corporations to be included as ordinary income by the receiving corporation. These dividends had previously been tax-exempt except in the calendar years 1913 to 1916 when the tax rate was only 1 percent and 2 percent.

The corporation income tax provisions did not, however, go into effect, but were superseded by those of the Revenue Act of 1936, approved June 22, 1936. The 1936 act retained the progressive principle of the previous legislation as applied to corporate income, but lowered the rates in all but the highest bracket, and in addition imposed graduated surtaxes of from 7 to 27 percent upon undistributed corporate net income arising in taxable years beginning after December 31, 1935. The applicable rate was based upon the percentage of corporate net income remaining undistributed.

The Revenue Act of 1936 also made 15 percent of intercorporate dividends (instead of 10 percent as in the act of 1935) subject to the normal tax, and all corporate dividends received by individuals were made subject to the normal tax as well as the surtax.

Aside from the above income tax provisions, the Revenue Acts of 1935 and 1936 made further changes in the revenue structure, the principal ones being:

(1) The 1935 act increased the rate of tax on the declared value of capital stock and also permitted a redeclaration of the value. The

higher rate, which was to become effective June 30, 1936, did not become effective as it was superseded by the Revenue Act of 1936, which was passed prior to that date, and contained rates the same as had been in effect.

(2) The excess-profits rates of the 1935 act were increased from 5 percent of all income in excess of 12½ percent of the declared value of capital stock to 6 percent of the excess above 10 percent and less than 15 percent, and 12 percent on all other excess income.

(3) After the Agricultural Adjustment Act processing taxes were declared unconstitutional, the Revenue Act of 1936 imposed an 80 percent tax on Federal excise taxes shifted but unpaid and on refunds of such taxes as had been shifted to others, in order to avoid an unfair competitive advantage being given processors who had not paid processing taxes over those who had.

(4) The 1935 act reduced the tax on producers of crude petroleum. The 1936 act eliminated the jewelry tax, lowered the rate on furs while removing exemptions, and imposed taxes on the importation of certain additional types of seeds and oils.

Further legislation included the Social Security Act, approved August 14, 1935. This act imposed two taxes in connection with the old-age insurance provisions of the act: (1) An income tax on employees (with certain occupational exceptions) starting at 1 percent in 1937 and rising gradually to 3 percent after 1948, based on wages received not in excess of \$3,000 per annum; and (2) an excise tax on employers (with certain occupational exceptions) starting at 1 percent in 1937 and rising gradually to 3 percent after 1948, based on wages paid, not in excess of \$3,000 per annum, to each individual in his employ. In addition, the act imposed in connection with the unemployment insurance features of the social security program an excise tax on employers of eight or more (with certain occupational exceptions) equal to 1 percent of the total wages payable in the calendar year 1936, 2 percent in 1937, and 3 percent in 1938 and thereafter. The act allowed a credit of 90 percent of the tax imposed for contributions paid into an unemployment fund under a State law.

Shortly after the passage of the Social Security Act the Carriers Taxing Act of 1935 was approved (August 29, 1935). After August 29, 1935, it provided for a tax upon the income of carriers' employees equivalent to 3½ percent of the compensation received up to \$300 a month, and an excise tax upon carriers equivalent to 3½ percent of the compensation not in excess of \$300 a month paid to their employees.

The Bituminous Coal Conservation Act of 1935, approved August 30, 1935, imposed an excise tax of 15 percent of the sale price of bituminous coal produced after November 1, 1935. Of this tax, 90 percent was to be refunded to producers complying with the Bituminous Coal Code. The Supreme Court held this act unconstitutional

before the end of the fiscal year. Two acts pertaining to liquor, the Federal Alcohol Administration Act of 1935 and the Liquor Tax Administration Act of 1936, made improvements in liquor tax administration. The latter act reduced by 50 percent the rates on wines. These rate decreases did not, however, become effective until the following fiscal year.

*Fiscal year 1937.*—The fiscal year 1937 covers the period of the highest business activity during the recovery period. Income tax receipts reflected the business conditions and tax structure of the two previous years, but all other revenue items changed chiefly due to the tide of business advance.

Tax receipts rose by \$1,184 millions during the year. The rise in income taxes was especially marked—\$407 millions in individual and \$284 millions in corporation. The provisions of the Revenue Act of 1936 as well as the business upturn were having their effect. Receipts of \$253 millions from social security taxes constituted a new source of income. Customs receipts accelerated a rise which had begun in 1934, increasing by \$100 millions to \$486 millions. While imports of all classes of merchandise increased and the value of imports exceeded the value of exports for the first time since 1893, the excess amounting to \$104 millions, much of the increase in customs duties was due to the drought in 1936. The only drastic decreases in receipts were in processing taxes, which ceased following invalidation of the Agricultural Adjustment Act, and gift taxes, where there was a fall from \$72 millions in 1935 and \$160 millions in 1936 to \$24 millions. This decline may be ascribed to the gifts made in the earlier years in anticipation of the higher rates of the 1934 and 1935 Revenue Acts and the removal of any comparable incentive to make gifts in 1937.

Revenue legislation enacted during the fiscal year was confined to three measures:

(1) The temporary taxes of the Revenue Act of 1932, originally designed to expire on June 30 or July 31, 1934, had been previously extended (with slight modifications) to 1937. On June 29, 1937, these taxes were further extended for two years.

(2) The old-age insurance provisions of the Social Security Act had excepted carriers and their employees from its provisions and this class of workers had been covered by a special act of August 29, 1935. This act was repealed by the Carriers Taxing Act of 1937, approved June 29, 1937, which lowered the rates of the 1935 act retroactively to January 1, 1937, but no collections were due under it until the fiscal year 1938.

(3) Following the invalidation of the Bituminous Coal Conservation Act of 1935, the Bituminous Coal Act of 1937 was enacted on April 26, 1937, and became effective on June 21, 1937. This act imposed

an excise tax of 1 cent a ton on coal sold by the producer who conformed with the code. In addition a tax of 19½ percent on the market value of coal sold by producers not members of the code was imposed if its sale was in interstate commerce or if the National Bituminous Coal Commission held that such transactions in intrastate commerce imposed an undue disadvantage on interstate commerce. This act is scheduled to expire on April 26, 1941.

*Fiscal year 1938.*—A business recession which began in the spring and summer of 1937 continued into the fiscal year 1938. Income taxes, both individual and corporate, estate taxes, and gift taxes continued to reflect conditions of the prosperous calendar years 1936 and 1937 and the tax increases of the Revenue Act of 1936. Most other sources of revenue showed small changes, or resulted from new laws.

The total receipts from taxation increased \$950 millions to \$6,034 millions. Half the increase (\$477 millions) was in income taxes, another \$101 millions in estate taxes, and there was a \$502 millions increase in employment taxes, which reflected for the first time receipts of a full year's liabilities and the collection of an additional quarter's liability in the case of the Carriers Taxing Act of 1937. New taxes on bituminous coal and sugar yielded \$34 millions. The largest decreases came in liquors, \$26 millions, and in customs, where a decline of \$127 millions was due to a substantial contraction in imports, especially in the agricultural schedule.

The Revenue Act of 1937 was approved on August 26, 1937. This act was concerned chiefly with an effort to check income tax avoidance. The principal specific provisions were:

- (1) Broadening of the concepts of personal holding companies and personal holding company net income. In addition, the surtax rates were sharply increased on the income of such companies.

- (2) Nonresident aliens, previously subject only to a flat 10-percent tax on income received from the United States, were made subject to full surtax rates if these would be over 10 percent.

- (3) "Personal" exemptions were removed from trusts which allowed their income to accumulate.

The Revenue Act of 1937 affected only taxable year incomes of 1937, except insofar as its provisions were re-enacted by the Revenue Act of 1938, which became law on May 28, 1938, of that year without the President's signature. The principal provisions of the Revenue Act of 1938 were the following:

- (1) One corporation income tax was substituted for the normal income and undistributed profits taxes of the Revenue Act of 1936. For corporations with incomes in excess of \$25,000, the rate of tax varied from 16½ percent to 19 percent depending upon the percentage of net income distributed as dividends. For small corporations the

progressive feature of corporation taxation, instituted by the Revenue Act of 1935, was retained, with rates substantially higher. Corporations improperly accumulating surplus were taxed at increased rates. The corporate income tax provisions of this act were applicable only for taxable years beginning after December 31, 1937, and before January 1, 1940.

(2) The provisions of the 1936 act regarding capital gains and losses of individuals were simplified and time categories into which different percentages of capital gains and losses were to be included in net income were established. The flat rate method of taxing long-term capital gains and losses in effect prior to 1934 was reinstated. Individuals were now to compute their tax liabilities on two bases. Under the first method the stated percentages of long-term gains and losses were included as ordinary income. Under the second they were subject to a flat rate of 30 percent. If capital assets transactions resulted in a net gain, the method giving the lower tax was allowed. If a net loss, the higher tax had to be paid.

(3) Increased taxes were placed on distilled spirits other than brandy.

(4) A number of the excises of the Revenue Act of 1932 were repealed; namely, those on certain toilet preparations, furs, phonograph records, sporting goods, cameras, chewing gum, the production and refining of crude petroleum, brewer's wort, malt syrup, sales of produce for future delivery, and matches except fancy wooden ones. The tax on imports of hemp seed, perilla seed, and sesame seed was reduced. New taxes were also placed on certain tractors used in combination with a trailer or semi-trailer. The net effect of these changes was a decline in Federal revenue from miscellaneous non-regulatory taxes. However, the principal revenue-yielding excises of the 1932 act, the taxes on gasoline, lubricating oil, automobiles, and automotive equipment, were all retained.

(5) The capital stock tax was amended to permit corporations to revalue their capital stock every three years.

(6) The annual gift tax exemption was reduced from \$5,000 per person to \$4,000 per person and gifts in trust were excluded from this exemption.

(7) The option of applying the last-in first-out method of inventory valuation with respect to raw materials was granted certain industries, namely those processing certain nonferrous metals or tanning hides or skins.

Aside from the two revenue acts, there were other legislative enactments of this fiscal year which led to revenue increases.

The Sugar Act of 1937 (approved September 1, 1937) imposed excises on the manufacture of sugar and also on imports of manufactured sugar and articles composed in chief value of manufactured sugar.

The Railroad Unemployment Insurance Act, approved June 25, 1938, provides for contributions from carriers and their employees to cover costs of unemployment insurance.

Various other miscellaneous internal revenue taxes were also amended.

*Fiscal year 1939.*—For the first time since 1933, tax revenues fell as business recovery during the fiscal year 1939 was not entirely reflected in the revenues for that year owing to the lag in income, estate, gift, and capital stock taxes, receipts from which reflected 1938 recession levels of business. The total decrease amounted to \$554 millions (from \$6,034 millions to \$5,480 millions). It was chiefly accounted for by a decline of \$434 millions in current corporation and individual income taxes. Customs revenue, reflecting a further decline in imports, fell by \$40 millions. The repeal of certain of the 1932 Revenue Act excise taxes was largely responsible for a decline of \$20 millions in manufacturers' excise tax receipts. The \$50 million decline in estate tax receipts was at least partially due to taxpayers taking advantage of the lower levels of security prices by valuing estates a year after death, and a \$12 million decline in the capital stock tax indicated the lower capital stock declarations made in accordance with the Revenue Act of 1938, by corporations anticipating lower income levels. The principal tax increases were in distilled spirits (upon which rates had been raised) and wines (\$30 millions), tobacco (\$12 millions), and the Sugar Act of 1937, now effective for a full fiscal year (\$35 millions). Employment taxes declined by \$14 millions. Rising collections from other employment taxes were more than offset because receipts under the Carriers Taxing Act of 1937 reflected liabilities of only four quarters as compared to five quarters in the previous fiscal year. In the case of the tax on employers of 8 or more, the basic rate rose from 1 percent in 1936 and 2 percent in 1937 to the maximum of 3 percent in 1938 and thereafter.

A general revenue act was approved on June 29, 1939. It made a number of administrative changes, but altered the substantive tax law only in scattered particulars, the most important being:

- (1) Extended for two more years the unrepealed excise taxes of the Revenue Act of 1932.

- (2) Eliminated completely the undistributed profits tax which originated in the 1936 act and was continued to a minor extent by the Revenue Act of 1938. Instead of the rates of the 1938 act, which varied between 16½ percent and 19 percent, depending upon the percentage of net income distributed in dividends, a flat rate of 18 percent was substituted for corporations with net incomes in excess of \$25,000. The 1938 act rates for smaller corporations remained unchanged. Certain types of corporations such as banks and insurance companies



had never been subject to the undistributed profits tax and had been taxable at flat rates, 15 percent under the 1936 act and 16½ percent under the 1938 act. These corporations now became taxable under the rates applying to other corporations.

(3) Except for the period during which the Revenue Act of 1932 was in effect, no distinction had been made in the tax treatment of long-term and short-term capital losses of corporations. Prior to 1932, all capital losses were allowed in full against other income. During the period covered by the 1934 to 1938 acts, capital losses were limited to capital gains plus \$2,000. Under the 1932 act, losses in sales of stocks and bonds held less than two years were limited to gains from similar transactions with a provision that the losses thus disallowed could be carried forward one year. Under the 1939 act, losses on capital assets held 18 months or less were limited to gains from similar transactions with a one-year carryover of disallowed losses permitted. Losses on assets held more than 18 months were allowed in full as deductions from other income.

(4) The act provided for a two-year carryover of business losses.

(5) Many corporations, which had established low capital stock valuations in 1938, were made subject to high excess-profits taxes by the unanticipated rapidity of the subsequent recovery. The 1939 act permitted them to raise (but not decrease) capital stock valuations.

In addition to the Revenue Act of 1939, the Public Salary Tax Act of 1939, approved April 12, 1939, added the salaries of previously exempt State and local employees to the personal income tax base for taxable years beginning after December 31, 1938.

*Fiscal year 1940.*—Total receipts in general and special accounts amounted to \$5,925 millions during the fiscal year 1940, an increase of \$257 millions from the previous fiscal year. The increase was spread throughout the major sources of receipts with the one exception of income taxes.

The decrease of \$51 millions in current income tax collections was a result of the fact that income levels in the calendar year 1939, upon which part of the fiscal year 1940 receipts are based, were lower than those existing in the calendar year 1937 which were partially reflected in the fiscal year 1939 revenues—the calendar year 1938 being common to both fiscal years. As corporation income tax rates had been generally increased by the Revenue Act of 1938 whereas individual rates remained unchanged, current corporation income taxes decreased only \$5 millions as compared to a decrease of \$46 millions in current individual income taxes.

Excess-profits tax collections are subject to the same statutory lag as income taxes and decreased \$9 millions, but this was partially offset by an increase of \$6 millions in collections of the capital stock

tax which is complementary to the excess-profits tax. The increase in the capital stock tax was due to higher income levels anticipated by corporations for calendar year 1939 as compared to calendar year 1938.

The remainder of the internal revenue schedule shows increases under almost every tax group. The upward movement of business was the principal cause, unobscured by the statutory lag which affects income tax collections. The largest increase was of \$32 millions in distilled spirits and wines. Here an additional factor was increased purchases of European liquors following the outbreak of war in September 1939. Tobacco tax receipts rose \$28 millions because of increased consumption of tobacco products, chiefly cigarettes. Rising business activity was also reflected in increased receipts from the bulk of manufacturers' excises, particularly in gasoline with an increase of \$19 millions and in the automotive group where collections rose \$28 millions.

Receipts under the Federal Insurance Contributions Act, formerly title VIII of the Social Security Act, were affected by the Social Security Act Amendments of 1939, approved August 10, 1939. The major changes in coverage under this act were the inclusion of service on American vessels, employees of member banks of the Federal Reserve System, individuals aged 65 and over, and the exclusion of certain groups of farm workers. Inasmuch as the inclusion of individuals aged 65 and over was made retroactive to January 1, 1939, taxes for five quarters' liabilities were collected in the fiscal year 1940. The other major changes in coverage became effective January 1, 1940, so that the revenues from such coverage were included in fiscal year 1940 receipts to the extent of only one quarter's liability. It should be noted that the Social Security Act Amendments of 1939 prevented the increase in rates on January 1, 1940, which would have applied to wages in the calendar years 1940, 1941, and 1942 in accordance with the original Social Security Act. The bulk of the \$74 million increase in receipts was due to increased employment, and the remainder to increased coverage provided by the amendments.

The revenue effects of the Social Security Act Amendments of 1939 will not be reflected in receipts under the Federal Unemployment Tax Act, formerly Title IX of the Social Security Act, until January 1941. The fiscal year 1940 was the first full fiscal year that all receipts were based upon the maximum 3 percent rate of tax, a factor which, together with a rise in taxable wages, effected an increase of \$7 millions in receipts. The Railroad Unemployment Insurance Act, placing employees of railroads under a separate unemployment compensation system, became effective July 1, 1939, thus excluding revenues hitherto derived from railroads, from the Federal Unemployment Tax Act. Employment taxes on carriers and their employees were

unaffected by the amendments. An increase of \$12 millions in revenue from these taxes reflects one quarter's receipts under increased tax rates as well as increased employment. Ten percent of the contributions required by the Railroad Unemployment Insurance Act, which are deposited with the Secretary of the Treasury for the credit of the railroad unemployment insurance administration fund, amounted to \$5 millions, representing liabilities for three quarters of the year. The increase of \$30 millions in customs duties was due to heavier imports of sugar, wool, liquors, and metals which offset declines in the remaining tariff schedules except the free list. Duties collected on imports from each continent except Europe increased sharply. An increase of \$80 millions in miscellaneous receipts from nontax sources was concentrated in the "other miscellaneous" item. Here the bulk of the \$47 millions increase included \$44 millions on account of repayment of capital funds by the Commodity Credit Corporation. An increase of \$21 millions in seigniorage arose principally from the coinage of a large amount of silver and minor coins which were necessary to meet the needs of business.

As in other years, the bulk of receipts in the fiscal year 1940 was derived from a relatively few sources. As shown by the data in the table on page 650, 86 percent of the receipts came from customs and the following 11 taxes arranged in order of magnitude: Current corporate income, current individual income, employment by others than carriers, tobacco, distilled spirits and wines, estate, fermented malt liquors, gasoline, capital stock, taxes on employment by carriers and their employees, and automobiles, trucks, tires, tubes, and parts or accessories.

The Revenue Act of 1940, approved June 25, 1940, increased taxes generally. The basic income tax law was changed by increasing the corporation rate 1 percent, raising individual surtax rates on surtax net income between \$6,000 and \$100,000, and decreasing personal exemptions 20 percent.

Certain temporary changes to last five years were also made, and the proceeds were to be used for retiring obligations of the "National Defense Series" which were to be issued in connection with financing the national defense program. Income, capital stock, declared value excess-profits, estate, and gift tax rates were increased 10 percent. In the individual income tax, the defense tax was 10 percent of the basic tax or of net income after tax, whichever was less. With the principal exceptions of regulatory taxes and taxes on tobacco (other than cigarettes) and communication facilities, increases were also made in other internal revenue taxes. The rate of increase, generally 10 percent, varied from 8½ percent in the case of the cigarette tax to 50 percent in the case of the gasoline tax. The exemption on the tax on admissions was lowered from 40 cents to 20 cents.

Receipts in the fiscal year 1940 were not affected by the Revenue Act of 1940 except indirectly as taxable activity was advanced in anticipation of the higher rates effective in the next fiscal year.

### Expenditures from general and special accounts

#### *Fiscal year 1940*

Total expenditures of the Federal Government from general and special accounts excluding debt retirement amounted to \$8,998 millions in the fiscal year 1940, an increase of \$291 millions over the preceding year. Included in the expenditures for 1940 was \$120 millions applicable to the fiscal year 1939 to restore the capital of the Commodity Credit Corporation, a payment made in accordance with the act of August 9, 1939. If this is taken into account, the actual increase in expenditures for 1940 is \$51 millions. The distribution of the total expenditures by major functions is shown in table 8 on page 652, and in chart 3. The distribution of the actual increase of \$51 millions is shown below.

	<i>Amount</i> <i>(in millions of dollars)</i>
Items showing increase:	
National defense.....	396
Departmental.....	106
Interest on public debt.....	100
Aid to agriculture.....	192
Grants to States under the Social Security Act.....	36
Other.....	60
	790
Items showing decrease:	
Relief and work relief.....	695
Public works.....	44
	739
Net increase.....	51

<sup>1</sup> After adjustment of payment to restore capital of Commodity Credit Corporation applicable to the fiscal year 1939.

It should be noted that in this review of expenditures for 1940, and also in the review of expenditures for the years 1933 to 1940, which follows, the basis used is the classification shown in the table on page 652, wherein expenditures are grouped by major objects of expenditures, such as national defense, veterans' pensions and benefits, aid to agriculture, relief and work relief, public works, etc. Where reference is made to departmental expenditures, the amounts classified under these major objects of expenditure are excluded.

Reflected in the increase of \$396 millions in the cost of national defense are payments on account of the War Department (military), which rose 36 percent; and payments on account of the Navy Department, which increased 32 percent.

The increase of \$106 millions in departmental expenses was due principally to the large expenditures of the United States Maritime Commission for the construction of merchant vessels, passenger and cargo; payments for this agency were \$55 millions greater than in

1939. Other departments showing increases were Commerce, \$17 millions (due primarily to the cost of the 1940 census); Justice, \$12 millions; Treasury, \$7 millions; State, \$5 millions; Civil Aeronautics Authority, \$5 millions. The Department of the Interior showed a decrease of \$7 millions.

Expenditures for aid to agriculture increased \$92 millions in the aggregate. Payments on account of the agricultural adjustment program were \$234 millions more in 1940 than in 1939, mainly because of increased parity payments and increased payments under the Soil Conservation and Domestic Allotment Act. Offsetting this increase were decreases in cotton-price adjustment payments, payments under the Sugar Act of 1937, payments on account of the Agricultural Adjustment Administration, and payments (for capital stock) to the Federal Crop Insurance Corporation. Payments under the Farm Tenant Act increased \$15 millions; and net payments of the Farm Credit Administration (payments in excess of credits) increased \$2 millions, largely because of diminishing repayments by the regional agricultural credit corporations in liquidation. On the other hand, there were decreases of \$25 millions in the expenditures of the Farm Security Administration, other than under the Farm Tenant Act, of \$11 millions in subscriptions to paid-in surplus of the Federal land banks, and of \$3 millions in payments to the Federal land banks and the Federal Farm Mortgage Corporation as reimbursement for the statutory reduction in interest on farm mortgages, making a total decrease of \$39 millions. After making adjustment in the fiscal year 1940 expenditures for the \$120 millions in payment to the Commodity Credit Corporation for restoration of capital which was appropriated for the fiscal year 1939, the net increase in expenditures for agricultural aid was \$92 millions. Details concerning the repayments made by the Commodity Credit Corporation during 1940 (which were included in miscellaneous receipts) appear on page 171 of this report.

The increase of \$36 millions in grants to States under the Social Security Act is explained by the normal growth of the several programs of the Social Security Board, exclusive of the old-age and survivors insurance benefits program, the receipts and expenditures of which are handled as trust funds.

The increase of \$60 millions in "other" payments is accounted for chiefly by an increase of \$26 millions for transfers to trust accounts; of \$23 millions for Treasury refunds of taxes and duties; and of \$15 millions for expenditures for the Panama Canal.

The decrease of \$695 millions in the cost of relief and work relief was due almost entirely to a decline of \$684 millions in payments on account of the Work Projects Administration. Decreases in the

expenditures of the Civilian Conservation Corps and the regular departments (work relief) were almost wholly offset by an increase of \$17 millions in the expenditures of the National Youth Administration.

The decrease of \$44 millions in the cost of public works was due primarily to decreases in the grants and net loans of the Public Works Administration and in the expenditures of the Public Roads Administration. These more than overbalanced increases in the expenditures for public buildings, reclamation, river and harbor work, and flood control.

*Fiscal years 1933 to 1940*

The total expenditures of the Federal Government from general and special accounts for the eight fiscal years from July 1, 1932, through June 30, 1940, amounted to approximately \$60,827 millions, or if debt retirements be excluded, to approximately \$58,672 millions. The following table exhibits the trend of expenditures during these eight fiscal years and the course of debt retirements chargeable against ordinary receipts.

*Total expenditures from general and special accounts, fiscal years 1933 to 1940*

[In millions of dollars. On basis of daily Treasury statements (unrevised), see p. 583]

Year	Total expenditures	Public debt retirements chargeable against ordinary receipts	Total expenditures less public debt retirements	Year	Total expenditures	Public debt retirements chargeable against ordinary receipts	Total expenditures less public debt retirements
1933.....	4, 325	462	3, 864	1938.....	7, 304	65	7, 239
1934.....	6, 371	360	6, 011	1939.....	8, 765	58	8, 707
1935.....	7, 583	574	7, 010	1940.....	9, 127	129	8, 998
1936.....	9, 069	403	8, 666				
1937.....	8, 281	104	8, 177	Total.....	60, 827	2, 155	58, 672

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

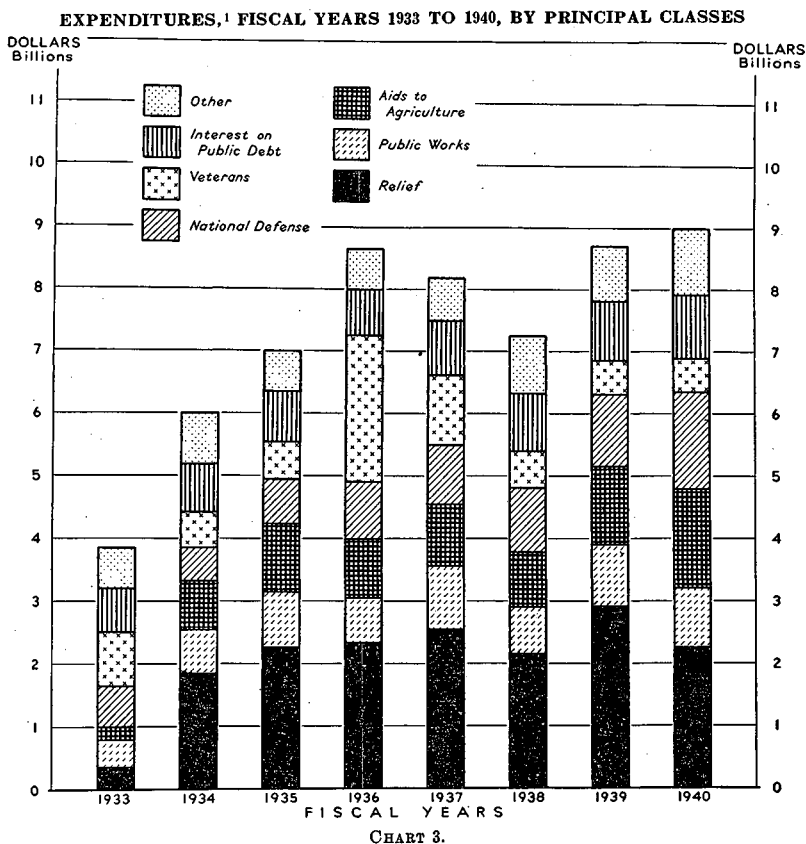
The largest single object of expenditure during the past eight years, it will be observed from the table that follows and chart 3, has been relief and work relief. The figures in this table and in the discussion that follows have been classified by function and are on the basis of the daily Treasury statement as it appeared on July 1, 1940 (see table 4 on page 628). They differ in total, therefore, from the daily Treasury statement figures presented in the years 1936 to 1940 in that receipts from taxes under the Federal Insurance Contributions Act, formerly title VIII of the Social Security Act, have been excluded from total receipts and amounts transferred to the Federal old-age and survivors insurance trust fund, formerly the old-age reserve account, have been excluded from expenditures.

*Expenditures in general and special accounts, July 1, 1932, to June 30, 1940,  
classified by functions*

[In millions of dollars. On basis of daily Treasury statements reclassified as shown in the table on p. 628]

Function	Amount
Relief and work relief.....	15,507
Grants to States under Social Security Act.....	1,143
Public works.....	6,500
Aid to agriculture.....	7,643
National defense.....	7,497
Veterans' pensions and benefits.....	7,212
Other departmental.....	3,188
Interest on the public debt.....	6,780
Other (see table on page 35).....	3,193
Total ordinary expenditures.....	58,672
Debt retirements.....	2,155
Total expenditures chargeable against ordinary receipts.....	60,827

NOTE—Figures are rounded to nearest million and will not necessarily add to totals.



*Relief and work relief.*—The relief and work relief programs of the Federal Government have been carried on during the last eight years mainly by the Work Projects Administration (WPA) and its predecessors, the Works Progress Administration, the Federal Emergency

<sup>1</sup> Excludes debt retirements.

Relief Administration (FERA) and Civil Works Administration (CWA), and by the Civilian Conservation Corps (CCC) and the National Youth Administration (NYA). Funds for the initial program were provided by the Reconstruction Finance Corporation (RFC). Expenditures for relief and work relief, classified by agency, appear in the table that follows.

*Expenditures for relief and work relief, classified by agencies, fiscal years 1933 to 1940*

[In millions of dollars. On basis of daily Treasury statements reclassified as shown in the table on p. 628]

Year	RFC	FERA	CWA	WPA	NYA	Executive de- part- ments	CCC	Total
1933.....	298.1	1 37.9					14.2	350.2
1934.....	2.5	1 707.4	805.1				331.9	1,844.9
1935.....	2.9	1 821.0	11.3				435.5	2,267.0
1936.....	2 1.3	1 495.6	.7	1,228.1	35.5	46.8	480.3	2,291.7
1937.....	2 15.3	1 12.4	.3	1,830.8	65.6	94.3	385.8	2,375.9
1938.....	2.3	4.4	.2	1,421.3	51.2	65.7	326.4	1,869.0
1939.....		1.7	.2	2,161.5	78.1	69.8	290.4	2,601.6
1940.....		.5		1,477.5	94.6	50.4	283.2	1,906.4
Total.....	282.8	3,080.9	817.8	8,119.3	325.0	326.9	2,553.8	15,506.7

<sup>1</sup> Includes Federal Surplus Relief Corporation.

<sup>2</sup> Credit, deduct.

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

The Emergency Relief and Construction Act of July 21, 1932, authorized the Reconstruction Finance Corporation to make loans to States, municipalities, and other public bodies for use by them in furnishing relief and work relief to needy and distressed persons and in alleviating the hardships resulting from unemployment. Loans to States and to the Territory of Hawaii were to be repaid by annual deductions from future highway grants; other loans were to be repaid by agreement. This program came to an end shortly after the passage of the Federal Emergency Relief Act of May 12, 1933, which created the Federal Emergency Relief Administration. This latter act was grounded on a principle different from that which underlay the Emergency Relief and Construction Act of 1932, in that it authorized the Administrator to make outright grants to States instead of making them loans repayable out of highway grants. To June 30, 1936, approximately \$3,062 millions have been expended for relief by this agency.

While the Federal Emergency Relief Administration program was getting under way, a work program was begun under the Civil Works Administration, an agency created to substitute work for direct relief by furnishing employment on local improvement projects. This program reached its peak during the fiscal year 1934.



The Works Progress Administration, created by Executive order of May 6, 1935, pursuant to authority contained in the Emergency Relief Appropriation Act of 1935, was established to substitute work relief for direct relief. Its program superseded the Federal Emergency Relief Administration. The Works Progress Administration, which on July 1, 1939, was renamed the Work Projects Administration, had expended over \$8,119 millions by June 30, 1940.

The National Youth Administration was established under Executive order of June 26, 1935, to initiate and administer a program of approved projects to provide relief, work relief, and employment for persons between the ages of 16 and 25 years. During 1940 its program was greatly enlarged and extended.

The regular executive departments also undertook work projects under the various Emergency Relief Appropriation Acts. These projects are of the same general type as those operated by the Work Projects Administration. For purposes of this summary, it should be noted that some of these expenditures have been classified in the same categories as expenditures for the executive departments, e. g., national defense or aid to agriculture.

There is an additional work relief program which differs substantially from the relief and work relief programs described above. The Civilian Conservation Corps, originally established by an Executive order of April 5, 1933, was made a statutory establishment under the act of June 28, 1938. The primary purpose of the Civilian Conservation Corps has been to provide youths with employment on public works relating to the conservation and development of the national resources. By June 30, 1940, expenditures aggregated approximately \$2,554 millions.

*Grants to States under the Social Security Act.*—Certain relief activities of the Government are carried on as grants to States under the Social Security Act, approved August 14, 1935. These grants are administered by three agencies of the Government: Social Security Board, Public Health Service, and Children's Bureau. Upon certification of these agencies, payments are made by the Secretary of the Treasury for (a) the administration of unemployment compensation programs, (b) old-age assistance (not to be confused with old-age and survivors insurance benefits paid from trust accounts), (c) aid to dependent children, and (d) aid to the needy blind, public health work, maternal and child-health services, services for crippled children, and child-welfare services. Payments made during the fiscal years 1936 to 1940 are shown in the following table.

*Grants to States under the Social Security Act, fiscal years 1936 to 1940*

[In millions of dollars. On basis of daily Treasury statements reclassified as shown in the table on p. 628]

	1936	1937	1938	1939	1940	Total to June 30, 1940
<b>Federal Security Agency:</b>						
<b>Social Security Board:</b>						
Old-age assistance (title I).....	19.7	124.8	182.2	208.8	227.6	763.2
Aid to dependent children (title IV).....	2.0	14.3	25.5	31.0	45.4	118.1
Aid to the blind (title X).....	1.0	4.7	5.2	5.3	6.2	22.3
Unemployment Compensation Administration (title III).....	.9	9.1	41.9	58.9	58.3	169.2
<b>Total, Social Security Board.....</b>	<b>23.6</b>	<b>152.9</b>	<b>254.8</b>	<b>304.0</b>	<b>337.5</b>	<b>1,072.8</b>
<b>Public Health Service:</b>						
Public health work.....	2.4	7.8	8.9	8.0	9.4	36.5
<b>Total, Federal Security Agency.....</b>	<b>26.0</b>	<b>160.7</b>	<b>263.7</b>	<b>312.0</b>	<b>346.9</b>	<b>1,109.3</b>
<b>Department of Labor:</b>						
Maternal and child health services (title V).....	1.0	3.1	3.8	3.7	4.8	16.5
Services for crippled children (title V).....	.6	2.1	2.7	3.1	3.3	11.7
Child welfare services (title V).....	.2	1.0	1.3	1.5	1.5	5.5
<b>Total, Department of Labor.....</b>	<b>1.8</b>	<b>6.2</b>	<b>7.8</b>	<b>8.3</b>	<b>9.6</b>	<b>33.7</b>
<b>Total, grants to States.....</b>	<b>27.8</b>	<b>166.9</b>	<b>271.5</b>	<b>320.3</b>	<b>356.5</b>	<b>1,143.0</b>

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

*Public works.*—The public works expenditures made during the fiscal years 1933 to 1940 may be classified into six broad categories: (1) Expenditures for the improvement and maintenance of rivers and harbors for navigation (including flood control); (2) those for the construction of public roads in cooperation with the States; (3) those for the construction of new public buildings; (4) those for the construction of irrigation and reclamation projects; (5) those of the Tennessee Valley Authority (TVA), a Government corporation created by act of Congress on May 18, 1933; and (6) those of the Federal Emergency Administration of Public Works (PWA), established pursuant to title II of the National Industrial Recovery Act, approved June 16, 1933, to promote the construction of useful projects by means of loans and grants to public bodies. Expenditures for public works, classified by these types, are shown in the table that follows.

*Expenditures for public works, classified by types, fiscal years 1933 to 1940*

[In millions of dollars. On basis of daily Treasury statements reclassified as shown in the table on p. 628]

Year	Rivers and harbors	Public roads <sup>1</sup>	Public buildings	Reclamation <sup>2</sup>	PWA <sup>3</sup>	TVA	Total
1933.....	118.4	171.3	127.4	25.2	-----	-----	442.4
1934.....	150.7	267.9	87.8	24.7	155.9	11.0	698.0
1935.....	203.0	317.4	67.4	40.9	218.5	36.1	883.4
1936.....	223.7	243.9	79.7	64.0	69.5	48.8	729.7
1937.....	235.0	350.6	88.9	58.7	248.8	42.0	1,023.9
1938.....	198.6	236.6	91.5	65.4	148.7	42.0	782.9
1939.....	193.0	204.5	66.3	79.3	407.9	40.8	991.8
1940.....	212.9	176.4	75.0	96.4	347.7	39.1	947.5
<b>Total.....</b>	<b>1,535.3</b>	<b>1,968.6</b>	<b>684.1</b>	<b>454.5</b>	<b>1,597.0</b>	<b>260.0</b>	<b>6,499.6</b>

<sup>1</sup> Includes forest roads and trails, Department of Agriculture.<sup>2</sup> Greater part of expenditures is reimbursable.<sup>3</sup> Net figures; the repayments of loans are treated as deductions from expenditures.

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

*Aid to agriculture.*—During the past eight years the Federal Government has furnished financial aid to agriculture in a number of different forms and through a number of different agencies for the purpose of giving relief to the financially distressed farmers and improving their economic position. This aid includes the expenditures relating to farm credit, agricultural adjustment, farm security, rural electrification, and other expenditures by the Department of Agriculture.<sup>1</sup> They are shown, classified by programs, in the table that follows.

*Expenditures for aid to agriculture, classified by programs, fiscal years 1933 to 1940*

[In millions of dollars. On basis of daily Treasury statements reclassified as shown in the table on p. 628]

Year	Farm credit	Agricultural adjustment program	Farm security	Rural electrification	Department of Agriculture	Total
1933.....	131.1				77.9	209.0
1934.....	415.6	291.9	2.4		70.0	779.9
1935.....	202.4	792.8	5.4	(*)	75.5	1,076.3
1936.....	38.8	632.0	138.0	1.4	127.8	938.0
1937.....	73.6	527.5	209.7	8.9	156.6	976.4
1938.....	71.1	456.0	183.2	15.2	135.0	860.5
1939.....	46.5	786.7	210.3	37.8	154.2	1,235.4
1940.....	35.0	1,139.7	200.3	38.0	154.3	1,567.4
Total.....	1,014.1	4,626.7	949.3	101.3	951.4	7,642.7

\*Less than \$50,000.

NOTE.—Net figures; repayments to revolving funds are treated as deductions from expenditures. Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

Federal aid to agriculture, through the medium of farm credit, consisted of three principal classes: Direct loans, interest subsidies, and subscriptions to capital stock and surplus of agricultural credit corporations. More important than making direct loans or granting interest reductions to farmers out of appropriations made by Congress, however, has been the financial aid extended farmers by Government corporations engaged in supplying farmers with credit. Among these corporations are the Federal land banks, the Federal Farm Mortgage Corporation, the Federal intermediate credit banks, the regional agricultural credit corporations, the production credit corporations, and the banks for cooperatives. The expenditures in the table above reflect the operations of these agencies only to the extent of capital stock and paid-in surplus provided these agencies pursuant to appropriations. Further details with respect to the operations of these agencies appear in the article beginning on page 39.

Expenditures under the agricultural adjustment program shown in the table above include not only expenditures made under the various agricultural adjustment acts but also under related acts, such as the Sugar Act of 1937, approved September 1, 1937, the Soil Conservation and Domestic Allotments Act of February 29, 1936,

<sup>1</sup> Although it is convenient to classify all the expenditures of this department as aid to agriculture, many of them are primarily of general benefit, e. g., those for meat inspection, for tuberculosis eradication, for the Weather Bureau, for the Forest Service, for the Bureau of Biological Survey, and for the Food and Drug Administration.

and payments made to the Federal Crop Insurance Corporation and to the Commodity Credit Corporation for capital stock or restoration of capital. The agricultural adjustment program was initiated by the Agricultural Adjustment Act of 1933, enacted May 12, 1933. The program was supplemented by the provisions of the Bankhead Cotton Act, the Kerr-Smith Tobacco Act, and the Potato Act, approved April 21, 1934, June 28, 1934, and August 24, 1935, respectively. The rentals and benefits contracted to be paid to farmers under these acts constitute the bulk of the expenditures of the Agricultural Adjustment Administration, and in the peak year, 1935, such payments approached \$712 millions. On January 6, 1936, the Supreme Court of the United States in the case of *United States v. Butler* (297 U. S. 1) invalidated the production control and processing tax provisions of the Agricultural Adjustment Act. Payments of obligations and commitments existing as of the date of the Supreme Court decision were made in considerable volume until the end of the fiscal year 1937.

On February 29, 1936, the Soil Conservation and Domestic Allotment Act was approved. This act replaced the program invalidated by the Supreme Court with a program of agricultural land conservation.

Unaffected by the Supreme Court decision of January 6, 1936, was a program authorized by section 32 of the Agricultural Adjustment Act of 1935, approved August 24 of that year. Under this section Congress appropriated for each fiscal year beginning with 1936 an amount equal to 30 percent of the gross customs receipts for the preceding calendar year, these sums to be used for the disposition of crop surpluses, especially through the exportation and domestic consumption thereof. In addition to this permanent appropriation, Congress appropriated for the same purposes an additional \$113 millions. The principal expenditures from this fund have been incurred in connection with the cotton-price adjustment program of 1935 and 1937 and the activities (since July 1, 1937) of the Federal Surplus Commodities Corporation.

The Sugar Act of 1937, approved September 1, 1937, authorizes the Secretary of Agriculture, among other things, to make conditional payments of 60 cents per one-hundred pounds, raw value, of commercially recoverable sugar to domestic sugar-cane and sugar-beet producers, with downward graduations in the case of large producers, provided that the growers meet certain conditions incorporated in the act. Expenditures under this act were \$6 millions in 1938, \$62 millions in 1939, and \$49 millions in 1940.

By section 303 of the Agricultural Adjustment Act of 1938, approved February 16, 1938, the Secretary of Agriculture was authorized and

directed, if and when funds should be appropriated by Congress for this purpose, to make payments to producers of corn, wheat, cotton, rice, or tobacco, on their normal production of such commodities in amounts sufficient to provide a return to such producers as nearly equal to parity prices as the available funds would permit. The Price Adjustment Act of 1938, approved June 21, 1938, made an appropriation of \$212 millions, to be available until expended, for parity payments on the 1939 crops. A further appropriation of \$225 millions was made for payments on the 1940 crops. Expenditures in 1940 amounted to more than \$215 millions.

The Commodity Credit Corporation, chartered under the laws of Delaware on October 17, 1933, was created primarily to make loans to farmers on agricultural commodities with respect to which programs for agricultural adjustment were in effect. The original capital stock of the Corporation, in the amount of \$3 millions, was subscribed for on behalf of the United States by the Secretary of Agriculture and the Governor of the Farm Credit Administration. In 1936, however, at the direction of Congress, \$97 millions of additional stock were issued and subscribed for by the Reconstruction Finance Corporation. The act of March 8, 1938, provided for maintaining the capital of the Corporation at \$100 millions. Further details with respect to operations under this act appear on page 171 of this report.

The Resettlement Administration, as the Farm Security Administration was denominated prior to September 1, 1937, was created by Executive Order No. 7027 of April 30, 1935. Until the passage of the Farm Tenant Act of 1937, its payments were chiefly of an emergency character, such as rural rehabilitation and loans and grants in stricken agricultural areas. On July 22, 1937, the President approved the Bankhead-Jones Farm Tenant Act and the Secretary of Agriculture assigned the duties under this act to the Resettlement Administration, that agency having been transferred to his jurisdiction by Executive Order No. 7530, signed December 31, 1936. Payments of the Farm Security Administration since 1936 have ranged from about \$150 millions to \$200 millions a year.

The Rural Electrification Administration, established by an Executive order of May 11, 1935, was made a statutory agency about a year later by the Rural Electrification Act of May 20, 1936. This agency makes no grants but finances, through loans of public funds at low rates of interest on a self-liquidating basis, the extension of electrification facilities to persons in rural areas.

Prior to the fiscal year 1936, expenditures of the Department of Agriculture (exclusive of those discussed above) averaged about \$75 millions a year; in 1936 they were \$128 millions; after 1936 they averaged \$150 millions. The explanation of the increase is to be

found in the addition to the Department of a new bureau, the Soil Conservation Service, charged with the conduct of soil conservation and land utilization projects; in the passage of the Bankhead-Jones Act of June 29, 1935, authorizing additional expenditures for agricultural researches including grants to State experiment stations, and additional grants to States for agricultural extension work and for the support of land-grant colleges; in legislation authorizing the payment of indemnities to owners of cattle destroyed by the Government as being tuberculous or afflicted with Bang's disease; and finally in large expenditures by the Forest Service and the Bureau of Entomology and Plant Quarantine for forests, plant disease, and insect eradication programs conducted as work relief projects and financed from relief funds.

*National defense.*—During the past eight years the annual expenditures of the Departments of War and of the Navy for military and naval purposes have more than doubled, this being true even if proper allowance be made for the effect during 1933 of the economy provisions of the Legislative Appropriation Act of June 30, 1932.

For this fact six principal causes may be assigned: First, the gradual restoration of the pay cuts imposed by the act of June 30, 1932, and the removal of the prohibitions against automatic increases in compensation; second, the increase in the average enlisted strength of the Army from 118,750 to 165,000 men; third, the policy declared in the Vinson-Trammell Act of 1934 of building up the Navy to the strength permitted by the naval treaties of 1922 and 1930; fourth, the program for building up the air forces of both Army and Navy; fifth, the program for mechanizing and motorizing the Army; sixth (this applies only to 1940), the provisions of Executive orders dated September 8, 1939, directing that the enlisted strength of the Army, Navy, and Marine Corps and of the National Guard be increased and authorizing, under certain conditions, the ordering to active duty of such officers and men of the Reserves as might be deemed necessary.

During this period, the Treasury has classified in the daily Treasury statement as "national defense" only the military expenditures made by the War Department and all expenditures by the Navy Department. Expenditures by other departments and agencies which relate in some respects to national defense have been classified under the respective agencies making such expenditure. National defense expenditures of this latter class have grown in importance, especially with the advent of the enlarged defense program initiated by the Government in the latter part of 1940.

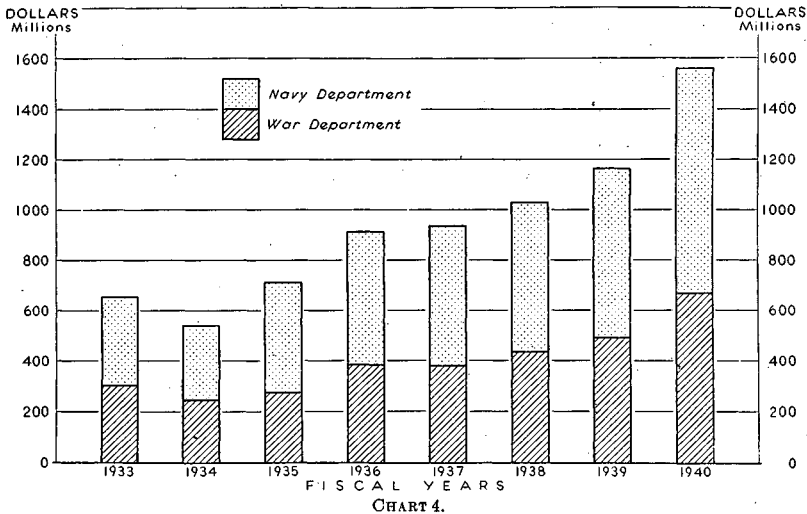
The trend of expenditures is shown in the table that follows and in chart 4.

*Expenditures of the War and Navy Departments for national defense, fiscal years 1933 to 1940*

(In millions of dollars. On basis of daily Treasury statements reclassified as shown in the table on p. 628)

Year	War Department	Navy Department	Total	Year	War Department	Navy Department	Total
1933.....	301.6	349.6	651.2	1938.....	431.5	596.3	1,027.8
1934.....	243.3	297.0	540.3	1939.....	439.5	673.0	1,112.5
1935.....	273.4	436.4	709.9	1940.....	667.1	891.6	1,558.8
1936.....	382.6	529.0	911.6				
1937.....	378.2	556.9	935.1	Total.....	3,167.2	4,329.8	7,497.2

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

**NATIONAL DEFENSE EXPENDITURES BY THE NAVY AND WAR DEPARTMENTS, FISCAL YEARS 1933 TO 1940**

*Veterans' pensions and benefits.*—Expenditures for veterans' pensions and benefits may be divided into two parts: the payment of the soldiers' bonus (adjusted service certificates) and "other pensions and benefits." In regard to the soldiers' bonus the figures for 1933, 1934, and 1935 in the table that follows represent payments to the adjusted service certificate fund based on estimates of the current requirements of that fund during each year. The figures for 1936 and 1937 reflect the transfers from the General Fund to the adjusted service certificate fund necessitated by the passage of the act of January 27, 1936, declaring the certificates to be immediately payable. These transfers were completed in 1937.

In regard to other veterans' expenditures the decrease in payments in 1934 is accounted for primarily by the legislation of March 20, 1933, authorizing the President to reduce veterans' benefits and pen-

sions. The rise in 1935 is due to the subsequent reestablishment of these benefits.

The expenditures in each of the past eight years for veterans' pensions and benefits were as follows:

*Expenditures for veterans' pensions and benefits, fiscal years 1933 to 1940*

(In millions of dollars. On basis of daily Treasury statements reclassified as shown in the table on p. 628)

Year	Adjusted service certificates	Other	Total	Year	Adjusted service certificates	Other	Total
1933.....	100.0	763.2	863.2	1938.....	-----	582.0	582.0
1934.....	50.0	507.0	557.0	1939.....	-----	557.1	557.1
1935.....	50.0	557.1	607.1	1940.....	-----	556.7	556.7
1936.....	1,773.5	577.9	2,351.4	Total.....	2,530.2	4,681.4	7,211.6
1937.....	556.7	580.6	1,137.3				

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

*Other departmental expenditures.*—The expenditures of the Department of Agriculture have been discussed under the caption "aid to agriculture"; those of the War Department (military) and of the Navy Department under "national defense"; those of the Army engineers for river and harbor work and flood control under "public works." The remaining expenditures of the Federal Government for ordinary departmental activities aggregated \$3,188 millions. These are shown in the table that follows:

*Expenditures of certain departments and agencies (exclusive of expenditures for relief and work relief), fiscal years 1933 to 1940*

(In millions of dollars. On basis of daily Treasury statements reclassified as shown in the table on p. 628)

Year	Treasury Department	Interior Department	Justice Department	Legislative Establishment	Commerce Department	State Department	Labor Department	United States Maritime Commission <sup>2</sup>	Civil Aeronautics Authority <sup>3</sup>	Other	Total
1933.....	112.8	50.9	44.1	21.5	22.5	15.2	12.9	28.5	9.3	38.3	356.0
1934.....	113.8	53.2	31.7	17.8	16.1	11.9	11.0	<sup>4</sup> 9.5	5.3	<sup>5</sup> 51.5	302.8
1935.....	124.6	77.4	33.1	20.1	21.6	18.5	12.2	<sup>4</sup> 21.3	6.9	<sup>5</sup> 42.6	335.7
1936.....	142.0	56.8	36.9	22.9	19.4	17.7	12.7	<sup>4</sup> 12.1	7.1	<sup>5</sup> 39.0	342.4
1937.....	143.8	73.4	38.9	23.8	17.5	17.8	12.7	<sup>4</sup> 6.1	6.7	<sup>5</sup> 37.4	365.9
1938.....	144.8	76.9	41.4	25.8	18.3	20.8	14.3	1.0	10.1	<sup>5</sup> 47.8	401.2
1939.....	155.8	103.8	46.9	21.9	19.9	19.2	14.9	43.6	18.4	<sup>5</sup> 44.3	488.7
1940.....	162.4	96.9	55.1	23.0	36.9	24.3	17.9	98.7	23.6	<sup>5</sup> 56.1	594.9
Total.....	1,099.9	589.3	328.1	176.7	172.2	145.4	108.8	122.7	87.5	<sup>5</sup> 357.0	3,187.6

<sup>1</sup> Includes the Judiciary.

<sup>2</sup> Includes expenditures classified prior to July 1, 1939, as U. S. Shipping Board.

<sup>3</sup> Includes expenditures classified prior to July 1, 1938, under Department of Commerce.

<sup>4</sup> Credit, deduct.

<sup>5</sup> Includes about \$12 millions paid for in 1933 by other agencies and in later years from postal revenues.

<sup>6</sup> Includes adjustments for disbursing officers' checks outstanding.

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

*Interest on the public debt.*—Expenditures for interest on the public debt have risen over the past eight years though not as rapidly in proportion as the interest-bearing debt itself. Data on interest payments appear in the table that follows. Data on the computed annual interest charge and computed annual interest rate appear on page 68 and in table 46.



*Expenditures for interest on the public debt and premiums received and credited to interest, fiscal years 1933 to 1940*

[In millions of dollars. On basis of daily Treasury statements reclassified as shown in the table on p. 628]

Year	Gross interest	Premiums obtained on securities offered at prices above par	Net interest	Year	Gross interest	Premiums obtained on securities offered at prices above par	Net interest
1933.....	689.4		689.4	1938.....	926.3		926.3
1934.....	764.1	7.5	756.6	1939.....	970.3	29.8	940.5
1935.....	824.3	3.4	820.9	1940.....	1,040.9		1,040.9
1936.....	757.5	8.1	749.4				
1937.....	866.4		866.4	Total.....	6,839.2	48.8	6,790.4

*Other expenditures.*—Other expenditures totaled \$3,193 millions during the eight years ended June 30, 1940, as shown below.

*Expenditures for transfers to trust accounts, refunds of taxes, etc., fiscal years 1933 to 1940*

[In millions of dollars. On basis of daily Treasury statements reclassified as shown in the table on p. 628]

Year	Transfers to trust accounts <sup>1</sup>	Refunds of taxes and duties	Federal Loan Agency <sup>2</sup>	Federal Security Agency <sup>3</sup>	U. S. Housing Authority	Postal deficiency	Panama Canal	Other	Total
1933.....	21.3	70.3	49.7	23.2		117.4	12.7	7.7	302.3
1934.....	21.1	63.9	206.8	22.3	4 0.4	52.0	9.9	\$ 155.3	531.7
1935.....	21.0	76.5	96.4	31.4	4 6.5	64.0	9.0	4.9	309.7
1936.....	40.7	54.3	57.0	43.4	4 24.9	86.0	11.5	5.9	323.7
1937.....	46.7	55.9	48.2	63.7	4 50.7	41.9	11.9	10.5	329.5
1938.....	219.7	99.7	25.1	70.9	4 43.1	44.3	11.4	3.6	517.8
1939.....	182.2	67.9	18.3	72.8	8.6	41.2	9.8	8.3	409.1
1940.....	207.9	91.1	14.2	74.6	1.9	40.9	25.0	13.5	469.1
Total.....	760.5	579.6	515.7	402.1	136.1	437.7	101.1	210.2	3,193.0

<sup>1</sup> Excludes transfers to Federal old-age and survivors insurance trust fund, formerly the old-age reserve account as explained on p. 24, and transfers to adjusted service certificate fund.

<sup>2</sup> Excludes Reconstruction Finance Corporation loans and grants to States, municipalities, etc.

<sup>3</sup> Excludes Civilian Conservation Corps, National Youth Administration, and grants to States under Social Security Act.

<sup>4</sup> Includes emergency housing.

<sup>5</sup> Includes \$150 millions paid by the Treasury for capital stock of the Federal Deposit Insurance Corporation.

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

Part of the increase in transfers to trust accounts shown in the table above was due to larger appropriations to Government employees' retirement funds. A major portion of the increase, however, was due to the operation of the Railroad Retirement Act of 1937. This act created the railroad retirement account in the Treasury of the United States and authorized the appropriation to the account in each fiscal year of an amount actuarially determined by the Railroad Retirement Board to be sufficient as a premium to provide for the payment of all annuities, pensions, and death benefits under the Railroad Retirement Acts of 1935 and 1937. Transfers to the account in 1938, 1939, and 1940, were \$146 millions, \$107 millions, and \$121 millions, respectively.

The column headed Federal Loan Agency in the foregoing table shows net payments from general and special accounts pertaining

to the constituent corporations and administrations of that establishment. The larger expenditures include nearly \$125 millions for the capital stock of the Federal home loan banks, \$200 millions for the capital stock of the Home Owners' Loan Corporation, \$49 millions for the purchase of shares in Federal savings and loan associations, \$24 millions for capital stock in the Disaster Loan Corporation, approximately \$1 million for capital stock in the Electric Home and Farm Authority, \$1 million for capital stock in the Export-Import Bank of Washington, \$75 millions for meeting the expenses of the Federal Housing Administration not covered by current income, and \$33 millions for interest on notes of the Reconstruction Finance Corporation held by the Treasury but canceled pursuant to the provisions of the act of February 24, 1938. Some of these expenditures provided capital stock for corporations which carried out programs of vast magnitude, the payments for which are not reflected in the general and special accounts of the Treasury Department. Further details concerning these expenditures appear on pages 41 and 42.

The expenditures classified under the heading Federal Security Agency are principally those of the Office of Education, the Public Health Service, the United States Employment Service, and the administrative expenses of the Social Security Board. They exclude payments for grants to States, shown on page 28 of this report. The expenditures of the United States Housing Authority exhibit the net payments from general and special accounts pertaining to the low-rent housing projects and slum clearance programs administered, first, by the Public Works Administration Housing Division, and after October 27, 1937, by the United States Housing Authority.

### Deficit

The deficit (excess of expenditures over receipts) for the fiscal year 1940 in general and special accounts, amounted to \$3,740 millions. If public debt retirements are deducted, the net deficit for the year amounted to \$3,611 millions. The table that follows shows the deficit, the public debt retirements, and the net deficit for the fiscal years 1933 to 1940.

#### *Deficit, public debt retirements, and net deficit, fiscal years 1933 to 1940*

[In millions of dollars. On basis of daily Treasury statements (unrevised), see p. 583.]

Year	Deficit	Public debt retirements	Net deficit	Year	Deficit	Public debt retirements	Net deficit
1933.....	2,245.5	461.6	1,783.8	1937.....	3,252.5	104.0	3,148.6
1934.....	3,255.4	359.9	2,895.5	1938.....	1,449.6	65.5	1,384.2
1935.....	3,783.0	573.6	3,209.4	1939.....	3,600.5	58.2	3,542.3
1936.....	4,952.9	403.2	4,549.7	1940.....	3,740.2	129.2	3,611.1

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

**RECEIPTS AND EXPENDITURES IN TRUST ACCOUNTS AND CHECKING  
ACCOUNTS OF CORPORATIONS AND CREDIT AGENCIES, FISCAL  
YEARS 1933 TO 1940**

In addition to receipts and expenditures under general and special accounts, discussed above, certain receipts and expenditures of the Government are reported on the Daily Statement of the United States Treasury under the title of "Trust accounts, increment on gold, etc." There are four main classes of receipts and expenditures reported under this title, two of which, increment on gold and seigniorage on silver, are discussed on pages 128 and 134 of this report. The operations of the other two classes of accounts, namely, trust accounts and checking accounts of governmental corporations and credit agencies, are summarized below. Neither the receipts nor the expenditures of these accounts affect the Federal Budget except to the extent that appropriations are made to these accounts from the General Fund. Such appropriations appear as expenditures under general and special accounts, and as receipts under trust accounts, increment on gold, etc. The trust accounts dispose of the excess of their receipts over expenditures by investing such excess in Government securities, as provided by statute. The corporations and credit agencies maintaining checking accounts with the Treasurer of the United States generally apply the cash balances not needed for operations to the purchase of Government securities for investment or to debt or capital stock retirement.

*Trust accounts*

The trust accounts maintained by the Treasury may be classified into four groups: (1) The veterans' funds established after the war, (2) the Government employees' retirement funds, (3) the retirement and unemployment insurance accounts established by the Social Security, Railroad Retirement, and Railroad Unemployment Insurance Acts, and (4) the miscellaneous trust accounts, including accounts of the District of Columbia.

The first group consists of the adjusted service certificate fund and the United States Government life insurance fund.

The United States Government life insurance fund was established pursuant to the provisions of an act approved December 14, 1919, as a trust fund to be administered by the Government for the sole benefit of the policyholders. The act directed that all converted insurance premiums<sup>1</sup> should be credited to the fund and that the fund should be available for the payment of converted insurance claims and for investment. The receipts side of the account comprises premiums, interest, considerations for supplementary installment contracts under claims, receipts from the United States on account of extra hazard of the military and naval service, and other income. The

<sup>1</sup> United States Government life insurance policies are conversions of war-risk term insurance policies issued to persons in the service of the War and Navy Departments during the first World War.

expenditures side consists of claims, payments of surrender values, payments on supplementary installment contracts under claims, and dividends. The balance in the fund consists of obligations of the United States, policy loans, adjusted service certificate loans,<sup>1</sup> and cash on hand.

During the 8-year period from 1933 to 1940, the receipts amounted to \$657.5 millions and the expenditures amounted to \$653.6 millions, the latter figure including net investments of \$524.4 millions, i. e., investments less redemptions.

The adjusted service certificate fund was established pursuant to an act of May 19, 1924, to provide a means for paying, over an extended period, the bonus voted by Congress to men who had served during the War in the Army, Navy, and Marine Corps. The receipts of the fund consist of transfers from the General Fund of the Treasury and interest on investments; its expenditures consist of certificate payments and the purchase of \$500 millions of adjusted service bonds to reimburse the United States Government life insurance fund on account of the loans made from that fund under the provisions of the World War Adjusted Compensation Act, as amended, and the Adjusted Compensation Payment Act, 1936. The receipts of this fund during the 8-year period, 1933 to 1940, amounted to \$2,564.5 millions, of which \$2,530.2 millions represented transfers from the General Fund. Disbursements from the fund amounted to \$2,570.7 millions, including expenditures from amounts transferred from the General Fund.

Under group two there are the civil service, foreign service, Canal Zone, and Alaska Railroad retirement funds. Total receipts and disbursements of these funds over the period, 1933 to 1940, follow:

#### RECEIPTS

[In millions of dollars]

Fund	Transfers from General Fund	Deductions from salaries	Interest on investments	Total
Civil service retirement fund.....	381.6	279.2	113.2	774.0
Foreign service retirement fund.....	1.8	1.7	1.0	4.5
Canal Zone retirement fund.....	2.5	4.0	1.0	7.5
Alaska Railroad retirement fund.....	.5	.5	.1	1.1

#### EXPENDITURES

Fund	Annuities, etc.	Investments (net)	Total
Civil service retirement fund.....	444.1	327.5	771.6
Foreign service retirement fund.....	2.1	2.3	4.5
Canal Zone retirement fund.....	5.2	2.2	7.4
Alaska Railroad retirement fund.....	.2	.8	1.0

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

<sup>1</sup> An act of March 3, 1927, authorized the Director of the United States Veterans' Bureau (now the Administrator of Veterans' Affairs) to make loans to veterans from the life insurance fund on the security of their adjusted service certificates. When the prepayment of the bonus was authorized (January 26, 1936) the Secretary of the Treasury was directed to issue to the fund \$500 millions of bonds to pay off the liens against the certificates. The cost of the bonds was charged to the adjusted service certificate fund.

The civil service retirement and disability fund was created by the Civil Service Retirement Act, approved May 22, 1920, to provide, among other things, for the payment of annuities to qualified permanent civil servants in the event of retirement for age or total disability. The costs of the system are borne partly by the employees subject to the provisions of the act and partly by the Government.

The third group includes the unemployment trust fund, the railroad retirement account, and the Federal old-age and survivors insurance trust fund. For information concerning the operations of these accounts for the fiscal year 1940, see pages 212 and 218, and also tables 20 and 21.

In group four are included the District of Columbia accounts and Indian tribal funds and other miscellaneous accounts. The total receipts of the District of Columbia for the 8-year period, excluding amounts transferred from the General Fund, were \$346.7 millions; and the total disbursements, excluding amounts paid from the General Fund of the Treasury, were \$347.4 millions.

*Government corporations and credit agencies maintaining checking accounts with the Treasurer of the United States*

Certain corporations and credit agencies of the Government have been established as self-financing organizations. Their cash operations are conducted through checking accounts maintained with the Treasurer of the United States and the net balances of the transactions in these accounts are shown under the title "Trust funds, increment on gold, etc." The operations of these Government corporations and credit agencies are reflected in the general and special accounts of the Treasury only to the extent that appropriations are made from the General Fund.

Under the act of January 22, 1932, creating the Reconstruction Finance Corporation, it was contemplated that the Corporation's funds would be used only for loans and administrative expenses, and it was assumed that the latter would be taken care of through receipts from earnings. An appropriation from the General Fund of the Treasury in the amount of \$500 millions was made for the purchase of capital stock of the Corporation. Expenditures from funds provided through such appropriation were reflected in the expenditures of the Government, as and when the Corporation's checks were paid by the Treasurer of the United States. It was assumed that the amount so charged in the Budget would more than take care of losses, if any, sustained by the Corporation in connection with its lending activities. Pursuant to section 9 of the act, expenditures made by the Corporation from funds derived from the sale of its obligations to the Secretary of the Treasury were treated as public debt transactions and, therefore, were not included as expenditures in the Budget. This provision was

based upon the assumption that the money loaned by the Reconstruction Finance Corporation from the proceeds of such obligations, when repaid, would be available for the retirement of the Corporation's obligations held by the Treasury and used by the Treasury to retire an equivalent amount of public debt obligations.

Effective July 1, 1933, this procedure was changed so that all operations of the Reconstruction Finance Corporation, including expenditures from funds derived through the sale of its obligations to the Treasury, were included in the Budget, in the same manner as if the money had been appropriated by the Congress directly to the Reconstruction Finance Corporation, in accordance with customary procedure, for specified purposes. Although the change involved a departure from the previous practice of basing expenditures of the Federal Government upon direct appropriations made by the Congress for specified objects of expenditure, the change was justified because of the fact that under several laws enacted by the Congress subsequent to January 22, 1932, large sums of money were paid out by the Reconstruction Finance Corporation for grants under relief acts and for other purposes for which no provision had been made for repayment to the Corporation.

Between 1932 and July 1, 1938, the financial transactions of the Reconstruction Finance Corporation, Commodity Credit Corporation, and Export-Import Bank of Washington were included in the general and special accounts of the Treasury on a net basis; i. e., checks paid by the Treasurer of the United States less receipts deposited by such corporations in their disbursing accounts with the Treasurer. Beginning July 1, 1938, the financial transactions of these corporations were reflected in the trust accounts, increment on gold, etc., section of the daily Treasury statements. The purpose of this change was to simplify the daily Treasury statement, and to eliminate the confusion and misunderstanding concerning the effect of such corporations' transactions on the Federal Budget, particularly in cases where the Treasury acts only in the nature of a depository of funds derived by the corporations from the sale of their own obligations on the market. The figures on expenditures in this report have been revised retroactively, however, on the basis of the new procedure.

Under authority of the act of February 24, 1938, the Secretary of the Treasury canceled approximately \$2,726 millions of the obligations purchased from the Reconstruction Finance Corporation pursuant to the act of January 22, 1932, as amended, with respect to which the Reconstruction Finance Corporation had no means of making repayment to the Treasury.

In the reclassification of expenditures in comparative statements covering the fiscal years 1932 to 1940, amounts aggregating the foregoing sum of \$2,726 millions are reflected as a charge against the

Budget during the fiscal years in which such expenditures were made. Beginning with the fiscal year 1939, expenditures of all Federal agencies from funds allocated by the Reconstruction Finance Corporation, for which there is no provision made for repayment, have been included as charges against the Budget, and notes of the Corporation, in amounts equivalent to such allocations, have been canceled by the Secretary of the Treasury.

Because the Government corporations mentioned above and certain other Government corporations and credit agencies maintain only checking accounts with the Treasurer of the United States, the transactions shown under "Trust accounts, increment on gold, etc." represent only the net balance of their operations, and, therefore, do not furnish sufficient data for a detailed analysis of the financial transactions of these agencies. Arrangements have been made with these corporations, however, whereby certain data are submitted to the Treasury so that the Treasury's books can reflect the operations of these corporations and agencies. These data have been combined and appear below in a table showing sources and uses of funds from the date of inception of the various corporations to June 30, 1940. These data are not on the basis of the daily Treasury statement and the figures, therefore, do not tie in exactly with the figures shown in other tables in this report.

*Sources and uses of funds of certain governmental corporations and agencies from inception of organization to June 30, 1940*

[In millions of dollars. Compiled from latest reports received by the Treasury]

	Central Bank for Co- opera- tives	Com- modity Credit Corporation	Disas- ter- Loan Corporation	Elec- tric Home and Farm Author- ity	Export- Import Bank of Wash- ington	Federal Deposit Insur- ance Corporation	Federal Farm Mort- gage Corporation	Federal home loan banks
<b>Sources of funds:</b>								
Appropriations from General Fund of the Treasury	50.0	270.1	24.0	1.0	1.0	150.0	200.0	124.7
Sale of stock to other agencies	.5				74.0	139.3		
Allocations, discounts, and loans from other agencies (net)	1.4							
Sale of obligations (net):								
To the Treasury		25.0						
In the market		406.8		11.2			1,269.4	91.1
Sale of other property acquired		31.7	( <sup>3</sup> )				9.2	
Repayment of loans	190.4	663.4	4.3	15.0	35.9	46.0	246.4	473.6
Income from interest, dividends, assessments, and property	9.7	15.4	.6	2.6	6.3	243.1	369.8	35.0
Other receipts	2.3	2.0	.1	.2	.7	3.9	9.2	35.0
<b>Total</b>	<b>254.4</b>	<b>1,414.4</b>	<b>29.0</b>	<b>30.0</b>	<b>117.9</b>	<b>582.4</b>	<b>2,103.9</b>	<b>759.5</b>
<b>Uses of funds:</b>								
Loans	204.3	1,310.1	26.0	27.3	87.7	153.5	993.1	631.0
Investments (net):								
In Government securities	24.1					275.0		35.4
In other securities	14.8					73.5	761.9	19.5
Allocations, discounts, and loans to other agencies		10.8	.6		26.2			
Purchase and improvement of property owned		50.4					10.2	

Footnotes at end of table.

*Sources and uses of funds of certain governmental corporations and agencies from inception of organization to June 30, 1940—Continued*

[In millions of dollars. Compiled from latest reports received by the Treasury]

	Central Bank for Co-operatives	Commodity Credit Corporation	Disaster Loan Corporation	Electric Home and Farm Authority	Export-Import Bank of Washington	Federal Deposit Insurance Corporation	Federal Farm Mortgage Corporation	Federal home loan banks
Uses of funds—Continued.								
Administrative expenses.....	0.7	8.9	2.2	1.4	0.4	20.0	62.4	8.4
Non-administrative expenses.....			.1	.6	(3)		3.4	
Interest and dividends paid.....	.5	19.3		.2	2.3	41.4	230.8	17.8
Other expenditures.....	3.2	13.6	(3)	.2	.5	.8	14.1	.2
Total.....	247.6	1,413.2	29.0	29.7	117.0	564.2	2,075.9	712.4
Net balance.....	6.8	1.2	(3)	.3	.9	18.2	28.0	47.1

	Federal National Mortgage Association	Federal Savings and Loan Insurance Corporation	Home Owners' Loan Corporation	Reconstruction Finance Corporation	RFC Mortgage Company	Rural Electrification Administration	United States Housing Authority
Sources of funds:							
Appropriations from General Fund of the Treasury <sup>1</sup> .....			200.0	500.0		108.5	32.7
Sale of stock to other agencies.....	11.0	100.0			25.0		
Allocations, rediscounts, and loans from other agencies (net).....	60.0				33.0	128.3	
Sale of obligations (net):							
To the Treasury.....				7.0			20.0
In the market.....	85.2		3,114.5	1,096.4			114.2
Sale of other property acquired.....	(3)		87.0	18.6	.4		.8
Repayment of loans <sup>2</sup> .....	15.2		776.8	4,985.4	97.5	1.6	178.2
Income from interest, dividends, assessments, and property.....	10.7	29.2	763.5	553.6	9.5	5.7	12.4
Other receipts.....	3.2	.1	15.1	68.1	2.8	(3)	.2
Total.....	185.4	129.3	4,956.9	7,229.2	168.2	244.1	358.3
Uses of funds:							
Loans.....	179.3		3,243.3	6,600.2	157.7	221.3	255.3
Investments (net):							
In Government securities.....		14.7	3.6				
In other securities.....		108.2	303.0	110.0			3.8
Allocations, rediscounts, and loans to other agencies.....				187.3			
Retirement of obligations issued in exchange for mortgages.....			479.6				
Purchase and improvement of property owned.....			123.9				26.1
Administrative expenses.....	1.5	1.0	197.8	74.1	3.6	8.3	10.2
Non-administrative expenses.....	1.4	(3)	93.3	6.5	3.2		4.3
Interest and dividends paid.....	3.2	4.1	421.9	232.3	3.7	1.8	1.7
Other expenditures.....	.1	.6	8.0	14.4	(3)	.4	.1
Total.....	185.4	128.7	4,874.4	7,224.8	168.2	231.7	301.5
Net balance.....		.6	82.5	4.4	(3)	12.4	56.8

<sup>1</sup> These are the only items on this statement which constitute a charge against the Federal Budget (general and special accounts). Included are funds furnished by the Reconstruction Finance Corporation from the proceeds of notes sold to and subsequently canceled by the Secretary of the Treasury (see p. 114).

<sup>2</sup> Includes \$170.1 millions appropriated to restore impairment of capital in 1938 and 1939. Excludes repayment of \$43.8 millions which are reported as miscellaneous receipts representing surplus on basis of the March 31, 1940, appraisal of the Corporation's assets.

<sup>3</sup> Less than \$50,000.

<sup>4</sup> Receipts from the sale of property acquired in liquidation of loans are shown as "sale of other property acquired."

<sup>5</sup> Includes expenditures for contributions and subrogated shares or claims in insured financial institutions.

<sup>6</sup> Retirement of these obligations is shown as "retirement of obligations issued in exchange for mortgages."

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.



Further data on the operations of governmental corporations and credit agencies maintaining checking accounts with the Treasurer of the United States appear for the period ended June 30, 1939, in a letter from the Secretary of the Treasury transmitted in response to Senate Resolution No. 150, agreed to June 27, 1939, further details concerning which appear on page 171 of this report.

### THE PUBLIC DEBT

#### Fiscal year 1940

The gross public debt outstanding at the close of the fiscal year 1940 amounted to \$42,968 millions, an increase of \$2,528 millions since June 30, 1939. This increase is reconciled with the deficit incurred in general and special accounts as shown on page 36 as follows:

	<i>Amount (in millions of dollars)</i>
Excess of expenditures in general and special accounts.....	3,740.2
Less public debt retirements included in expenditures.....	129.2
Net deficit to be financed.....	<u>3,611.1</u>
Means of financing:	
Excess of receipts over expenditures in trust and miscellaneous accounts.....	135.6
Reduction in the balance in the General Fund.....	947.5
Increase in the gross public debt:	
Public issues:	
Marketable issues.....	470.8
Nonmarketable issues.....	1,014.7
Special issues.....	1,005.0
Matured debt and debt bearing no interest.....	37.5
	<u>2,528.0</u>
Total means of financing.....	<u>3,611.1</u>

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

The net changes during the year in the various classes of securities which constitute the outstanding debt are shown in the table which follows. Further details on the classes of securities which make up the public debt are shown in the table on page 726 of this report.

*Comparison of public debt outstanding June 30, 1939 and 1940, by classes of securities*

[In millions of dollars. On basis of daily Treasury statements (unrevised), see p. 583]

Class	June 30, 1939	June 30, 1940	Increase or decrease (—)
Interest-bearing:			
Public issues:			
Marketable issues:			
Pre-war and postal savings bonds.....	196.5	196.3	—0.2
Treasury bonds.....	25,218.3	26,554.8	1,336.5
Treasury notes.....	7,242.7	6,382.6	—860.1
Treasury bills.....	1,307.6	1,302.2	—5.4
Total marketable issues.....	33,965.1	34,435.9	470.8
Nonmarketable issues:			
United States savings bonds.....	1,868.1	2,904.7	1,036.6
Adjusted service bonds of 1945.....	282.9	261.0	—21.9
Total nonmarketable issues.....	2,151.0	3,165.7	1,014.7
Total public issues.....	36,116.1	37,601.6	1,485.5
Special issues:			
Adjusted service bonds, Government life insurance fund series.....	500.2	500.2	—
Treasury notes.....	1,983.2	2,553.4	570.2
Certificates of indebtedness.....	1,286.5	1,721.3	434.8
Total special issues.....	3,769.9	4,774.9	1,005.0
Total interest-bearing debt.....	39,886.0	42,376.5	2,490.5
Matured debt on which interest has ceased.....	142.3	204.6	62.3
Debt bearing no interest.....	411.3	386.4	—24.8
Total gross debt.....	40,439.5	42,967.5	2,528.0

<sup>1</sup> Current redemption value (cash receipts plus earned accruals less redemptions).

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

During the year the computed average rate of interest on the interest-bearing debt outstanding decreased from 2.600 percent to 2.583 percent. The computed annual interest charge on the debt increased from \$1,037 millions at the beginning of the year to \$1,095 millions at the end of the year. The actual expenditures for interest during the fiscal year 1940 amounted to \$1,041 millions. The interest due and payable on the various classes of securities during 1940 and the amounts paid and outstanding unpaid are shown in table 44 on page 772. The interest paid on the public debt by issues for the years 1938 to 1940 is shown in table 45 on page 772.

The major public debt operations during the year included: (1) Two offerings of Treasury bonds, (2) four offerings of Treasury notes, (3) weekly offerings and redemptions of Treasury bills, and (4) the continued sale of United States savings bonds.

*Treasury bonds and Treasury notes*

The major public debt operations involving Treasury bonds and Treasury notes were carried out on various dates from November 1, 1939, to June 15, 1940. The issues of bonds and notes aggregated \$3,485 millions, of which \$671 millions were issued for cash, and \$2,814

millions for the refunding of three series of Treasury notes maturing during the year and one issue of Treasury bonds which was called for redemption on June 15, 1940, the aggregate maturities amounting to \$2,996 millions. These operations are summarized in the following table:

*Bond and note financing, fiscal year 1940*

Date	Issue	Amount
Nov. 1, 1939	1% Treasury notes, series B-1944, due Mar. 15, 1944 (at par): In exchange for 1½% Treasury notes of series B-1939, maturing Dec. 15, 1939.....	\$515, 210, 900
Dec. 8, 1939	2% Treasury bonds of 1948-50, due Dec. 15, 1950 (at par): For cash..... Government investment accounts.....	\$521, 431, 150 50, 000, 000 571, 431, 150
Dec. 22, 1939	2¼% Treasury bonds of 1951-53, due Dec. 15, 1953 (at par): In exchange for 1½% Treasury notes, series A-1940, maturing Mar. 15, 1940..... Government investment accounts.....	1, 018, 051, 100 100, 000, 000 1, 118, 051, 100
Dec. 22, 1939	1% Treasury notes, series C-1944, due Sept. 15, 1944 (at par): In exchange for 1½% Treasury notes of series A-1940, maturing Mar. 15, 1940.....	283, 006, 000
Mar. 15, 1940	¾% Treasury notes, series A-1945, due Mar. 15, 1945 (at par): In exchange for 1½% Treasury notes, series B-1940, maturing June 15, 1940.....	718, 024, 200
June 15, 1940	1% Treasury notes, series C-1943, due Sept. 15, 1943 (at par): In exchange for 3¾% Treasury bonds of 1940-43, called for redemption on June 15, 1940.....	279, 473, 800 3, 485, 197, 150

RECAPITULATION

Issued	Treasury bonds	Treasury notes	Total
For cash.....	\$671, 431, 150	-----	\$671, 431, 150
In exchange.....	1, 018, 051, 100	\$1, 795, 714, 900	2, 813, 766, 000
Total.....	1, 689, 482, 250	1, 795, 714, 900	3, 485, 197, 150

All official circulars and statements relating to these transactions are included in the exhibits beginning on page 407.

*Treasury bills*

Offerings of Treasury bills were made each week during the year and all issues were for a term of 91 days. All weekly offerings were for amounts of approximately \$100 millions except three issues offered in October and November 1939 which were for approximately \$150 millions each. The 13 series outstanding at the beginning of the year totaled \$1,308 millions and the 13 series outstanding at the end of the year \$1,302 millions. Of the 52 series offered during the year, 45 series were sold at a positive average rate of discount, the highest average rate computed on a bank discount basis having been 0.159 percent for the bills dated September 13, 1939, and the lowest average rate having been 0.0003 percent for bills dated April 10, 1940. For 6 series sold the buyers paid the Treasury a slight premium for the privilege of holding the bills offered on those dates. One series was sold exactly

at par. Including bills sold at premiums, the average rate on all bills issued during the year was 0.029 percent.

Further information concerning Treasury bills will be found in exhibits 12 to 14, beginning on page 420, and in table 39 on page 765.

#### *United States savings bonds*

The sale of United States savings bonds continued during the year without any change in the terms of the bonds as fixed by Department Circular No. 596, dated December 15, 1938. Regulations governing the bonds, as set forth in Department Circular No. 530, Second Revision, dated December 15, 1938, were amended on September 14, 1939, effective September 15, 1939, so as to provide additional facilities for the execution of requests for payment, and were again amended on January 18, 1940, effective January 23, 1940, so as to provide that each duly constituted trust estate would be considered as an entity, without regard to beneficial interests. The regulations were revised and further amended on March 27, 1940, and reissued as the Third Revision of Department Circular No. 530, the principal change being provision that the registration of savings bonds sold on and after April 1, 1940, would be restricted to natural persons, that is individuals, in their own right, who are residents of the continental United States, the Territories and insular possessions of the United States, the Canal Zone, and the Philippine Islands, or citizens of the United States temporarily residing abroad. At the same time the offering circular, No. 596, was amended to conform with these changes. The amendments above referred to, and the Third Revision of Department Circular No. 530, together with the press release of March 22, 1940, explaining the changes in regulations effective April 1, 1940, will be found on pages 424 to 441 of this report.

Sales of savings bonds by months and denominations during the year are shown in the following table:

*Sales of United States savings bonds, by months and denominations, fiscal year 1940*

[On basis of Treasury audit]

Month	\$25	\$50	\$100	\$500	\$1,000	Total
Maturity value						
1939—July.....	\$2,211,025	\$3,145,350	\$10,534,200	\$14,872,000	\$79,409,000	\$110,171,575
August.....	2,209,100	3,027,800	9,828,800	12,219,000	61,462,000	88,746,700
September.....	2,000,450	2,634,700	7,765,200	8,472,000	34,662,000	55,534,350
October.....	2,096,375	2,834,400	8,707,100	9,919,500	41,682,000	65,239,375
November.....	2,067,800	2,816,900	8,752,000	10,049,500	55,242,000	78,929,200
December.....	2,640,650	3,350,850	10,959,600	15,616,000	121,499,000	153,966,100
1940—January.....	3,058,925	4,413,200	15,662,200	28,309,000	320,919,000	372,362,325
February.....	2,748,175	3,866,400	12,339,700	16,295,000	96,173,000	131,422,275
March.....	2,756,900	3,935,700	13,685,800	18,753,000	141,162,000	180,273,400
April.....	2,600,725	3,658,550	11,567,900	14,582,000	63,920,000	96,329,175
May.....	2,409,350	3,284,500	10,007,000	11,387,500	46,569,000	73,657,350
June.....	2,171,525	3,021,850	9,205,900	10,301,000	38,762,000	63,462,275
Total.....	28,871,000	39,990,200	128,995,400	170,775,500	1,101,462,000	1,470,094,100
Sale price						
Total.....	\$21,653,250	\$29,992,650	\$96,746,550	\$128,081,625	\$826,096,500	\$1,102,570,575

The preceding table is compiled from the standpoint of the effective issue date of the bonds upon the basis of the Treasury audit of original registration stubs representing sales by the Postal Service, the Federal Reserve Banks, and the Treasury Department during the year, after all items in transit have been cleared, and does not exactly correspond and agree with other totals appearing in this report made up on the basis of the actual cash credits in the Treasurer's account within the fiscal year.

For other data concerning savings bonds, reference is made to the article beginning on page 60, and to the administrative reports of the Division of Savings Bonds on page 395 and of the Division of Loans and Currency on page 385.

*Adjusted service bonds*

Adjusted service bonds of 1945 amounting to \$8 millions were issued during the year, making a total of \$1,837 millions of such bonds issued since June 15, 1936, in payment of amounts due on adjusted service certificates. Redemptions of \$30 millions of these bonds during the year brought the total redemptions since June 15, 1936, to \$1,576 millions, leaving \$261 millions outstanding on June 30, 1940. Further data on adjusted service bonds appear on page 64, and in the table on page 726.

*Special issues*

During the year the Treasury continued to issue special series of interest-bearing securities for the investment of trust or other funds deposited in the Treasury or pursuant to appropriations for specific purposes. The amount of such obligations increased by \$1,005 millions during the year, due primarily to investments for trust funds and accounts established by the Social Security Act, as shown in the following table:

*Comparison of special issues of Treasury obligations outstanding June 30, 1939 and 1940*

[In millions of dollars. On basis of daily Treasury statements (unrevised), see p. 583]

Special issues	June 30, 1939	June 30, 1940	Increase or decrease (—)
Adjusted service bonds, Government life insurance fund.....	500.2	500.2	-----
<b>Treasury notes:</b>			
Federal old-age and survivors insurance trust fund notes:			
3% Old-age reserve account.....	1,177.2	1,413.2	236.0
2½% Federal old-age and survivors insurance trust fund.....		324.9	324.9
3% Railroad retirement account.....	67.2	79.4	12.2
Civil service retirement fund:			
4% Series.....	465.4	550.0	84.6
3% Series.....		.2	.2
4% Foreign service retirement fund.....	3.5	3.9	.4
4% Canal Zone retirement fund.....	3.9	4.3	.3
4% Alaska Railroad retirement fund.....	.6	.8	.2
2% Postal Savings System.....	128.0	96.5	-31.5
2% Federal Deposit Insurance Corporation.....	101.0	56.0	-45.0
2% Government life insurance fund.....	36.4	24.3	-12.1
<b>Total.....</b>	<b>1,983.2</b>	<b>2,553.4</b>	<b>570.2</b>
<b>Certificates of indebtedness:</b>			
4% Adjusted service certificate fund.....	19.5	11.3	-8.2
2½% Unemployment trust fund.....	1,267.0	1,710.0	443.0
<b>Total.....</b>	<b>1,286.5</b>	<b>1,721.3</b>	<b>434.8</b>
<b>Grand total.....</b>	<b>3,769.9</b>	<b>4,774.9</b>	<b>1,005.0</b>

Further details of the special issues outstanding on June 30, 1940, are shown in the statement of the public debt appearing on page 726. Other data on special issues appear in the article beginning on page 64.

*Cumulative sinking fund*

Credits accruing to the cumulative sinking fund during the year amounted to \$582 millions which with the unexpended balance of \$1,664 millions brought forward from the previous year made \$2,246 millions available for the year. Of this amount, \$128 millions were applied to the retirement at par of Treasury notes and Treasury bonds maturing during the year and presented for cash redemption. The unexpended balance of \$2,117 millions was carried forward to the fiscal year 1941.

Tables presenting the transactions on account of the fund for 1940 and since its inception on July 1, 1920, will be found on pages 770 and 771 of this report.

*Amendment to the Second Liberty Bond Act*

During the fiscal year 1940 there were two amendments to the Second Liberty Bond Act, as amended, the law under which public debt operations are now carried on. The act of July 20, 1939, amended section 21 to remove the limitation on the amount of bonds that could be issued. It made no change, however, in the total amount of bonds, Treasury notes, certificates of indebtedness, and Treasury bills—\$45 billions—which may be outstanding at any one time. Title III of the Revenue Act of 1940, approved June 25, 1940 (see exhibit 19, page 442), further amended the Second Liberty Bond Act to provide for "National Defense Series" of Treasury notes, certificates of indebtedness, and Treasury bills. These new obligations may be issued to provide funds to meet expenditures made after June 30, 1940, for the national defense or to reimburse the General Fund of the Treasury therefor. The aggregate amount of these obligations that may be outstanding at any one time may not exceed \$4 billions less any retirements from the special fund made available under section 301 of the Revenue Act of 1940.

**Fiscal years 1933 to 1940***Financing the deficit*

During the period from June 30, 1932, to June 30, 1940, the gross deficit, that is, the excess of expenditures over receipts in general and special accounts, amounted to \$26,280 millions. During this period, expenditures in general and special accounts for debt retirement amounted to \$2,155 millions. Excluding these expenditures from the gross deficit, the net deficit between June 30, 1932, and June 30, 1940, aggregated \$24,125 millions. During the same eight years the

balance in the General Fund increased by \$1,474 millions. The total amount required to be financed for the account of the regular Budget during this eight-year period thus amounted to \$25,599 millions. The financing of \$18,489 millions, or a little more than 72 percent of this amount, is indicated by the net increase in the outstanding public debt obligations issued to the public for cash. These figures are shown in the table below.

*Means of financing the deficit and the increase in the General Fund, June 30, 1932 to 1940*

[In millions of dollars. On basis of daily Treasury statements (unrevised), see p.583]

<b>Amount to be financed:</b>	
Gross deficit in general and special accounts.....	26, 280
Less public debt retirements.....	2, 155
Net deficit in general and special accounts.....	24, 125
<b>Increase in balance in the General Fund:</b>	
Increment on gold.....	143
Seigniorage on silver.....	585
Working balance.....	746
Total increase in balance in the General Fund.....	1, 474
Total to be financed.....	25, 599
<b>Means of financing:</b>	
<b>Increase in public debt:</b>	
<b>Public issues:</b>	
For cash.....	18, 489
Adjusted service bonds of 1945.....	261
Special issues to Government agencies and trust funds.....	18, 750
Matured and noninterest-bearing debt.....	4, 466
	265
Total increase in public debt.....	23, 481
Increment on gold.....	1816
Seigniorage on silver.....	585
Excess of receipts in trust accounts.....	196
Excess of receipts in checking accounts of governmental agencies.....	521
Total means of financing.....	25, 599

<sup>1</sup> Of this amount, \$27.6 millions were used for payments to Federal Reserve Banks for industrial loans and \$645.4 millions were used for retirement of national bank notes. These amounts are reflected in the "increase in the working balance," referred to above. Further details appear in the table on p. 130.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

The increase in the public debt shown in the table above is discussed by classes of issues in the paragraphs that follow. Further data with respect to other items in the table appear on the following pages: Deficit, page 36; increment on gold, page 128; seigniorage on silver, page 134; trust accounts, page 37; and checking accounts, page 39.

*Changes in the composition of the debt, by classes of securities*

The composition of the public debt outstanding at the end of each fiscal year since June 30, 1932, by classes of securities, is shown in the table that follows and in chart 5 on page 52.

It can be seen from the table that since June 30, 1932, there have been major alterations in the composition of the public debt. The Liberty bonds, which totaled \$8,201 millions on that date, have been refunded and have disappeared entirely. Most of the pre-war issues



have also been retired. On the other hand, there were included in the public debt on June 30, 1940, approximately \$2,905 millions in United States savings bonds, a new type of Government obligation issued on a discount basis. Included also were \$261 millions of adjusted service bonds of 1945. These bonds, dated June 15, 1936, were issued to veterans in the amount of approximately \$1,837 millions in payment of their adjusted service certificates. The bonds were redeemable at the option of the holder, and a large proportion of the issue was presented for redemption immediately after issue.

*Comparison of public debt outstanding on June 30, 1932 to 1940, by classes of securities*

[In millions of dollars. On basis of daily Treasury statements (unrevised), see p. 583]

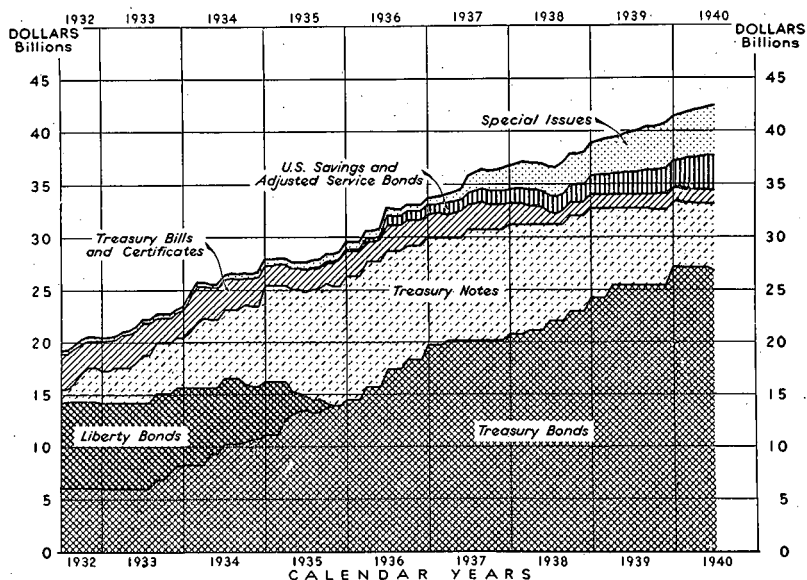
Class	1932	1933	1934	1935	1936	1937	1938	1939	1940
Interest-bearing:									
Public issues:									
Marketable issues:									
Pre-war and postal savings bonds.....	790	806	831	855	200	198	197	196	196
Liberty bonds.....	8,201	8,201	6,346	1,335					
Treasury bonds.....	5,259	5,216	9,333	12,684	17,168	19,936	21,846	25,218	26,555
Treasury notes.....	1,261	4,548	6,653	10,023	11,381	10,617	9,147	7,243	6,383
Treasury bills.....	616	954	1,404	2,053	2,354	2,303	1,154	1,308	1,302
Certificates of indebtedness.....	2,726	2,108	1,517						
Total marketable issues.....	18,852	21,835	26,084	26,950	31,102	33,054	32,344	33,965	34,436
Nonmarketable issues:									
United States savings bonds.....				62	316	800	1,238	1,868	2,905
Adjusted service bonds of 1945.....					945	389	319	283	261
Total nonmarketable issues.....				62	1,261	1,188	1,556	2,151	3,166
Total public issues.....	18,852	21,835	26,084	27,012	32,363	34,242	33,900	36,116	37,602
Special issues:									
Adjusted service bonds, Government life insurance fund series.....						500	500	500	500
Treasury notes.....	204	231	278	478	480	708	1,278	1,983	2,553
Certificates of indebtedness.....	105	92	118	156	146	350	898	1,287	1,721
Total special issues.....	309	323	396	633	626	1,558	2,676	3,770	4,775
Total interest-bearing debt.....	19,161	22,158	26,480	27,645	32,989	35,800	36,576	39,886	42,376
Matured debt on which interest has ceased.....	60	66	54	231	169	119	141	142	205
Debt bearing no interest.....	266	315	518	825	620	506	448	411	386
Total gross debt.....	19,487	22,539	27,053	28,701	33,779	36,425	37,165	40,440	42,968

<sup>1</sup> Current redemption value (cash receipts plus earned accruals less redemptions). For full account, see p. 62.

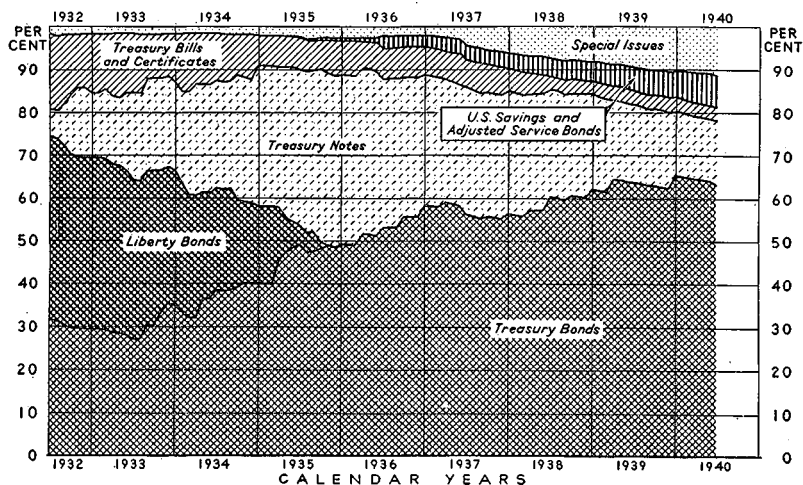
NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

A part of the public debt which has become of growing importance since 1932 is that represented by special obligations issued to Government corporations and trust accounts. Such obligations totaled only

**COMPOSITION OF THE INTEREST-BEARING PUBLIC DEBT OUTSTANDING, BY TYPES  
OF OBLIGATIONS, MONTHLY, JULY 1932 TO JUNE 1940**



**PERCENTAGE COMPOSITION OF THE INTEREST-BEARING PUBLIC DEBT  
OUTSTANDING, MONTHLY, JULY 1932 TO JUNE 1940**



**CHART 5.**

NOTE.—Pre-war and postal savings bonds included with Treasury bonds. Special issues include all such securities issued to Government agencies and trust funds whether in the form of bonds, notes, or certificates of indebtedness.

\$309 millions on June 30, 1932, and amounted to less than 2 percent of the gross public debt. By June 30, 1940, the total of such obligations had increased to \$4,775 millions, or 11 percent of the public debt. The large increase was due principally to fiscal operations under the Social Security Act. Under various titles of that act, certain trust funds were established in the Treasury, and the Secretary of the Treasury invested the receipts of these funds, to the extent that they were not needed for current expenditures, in special obligations of the Government. Further details with respect to these special issues appear on page 64 and in table 30.

### Public issues

*Bonds and notes.*—The major public debt operations involving Treasury bonds and notes that were carried out on various dates from August 1, 1932, to June 15, 1940, are itemized in the table below. During this period the issues of bonds and notes aggregated \$41.7 billions. Of this amount \$16.6 billions were issued for cash, \$6.9 billions for the refunding of Liberty bonds called for redemption during the period, and \$18.2 billions for the refunding of Treasury bonds, notes, and certificates of indebtedness.

*Offerings of marketable issues of Treasury bonds and Treasury notes, July 1, 1932, to June 30, 1940*

[In millions of dollars]

Date of issue	Rate	Call and maturity dates	Amount issued		Issued		
			Bonds	Notes	For cash	In exchange for—	
						Treasury bonds, notes, and certificates	Liberty bonds
1932							
Aug. 1.....	2½	Aug. 1, 1934.....		345	307	38	
Do.....	3¼	Aug. 1, 1936.....		365	226	139	
Sept. 15.....	3¼	Sept. 15, 1937.....		834	426	408	
Oct. 15.....	3	Apr. 15, 1937.....		508	190	318	
Dec. 15.....	2¾	Dec. 15, 1936.....		361	148	213	
1933							
Feb. 1.....	2½	Feb. 1, 1938.....		278	201	77	
May 2.....	2½	Apr. 15, 1936.....		572	429	143	
June 15.....	2½	June 15, 1938.....		624	445	179	
Aug. 15.....	1½	Aug. 1, 1935.....		354	240	114	
Do.....	3¼	Aug. 1, 1941.....	835		479	356	
Oct. 15.....	1¾	Oct. 15, 1943-45.....	1,401		500		901
1934							
Jan. 16.....	2 ¾	Apr. 16, 1934.....	56		56		
Jan. 29.....	2½	Mar. 15, 1935.....		528	528		
Feb. 19.....	2½	Dec. 15, 1935.....		418	418		
Do.....	3	Feb. 15, 1937.....		429	429		
Mar. 15.....	3	Mar. 15, 1938.....		455		455	
Apr. 16.....	3¼	Apr. 15, 1944-46.....	1,062			234	828
June 15.....	3	June 15, 1946-48.....	825		336	489	
Do.....	2½	June 15, 1939.....		529	529		

<sup>1</sup> Interest at 4½ percent paid during the first year after issuance of the bonds.

<sup>2</sup> Treasury bonds of the series of Apr. 16, 1934, were offered for payment in gold. All bonds of this series were redeemed before maturity.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

## Offerings of marketable issues of Treasury bonds and Treasury notes, July 1, 1932, to June 30, 1940—Continued

[In millions of dollars]

Date of issue	Rate	Call and maturity dates	Amount issued		Issued			
			Bonds	Notes	For cash	In exchange for—		
						Treasury bonds, notes, and certificates	Liberty bonds	
1934								
Sept. 15	1½%	Sept. 15, 1936		514		514		
Do.	2½%	Sept. 15, 1938		596			596	
Do.	3½%	Apr. 15, 1944-46	457				457	
Dec. 15	1½%	June 15, 1936		687	477	210		
Do.	2½%	June 15, 1939		765		765		
Do.	3½%	Dec. 15, 1949-52	491		491			
1935								
Mar. 15	2½%	Mar. 15, 1955-60	1,558				1,558	
Do.	1½%	Mar. 15, 1940		514		514		
June 3	3	June 15, 1946-48	99		99			
June 15	1½%	Mar. 15, 1940		864			864	
Do.	2½%	Mar. 15, 1955-60	746				746	
Do.	1½%	June 15, 1940		738		738		
July 1	3	June 15, 1946-48	113		113			
July 15	1½%	Dec. 15, 1939		526	526			
July 22	2½%	Mar. 15, 1955-60	102		102			
Aug. 5	2½%	do	107		107			
Aug. 19	2½%	do	98		98			
Sept. 16	2½%	Sept. 15, 1945-47	569				569	
Do.	1½%	Mar. 15, 1939		942	513		429	
Dec. 16	2½%	Sept. 15, 1945-47	646		485	161		
Do.	1½%	Dec. 15, 1940		737	488	249		
1936								
Mar. 16	2½%	Mar. 15, 1948-51	1,223		727	496		
Do.	1½%	Mar. 15, 1941		677	629	48		
June 15	2½%	June 15, 1951-54	1,627		671	956		
Do.	1½%	June 15, 1941		504	435	69		
Sept. 15	2½%	Sept. 15, 1956-59	982		470	512		
Dec. 15	2½%	Dec. 15, 1949-53	1,303		752	551		
Do.	1½%	Dec. 15, 1941		204		204		
1937								
Mar. 15	2½%	Dec. 15, 1949-53	484			484		
June 15	1½%	Sept. 15, 1939		427	427			
Do.	1½%	Mar. 15, 1942		426	426			
Sept. 15	1½%	Dec. 15, 1938		433		433		
Do.	2	Sept. 15, 1942		342		342		
Dec. 15	2½%	Dec. 15, 1945	541		294	247		
Do.	1½%	Dec. 15, 1942		232	219	13		
1938								
Mar. 15	2½%	Sept. 15, 1948	451			451		
June 15	2½%	June 15, 1958-63	919			919		
Do.	1½%	June 15, 1943		268		268		
Sept. 15	2½%	Sept. 15, 1950-52	866		461	405		
Do.	1½%	June 15, 1943		361	342	19		
Dec. 15	2½%	Dec. 15, 1960-65	591		403	188		
Do.	2	Dec. 15, 1947	701			701		
Do.	1½%	Dec. 15, 1943		368	329	39		
1939								
Mar. 15	2½%	Dec. 15, 1960-65	894			894		
Do.	2½%	Sept. 15, 1950-52	319			319		
Do.	1½%	Dec. 15, 1943		53		53		
June 15	¾%	June 15, 1944		416		416		
Nov. 1	1	Mar. 15, 1944		515		515		
Dec. 8	2	Dec. 15, 1948-50	571		571			
Dec. 22	2½%	Dec. 15, 1951-53	1,118		100	1,018		
Do.	1	Sept. 15, 1944		283		283		
1940								
Mar. 15	¾%	Mar. 15, 1945		718		718		
June 15	1	Sept. 15, 1943		279		279		
Total			21,754	19,990	16,638	18,158	6,948	

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

The sale of Treasury bonds and notes was carried on by means of public offerings by the Secretary of the Treasury pursuant to the authority of the Second Liberty Bond Act, as amended. In general, applications were received at the Federal Reserve Banks and their branches, and at the Treasury Department. Banking institutions were authorized to submit subscriptions for customers as well as subscriptions for their own account. Since 1935, subscriptions for their own account have been restricted, at each offering of securities for cash, to an amount not exceeding one-half of the combined capital and surplus of the subscribing institution.

Until 1935, cash subscriptions for amounts up to and including \$10,000 were given preferred allotments and all other cash subscriptions were allotted on an equal percentage basis. In 1935, preferred allotments to small subscribers were limited to subscriptions of \$5,000 or less. Further reductions in the limit up to which preferred allotments would be made occurred subsequently, and in December 1938 no preferred allotments were made at all. A new preferred allotment system was established in December 1939 by which subscriptions up to \$5,000 were allotted in full provided that the subscriber agreed to accept delayed delivery in registered bonds and entered no other subscription.

Subscriptions were usually invited at par and accrued interest for both cash and exchange offerings, but on a number of occasions other practices were followed. In 1935, for example, five small cash offerings of Treasury bonds were made at prices which were determined by competitive bidding. On a few occasions, issues of Treasury bonds and notes were offered at specified prices above par. Data with respect to these issues appear in the table that follows.

*Treasury bonds and notes issued at prices above par, June 30, 1932, to June 30, 1940*

Date of issue	Description	Price	
		For cash	For exchange
Oct. 15, 1933	3¼% <sup>1</sup> bonds of 1943-45.....	101½	100
June 15, 1935	2½% bonds of 1955-60.....		<sup>2</sup> 100½
June 3, 1935	3% bonds of 1946-48.....	<sup>3</sup> 103.125	
July 1, 1935	do.....	<sup>3</sup> 103.5625	
July 22, 1935	2½% bonds of 1955-60.....	<sup>3</sup> 101.59375	
Aug. 5, 1935	do.....	<sup>3</sup> 101.5625	
Aug. 19, 1935	do.....	<sup>3</sup> 100.78125	
Mar. 15, 1939	2¼% bonds of 1950-52.....		102½
Do.....	2¾% bonds of 1960-65.....		102¾
Do.....	1½% notes of Dec. 15, 1943.....		101

<sup>1</sup> Interest at 4¼ percent paid during first year after issuance.

<sup>2</sup> Offered in exchange for First Liberty bonds at par on Apr. 22, 1935; price increased to 100½ on May 8, 1935.

<sup>3</sup> Average price of bids accepted.

In the bond and note refunding operations carried out by the Treasury between July 1, 1932, and June 30, 1940, the holders of maturing securities were offered the right to exchange the entire

amount of their holdings for new obligations of the Government and were generally assured of an allotment equal to the amount of securities turned in. On many occasions, moreover, more than one issue was offered in exchange and the holder of the maturing security was allowed to select the issues and the amounts desired.

Most of the major refunding operations engaged in between 1932 and 1940 involved the refunding of Treasury note maturities into new notes or bonds. The largest individual refunding operations undertaken, however, were those which concerned the Liberty bonds, two issues of which, the Fourth Liberty Loan and the First Liberty Loan, were called for redemption and refunded between 1933 and 1935.

The refunding of the Fourth Liberty Loan, the final maturity date of which was October 15, 1938, was announced in October 1933 and concluded in October 1935. The issues refunded amounted to \$6,268 millions of 4½ percent obligations, in connection with which there were four calls for redemption and seven offerings of securities for exchange—each call treating a particular fraction of the entire series of Fourth Liberty Loan bonds by specifying in the call the last digit of the serial number of the bonds called. Thus, the first call for redemption specified that only those outstanding bonds whose final digit numbers ended in 9, 0, or 1 were subject to the call. The table that follows shows the portions called and the securities into which the holders exchanged the bonds.

*Refunding of the Fourth Liberty Loan*

(Dollars in millions)

Issue	Amount
Issue of Fourth Liberty Loan 4½% bonds called:	
First call—redemption on Apr. 15, 1934 (numbers ending in 9, 0, or 1)	Approximately three-tenths.
Second call—redemption on Oct. 15, 1934 (numbers ending in 8 or 2)	Approximately two-tenths.
Third call—redemption on Apr. 15, 1935 (numbers ending in 5, 6, or 7)	Approximately three-tenths.
Fourth call—redemption on Oct. 15, 1935 (numbers ending in 3 or 4)	Approximately two-tenths.
Total outstanding at time of first call	\$6,268.1
Securities issued in exchange:	
3½% Treasury bonds of 1943-45	900.7
3½% Treasury bonds of 1944-46	1,284.4
2½% Treasury bonds of 1955-60	1,558.0
2½% Treasury bonds of 1945-47	568.7
2½% Treasury notes due Sept. 15, 1938	596.4
1½% Treasury notes due Mar. 15, 1939	429.2
Total issued in exchange	5,337.4
Balance for cash redemption by the Treasury	930.6

<sup>1</sup> Interest at 4½ percent paid during the first year after issuance of the bonds.

Of the Fourth Liberty Loan bonds outstanding prior to the announcement on October 12, 1933, of the first call for redemption, about 85 percent were exchanged for new issues. On the exchanged portion of the bonds, the annual interest charge to the Government was reduced \$74 millions and the saving of interest to the maturity date

originally fixed for the bonds (October 15, 1938) was estimated at \$267 millions.

The First Liberty Loan bonds, which were outstanding in the amount of \$1,933 millions, were called for redemption on June 15, 1935. At the time of the call, the First Liberty Loan was divided into four issues as a result of conversion privileges that had arisen subsequent to the original issuance of the obligations. The table that follows shows the amounts outstanding and the amounts exchanged as a result of the refunding offering.

*Refunding of the First Liberty Loan*

[In millions of dollars]

Issue	Amount
Issues of First Liberty Loan bonds called:	
First 3½'s (fully tax-exempt).....	1,392.2
First converted 4's (partially tax-exempt).....	5.0
First converted 4½'s (partially tax-exempt).....	532.5
First-second converted 4¼'s (partially tax-exempt).....	3.5
Total called.....	1,933.2
Securities issued in exchange:	
2½% Treasury bonds of 1955-60.....	746.4
1½% Treasury notes due Mar. 15, 1940.....	864.5
Total issued in exchange.....	1,610.9
Balance for cash redemption by the Treasury.....	322.3

Full accounts of the refunding of the Fourth and First Liberty Loan bonds will be found in the Annual Reports of the Secretary of the Treasury for the fiscal years 1934 to 1936.

About the same time the First Liberty Loan bonds were called, three issues of the 2 percent circulation privilege bonds were called for redemption. The 2 percent perpetual consols callable at any time after April 1, 1930, outstanding in the amount of \$600 millions, had been issued between 1900 and 1907 to refund higher coupon issues. The 2 percent Panama Canal bonds of 1916-36 and 1918-38, outstanding in the amounts of \$49 millions and \$26 millions, had been issued in 1906 and 1908, respectively, to provide funds for the construction of the Panama Canal. These three bond issues had, for some years prior to 1932, been the only outstanding bonds available for deposit as security for the issue of circulating notes of national banks. However, a provision of the Federal Home Loan Bank Act, approved July 22, 1932, attached the circulation privilege as an emergency measure to all bonds of the United States bearing interest at a rate not exceeding 3½ percent per annum, but this privilege terminated July 22, 1935. The call for the redemption of the 2 percent bonds in July and August 1935, therefore, provided for the ultimate elimination of the national bank notes as a medium of circulation.

(See page 66 of this report for further data on the retirement of national bank notes outstanding.)

At the time the calls were issued it was announced that in retiring the 2 percent bonds the Treasury would make use of part of the balance of gold in the General Fund resulting from the reduction in the weight of the gold dollar, and that gold certificates and gold certificate credits would be issued to the Federal Reserve Banks in an amount about equal to that of the bonds retired, a like amount of gold being withdrawn from the General Fund and held as security for the gold certificates and gold certificate credits issued. Such gold certificates and gold certificate credits were issued to the Federal Reserve Banks as rapidly as the national bank currency in circulation was actually retired up to a total amount of \$645 millions, the amount of the increment on gold available to be set aside for this purpose.

*Certificates of indebtedness and Treasury bills.*—One of the major alterations in the composition of the public debt that has taken place since 1932 has been the complete elimination from the outstanding debt of public issues of certificates of indebtedness. The displacement of these certificates by Treasury bills issued on a discount basis as the Treasury's principal instrument for short-term financing occurred in 1933 and 1934. No public issues of certificates of indebtedness have been made since January 1934.

Certificates of indebtedness were, in the period prior to the Thirties, the only instrument available to the Treasury for loans maturing in less than one year, Treasury bills not having been authorized until June 17, 1929. Between 1917 and 1934, inclusive, the Treasury issued substantial amounts of certificates in every year. The issues during those years were largely in anticipation of income taxes, with maturities arranged on quarterly tax-payment dates when the maturing certificates were receivable in payment of taxes. However, during the first World War and early post-war years, and again in 1932, certificates were also used as ordinary short-term loan instruments and in anticipation of longer-term issues.

While certificates of indebtedness constituted an extremely useful instrument of short-term Treasury financing, they have been displaced by Treasury bills since 1934 for a number of reasons, among which are the following: (1) The sale of discount obligations through competitive bidding enabled the Treasury to take full advantage of the extremely low rates of interest on short-term securities obtaining



in the market—a level that made the use of fractional coupon rates inconvenient. (2) The ready market in the financial centers for short-term discount obligations permitted bill offerings to be timed to coincide very accurately with the Treasury's needs for funds. Certificates of indebtedness, on the other hand, when issued to mature at quarterly tax dates in amounts sufficient to provide for the entire excess of ordinary expenditures over receipts during a quarter, naturally provided a larger volume of funds than could be used immediately. (3) The availability of weekly issues of Treasury bills permitted the Treasury to undertake large scale borrowings at its own convenience and to postpone such operations for temporary periods during unfavorable market conditions. Flexibility in its financing program through this means was maintained by the Treasury throughout the 1932–40 period. (4) The relatively small amount of each individual bill offering permitted the Treasury to schedule its tax date maturities so as to provide the greatest assistance to the money markets. Thus in March 1938 the maturities of approximately \$450 millions of Treasury bills coming due in the middle of the month were spread over four days, \$150 millions maturing on March 16, and \$100 millions maturing on each of the three days, March 17, 18, and 19. When certificates were used for short-term financing, however, they were scheduled to mature on one day—the 15th of the month. The Treasury, therefore, borrowed temporarily from the Federal Reserve Banks on one-day certificates of indebtedness which were renewed in part for several days until all tax collections were finally cleared. The staggered bill maturities, however, provided a better method for obtaining the same results at each quarterly tax date. The Banking Act of 1935, moreover, provided that the Federal Reserve Banks could purchase Government securities only in the open market.

Between June 30, 1932, and June 30, 1935, the volume of Treasury bills outstanding was increased from \$616 millions to \$2,053 millions. At the same time, the entire volume of market issues of certificates of indebtedness outstanding on June 30, 1932—\$2,726 millions—was retired. Since 1935 the bill volume outstanding has varied in amount and on June 30, 1940, it stood at \$1,302 millions. Further data with respect to the amount of bills and public issues of certificates of indebtedness outstanding semiannually between June 1932 and June 1940 are shown in the following table.

*Public issues of certificates of indebtedness and Treasury bills outstanding at the end of June and December 1932 to 1939, and June 1940*

[In millions of dollars]

Date	Certificates of indebtedness	Treasury bills	Total
1932—June.....	2,726	616	3,341
December.....	2,158	642	2,799
1933—June.....	2,108	954	3,063
December.....	1,628	1,003	2,630
1934—June.....	1,517	1,404	2,921
December.....		1,954	1,954
1935—June.....		2,053	2,053
December.....		2,404	2,404
1936—June.....		2,354	2,354
December.....		2,203	2,203
1937—June.....		2,303	2,303
December.....		1,952	1,952
1938—June.....		1,154	1,154
December.....		1,306	1,306
1939—June.....		1,308	1,308
December.....		1,455	1,455
1940—June.....		1,302	1,302

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

Until February 1934 and again after the beginning of December 1937 practically all Treasury bill issues were for a term of approximately 91 days. From February 1934 to February 1935, however, bills were usually for a term of 182 days and between 1935 and 1937 were, except for issues scheduled to mature at income tax periods, for a term of 273 days. Further details with respect to bill offerings, including the amounts of the issues and the average prices of the bids accepted, appear among the exhibits in the Annual Reports of the Secretary of the Treasury for each year during the period.

*United States savings bonds.*—United States savings bonds, to be issued on a discount basis with maturities not less than 10 nor more than 20 years, were authorized by the act of February 4, 1935, amending the Second Liberty Bond Act, as amended. They were first placed on sale on March 1, 1935, and have been on continuous sale since, over-the-counter sales for cash being conducted at about 16,000 post offices, including all those of the first, second, and third classes and selected post offices of the fourth class, and mail order transactions being conducted by the Treasurer of the United States and the Federal Reserve Banks.

Between 1935 and 1940 four series of savings bonds have been issued, constituting six calendar year series. The general terms of all the bonds issued have been identical. The bonds are issued on a discount basis at a price of \$75 for each \$100 maturity value; they are fully registered and nontransferable. The bonds are dated on the first day of the month in which sold, and mature ten years from such date. They are redeemable before maturity at the option of the owner (but not within 60 days from issue date) at fixed redemption values, which increase at the end of the first year and each six months thereafter to maturity. If bonds are held to maturity the investment yield is

about 2.9 percent per annum, compounded semiannually. If redeemed before maturity at the owner's option, the investment yield is less. The following table shows the issue price, the redemption value at the end of the first year and at the end of successive half-year periods following issue, and approximate investment yields for each of the denominations in which the bonds are issued.

*Issue prices of United States savings bonds, redemption values during successive half-year periods following issue, and the approximate investment yields*

Maturity value.....	\$25.00	\$50.00	\$100	\$500	\$1,000	Approximate investment yield at beginning of each half-year period (rate percent per annum, compounded semi-annually)	Yield during remainder of 10-year period if held to maturity
Issue price.....	\$18.75	\$37.50	\$75	\$375	\$750		
Period after issue date	Redemption values during each period						
						Percent	Percent
First ½ year.....	\$18.75	\$37.50	\$75	\$375	\$750	0.00	2.90
½ to 1 year.....	18.75	37.50	75	375	750	0.00	3.05
1 to 1½ years.....	19.00	38.00	76	380	760	1.33	3.07
1½ to 2 years.....	19.25	38.50	77	385	770	1.76	3.10
2 to 2½ years.....	19.50	39.00	78	390	780	1.97	3.13
2½ to 3 years.....	19.75	39.50	79	395	790	2.09	3.17
3 to 3½ years.....	20.00	40.00	80	400	800	2.16	3.21
3½ to 4 years.....	20.25	40.50	81	405	810	2.21	3.27
4 to 4½ years.....	20.50	41.00	82	410	820	2.24	3.34
4½ to 5 years.....	20.75	41.50	83	415	830	2.26	3.42
5 to 5½ years.....	21.00	42.00	84	420	840	2.28	3.52
5½ to 6 years.....	21.25	42.50	85	425	850	2.29	3.64
6 to 6½ years.....	21.50	43.00	86	430	860	2.29	3.81
6½ to 7 years.....	21.75	43.50	87	435	870	2.30	4.02
7 to 7½ years.....	22.00	44.00	88	440	880	2.30	4.31
7½ to 8 years.....	22.50	45.00	90	450	900	2.45	4.26
8 to 8½ years.....	23.00	46.00	92	460	920	2.57	4.21
8½ to 9 years.....	23.50	47.00	94	470	940	2.67	4.17
9 to 9½ years.....	24.00	48.00	96	480	960	2.76	4.12
9½ to 10 years.....	24.50	49.00	98	490	980	2.84	4.08
Maturity value.....	25.00	50.00	100	500	1,000	2.90	-----

The statute provides that a single ownership of bonds issued in any one calendar year be limited to \$10,000 maturity value. In addition to the statutory limitations imposed on the purchase of savings bonds, other limitations on their purchase have been provided by administrative action. A regulations amendment dated January 18, 1940, sharply limited further sales to pension funds, retirement funds, etc. A regulations amendment dated March 27, 1940, and effective April 1, 1940, restricted registrations of savings bonds sold after that date to natural persons (individuals) in their own right, who are residents of the continental United States, the Territories and insular possessions of the United States, the Canal Zone, and the Philippine Islands, or citizens of the United States temporarily residing abroad.

The table that follows summarizes the issues and redemptions of United States savings bonds from March 1, 1935, through June 30, 1940, by years.

*Issues and redemptions of United States savings bonds, by years, Mar. 1, 1935,  
to June 30, 1940*

[In millions of dollars. On basis of daily Treasury statements (unrevised), see p. 583]

Fiscal year	Issued (issue price)	Accruals certified	Total issue price plus accruals	Redeemed (redemption value)	Outstanding at end of year (current redemption value)
1935 (Mar. 1 to June 30).....	62.6		62.6	0.5	62.0
1936.....	264.0	1.2	265.2	11.2	316.1
1937.....	512.6	7.2	519.7	36.2	799.6
1938.....	487.5	17.1	504.7	66.6	1,237.7
1939.....	684.5	28.0	712.5	82.0	1,868.1
1940.....	1,108.7	42.1	1,150.8	114.3	2,904.7
Total.....	3,119.8	95.6	3,215.5	310.8	

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

Sales of savings bonds have been tabulated in some detail of classification by type of purchaser and by denomination. Redemptions have not been so tabulated but these have not been large enough to invalidate the usefulness of the figures based on sales. The sales data by purchaser appear in the table that follows. These data are on a calendar year basis rather than on the fiscal year basis used in other savings bonds tables.

*Issues of United States savings bonds, classified by type of purchaser*

[Maturity value]

Type of purchaser	Mar. 1- Dec. 31, 1935	Calendar year				January- June 1940 <sup>1</sup>	Total Mar. 1, 1935, to June 30, 1940
		1936	1937	1938	1939		
Amount in millions of dollars							
Individuals.....	205.6	379.1	523.0	557.9	837.7	636.0	3,139.2
Fiduciaries.....	15.1	20.9	32.1	43.1	109.1	134.7	355.0
Banks and trust companies.....	34.8	34.6	60.8	66.8	94.8	100.1	391.9
Other corporations and associations.....	13.2	23.7	32.8	44.0	73.1	66.0	252.9
Unclassified (purchasers in Territories, possessions, and abroad).....	.3	1.0	2.5	2.8	5.2	2.5	14.3
Total.....	269.0	459.3	651.2	714.6	1,119.9	939.4	4,153.3
Percent of total							
Individuals.....	76.5	82.5	80.4	78.1	74.8	67.7	75.6
Fiduciaries.....	5.6	4.6	4.9	6.0	9.7	14.3	8.5
Banks and trust companies.....	12.9	7.5	9.3	9.3	8.5	10.7	9.4
Other corporations and associations.....	4.9	5.2	5.0	6.2	6.5	7.0	6.1
Unclassified (purchasers in Territories, possessions, and abroad).....	.1	.2	.4	.4	.5	.3	.4
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0

<sup>1</sup> Regulations amendments dated Jan. 18, 1940, and Mar. 27, 1940, limited future sales to individuals. Further details with respect to these amendments appear on p. 46 of this report.

NOTE.—Dollar figures are rounded to nearest tenth of a million and will not necessarily add to totals.

Details on issues of savings bonds, by denominations, appear in the table that follows. This table is compiled from the standpoint of the effective issue date of the bonds on the basis of the Treasury audit of original registration stubs representing sales by the Postal

Service, the Federal Reserve Banks, and the Treasury Department. Accordingly, the figures do not agree exactly with those set forth in the second preceding table which was compiled from the standpoint of actual cash transactions.

*Issues of United States savings bonds, by denominations, fiscal years 1935 to 1940*

[Dollars in millions. On basis of Treasury audit]

Fiscal year	\$25	\$50	\$100	\$500	\$1,000	Total
Aggregate maturity value						
1935 (4 months).....	\$2.7	\$3.8	\$17.8	\$32.4	\$72.1	\$128.8
1936.....	6.4	10.6	42.9	74.5	235.6	370.0
1937.....	11.7	19.2	66.0	106.3	426.0	629.3
1938.....	16.2	24.1	76.2	99.9	435.1	651.5
1939.....	21.8	29.8	92.3	123.8	660.6	928.3
1940.....	28.9	40.0	129.0	170.8	1,101.5	1,470.1
Total.....	87.7	127.6	424.3	607.6	2,930.8	4,178.0
Aggregate sale price						
1935 (4 months).....	\$2.0	\$2.8	\$13.3	\$24.3	\$54.1	\$96.6
1936.....	4.8	8.0	32.2	55.9	176.7	277.5
1937.....	8.8	14.4	49.5	79.7	319.5	471.9
1938.....	12.1	18.1	57.2	75.0	326.3	488.6
1939.....	16.3	22.4	69.3	92.8	495.5	696.2
1940.....	21.7	30.0	96.7	128.1	826.1	1,102.6
Total.....	65.8	95.7	318.2	455.7	2,198.1	3,133.5
Percentage distribution of sales						
	Percent	Percent	Percent	Percent	Percent	Percent
1935 (4 months).....	2.1	2.9	13.8	25.2	56.0	100
1936.....	1.7	2.9	11.6	20.1	63.7	100
1937.....	1.9	3.0	10.5	16.9	67.7	100
1938.....	2.5	3.7	11.7	15.3	66.8	100
1939.....	2.3	3.2	9.9	13.4	71.2	100
1940.....	2.0	2.7	8.8	11.6	74.9	100
Total.....	2.1	3.1	10.2	14.5	70.1	100

NOTE.—Dollar figures are rounded to nearest tenth of a million and will not necessarily add to totals.

Additional information on redemptions up to June 30, 1940, of the various series of savings bonds appears in the table below.

*Proportion of savings bonds redeemed by the end of various selected periods, by denomination*

Denomination	Redeemed by the end of—				
	1 year (1935-39 series)	2 years (1935-38 series)	3 years (1935-37 series)	4 years (1935-36 series)	5 years (1935 series)
	Percent	Percent	Percent	Percent	Percent
\$25.....	11	21	29	34	35
\$50.....	9	18	26	31	32
\$100.....	8	16	23	28	30
\$500.....	6	13	19	23	25
\$1,000.....	4	10	14	17	20
All denominations.....	8	16	23	27	29

NOTE.—In preparing this table the redemptions of each series of savings bonds were taken at the end of 1, 2, 3, 4, and 5 years, respectively, from the date of issuance and were expressed as a percentage of the total amount of that series. The percentages for similar periods were then averaged. The time periods are only approximate because it was assumed that June 30 was the average date of all savings bonds issued during each calendar year.

*Adjusted service bonds.*—The Adjusted Compensation Payment Act of January 27, 1936, provided for the immediate payment of the face amount of adjusted service certificates issued under the World War Adjusted Compensation Act, less outstanding loans and unpaid accrued interest thereon to September 30, 1931. All unpaid loan interest which accrued subsequently to September 30, 1931, was canceled insofar as the veteran was concerned. Payment was to be made by the issuance of bonds, in the denomination of \$50, registered in the name of the veteran only, any odd amount to be paid by check. The bonds are dated June 15, 1936, mature June 15, 1945, and are redeemable at any time at the option of the veteran. Interest accrues at the rate of 3 percent per annum from June 15, 1936, payable with the principal sum, except that if the veteran chose to redeem his bonds before June 15, 1937, no interest was payable.

During the period immediately following the issuance of adjusted service bonds, their redemption was handled through the post offices. Beginning January 16, 1937, however, the Federal Reserve Banks were designated as the places of redemption.

Of the \$1,837 millions of adjusted service bonds issued to veterans, \$261 millions remained outstanding on June 30, 1940. Issues and redemptions by fiscal years and amounts outstanding at the end of each fiscal year are shown in the table following.

*Adjusted service bonds issued, redeemed, and outstanding, fiscal years 1936 to 1940*

[In millions of dollars. On basis of daily Treasury statements (unrevised), see p. 583]

Fiscal year	Issued	Redeemed	Outstanding June 30
1936 (June 15-30).....	1, 668. 8	724. 2	944. 5
1937.....	140. 6	696. 5	388. 6
1938.....	12. 8	82. 6	318. 7
1939.....	6. 6	42. 4	282. 9
1940.....	8. 4	30. 2	261. 0
Total.....	1, 837. 0	1, 576. 0	

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

In addition to the adjusted service bonds issued to veterans, a special series of 4½ percent bonds in the amount of \$500 millions was issued to the Government life insurance fund in accordance with section 5 of the Adjusted Service Compensation Payment Act. Further details with respect to this issue appear in the 1936 and 1937 Annual Reports of the Secretary of the Treasury.

*Special issues*

For many years the Secretary of the Treasury has made special issues of Government interest-bearing securities authorized by the

Second Liberty Bond Act available for the investment of trust and other funds deposited in the Treasury, or available pursuant to appropriations for specific purposes.

The practice of issuing special obligations to Government trust funds, instead of permitting them to satisfy their investment requirements through open market purchases of Government obligations, has been followed because of certain important advantages that have become apparent. Among these have been the following: (1) The bond market is not disturbed periodically by purchases and sales of large blocks of securities; (2) the trust funds are provided with a ready avenue of investment and no attention need be given to short-term fluctuations in market prices; (3) in the case of retirement and social security funds, the funds can always earn the interest return specified by Congress when it fixed the appropriations for the funds; and (4) savings can be effected because of the smaller number of securities to administer, and commissions to brokers on purchases and sales are eliminated.

Until the end of 1934 the issuance of special obligations was confined largely to Government employees' retirement funds and the adjusted service certificate fund. The Social Security Act, enacted August 14, 1935, however, established new trust funds in the Treasury to which large sums were soon appropriated or deposited and to which large amounts of special obligations have been issued. This is shown in the following table which summarizes, for the period since 1932, the amounts of special issues outstanding.

*Special issues of public debt securities outstanding June 30, 1932 to 1940*

[In millions of dollars. Face amount. On basis of daily Treasury statements (unrevised), see p. 583]

Fund or account	1932	1933	1934	1935	1936	1937	1938	1939	1940
<b>Retirement funds:</b>									
Civil service retirement and disability fund	200	227	239	248	275	309	389	465	550
Foreign service retirement and disability fund	2	2	2	3	3	3	3	4	4
Canal Zone retirement and disability fund	2	2	2	2	3	3	4	4	4
Alaska Railroad retirement and disability fund						(*)	(*)	1	1
<b>Veterans:</b>									
Adjusted service certificate fund	105	92	118	156	127	38	26	20	11
Government life insurance fund						500	523	537	524
<b>Social security and railroad retirement:</b>									
Unemployment trust fund					19	312	872	1,267	1,710
Old-age reserve account <sup>1</sup>						267	662	1,177	
Federal old-age and survivors insurance trust fund <sup>1</sup>									1,738
Railroad retirement account							66	67	79
<b>Other:</b>									
Postal Savings System			35	125	100	30	45	128	97
Federal Deposit Insurance Corporation				100	100	95	85	101	56
<b>Total</b>	<b>309</b>	<b>323</b>	<b>396</b>	<b>633</b>	<b>626</b>	<b>1,558</b>	<b>2,676</b>	<b>3,770</b>	<b>4,775</b>

\*Less than \$500,000.

<sup>1</sup> On Jan. 1, 1940, the Federal old-age and survivors insurance trust fund took over the assets of the old-age reserve account.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

In connection with the issue of bonds dated December 8, 1939, the Secretary of the Treasury made an additional provision for some of the investment needs of Government agencies and trust funds. He announced that in addition to the \$500 millions of 2 percent bonds of 1948-50 being offered to the public he would sell \$50 millions of this series to these agencies and trust funds. A similar allotment in the amount of \$100 millions was made in connection with the sale of  $2\frac{1}{4}$  percent bonds of 1951-53, dated December 22, 1939.

*Matured debt and debt bearing no interest*

In addition to its interest-bearing obligations, the United States carries in its outstanding public debt certain noninterest-bearing obligations. These include the matured debt on which interest has ceased and debt bearing no interest—mainly the liability on account of United States notes, and that for national bank notes and Federal Reserve Bank notes assumed by the United States on deposit of lawful money for their retirement. The law provides that, upon deposit of lawful money with the Treasury to meet the redemption of these notes when presented, the outstanding notes shall be treated as public debt obligations.

The transfer to the United States of the liability for the major portion of the national bank notes outstanding occurred in 1935 following the call for redemption of the consols and Panamas bearing the circulation privilege and the expiration of the circulation privilege on certain Treasury bonds, as described on page 57 of this report. The amount of this liability at the end of each fiscal year since 1932 and the total amount of national bank notes outstanding on those dates are shown in the table below.

*National bank notes outstanding at the end of the fiscal years 1932 to 1940*

[In millions of dollars]

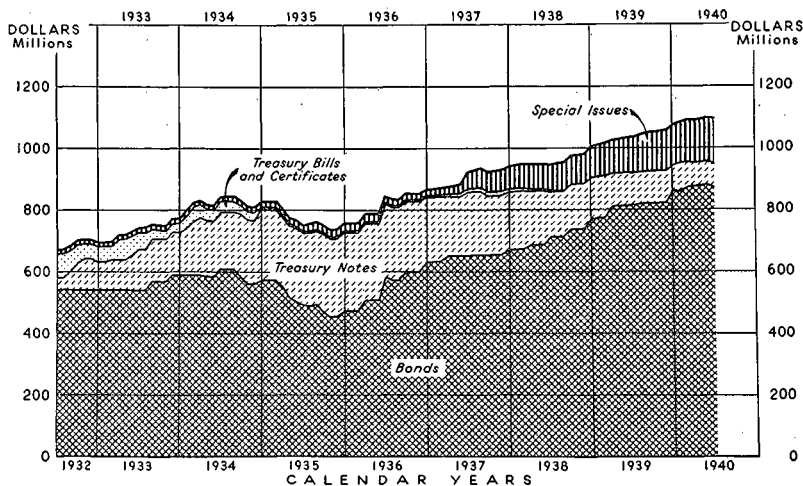
End of year	Amount outstanding	United States liability for redemption	End of year	Amount outstanding	United States liability for redemption
1932.....	741	67	1937.....	273	272
1933.....	976	117	1938.....	221	221
1934.....	962	223	1939.....	189	189
1935.....	773	545	1940.....	167	167
1936.....	372	371			

*Interest charge on the public debt*

Chart 6 on page 67 and the table that follows show the computed annual interest charge and interest rate on public debt obligations by classes of securities, quarterly from June 30, 1932, to June 30, 1940. Summary data, by fiscal years from 1916 to 1940, appear in



**COMPOSITION OF THE COMPUTED INTEREST CHARGE ON AN ANNUAL BASIS,  
MONTHLY, FROM JUNE 1932 TO JUNE 1940**



**COMPUTED INTEREST RATES ON AN ANNUAL BASIS, MONTHLY, FROM JUNE 1932 TO  
JUNE 1940**

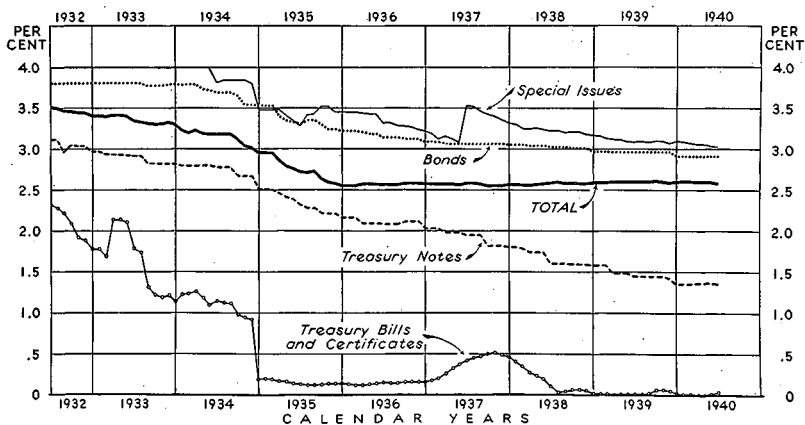


CHART 6.

table 46 on page 774. Data on the net expenditures for interest during the various fiscal years appear in table 6 on page 642.

*Computed annual interest charge and interest rate for bonds, notes, certificates of indebtedness, and bills, and special issues, quarterly, from June 1932 to June 1940*

[Dollars in millions. On basis of daily Treasury statements (unrevised), see p. 583]

Month	Public issues						Special issues		Total	
	Bonds		Notes		Certificates and bills		Special issues		Total	
	Charge	Rate	Charge	Rate	Charge	Rate	Charge	Rate	Charge	Rate
		Percent		Percent		Percent		Percent		Percent
1932: June.....	\$542	3.8053	\$39	3.1190	\$78	2.3248	\$12	4.0000	\$672	3.5052
Sept.....	542	3.8047	86	3.0527	60	2.0922	15	4.0000	703	3.4630
Dec.....	541	3.8066	91	2.9700	50	1.7814	14	4.0000	697	3.4069
1933: Mar.....	542	3.8058	99	2.9414	66	2.1394	13	4.0000	719	3.4266
June.....	541	3.8062	133	2.9239	55	1.7928	13	4.0000	742	3.3497
Sept.....	569	3.7740	139	2.8302	28	1.2218	15	4.0000	751	3.3132
Dec.....	590	3.7895	138	2.8296	30	1.1433	15	4.0000	773	3.2964
1934: Mar.....	590	3.7888	188	2.8045	39	1.2661	15	4.0000	831	3.2345
June.....	609	3.6881	185	2.7757	34	1.1503	15	3.8233	842	3.1810
Sept.....	581	3.6514	206	2.6724	25	.9819	18	3.8470	830	3.1180
Dec.....	573	3.6294	231	2.5109	4	1.878	19	3.4800	827	2.9601
1935: Mar.....	553	3.4041	226	2.4619	3	1.656	19	3.4759	801	2.8574
June.....	494	3.3087	233	2.3245	3	1.304	21	3.2894	751	2.7156
Sept.....	470	3.2867	254	2.2145	2	1.274	25	3.5202	751	2.6432
Dec.....	473	3.2219	255	2.1596	3	1.355	25	3.4509	756	2.5537
1936: Mar.....	509	3.1840	249	2.0895	2	1.228	25	3.4412	786	2.5853
June.....	584	3.1357	237	2.0798	3	1.1455	21	3.3159	845	2.5617
Sept.....	600	3.1180	228	2.1053	3	1.1487	21	3.2803	853	2.5780
Dec.....	633	3.0785	209	2.0305	3	1.1462	20	3.2158	866	2.5696
1937: Mar.....	652	3.0634	194	1.9804	6	2.519	25	3.1612	876	2.5731
June.....	653	3.0629	207	1.9450	10	4.241	55	3.5279	924	2.5822
Sept.....	655	3.0623	192	1.8175	12	5.032	65	3.4295	924	2.5495
Dec.....	670	3.0450	189	1.7960	9	4.638	74	3.3218	942	2.5678
1938: Mar.....	686	3.0359	175	1.7403	5	2.666	82	3.2528	948	2.5681
June.....	714	3.0242	146	1.5676	1	1.005	86	3.2189	947	2.5804
Sept.....	738	3.0053	144	1.5632	1	0.640	94	3.2135	977	2.5820
Dec.....	771	2.9718	135	1.5835	(*)	0.0199	100	3.1726	1,006	2.5858
1939: Mar.....	811	2.9584	108	1.4860	(*)	0.0027	108	3.1235	1,027	2.6032
June.....	815	2.9581	105	1.4477	(*)	0.0101	117	3.0913	1,037	2.5998
Sept.....	820	2.9577	105	1.4478	(*)	0.0576	126	3.0881	1,052	2.6073
Dec.....	861	2.9127	84	1.3592	(*)	0.0224	131	3.0979	1,077	2.5977
1940: Mar.....	876	2.9119	78	1.2679	(*)	0.0016	137	3.0623	1,090	2.5974
June.....	869	2.9063	80	1.2555	(*)	0.0378	145	3.0265	1,095	2.5831

\*Less than \$500,000.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

### Debt retirements

The cumulative sinking fund, provided for by section (6) of the Victory Liberty Loan Act, as amended, was affected by the passage of three acts in 1932 and thereafter. Section 308 of the Emergency Relief and Construction Act of 1932, approved July 21, 1932, as amended, provided for annual additions to the sinking fund appropriations in amounts equal to 2½ percent of the aggregate expenditures under title III (public works) of that act. Section 210 (b) of the National Industrial Recovery Act, approved June 16, 1933, as amended, provided annual additions to the sinking fund appropriation in amounts equal to 2½ percent of the aggregate expenditures under title II (public works and construction projects) of that act. Section 20 (b) of the Gold Reserve Act of 1934, approved January 30, 1934, provided that the appropriations to the sinking fund,

which had previously been restricted to the retirement of issues outstanding on July 1, 1920, and to issues subsequently made for refunding purposes, be extended to cover the retirements of any bonds and notes issued under the Second Liberty Bond Act, as amended.

Between 1932 and 1940, the operations of the cumulative sinking fund were confined largely to the payment of maturing bonds and notes presented to the Treasury for cash redemption. Inasmuch as most bonds and notes maturing during the period were refunded into new securities, the sinking fund appropriations were allowed to accumulate, since to have exhausted the full credit available by redeeming maturing securities for cash would have required a corresponding increase in the cash offerings of securities without changing the net amount of the public debt outstanding. Tables covering transactions on account of the fund for each fiscal year, together with accumulation figures since 1920, will be found in the tables in this and previous Annual Reports of the Secretary of the Treasury.

In addition to the requirements for the sinking fund, the statutes require that certain other funds received by the Treasury be applied to debt retirement. The amounts of such funds so applied during each fiscal year since 1915 and the amount of the public debt retirements chargeable against the sinking fund are shown in the table on page 768.

Title III of the Revenue Act of 1940, approved June 25, 1940, established a special fund for the retirement of the national defense series of Treasury obligations issued pursuant to the authority of that act amending the Second Liberty Bond Act, as amended. The statutory provisions with respect to this fund appear in exhibit 19 on page 442.

#### *Statutory debt limitation*

The Second Liberty Bond Act of September 24, 1917, as amended, under which public debt operations are now conducted, authorizes: (1) In section 1, the issuance of bonds of the United States, bearing interest, and in section 22, the issuance of United States savings bonds on a discount basis, both adapted for long-term financing; (2) in section 5, the issuance of interest-bearing certificates of indebtedness and Treasury bills sold on a discount basis for maturities not exceeding one year; and (3) in section 18, the issuance of interest-bearing notes of the United States for maturities from one to five years. The total amount of these classes authorized to be issued and outstanding at any one time is limited by section 21 of the act (as added February 4, 1935, and amended May 26, 1938, July 20, 1939, and June 25, 1940), which provides as follows:

“(a) The face amount of bonds, certificates of indebtedness, Treasury bills, and notes issued under the authority of this act, and certificates of indebtedness issued under the authority of section 6 of the First Liberty Bond Act, shall not exceed in the aggregate \$45,000,000,000 outstanding at any one time.

"(b) In addition to the amount authorized by the preceding paragraph of this section, any obligations authorized by sections 5 and 18 of this act, as amended, not to exceed in the aggregate \$4,000,000,000 outstanding at any one time, less any retirements made from the special fund made available under section 301 of the Revenue Act of 1940, may be issued under said sections to provide the Treasury with funds to meet any expenditures made, after June 30, 1940, for the national defense, or to reimburse the General Fund of the Treasury therefor. Any such obligations so issued shall be designated 'National Defense Series'."

An historical summary of the debt limitation now fixed by section 21 of the Second Liberty Bond Act, as amended, follows.

*Summary of the history of the debt limitation under section 21 of the Second Liberty Bond Act, as amended*

Act	Provision	Amount
Sept. 24, 1917	Sec. 1 (40 Stat. 288) authorized bonds in the amount of.....	<sup>1</sup> \$7, 538, 945, 460
Do.....	Sec. 5 (40 Stat. 290) authorized certificates of indebtedness outstanding at any one time (revolving authority).....	<sup>2</sup> 4, 000, 000, 000
Apr. 4, 1918	(40 Stat. 302) amending sec. 1, increased authorized amount of bonds to.....	<sup>1</sup> 12, 000, 000, 000
Do.....	(40 Stat. 504) amending sec. 5, increased authorized amount of certificates outstanding to.....	<sup>2</sup> 8, 000, 000, 000
July 9, 1918	(40 Stat. 844) amending sec. 1, increased authorized amount of bonds to.....	<sup>1</sup> 20, 000, 000, 000
Mar. 3, 1919	(40 Stat. 1311) amending sec. 5, increased authorized amount of certificates outstanding to.....	<sup>2</sup> 10, 000, 000, 000
Do.....	(40 Stat. 1309) sec. 18 added, authorized issue of notes <sup>3</sup> in the amount of.....	<sup>1</sup> 7, 000, 000, 000
Nov. 23, 1921	(42 Stat. 321) amending sec. 18, created revolving authority for issue of notes and limited amount outstanding at any one time to.....	<sup>2</sup> 7, 500, 000, 000
June 17, 1929	(46 Stat. 19) amending sec. 5, authorized issue of Treasury bills as well as certificates, limiting amount of both outstanding at any one time to.....	<sup>2</sup> 10, 000, 000, 000
Mar. 3, 1931	(46 Stat. 1506) amending sec. 1, increased authorized amount of bonds to.....	<sup>1</sup> 28, 000, 000, 000
Jan. 30, 1934	(48 Stat. 343) amending sec. 18, increased authorized amount of notes outstanding to.....	<sup>2</sup> 10, 000, 000, 000
Feb. 4, 1935	(49 Stat. 20) amending sec. 1, created a revolving authority for the issue of bonds, limiting the amount outstanding at any one time to.....	<sup>2</sup> 25, 000, 000, 000
Do.....	(49 Stat. 21) sec. 21 added, consolidating the limitation on issue of certificates and bills (sec. 5) and limitation on issue of notes (sec. 18). Aggregate amount outstanding of securities under both sections.....	<sup>2</sup> 20, 000, 000, 000
Do.....	(49 Stat. 21) sec. 22 added, authorizing issue of United States savings bonds, amount issued to be included in the limitation in sec. 1.	
May 26, 1938	(52 Stat. 447) amending secs. 1 and 21, consolidated in sec. 21 all limitations on issue of bonds, certificates, Treasury bills, and notes (outstanding bonds limited to \$30,000,000,000). Same aggregate total outstanding.....	<sup>2</sup> 45, 000, 000, 000
July 20, 1939	(53 Stat. 1071) amending sec. 21, removed limitation on bonds without change in total authorized outstanding of bonds, certificates, Treasury bills, and notes.....	<sup>2</sup> 45, 000, 000, 000
June 25, 1940	(Public No. 656, 76th Cong.) amending sec. 21, authorized additional issues of certificates, Treasury bills, and notes "not to exceed in the aggregate \$4,000,000,000 outstanding at any one time, less any retirements made from the special fund" arising from specified defense taxes, any such issue to be designated "National Defense Series".....	<sup>3</sup> 4, 000, 000, 000

<sup>1</sup> Limitation on issue.

<sup>2</sup> Limitation on amount outstanding.

<sup>3</sup> Limitation on issue less retirements.

The two tables that follow show the debt position of the United States Government on June 30, 1940, under limitations imposed by section 21 of the Second Liberty Bond Act, as amended.

*Statement of the debt position of the Government under limitations imposed by section 21 of the Second Liberty Bond Act, as amended, as of June 30, 1940*

General limitation under sec. 21 (a):

Total face amount which may be outstanding at any one time..... \$45,000,000,000

Face amount outstanding as of June 30, 1940:

Interest-bearing securities:

Bonds:

Treasury..... \$26,554,797,450

United States savings (ma-

turity value)..... 13,754,222,850

Adjusted service..... 761,187,775

Total bonds..... \$31,070,208,075

Treasury notes..... 8,936,036,100

Certificates of indebtedness..... 1,721,300,000

Treasury bills (maturity value)..... 1,302,194,000

Total interest-bearing securities..... \$43,029,738,175

Matured obligations on which interest has ceased..... 189,385,200

Total face amount of securities outstanding..... 43,219,123,375

Total amount of authorization unused as of June 30, 1940..... 1,780,876,625

National defense limitation under sec. 21 (b):<sup>1</sup>

Total face amount which may be outstanding at any one time..... 4,000,000,000

Less: Retirements under sec. 301, Revenue Act of 1940..... None

Net face amount which may be outstanding at any one time..... 4,000,000,000

Total face amount of securities outstanding as of June 30, 1940..... None

Total amount of authorization unused as of June 30, 1940..... 4,000,000,000

<sup>1</sup> Approximate maturity value; current redemption value, \$2,904,699,343.

<sup>2</sup> These securities may consist of notes, certificates of indebtedness, and Treasury bills.

*Reconciliation of the debt position under section 21 of the Second Liberty Bond Act, as amended, with the gross public debt of the Government as shown in the daily Treasury statement as of June 30, 1940*

Total face amount of securities outstanding limited by sec. 21 of the Second Liberty Bond Act, as amended:

Under limitation imposed by sec. 21 (a)..... \$43,219,123,375

Less: Unearned discount on savings bonds (difference between current redemption value and maturity value)..... 849,523,507

\$42,369,599,868

Under limitation imposed by sec. 21 (b)..... None

Total..... \$42,369,599,868

Add: Securities outstanding not subject to limitation under sec. 21:

Interest-bearing..... 196,281,260

Matured obligations on which interest has ceased..... 15,205,990

Debt bearing no interest..... 386,443,919 597,931,169

Gross public debt outstanding..... 42,967,531,037

## SECURITIES GUARANTEED BY THE UNITED STATES

Fiscal year 1940

Certain governmental corporations and agencies are authorized to issue bonds and other obligations which are guaranteed as to the payment of principal and interest by the United States. These bonds and obligations are classified as contingent liabilities of the United States. They are primarily the obligations of the issuing agencies, and the assets of such agencies are to be used for their payment.

The Treasury has made available to the governmental corporations and credit agencies, authorized to issue obligations guaranteed as to principal and interest by the United States, all of its facilities for the issuance, redemption, etc., of public debt obligations of the United States, so that those corporations and agencies desiring to do so can arrange to have their obligations serviced through Treasury facilities. As a result of this policy the Secretary of the Treasury during the fiscal year 1940 made available the facilities of the Department to handle the issuance to the public of obligations of the Commodity Credit Corporation and Reconstruction Finance Corporation, and the redemption of obligations of the Home Owners' Loan Corporation, the Commodity Credit Corporation, and the Federal Farm Mortgage Corporation. Major financing operations conducted during the year are shown below.

*Major financing operations conducted by the Treasury during the fiscal year 1940 for agencies issuing securities guaranteed by the United States*

Date	Issue	Amount
New offerings		
Aug. 1, 1939	5½% Commodity Credit Corporation notes of series D, due Aug. 1, 1941: For cash (at par) .....	\$202,553,000
Nov. 2, 1939	1% Commodity Credit Corporation notes of series E, due Nov. 15, 1941: In exchange (at par) for ¾% Commodity Credit Corporation notes of series C, maturing Nov. 2, 1939 .....	204,241,000
Nov. 10, 1939	1% Reconstruction Finance Corporation notes of series S, due July 1, 1942: For cash (at par) .....	275,868,000
		682,662,000
Maturities		
Aug. 1, 1939	2¾% Home Owners' Loan Corporation bonds of series B, maturing Aug. 1, 1940, called for redemption Aug. 1, 1939, which did not accept exchange offering dated June 1, 1939 .....	217,494,150
Sept. 3, 1939	1½% Federal Farm Mortgage Corporation bonds, maturing Sept. 3, 1939 .....	100,122,000
Nov. 1, 1939	1¼% Federal Farm Mortgage Corporation bonds, maturing Nov. 1, 1939 .....	9,900,000
Nov. 2, 1939	¾% Commodity Credit Corporation notes of series C, maturing Nov. 2, 1939. Of the amount maturing, \$204,241,000 were exchanged for series E, issued Nov. 2, 1939 .....	206,174,000
May 15, 1940	¾% Home Owners' Loan Corporation bonds of series K, maturing May 15, 1940 .....	127,867,400
		661,557,550

Copies of offering circulars, announcements of subscriptions and allotments, etc., relating to the foregoing operations will be found as exhibits 21 to 29 on pages 443 to 455.

The information above does not include small amounts of 2½ percent mutual mortgage insurance fund debentures, series B, called on March 24, 1939, and October 6, 1939, for redemption on July 1, 1939, and January 1, 1940, respectively. The instructions issued by the Secretary of the Treasury for the redemption of the second-called debentures and also of the third-called debentures are included in the exhibits on pages 448 and 451.

The net changes during the year of the various classes of securities guaranteed by the United States are shown in the table that follows. A detailed statement of these obligations and of certain other contingent liabilities of the United States as of June 30, 1940, will be found on page 775.

*Comparison of the obligations guaranteed by the United States outstanding June 30, 1939 and 1940, by agencies*<sup>1</sup>

[In millions of dollars]

Corporation or agency	June 30, 1939	June 30, 1940	Increase or decrease (—)
Unmatured obligations:			
Commodity Credit Corporation.....	206.2	406.8	200.6
Federal Farm Mortgage Corporation.....	1,379.4	1,269.4	—110.0
Federal Housing Administration:			
Mutual mortgage insurance fund.....	2.6	5.5	2.8
Housing insurance fund.....		2.0	2.0
Home Owners' Loan Corporation.....	2,927.9	2,603.4	—324.6
Reconstruction Finance Corporation.....	819.7	1,096.4	276.7
United States Housing Authority.....	114.2	114.2	-----
Total unmaturred obligations.....	5,450.0	5,497.6	47.5
Matured obligations, all agencies.....	.8	31.3	30.4
Matured interest, all agencies.....	19.6	3.3	—16.3
Total, based on guarantees.....	\$ 5,470.4	\$ 5,532.1	61.7

<sup>1</sup> Does not include obligations held by the Treasury and reflected in the public debt.

<sup>2</sup> Does not include \$8.3 millions of obligations issued on the credit of the United States by the Tennessee Valley Authority.

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

The table that follows compares, by agencies, the amounts authorized to be outstanding as of June 30, 1940, with the amount actually outstanding on that date.

*Borrowing power and outstanding issues of governmental corporations and credit agencies whose obligations are guaranteed by the United States,<sup>1</sup> June 30, 1940*

(In millions of dollars)

Corporation or agency	Borrowing power	Outstanding obligations		
		Held by Treasury	Held by others	Total
Agencies issuing obligations for cash or in exchange for mortgages:				
Commodity Credit Corporation.....	900.0	25.0	406.8	431.8
Federal Farm Mortgage Corporation.....	2,000.0		1,269.7	1,269.7
Home Owners' Loan Corporation.....	<sup>2</sup> 4,750.0		2,634.3	2,634.3
Reconstruction Finance Corporation.....	<sup>2</sup> 3,988.2	7.0	1,096.4	1,103.4
Tennessee Valley Authority.....	70.1	52.3	8.3	60.6
United States Housing Authority.....	800.0	20.0	114.2	134.2
Subtotal.....	12,508.3	104.3	5,529.7	5,634.0
Agencies issuing obligations only in payment of defaulted and foreclosed insured mortgages:				
Federal Housing Administration.....	3,000.0		7.5	7.5
United States Maritime Commission.....	200.0			
Subtotal.....	3,200.0		7.5	7.5
Grand total.....	15,708.3	104.3	<sup>4</sup> 5,537.2	5,641.5

<sup>1</sup> Includes Home Owners' Loan Corporation obligations guaranteed as to interest only the issue of which is included under the Corporation's debt authorization. Includes bonds issued on the credit of the United States by the Tennessee Valley Authority and held by the Reconstruction Finance Corporation.

<sup>2</sup> This is an authorization for the total amount to be issued. The act of May 23, 1935, provided that the \$4,750,000,000 may be increased for the purpose of retiring outstanding bonds. This would not affect the net amount outstanding after June 13, 1936, since the Corporation's authority to make loans expired on that date.

<sup>3</sup> Including, to the extent availed of, certain indefinite authorizations for which there is no statutory limitation.

<sup>4</sup> Excludes matured interest, all agencies, in amount of \$3.3 millions.

#### Fiscal years 1932 to 1940

Since 1932, certain governmental corporations and agencies have been authorized to issue bonds, notes, and debentures which are guaranteed by the United States. These securities are classified as contingent liabilities of the United States since they are primarily the obligations of the issuing agencies and the assets of such agencies are to be used for their payment. These obligations have been of three types: (1) Those guaranteed as to payment of both principal and interest, (2) those guaranteed as to the payment of interest only, and (3) those issued on the credit of the United States.

Data as of June 30, 1940, on the aggregate amount of these obligations authorized to be outstanding (exclusive of certain indefinite authorizations for which there is no statutory limitation) appear in the table above. The tables below show the amounts of these obligations outstanding at the end of each fiscal year from 1934 to 1940, excluding issues sold directly to the United States Treasury since the funds for their purchase were obtained by the Treasury by issues of public debt securities. (Excluding such issues, no guaranteed obligations were outstanding at the end of the fiscal years 1932 and



1933.) The chart on page 76 shows the composition of the debt guaranteed as to payment of both principal and interest, monthly, December 1933 to June 1940, by agency.

*Obligations guaranteed by the United States as to both principal and interest,<sup>1</sup> outstanding June 30, 1934 to 1940*

[In millions of dollars]

Issuing agency and type of security	1934	1935	1936	1937	1938	1939	1940
Unmatured obligations (principal amount):							
Reconstruction Finance Corporation, notes.....	234.8	249.8	251.6	255.2	298.9	819.7	1,096.4
Home Owners' Loan Corporation, bonds.....	134.3	2,647.3	3,044.2	2,987.1	2,937.2	2,927.9	2,603.4
Federal Farm Mortgage Corporation, bonds.....	311.6	1,225.6	1,422.2	1,422.2	1,409.8	1,379.4	1,269.4
Federal Housing Administration:							
Mutual mortgage insurance fund, debentures.....				.1	.6	2.6	5.5
Housing insurance fund, debentures.....							2.0
Commodity Credit Corporation, notes.....					206.2	206.2	406.8
United States Housing Authority, notes.....						114.2	114.2
Total unmatured obligations.....	680.8	4,122.7	4,718.0	4,664.6	4,852.6	5,450.0	5,497.6
Matured obligations (principal amount):				( <sup>2</sup> )	.2	.8	31.3
Interest on matured and unmatured obligations <sup>3</sup> .....	3.5	28.0	31.6	30.0	25.6	19.6	3.3
Total.....	684.3	4,150.7	4,749.6	4,694.6	4,878.4	5,470.4	5,532.1

<sup>1</sup> Exclusive of obligations sold directly to the Treasury because funds for the purchase of these obligations were obtained by the Treasury by the issue of public debt securities.

<sup>2</sup> Data not available.

<sup>3</sup> From 1934 to 1939 amounts represent matured interest plus interest accrued but not due, after deducting amounts of funds deposited with the Treasury to meet interest payments; for 1940 amount represents matured interest only, for the payment of which funds have been deposited with the Treasury.

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

*Obligations guaranteed by the United States as to interest only, outstanding June 30, 1934 to 1936*

[In millions of dollars]

Issuing agency and type of security	1934	1935	1936
Unmatured obligations (principal amount):			
Federal land banks, bonds.....	331.1	-----	-----
Home Owners' Loan Corporation, bonds.....	611.7	79.1	-----
Total unmatured obligations.....	942.8	79.1	-----
Matured obligations (principal amount):			
Home Owners' Loan Corporation, bonds.....	-----	-----	3.4
Interest on matured and unmatured obligations <sup>1</sup> .....	6.6	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> Matured interest plus interest accrued but not due after deducting amounts of funds deposited with the Treasury to meet interest payments.

<sup>2</sup> Less than \$50,000.

*Securities issued on the credit of the United States, outstanding June 30, 1939 to 1940*

[In millions of dollars]

Issuing agency and type of security	1939	1940
Unmatured obligations:		
Tennessee Valley Authority, bonds.....	8.3	8.3

The legislative provisions dealing with the issuance of obligations guaranteed in whole or in part by the United States appear, in general, as parts of the acts establishing the various corporations and agencies. As a result thereof, the provisions covering the obligations of the different agencies vary considerably from each other. There are important differences between agencies, for example, in (1) the limitations on the amounts and types of guaranteed obligations

**INTEREST-BEARING DEBT GUARANTEED AS TO BOTH PRINCIPAL AND INTEREST, OUTSTANDING MONTHLY FROM DECEMBER 1933 TO JUNE 1940, CLASSIFIED BY ISSUING AGENCY**

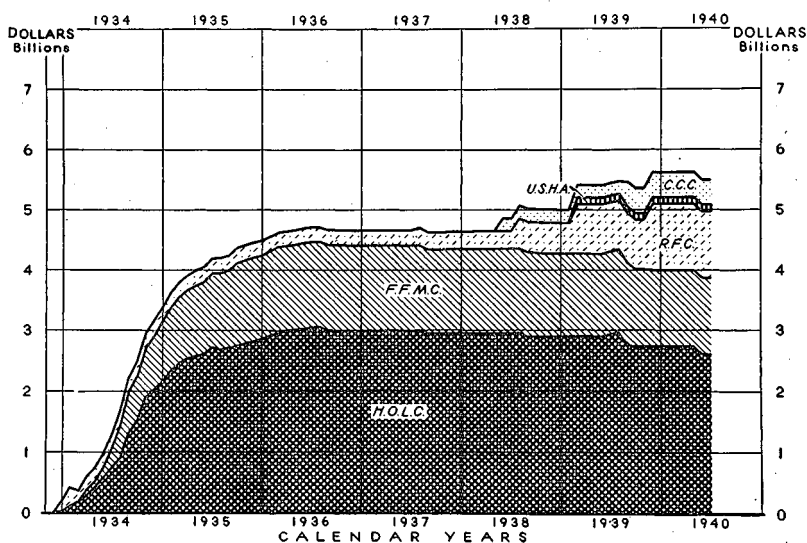


CHART 7.

authorized to be issued; and (2) the requirements set forth with respect to the manner of issuance, terms, and conditions of the obligations authorized to be issued.

The limitations on the amount of obligations authorized for each agency or corporation are stated in a number of ways in the statutes. Thus, in the case of the Federal Farm Mortgage Corporation this limitation is set at an aggregate amount authorized to be outstanding at any one time. In the case of the Home Owners' Loan Corporation, however, the limitation is set at an aggregate amount of obligations authorized to be issued. In the case of the Reconstruction Finance Corporation, the limitation was originally expressed as a multiple of the Corporation's capital stock, but since 1933 this provision has been amended from time to time for specific purposes.

The statutes relating to guaranteed obligations all provide that the terms and conditions of such obligations must be approved by the Secretary of the Treasury. This coordination of operations has prevented the issuance of guaranteed obligations from conflicting with the issuance of Treasury obligations. Further details with respect to types of obligations authorized to be issued and data with respect to the statutory requirements covering their terms and conditions and exemptions from taxation appear in the paragraphs that follow.

### *Reconstruction Finance Corporation*

The first guaranteed obligations authorized by Congress were those authorized to be issued by the Reconstruction Finance Corporation. Section 9 of the Reconstruction Finance Corporation Act, approved January 22, 1932, as amended, provides in part as follows:

"The corporation is authorized and empowered, with the approval of the Secretary of the Treasury, to issue, and to have outstanding . . . its notes, debentures, bonds, or other such obligations; such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest as may be determined by the corporation: *Provided*, That the corporation, with the approval of the Secretary of the Treasury, may sell on a discount basis short-term obligations payable at maturity without interest . . . Such obligations may mature subsequent to the period of succession of the corporation as provided by Section 4 hereof . . . The said obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States and such guaranty shall be expressed on the face thereof. In the event that the corporation shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, bonds, or other obligations . . ."

Section 10 provides as follows:

"Any and all notes, debentures, bonds, or other such obligations issued by the corporation 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."

The first series of obligations issued by the Reconstruction Finance Corporation under the authority of the foregoing statute—a series which was sold to the Secretary of the Treasury—was dated April 27, 1932. The first series offered to the public, however, was dated October 31, 1933. The amounts of these series and of all other series issued by the Corporation, the redemptions to June 30, 1940, and the balance outstanding on June 30, 1940, are shown in the table that follows. The second following table gives the detail of the issues and redemptions. Further data covering the individual issues outstanding on June 30, 1940, appear in table 47, page 775.

*Reconstruction Finance Corporation notes—Issues and retirements, fiscal years 1932 to 1940, and amounts outstanding June 30, 1940*

[In millions of dollars]

Date of issue	Series and coupon rate	Maturity date	Amount issued	Amount retired to June 30, 1940	Amount outstanding June 30, 1940 <sup>1</sup>
Apr. 27, 1932.	First, 3½%	Oct. 27, 1932.	250	250	-----
Various, June 30, 1932, to Aug. 3, 1932.	Second, 3½%	Oct. 27, 1932.	250	250	-----
Various, Aug. 11, 1932, to Oct. 22, 1932.	Third, 3½%	Oct. 27, 1932.	175	175	-----
Various, Oct. 27, 1932, to Feb. 23, 1933.	A, 3¼%	Apr. 30, 1933.	1,000	1,000	-----
Various, Feb. 23, 1933, to Apr. 29, 1933.	B, 3¼%	Apr. 30, 1933.	335	335	-----
Various, May 1, 1933, to Oct. 30, 1933.	C, 3¼%	Nov. 1, 1933.	1,765	1,765	-----
Various, Oct. 31, 1933, to Jan. 17, 1934.	"Feb. 1, 1934," discount.	Feb. 1, 1934.	134	134	-----
Various, Nov. 1, 1933, to Dec. 19, 1933.	C-2, 3¼%	Demand.	460	460	-----
Nov. 1, 1933.	D-1, 1½%	Nov. 1, 1934.	475	475	-----
Nov. 1, 1933.	D-2, 2½%	Nov. 1, 1934.	1,290	1,290	-----
Various, Dec. 20, 1933, to Oct. 26, 1934.	D-3, 1½%	Nov. 1, 1934.	960	960	-----
Various, Dec. 20, 1933, to Oct. 31, 1934.	D-4, 3½%	Nov. 1, 1934.	860	860	-----
Dec. 15, 1933.	E, 2¼%	Dec. 15, 1935.	155	155	-----
Jan. 10, 1934.	F, 2½%	Jan. 10, 1935.	64	64	-----
Jan. 10, 1934.	G, 3½%	June 10, 1936.	16	16	-----
July 1, 1934.	H, 2½%	July 1, 1937.	90	90	-----
Various, Nov. 26, 1934, to Apr. 30, 1935.	DA-1, 1½%	Demand.	305	305	-----
Various, Nov. 28, 1934, to July 1, 1935.	DA-2, 3½%	Demand.	260	260	-----
Nov. 1, 1934.	J-1, 1½%	Demand.	1,715	1,715	-----
Nov. 1, 1934.	J-2, 2¼%	Demand.	1,525	1,525	-----
Various, Nov. 26, 1934, to Mar. 16, 1936.	J-3, 1½%	Demand.	835	835	-----
Various, Mar. 29, 1935, to June 3, 1936.	J-4, 2¼%	Demand.	445	445	-----
Dec. 16, 1935.	K, 1½%	Dec. 15, 1938.	300	300	-----
July 1, 1936.	L-1, 1½%	Demand.	2,640	2,640	-----
July 1, 1936.	L-2, 2¼%	Demand.	1,340	1,340	-----
Various, Nov. 10, 1936, to July 7, 1937.	L-3, 1½%	Demand.	25	25	-----
Various, Aug. 29, 1936, to Apr. 11, 1938.	L-4, 2¼%	Demand.	320	320	-----
Jan. 1, 1938.	M-1, 2½%	Demand.	916	916	-----
Various, Jan. 3, 1938, to July 5, 1938.	M-2, 2½%	Demand.	116	116	-----
July 20, 1938.	N, 1½%	July 20, 1941.	211	-----	211
July 1, 1938.	O-1, 1½%	Demand.	720	720	-----
Various, July 5, 1938, to Nov. 2, 1938.	O-2, 1½%	Demand.	168	168	-----
Nov. 1, 1938.	P, 1½%	Nov. 1, 1941.	299	-----	299
July 1, 1938.	Q, 1½%	Jan. 1, 1942.	1,027	1,020	7
Feb. 15, 1939.	R, 1½%	Jan. 15, 1942.	310	-----	310
Nov. 10, 1939.	S, 1½%	July 1, 1942.	276	-----	276
Total			22,032	20,929	1,103

<sup>1</sup> Includes issues sold to the Treasury.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

*Reconstruction Finance Corporation notes—Details of issues and retirements, fiscal years 1932 to 1940*

[In millions of dollars]

Series and coupon rate	Issues				Retirements			
	Total	To the Treasury		To the public		Total	By cash	By re-funding
		For cash	For re-funding	For cash	For re-funding			By cancel-ation <sup>1</sup>
First, 3½%	250	250	-----	-----	-----	250	-----	250
Second, 3½%	250	250	-----	-----	-----	250	-----	250
Third, 3½%	175	175	-----	-----	-----	175	-----	175
A, 3¼%	1,000	325	675	-----	-----	1,000	-----	1,000
B, 3¼%	335	335	-----	-----	-----	335	-----	335
C, 3¼%	1,765	430	1,335	-----	-----	1,765	-----	1,765
"Feb. 1, 1934," discount.	134	-----	-----	134	-----	134	134	-----
C-2, 3¼%	460	460	-----	-----	-----	460	-----	460
D-1, 1½%	475	-----	475	-----	-----	475	-----	475
D-2, 2½%	1,290	-----	1,290	-----	-----	1,290	-----	1,290
D-3, 1½%	960	765	195	-----	-----	960	-----	-----
D-4, 3½%	860	595	265	-----	-----	860	345	515

<sup>1</sup> In accordance with the act of February 24, 1938, see page 114.

*Reconstruction Finance Corporation notes—Details of issues and retirements, fiscal years 1932 to 1940—Continued*

[In millions of dollars]

Series and coupon rate	Issues				Retirements				
	Total	To the Treasury		To the public		Total	By cash	By re-funding	By cancellation <sup>1</sup>
		For cash	For re-funding	For cash	For re-funding				
E, 2¼%	155			155		155	6	149	
F, 2%	64			64		64		64	
G, 3%	16			16		16		16	
H, 2%	90			26	64	90	7	83	
DA-1, 1½%	305	305				305		305	
DA-2, 3%	260	260				260	80	180	
J-1, 1½%	1,715		1,715			1,715		1,715	
J-2, 2½%	1,525		1,525			1,525	95	1,430	
J-3, 1½%	835	530	305			835		835	
J-4, 2½%	445	265	180			445	445		
K, 1½%	300			51	248	300	3	297	
L-1, 1½%	2,640		2,640			2,640			2,640
L-2, 2½%	1,340		1,340			1,340	525	791	24
L-3, 1½%	25	25				25			25
L-4, 2½%	320	320				320	120	200	
M-1, 2%	916		916			916	207	706	3
M-2, 2%	116	41	75			116	97	19	
N, ½%	211			211					
O-1, 1½%	720		720			720	210	505	5
O-2, 1½%	168	163	5			168		168	
P, ½%	299			2	297				
Q, 1%	1,027	354	673			1,020	991		29
R, ¾%	310			310					
S, 1%	276			276					
Total	22,032	5,848	14,328	1,246	610	20,929	3,265	14,938	2,726

<sup>1</sup> In accordance with the act of February 24, 1938, see page 114.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

The tables above include all of the issues made by the Reconstruction Finance Corporation. In the table on page 75, however, the amount of Reconstruction Finance Corporation securities which were issued to the Secretary of the Treasury has not been included, because the funds for their purchase were obtained by the Treasury by issues of public debt securities.

The Reconstruction Finance Corporation issues offered to the public for cash and exchange in 1938 and 1939 were general offerings for which public subscriptions were invited. The Reconstruction Finance Corporation issues offered to the public from 1933 to 1935 were special purpose obligations, however, and public subscriptions were not invited. Thus the issue dated October 31, 1933, was offered in payment for gold. The other public issues during these years aggregated \$325 millions. Of this amount \$261 millions was issued for cash and \$64 millions was issued upon refunding. These public issues were offered to banks and insurance companies from which the Corporation purchased preferred stock, capital notes, and debentures.

By June 30, 1940, all but \$7 millions of the issues sold to the Secretary of the Treasury had been retired by the Corporation from proceeds of collections from its outstanding loans and investments, or from funds derived by the sale of its issues to the public, or by reason

of the cancelation of notes provided by the act of February 24, 1938. Under that act the Secretary of the Treasury was authorized to cancel obligations of the Reconstruction Finance Corporation incurred in supplying funds for relief at the authority or direction of Congress or allocated to other Government agencies. Accordingly, the Secretary canceled \$2,726 millions of the Corporation's notes. Further details concerning this operation appear on page 114 of this report.

In authorizing the Reconstruction Finance Corporation to issue guaranteed obligations, Congress originally limited the total amount of such obligations to be outstanding at any one time to a multiple of the Corporation's capital stock (which at that time amounted to \$500 millions). Thus, under the act of January 22, 1932, the Corporation was authorized to have bonds, notes, and debentures outstanding in an amount aggregating not more than 3 times its subscribed capital stock. Under the act of July 21, 1932, the basic limitation was increased to 6% times the subscribed capital stock. Further amendments subsequently adjusted the basic limitation by adding or subtracting fixed amounts (as the Emergency Appropriation Act of 1935) or by adding indefinite amounts depending on actual expenditures made under specific legislation (as the authorization in the Emergency Banking Act of 1933 for the purchase of preferred stock in banks). The act of June 25, 1940, authorized the Corporation to retire a portion of its capital stock and provided that this retirement would not reduce the aggregate amount of obligations authorized to be outstanding. On June 30, 1940, the total amount of Reconstruction Finance Corporation obligations authorized to be outstanding was \$3,988 millions, exclusive of indefinite authorizations for which there was no limitation. To the extent that further expenditures are made for specific purposes, this limitation would be increased by such amounts without further act of Congress, in accordance with the terms of the indefinite limitations.

#### *Federal land banks*

The Emergency Farm Mortgage Act of 1933, approved May 12, 1933, provided for a series of Federal farm loan obligations which were to be guaranteed as to interest only by the United States. Section 21 of that act provided in part as follows:

"Until such time as the Farm Loan Commissioner determines that Federal farm loan bonds (other than those issued under this paragraph) are readily salable in the open market at a yield not in excess of 4 per centum per annum, but in no case more than two years after this paragraph takes effect, Federal land banks may issue farm loan bonds as authorized under this act . . . The aggregate amount of the bonds issued under this paragraph shall not exceed \$2,000,000,000, and such bonds shall be issued in such denominations as the Farm Loan Commissioner shall prescribe, shall bear interest at a rate not in excess of 4 per centum per annum, and shall be fully and unconditionally guaranteed as to interest by the United States, and such guaranty shall be expressed on the face thereof. In

the event that it shall appear to the Farm Loan Commissioner that the issuing bank or banks will be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall, upon the request of the Commissioner, pay the amount thereof, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated."

Under the provisions of the foregoing section, the Federal land banks issued approximately \$333 millions, par value, of consolidated Federal farm loan bonds guaranteed by the United States as to interest only. All these obligations were issued during the fiscal year 1934 and retired during the following fiscal year. They were all issued to other Farm Credit Administration institutions, or pledged as security with the Reconstruction Finance Corporation for notes payable or with the United States for deposits of public money. The statutory authority for further new issues of these obligations was canceled by the Federal Farm Mortgage Corporation Act, approved January 31, 1934, section 5 of which provided that after 90 days after the enactment of the act no Federal land bank should issue any new consolidated farm loan bonds carrying the interest guaranty, except for the purpose of refinancing bonds issued subject to this guaranty.

#### *Home Owners' Loan Corporation*

The Home Owners' Loan Corporation, created under the act approved June 13, 1933, was established for the purpose of refinancing home mortgages and other obligations and liens secured by home property. The Corporation obtained its capital funds by the sale of \$200 millions of capital stock to the Secretary of the Treasury. Funds for this subscription were allocated to the Secretary by the Reconstruction Finance Corporation as provided by Congress. The major portion of the funds for the Corporation's refinancing operations was not derived from capital, however, but was obtained by the sale of the Corporation's bonds for cash or by the issue of its bonds in exchange for mortgages.

Under the 1933 act, the Home Owners' Loan Corporation was authorized to issue obligations guaranteed as to interest only by the United States. During the fiscal years 1934 and 1935 approximately \$635 millions of such obligations carrying an interest rate of 4 percent were issued. By the act of April 27, 1934, however, the Corporation was empowered to issue obligations guaranteed by the United States both as to interest and as to principal. In accordance with the provisions of this act, the Corporation discontinued issuing obligations guaranteed only as to interest and offered to refund such outstanding obligations with obligations at a lower rate, which were guaranteed both as to interest and principal. On July 1, 1935, the remaining outstanding 4 percent obligations were called for redemption. The table that follows shows the issues and retirements of these obligations to June 30, 1940.

*Home Owners' Loan Corporation--Issues and retirements of bonds guaranteed as to interest only, and amount outstanding June 30, 1940*

[In millions of dollars]

Bonds	Amount
Issued.....	635.4
Retired:	
By exchange into other issues.....	554.7
By exchange for cash.....	40.0
By purchase before maturity.....	2.6
By cash retirements.....	37.8
Total.....	635.1
Outstanding June 30, 1940.....	.3

Under the 1933 act the total volume of obligations that the Corporation was authorized to issue cumulatively was set at \$2,000 millions. By the act of June 27, 1934, this total was increased to \$3,000 millions and by the act of May 28, 1935, was further increased to \$4,750 millions, with an additional amount on the account of debt retirement. The statute, as amended, covering the issuance of obligations by the Corporation guaranteed as to both principal and interest by the United States appears in part below.

"... the Corporation is authorized to issue bonds in an aggregate amount not to exceed \$4,750,000,000, which may be exchanged as hereinafter provided, or which may be sold by the Corporation to obtain funds for carrying out the purposes of this section or for the redemption of any of its outstanding bonds; and the Corporation is further authorized to increase its total bond issue for the purpose of retiring its outstanding bonds by an amount equal to the amount of the bonds to be so retired (except bonds retired from payments of principal on loans), such retirement to be at maturity or by call or purchase or exchange or any method prescribed by the Board with the approval of the Secretary of the Treasury: *Provided*, That no bonds issued under this subsection, as amended, shall have a maturity date later than 1952. Such bonds shall be in such forms and denominations, shall mature within such periods of not more than eighteen years from the date of their issue, shall bear such rates of interest not exceeding 4 per centum per annum, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices, as may be prescribed by the Corporation, with the approval of the Secretary of the Treasury. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, . . . In the event that the Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds . . . The bonds issued by the Corporation under this subsection 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 or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority."

The table that follows summarizes the issues and redemptions of Home Owners' Loan Corporation bonds guaranteed as to both principal and interest from 1934 to 1940 and shows the amount outstanding on June 30, 1940. The second following table gives the detail of the issues and redemptions. Further data covering the individual issues outstanding on June 30, 1940, appear in table 47, page 775.



*Home Owners' Loan Corporation bonds guaranteed as to both principal and interest—  
Issues and retirements, fiscal years 1934 to 1940, and amounts outstanding June 30,  
1940*

[In millions of dollars]

Date of issue	Series and coupon rates	Call and maturity dates	Amount issued	Amount retired to June 30, 1940	Amount outstanding June 30, 1940 <sup>1</sup>
May 1, 1934	A, 3%-----	May 1, 1944-52-----	1,116	338	779
Aug. 1, 1934	B, 2½%-----	Aug. 1, 1939-49-----	1,340	1,316	24
Aug. 15, 1934	C, 1½%-----	Aug. 15, 1936-----	50	50	-----
Aug. 15, 1934	D, 1½%-----	Aug. 15, 1937-----	50	50	-----
Aug. 15, 1934	E, 2%-----	Aug. 15, 1938-----	50	49	(?)
June 1, 1935	F, 1½%-----	June 1, 1939-----	325	325	(?)
July 1, 1935	G, 2½%-----	July 1, 1942-44-----	879	(?)	879
Oct. 15, 1936	H, ¼%-----	Oct. 15, 1937-----	132	132	-----
Oct. 15, 1937	I, ¼%-----	Oct. 15, 1938-----	60	60	-----
Oct. 15, 1938	J, ¼%-----	Oct. 15, 1939-----	94	94	-----
May 15, 1939	K, ¾%-----	May 15, 1940-----	128	121	7
May 15, 1939	L, ¾%-----	May 15, 1941-----	192	1	191
June 1, 1939	M, 1½%-----	June 1, 1945-47-----	764	9	755
Oct. 15, 1939	N, ¼%-----	Oct. 15, 1940-----	69	69	-----
Total-----			5,248	2,614	2,634

<sup>1</sup> Includes matured issues on which interest has ceased.

<sup>2</sup> Less than \$500,000.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

*Home Owners' Loan Corporation bonds guaranteed as to both principal and interest—  
Detail of issues and retirements, fiscal years 1934 to 1940*

[In millions of dollars]

Series and coupon rates	Issues				Retirements			
	Total	For cash	For re-funding	In ex-change for home mort-gages	Total	By cash	By re-funding	By pur-chase prior to maturity
A, 3%-----	1,116	98	309	709	338	-----	336	2
B, 2½%-----	1,340	-----	-----	1,340	1,316	117	1,164	35
C, 1½%-----	50	50	-----	-----	50	50	-----	-----
D, 1½%-----	50	50	-----	-----	50	50	-----	-----
E, 2%-----	50	50	-----	-----	49	49	-----	-----
F, 1½%-----	325	40	285	-----	325	5	320	-----
G, 2½%-----	879	50	736	93	( <sup>1</sup> )	-----	-----	( <sup>1</sup> )
H, ¼%-----	132	<sup>2</sup> 132	-----	-----	132	132	-----	-----
I, ¼%-----	60	<sup>2</sup> 60	-----	-----	60	60	-----	-----
J, ¼%-----	94	<sup>2</sup> 94	-----	-----	94	94	-----	-----
K, ¾%-----	128	-----	128	-----	121	121	-----	-----
L, ¾%-----	192	-----	192	-----	1	-----	-----	1
M, 1½%-----	764	-----	764	-----	9	-----	-----	9
N, ¼%-----	69	<sup>2</sup> 69	-----	-----	69	69	-----	-----
Total-----	5,248	692	2,414	2,142	2,614	748	1,819	47

<sup>1</sup> Less than \$500,000.

<sup>2</sup> Issued to the Treasury.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

*Federal Farm Mortgage Corporation*

The Federal Farm Mortgage Corporation, created under the act approved January 31, 1934, was established to facilitate the financing of loans to farmers by the Land Bank Commissioner, and to aid in financing the Federal land banks. The authorized capital of the Corporation was subscribed by the Governor of the Farm Credit

Administration on behalf of the United States. For the purpose of such capital subscription, a \$200 million fund which had been previously made available to the Land Bank Commissioner, together with the proceeds thereof, and the notes and mortgages which had already been taken by the Commissioner, were by the act expressly transferred to the Corporation.

The act authorized the Federal Farm Mortgage Corporation to obtain such additional funds for its operations as were necessary by the issuance of obligations guaranteed by the United States both as to interest and as to principal. Section 4 (a) of that act as amended provides in part as follows:

"With the approval of the Secretary of the Treasury, the corporation is authorized to issue and have outstanding at any one time bonds in an aggregate amount not exceeding \$2,000,000,000. Such bonds 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, and shall be issued in such manner and sold at such prices as may be prescribed by the corporation, with the approval of the Secretary of the Treasury. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States and such guaranty shall be expressed on the face thereof, . . . . In the event that the corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof, which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds . . . . On such terms and conditions as may be agreed upon, the corporation may exchange such bonds, upon application of any Federal land bank for consolidated farm loan bonds of equal face value issued under the Federal Farm Loan Act, as amended, and may exchange such consolidated farm loan bonds held by it for bonds of the corporation of equal face value."

Section 12 (b) as amended provides as follows:

"Mortgages executed to the Land Bank Commissioner and mortgages held by the Corporation, and the credit instruments secured thereby, and bonds issued by the Corporation under the provisions of this Act shall be deemed and held to be instrumentalities of the Government of the United States, and as such they and the income derived therefrom shall be exempt from Federal, State, municipal, and local taxation (except surtaxes, estate, inheritance, and gift taxes)."

Within two years after it was organized, the Corporation had approximately \$1,400 millions of guaranteed bonds outstanding, of which approximately \$1,000 millions had reached the public as the proceeds of loans made either by the Land Bank Commissioner, as agent for the Corporation, or by the Federal land banks. In the latter case the land banks had obtained Federal Farm Mortgage Corporation bonds from the Corporation in exchange for their own obligations, and disbursed these bonds as loan proceeds instead of cash.

The table that follows summarizes the issues and redemptions of Federal Farm Mortgage Corporation bonds from 1934 to 1940, and shows the amount outstanding on June 30, 1940. The second following table gives the detail of the issues and redemptions. Further data covering the individual issues outstanding on June 30, 1940, appear in table 47, page 775.

*Federal Farm Mortgage Corporation bonds—Issues and retirements, fiscal years 1934 to 1940, and amounts outstanding June 30, 1940*

[In millions of dollars]

Date of issue	Series and coupon rate	Call and maturity dates	Amount issued	Amount retired to June 30, 1940	Amount outstanding June 30, 1940 <sup>1</sup>
Mar. 1, 1934	1935, 2%-----	Mar. 1, 1935-----	77	77	-----
Mar. 15, 1934	1944-64, 3¼%-----	Mar. 15, 1944-64-----	106	12	95
May 15, 1934	1944-49, 3%-----	May 15, 1944-49-----	984	149	835
Jan. 15, 1935	1942-47, 3%-----	Jan. 15, 1942-47-----	238	1	236
Feb. 15, 1935	1937, 1¼%-----	Aug. 15, 1937-----	22	22	-----
Mar. 1, 1935	1942-47, 2¼%-----	Mar. 1, 1942-47-----	105	2	103
Sept. 3, 1935	1939, 1¼%-----	Sept. 3, 1939-----	100	100	(?)
Aug. 16, 1937	1938, ¾%-----	Feb. 16, 1938-----	10	10	-----
Nov. 1, 1937	1939, 1¼%-----	Nov. 1, 1939-----	10	10	-----
Sept. 1, 1939	1940, ¼%-----	Mar. 1, 1940-----	15	15	-----
Sept. 1, 1939	1940, ¾%-----	Sept. 1, 1940-----	10	10	-----
Total-----			1,677	407	1,270

<sup>1</sup> Includes matured issues on which interest has ceased.

<sup>2</sup> Less than \$500,000.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

*Federal Farm Mortgage Corporation bonds—Details of issues and retirements, fiscal years 1934 to 1940*

[In millions of dollars]

Series and coupon rates	Issues					Retirements				
	Total	For cash	In exchange for—			Total	By cash	By purchase prior to maturity	In exchange for—	
			Mortgages (Land Bank Commissioner loans)	Federal farm loan bonds	Other FFMC bonds issued for re-funding				Federal farm loan bonds	Other FFMC bonds
1935, 2%-----	77	1 77	-----	-----	-----	77	30	12	-----	35
1944-64, 3¼%-----	106	1	44	61	-----	12	-----	3	-----	8
1944-49, 3%-----	984	278	255	407	43	149	-----	101	37	10
1942-47, 3%-----	238	21	103	103	11	1	-----	1	(?)	(?)
1937, 1¼%-----	22	22	-----	-----	-----	22	20	2	-----	-----
1942-47, 2¼%-----	105	77	12	15	(?)	2	-----	1	-----	1
1939, 1½%-----	100	100	-----	-----	-----	100	100	-----	-----	-----
1938, ¾%-----	10	3 10	-----	-----	-----	10	5	5	-----	-----
1939, 1¼%-----	10	10	-----	-----	-----	10	10	(?)	-----	-----
1940, ¼%-----	15	3 15	-----	-----	-----	15	-----	15	-----	-----
1940, ¾%-----	10	3 10	-----	-----	-----	10	-----	10	-----	-----
Total-----	1,677	621	414	587	54	407	164	151	37	54

<sup>1</sup> \$35 millions of this amount issued to the Treasury.

<sup>2</sup> Less than \$500,000.

<sup>3</sup> Issued to the Treasury.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

*Federal Housing Administration*

The Federal Housing Administration was created by the National Housing Act, approved June 27, 1934, which was subsequently amended from time to time. The principal purpose of the Federal Housing Administration is to provide long-term insurance for real estate mortgages on small homes and on large scale rental housing projects. In event of default by the mortgagor, the property secur-

ing the mortgage may be conveyed after foreclosure by the mortgagee to the Federal Housing Administrator in exchange for which the Federal Housing Administration issues debentures guaranteed as to principal and interest by the United States. The debentures are obligations of either the mutual mortgage insurance fund, which provides protection for insured mortgages on small homes, or the housing insurance fund, which provides protection for insured mortgages on rental housing projects.

Section 204 of the National Housing Act, as amended, provides in part as follows:

"The debentures issued under this section to any mortgagee with respect to mortgages insured under section 203 shall be executed in the name of the Mutual Mortgage Insurance Fund as obligor, shall be signed by the Administrator by either his written or engraved signature, and shall be negotiable and the debentures issued under this section to any mortgagee with respect to mortgages insured under section 210 shall be executed in the name of the Housing Insurance Fund as obligor, shall be signed by the Administrator by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, and shall bear interest from such date at a rate determined by the Administrator, with the approval of the Secretary of the Treasury, at the time the mortgage was offered for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature three years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued. Such debentures as are issued in exchange for property covered by mortgages insured under section 203 or section 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 and shall be a liability of the Fund, but such debentures shall be fully and unconditionally guaranteed as to principal and interest by the United States; but any mortgagee entitled to receive any such debentures may elect to receive in lieu thereof a cash adjustment and debentures issued as hereinafter provided and bearing the current rate of interest. 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; and such debentures shall be paid out of the Fund, or the Housing Fund, as the case may be, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event that the Fund or the Housing Fund fails to pay upon demand, when due, the principal of or interest on any debentures issued under this section, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures."

The table that follows summarizes the issues and redemptions of Federal Housing Administration debentures from 1936 to 1940 and shows the amount outstanding on June 30, 1940.

*Federal Housing Administration debentures—Issues and retirements, fiscal years 1936 to 1940, and amounts outstanding June 30, 1940*

[In millions of dollars]

Date of issue and fund	Series and coupon rate	Maturity date	Amount issued in exchange for properties acquired under terms of insurance	Amount retired to June 30, 1940		Amount outstanding June 30, 1940
				By purchase prior to maturity	By cash redemption	
Mutual mortgage insurance fund:						
Various from Apr. 18, 1936.	A, 3%-----	Various from July 1, 1944.	3.8	0.3	-----	3.5
Various from July 2, 1936.	B, 2¾%-----	Various from July 1, 1943.	3.5	.2	1.3	2.0
Housing insurance fund:						
Nov. 13, 1939-----	D, 2¾%-----	July 1, 1969-----	2.0	-----	-----	2.0
			9.4	.5	1.3	7.5

NOTE.—Figures are rounded to nearest tenth of a million and do not necessarily add to totals.

*Commodity Credit Corporation*

The Commodity Credit Corporation was created as an agency of the United States under the laws of the State of Delaware on October 17, 1933, pursuant to Executive Order No. 6340, dated October 16, 1933. Its functions as an agency of the Government have been extended from time to time, and pursuant to the act of March 4, 1939, its functions were extended to June 30, 1941, or such earlier date as may be determined by the President. The Corporation makes loans principally to producers to finance the carrying and orderly marketing of agricultural commodities. Funds for these operations have been obtained by the sale of \$100 millions of capital stock (\$3 millions of which was subscribed by the Secretary of Agriculture and the Governor of the Farm Credit Administration in 1933, and \$97 millions of which was subscribed by the Reconstruction Finance Corporation in 1936), and by the sale of obligations to the Reconstruction Finance Corporation, the Treasury, and the public. Sales of the Corporation's obligations in the market have been carried on under the act of March 8, 1938, as amended, which authorizes the Corporation to issue obligations guaranteed by the United States both as to interest and as to principal. The statutory provisions with respect to these obligations are in part as follows:

"With the approval of the Secretary of the Treasury, the Commodity Credit Corporation is authorized to issue and have outstanding at any one time, bonds, notes, debentures, and other similar obligations in an aggregate amount not

exceeding \$900,000,000. Such obligations 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, and shall be issued in such manner and sold at such prices as may be prescribed by the Commodity Credit Corporation, with the approval of the Secretary of the Treasury. Such obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, . . .

In the event that the Commodity Credit Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such obligations, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such obligations.

"Bonds, notes, debentures, and other similar obligations issued by the Commodity Credit Corporation under the provisions of this Act shall be deemed and held to be instrumentalities of the Government of the United States, and as such they and the income derived therefrom shall be exempt from Federal, State, municipal, and local taxation (except surtaxes, estate, inheritance, and gift taxes)."

The table that follows summarizes the issues and retirements of Commodity Credit Corporation notes from 1936 to 1940.

*Commodity Credit Corporation notes—Issues and retirements, fiscal years 1936 to 1940, and amounts outstanding June 30, 1940*

[In millions of dollars]

Date of issue	Series and coupon rate	Maturity date	Amount issued			Amount retired to June 30, 1940		Amount outstanding June 30, 1940
			Total	For cash	For re-funding	By cash	By re-funding	
July 15, 1936	A, ½%-----	Jan. 15, 1937	72	72	-----	72	-----	-----
Aug. 2, 1937	B, 1%-----	May 2, 1938	60	60	-----	2	58	-----
May 2, 1938	C, ¾%-----	Nov. 2, 1939	206	148	58	2	204	-----
Jan. 6, 1939	First, ½%-----	Aug. 1, 1939	10	110	-----	10	-----	-----
July 31, 1939	First, ½%-----	Dec. 31, 1939	190	190	-----	190	-----	-----
Aug. 1, 1939	D, ¾%-----	Aug. 1, 1941	203	203	-----	-----	-----	203
Nov. 2, 1939	E, 1%-----	Nov. 15, 1941	204	-----	204	-----	-----	204
June 29, 1940	Second, ½%-----	Dec. 29, 1940	25	25	-----	-----	-----	25
Total-----			970	707	263	275	263	432

<sup>1</sup> Issued to the Treasury.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

### *United States Housing Authority*

The United States Housing Authority was created by the act approved September 1, 1937, which provided for financial assistance to States and political subdivisions thereof, for the elimination of unsafe and insanitary housing conditions, for the eradication of slums, and for the provision of decent, safe, and sanitary dwellings for families of low income. The assistance may take the form of capital grants to public housing agencies or of long-term loans to such agencies accompanied by annual contributions designed to permit the charging of low rentals. Funds for the purpose of making loans to these agencies are raised by the Authority through the issuance of corporate obligations guaranteed both as to interest and principal by the

United States. The statutory provisions with respect to these obligations are in part as follows:

"The Authority is authorized to issue obligations in the form of notes, bonds, or otherwise, which it may sell to obtain funds for the purposes of this Act. The Authority may issue such obligations in an amount not to exceed \$800,000,000. Such obligations shall be in such forms and denominations, mature within such periods not exceeding sixty years from date of issue, bear such rates of interest not exceeding 4 per centum per annum, be subject to such terms and conditions, and be issued in such manner and sold at such prices as may be prescribed by the Authority with the approval of the Secretary of the Treasury.

"Such obligations 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 or by any State, county, municipality, or local taxing authority.

"Such obligations shall be fully and unconditionally guaranteed upon their face by the United States as to the payment of both interest and principal, and, in the event that the Authority shall be unable to make any such payment upon demand when due, payments shall be made to the holder by the Secretary of the Treasury with money hereby authorized to be appropriated for such purpose out of any money in the Treasury not otherwise appropriated. To the extent of such payment the Secretary of the Treasury shall succeed to all the rights of the holder."

Under the foregoing authority, the United States Housing Authority had offered one issue of \$114 millions for public subscription by June 30, 1940. Issues were also made to the Secretary of the Treasury to provide temporary funds pending the sale of obligations in the market. The table that follows summarizes issues and redemptions of United States Housing Authority notes to June 30, 1940.

*United States Housing Authority notes—Issues and retirements, fiscal years 1938 to 1940, and amounts outstanding June 30, 1940*

[In millions of dollars]

Date of issue	Series and coupon rate	Maturity date	Amount issued for cash			Retired by cash to June 30, 1940	Amount outstanding June 30, 1940 <sup>1</sup>
			Total	To the public	To the Treasury		
Various May 3, 1938, to Jan. 19, 1939.	A, ½%.....	June 30, 1939	25	-----	25	25	-----
Feb. 1, 1939.	B, 1½%.....	Feb. 1, 1944	114	114	-----	-----	114
Various Nov. 4, 1939, to Apr. 2, 1940.	C, ¼%.....	June 30, 1940	25	-----	25	25	-----
May 8, 1940.	D, ¼%.....	Dec. 31, 1940	20	-----	20	-----	20
Total.....			184	114	70	50	134

<sup>1</sup> Includes issues sold to the Treasury.

### *United States Maritime Commission*

The Merchant Marine Act, approved June 29, 1936, as amended, created the Federal ship mortgage insurance fund, administered by the United States Maritime Commission, to insure preferred mortgages on vessels of the United States merchant marine, which had secured new loans or advances to aid in financing the construction, reconstruction, or reconditioning of such vessels subsequent to June 23,

1938. The act provided that, in event of default of the mortgage, the fund issue debentures to mortgagees of such vessels in exchange for the mortgaged property. The statutory provisions with respect to the debentures are, in part, as follows:

"Debentures issued under this section shall be in such form and denominations in multiples of \$50, shall be subject to such terms and conditions, and shall include such provisions for redemption, if any, as may be prescribed by the Commission with the approval of the Secretary of the Treasury, and may be in coupon or registered form. Any difference between the value of the mortgage determined as herein provided and the aggregate face value of the debentures issued, not to exceed \$50, shall be adjusted by the payment of cash by the Commission to the mortgagee from the fund.

"The debentures issued under this section shall be executed in the name of the fund as obligor, shall be signed by the Chairman of the Commission by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, and shall bear interest from such date at a rate determined by the Commission, with the approval of the Secretary of the Treasury, at the time the mortgage was offered for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature three years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued. They 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. They shall be paid out of the fund, which shall be primarily liable therefor, and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guaranty shall be expressed on the face of the debentures. In the event that the fund fails to pay upon demand, when due, the principal of, or interest on, any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures."

By June 30, 1940, there had been no issues of debentures by the fund.

#### *Tennessee Valley Authority*

The Tennessee Valley Authority, a corporation owned entirely by the Federal Government, was created by the act of May 18, 1933. The Corporation has no capital stock and its operations are financed (1) by congressional appropriations, (2) by income from the sale of power and fertilizer, and (3) by issuance of bonds for specific purposes.

By June 30, 1940, the Tennessee Valley Authority had been authorized to issue bonds by three separate acts—the acts of May 18, 1933, August 31, 1935, and July 26, 1939. The act of July 26, 1939, however, canceled the authorization of further issues of obligations under the 1933 and 1935 acts. The statutory provisions under the various acts are in part as follows:

#### Act of May 18, 1933, section 15:

"In the construction of any future dam, steam plant, or other facility, to be used in whole or in part for the generation or transmission of electric power the



board is hereby authorized and empowered to issue on the credit of the United States and to sell serial bonds not exceeding \$50,000,000 in amount, having a maturity not more than fifty years from the date of issue thereof, and bearing interest not exceeding  $3\frac{1}{2}$  per centum per annum. Said bonds shall be issued and sold in amounts and prices approved by the Secretary of the Treasury, but all such bonds as may be so issued and sold shall have equal rank . . . All of such bonds so issued and sold shall have all the rights and privileges accorded by law to Panama Canal bonds. . . ."

Act of August 31, 1935, section 15 (a):

"With the approval of the Secretary of the Treasury, the Corporation is authorized to issue bonds not to exceed in the aggregate \$50,000,000 outstanding at any one time, which bonds may be sold by the Corporation to obtain funds to carry out the provisions of section 7 of this amendatory Act. Such bonds shall be in such forms and denominations, shall mature within such periods not more than fifty years from the date of their issue, may be redeemable at the option of the Corporation before maturity in such manner as may be stipulated therein, shall bear such rates of interest not exceeding  $3\frac{1}{2}$  per centum per annum, shall be subject to such terms and conditions, shall be issued in such manner and amount, and sold at such prices, as may be prescribed by the Corporation, with the approval of the Secretary of the Treasury: *Provided*, That such bonds shall not be sold at such prices or on such terms as to afford an investment yield to the holders in excess of  $3\frac{1}{2}$  per centum per annum. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, . . . In the event that the Corporation should not pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof, which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds."

Act of July 26, 1939, section 15 (c):

"With the approval of the Secretary of the Treasury the Corporation is authorized, after the date of enactment of this section, to issue bonds not to exceed in the aggregate \$61,500,000. . . . Such bonds shall be in such forms and denominations, shall mature within such periods not more than fifty years from the date of their issue, may be redeemable at the option of the Corporation before maturity in such manner as may be stipulated therein, shall bear such rates of interest not exceeding  $3\frac{1}{2}$  per centum per annum, shall be subject to such terms and conditions, shall be issued in such manner and amount, and sold at such prices, as may be prescribed by the Corporation with the approval of the Secretary of the Treasury: *Provided*, That such bonds shall not be sold at such prices or on such terms as to afford an investment yield to the holders in excess of  $3\frac{1}{2}$  per centum per annum. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, . . . In the event that the Corporation should not pay upon demand when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof, which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds."

Bonds issued under the 1933 authorization provided the Authority with funds to finance the purchase of electric transmission properties in and about Knoxville and Memphis, Tenn., and western Kentucky, and the construction of lines connecting these properties with the Tennessee Valley Authority system. These obligations were issued on the credit of the United States and are held in their entire amount by the Reconstruction Finance Corporation. They bear interest at

the rate of 2½ percent per annum. Details concerning the amount issued appear in the following table:

*Bonds issued under the 1933 authorization of the Tennessee Valley Authority Act and sold to the Reconstruction Finance Corporation*

Issue	Date of issue	Maturity date	Principal amount
Series A, Bond No. 1.....	Sept. 1, 1938	Sept. 1, 1943	\$2,000,000
Series A, Bond No. 2.....	Sept. 1, 1938	Sept. 1, 1945	1,000,000
Series B, Bond No. 1.....	June 15, 1939	June 15, 1959	1,300,000
Series B, Bond No. 2.....	June 15, 1939	June 15, 1960	2,000,000
Series B, Bond No. 3.....	June 15, 1939	June 15, 1961	2,000,000
Total.....			8,300,000

The bonds shown above are accorded all the privileges of Panama Canal bonds, including the circulation privilege. The circulation privilege, however, is no longer accorded other outstanding issues of United States obligations and at the time that bonds were issued under section 15 of the Tennessee Valley Authority Act, the Reconstruction Finance Corporation agreed to hold the bonds until their maturity. As a result of this agreement, these bonds can never become collateral for circulating notes. By the act of July 26, 1939, no further issues of obligations can be made under section 15.

Bonds issued under section 15 (a) of the act, as amended, provided the Authority with funds to finance loans to municipalities and cooperatives made in connection with the disposal of the Authority's surplus power. These obligations were issued in the amount of \$272,500 and have been sold to the Secretary of the Treasury. By the act of June 26, 1939, no further issues of these obligations can be made.

Under section 15 (c) of the act \$52 millions have been advanced to the Tennessee Valley Authority by June 30, 1940, by the Secretary of the Treasury. These amounts were to finance the acquisition of certain electric utility properties of the Tennessee Electric Power Company and the Southern Tennessee Power Company.

**ESTIMATED ABSORPTION, BY CLASSES OF HOLDERS, OF THE INCREASE IN THE PUBLIC DEBT AND OBLIGATIONS GUARANTEED BY THE UNITED STATES DURING THE PERIOD JUNE 30, 1932, TO JUNE 30, 1940**

In the eight fiscal years between June 30, 1932, and June 30, 1940, the total interest-bearing public debt and obligations guaranteed by the United States increased by \$28.7 billions. Approximately \$13.1 billions, or about 46 percent of this increase, was absorbed by commercial and savings banks; \$5.3 billions, or 18 percent, by insurance

companies; \$6.5 billions, or 23 percent, by Federal agencies and trust funds; and \$0.7 billion, or 2 percent, by the Federal Reserve Banks. Other holders—individuals and corporations other than banks and insurance companies—absorbed the remaining \$3.2 billions of these obligations, \$2.9 billions of which occurred through their acquisition of United States savings and adjusted service bonds. The figures are shown in greater detail in the table that follows.

*Estimated absorption, by classes of holders, of the increase in the public debt and obligations guaranteed by the United States, fiscal years 1933 to 1940*

[In billions of dollars]

	Estimated amount
Increase in the public debt and obligations guaranteed by the United States:	
Public issues:	
Marketable:	
Public debt obligations.....	15.6
Obligations guaranteed by the United States.....	5.5
Total marketable issues.....	21.1
Nonmarketable:	
United States savings and adjusted service bonds.....	3.2
Special issues.....	4.5
Total.....	28.7
Absorption <sup>1</sup> of the debt by—	
Commercial and savings banks.....	13.1
Insurance companies.....	5.3
Federal agencies and trust funds.....	6.5
Federal Reserve Banks.....	.7
Other holders:	
Marketable issues.....	0.3
Nonmarketable issues.....	2.9
Total.....	3.2
Total absorption of public debt and guaranteed securities.....	28.7

<sup>1</sup> The figures on the commercial and savings bank holdings of Government securities used in arriving at the increases are taken at book value rather than at par value. As a result, the absorption of Government securities by these institutions tends to be overstated and the absorption by "other holders" to be understated when Government bonds are selling generally at a premium, as has been the case during most of the period. The errors so involved are not sufficiently large, however, to invalidate the general conclusions stated here. The figures for insurance companies, Federal agencies and trust funds, and the Federal Reserve Banks are reported at par value.

NOTE.—Figures are rounded to nearest tenth of a billion and will not necessarily add to totals.

It is apparent from the figures in the table above that, since 1932, individuals and corporations other than banks and insurance companies—classed in the table as "other holders"—have absorbed, on net balance, a very small proportion of the total increase in the public debt and guaranteed securities outstanding. In recent years these individuals and corporations, in the aggregate, have been important sellers of marketable issues of Government securities. On the other hand, however, they have been increasing their holdings of United States savings bonds. Data on the amount of the Government security holdings of these and of other classes of purchasers, and the changes, by years, since 1932 appear in the table that follows. Data on annual and cumulative absorption of such securities are also shown in the charts on pages 94 and 96.

**ESTIMATED ANNUAL ABSORPTION OF THE INCREASE IN THE PUBLIC DEBT AND OBLIGATIONS GUARANTEED BY THE UNITED STATES, BY CLASSES OF HOLDERS, FISCAL YEARS 1933 TO 1940**

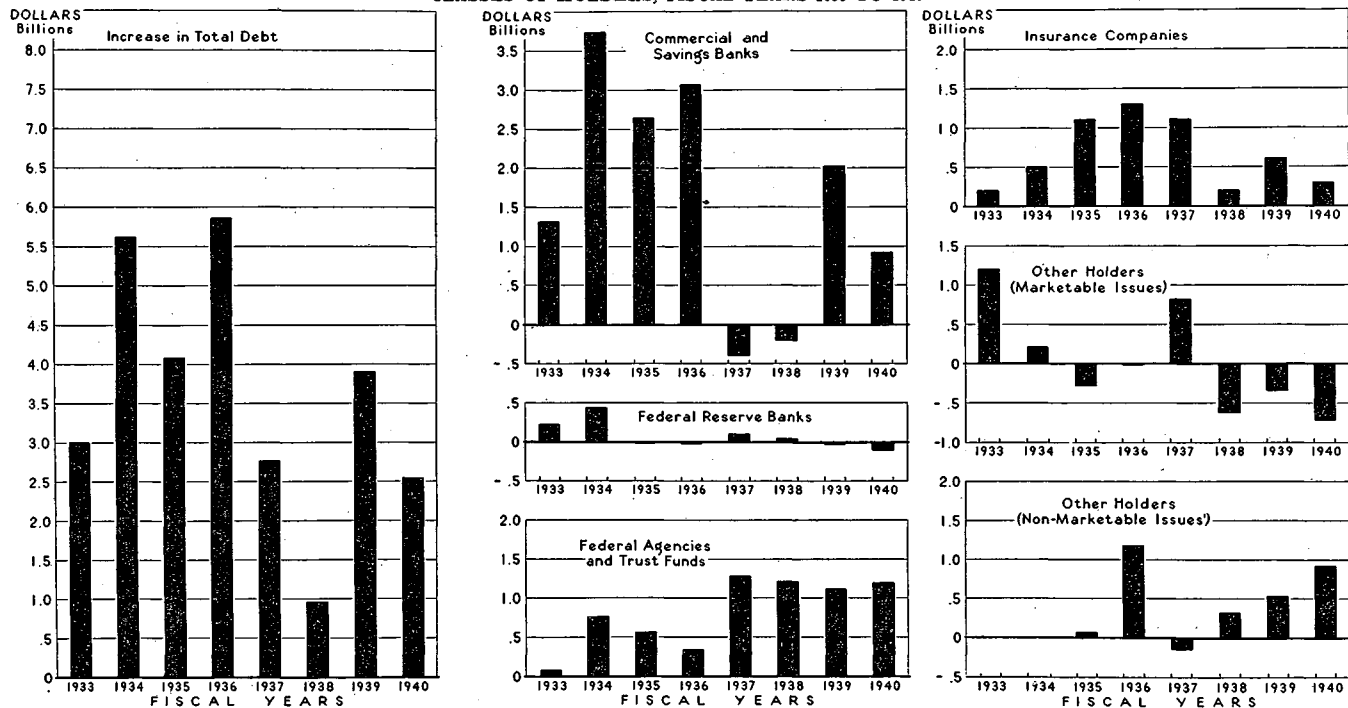


CHART 8.

<sup>1</sup> United States savings bonds and adjusted service bonds.

*Estimated distribution, by classes of holders, of the public debt and obligations guaranteed<sup>1</sup> by the United States outstanding at the end of each fiscal year 1932 to 1940*

[In billions of dollars]

June 30	Commer- cial and savings banks <sup>2</sup>	Insurance companies	Federal agencies and trust funds <sup>3</sup>	Federal Reserve Banks	Other holders		Total se- curities outstand- ing
					Market- able issues	Nonmar- ketable issues <sup>4</sup>	
	Amount held						
1932-----	6.6	0.8	0.6	1.8	9.3	-----	19.2
1933-----	7.9	1.0	.7	2.0	10.5	-----	22.2
1934-----	11.7	1.5	1.5	2.4	10.7	-----	27.8
1935-----	14.3	2.6	2.0	2.4	10.5	.1	31.8
1936-----	17.4	3.9	2.3	2.4	10.5	1.2	37.7
1937-----	17.0	5.0	3.6	2.5	11.3	1.1	40.5
1938-----	16.8	5.2	4.8	2.6	10.7	1.4	41.4
1939-----	18.8	5.8	5.9	2.6	10.4	1.9	45.3
1940-----	19.7	6.1	7.1	2.5	9.7	2.9	47.9
	Annual increase or decrease (-) in amount held						
1933-----	1.3	0.2	0.1	0.2	1.2	-----	3.0
1934-----	3.7	.5	.8	.4	.2	-----	5.6
1935-----	2.6	1.1	.5	( <sup>5</sup> )	-3	0.1	4.1
1936-----	3.1	1.3	.3	( <sup>5</sup> )	( <sup>5</sup> )	1.2	5.9
1937-----	-4	1.1	1.3	.1	.8	-1	2.8
1938-----	-2	.2	1.2	( <sup>5</sup> )	-6	.3	1.0
1939-----	2.0	.6	1.1	( <sup>5</sup> )	-3	.5	3.9
1940-----	.9	.3	1.2	-1	-7	.9	2.5
	Cumulative increase in amount held						
1933-----	1.3	0.2	0.1	0.2	1.2	-----	3.0
1934-----	5.0	.7	.9	.6	1.4	-----	8.6
1935-----	7.7	1.8	1.4	.6	1.1	0.1	12.7
1936-----	10.7	3.1	1.7	.6	1.1	1.2	18.5
1937-----	10.3	4.2	3.0	.7	2.0	1.1	21.3
1938-----	10.1	4.4	4.2	.8	1.3	1.4	22.3
1939-----	12.2	5.0	5.3	.8	1.0	1.9	26.2
1940-----	13.1	5.3	6.5	.7	.3	2.9	28.7

<sup>1</sup> Includes Home Owners' Loan Corporation issue guaranteed as to interest only.

<sup>2</sup> Figures for 1932 and 1933 do not correspond to those published by the Comptroller of the Currency because of the inclusion of data on certain private banks which were not reported to the Comptroller in those years.

<sup>3</sup> Includes exchange stabilization fund.

<sup>4</sup> Excludes United States savings bonds held by banks and insurance companies.

<sup>5</sup> Less than \$50 millions.

NOTE.—Figures are rounded to nearest tenth of a billion and will not necessarily add to totals.

The foregoing table shows that in nearly every year during the period covered commercial and savings banks and insurance companies absorbed substantial amounts of Government securities. In 1935, as a matter of fact, this absorption was nearly equal to the total increase in public issues. This institutionalization of investment has been one of the significant phenomena that has been noted in the capital markets. Individuals and nonfinancial corporations appear to have preferred to place their funds available for investment in bank accounts and insurance policies, instead of undertaking directly the investment of these funds in securities.

**CUMULATIVE ABSORPTION OF THE INCREASE IN THE PUBLIC DEBT AND OBLIGATIONS GUARANTEED BY THE UNITED STATES, BY CLASSES OF HOLDERS, SINCE JUNE 30, 1932**

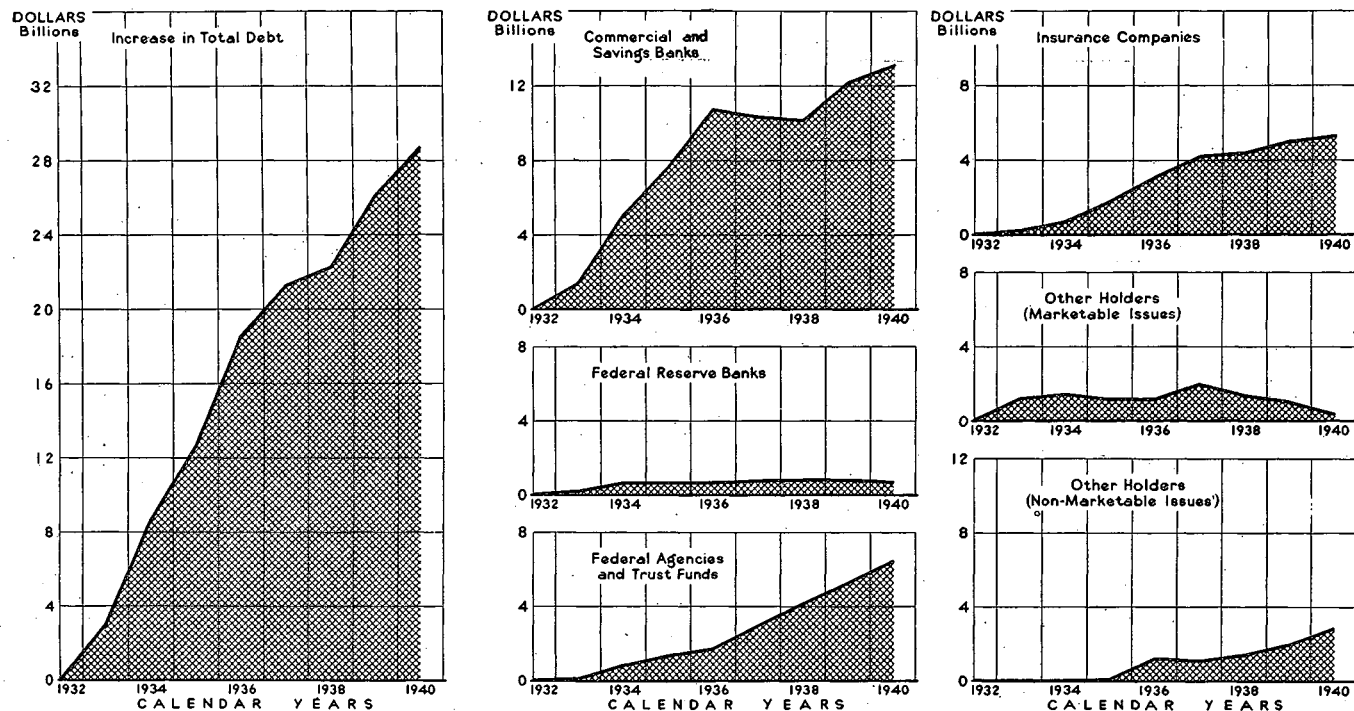


CHART 9.

<sup>1</sup> United States savings bonds and adjusted service bonds.

The importance of bank and insurance company investment operations in absorbing additions to the amount of Government securities outstanding is shown in greater perspective in the table below. This table relates the absorption of public debt and guaranteed securities by each of the major classes of holders to (1) the total increase in such securities, (2) the increase in the "privately held debt" and (3) the increase in the "privately held marketable supply" of Government securities. The concept of the "privately held debt"—i. e., the amount of obligations that are available for purchase by individuals and corporations—excludes from the total of the public debt and the obligations guaranteed by the United States the amount of securities owned by Federal agencies and trust funds and by the Federal Reserve Banks, since obligations held by these agencies are not available to private purchasers. The concept of the "privately held marketable supply," takes into account only those issues traded in the market and excludes the nonmarketable issues (United States savings and adjusted service bonds) from the "privately held debt."

*Increase in (1) the total public debt and obligations guaranteed by the United States, (2) the privately held public debt and obligations guaranteed by the United States, and (3) the privately held marketable supply of Government securities, fiscal years 1933 to 1940; and the estimated absorption of each by the various classes of holders*

[Dollars in billions]

	Total debt	Privately held debt <sup>1</sup>	Privately held marketable supply <sup>2</sup>
<b>Increase in the public debt and obligations guaranteed by the United States during the fiscal years 1933-40:</b>			
Marketable issues.....	\$21.1	\$18.4	\$18.4
Nonmarketable issues.....	3.2	3.2	
Special issues.....	4.5		
Total.....	28.7	21.6	18.4
<b>Amount absorbed by:</b>			
Commercial and savings banks.....	13.1	13.1	12.8
Insurance companies.....	5.3	5.3	5.3
Federal agencies and trust funds.....	6.5		
Federal Reserve Banks.....	.7		
Other holders:			
Marketable issues.....	.3	.3	.3
Nonmarketable issues <sup>3</sup> .....	2.9	2.9	
Total.....	28.7	21.6	18.4
<b>Percent absorbed by:</b>			
	Percent	Percent	Percent
Commercial and savings banks.....	46	61	69
Insurance companies.....	18	25	29
Federal agencies and trust funds.....	23		
Federal Reserve Banks.....	2		
Other holders:			
Marketable issues.....	1	1	2
Nonmarketable issues.....	10	13	
Total.....	100	100	100

<sup>1</sup> Comprises total debt less holdings of Federal agencies and trust funds and Federal Reserve Banks.

<sup>2</sup> Comprises privately held debt less nonmarketable issues.

<sup>3</sup> Excludes United States savings bonds absorbed by banks and insurance companies.

NOTE.—Figures are rounded to nearest tenth of a billion dollars and to nearest even percent and do not necessarily add to totals.

The trends in the absorption of the increase in the public debt and obligations guaranteed by the United States, described in the paragraphs above, have been reflected by marked changes in the distribution of such obligations among the various classes of holders. Banks and insurance companies, for example, held 72 percent of the privately held marketable supply of Government securities on June 30, 1940, compared with approximately 45 percent on June 30, 1932. Data on the distribution of holdings of the total public debt and guaranteed securities outstanding on June 30, 1932, and June 30, 1940, by classes of holders, and a comparison of these holdings with (1) the total debt, (2) the privately held debt, and (3) the privately held marketable supply of Government securities appear in the table that follows.

*Distribution of (1) the total public debt and obligations guaranteed by the United States, (2) the privately held public debt and obligations guaranteed by the United States, and (3) the privately held marketable supply of Government securities on June 30, 1932, and June 30, 1940, by classes of holders*

Class of holder	Amount (billions of dollars)			Percent of total	
	June 30, 1932	June 30, 1940	Increase	June 30, 1932	June 30, 1940
<b>Total debt</b>					
Commercial and savings banks.....	6.6	19.7	13.1	35	41
Insurance companies.....	.8	6.1	5.3	4	13
Federal agencies and trust funds.....	.6	7.1	6.5	3	15
Federal Reserve Banks.....	1.8	2.5	.7	9	5
Other holders:					
Marketable issues.....	9.3	9.7	.3	49	20
Nonmarketable issues.....		2.9	2.9		6
<b>Total debt.....</b>	<b>19.2</b>	<b>47.9</b>	<b>28.7</b>	<b>100</b>	<b>100</b>
<b>Privately held debt</b>					
Commercial and savings banks.....	6.6	19.7	13.1	40	51
Insurance companies.....	.8	6.1	5.3	5	16
Other holders:					
Marketable issues.....	9.3	9.7	.3	56	25
Nonmarketable issues.....		2.9	2.9		7
<b>Total privately held debt.....</b>	<b>16.8</b>	<b>38.3</b>	<b>21.6</b>	<b>100</b>	<b>100</b>
<b>Privately held marketable supply</b>					
Commercial and savings banks.....	6.6	19.4	12.8	40	55
Insurance companies.....	.8	6.1	5.3	5	17
Other holders: Marketable issues.....	9.3	9.7	.3	56	27
<b>Total privately held marketable supply.....</b>	<b>16.8</b>	<b>35.2</b>	<b>18.4</b>	<b>100</b>	<b>100</b>

NOTE.—Figures are rounded to nearest tenth of a billion dollars and to nearest even percent and do not necessarily add to totals.

In addition to the foregoing data, there is certain other information available on the holdings of Government securities by the various classes of investors. Data on the holdings of commercial and savings



banks, by classes of banks and by classes of securities; of the Federal Reserve Banks, by classes of securities; and of Federal agencies and trust funds, by funds and by classes of securities are presented in the tables and paragraphs that follow.

The first table that follows and the charts on pages 100 and 104 show the absorption of public debt and guaranteed securities during the eight fiscal years 1933 to 1940, by various classes of banks. The principal market among banks for these securities, it is shown, was among banks in the larger cities.

*Distribution of the public debt and guaranteed<sup>1</sup> securities held at the end of each fiscal year 1932 to 1940, by classes of banks*

[In millions of dollars. Book values]

June 30	Weekly reporting member banks in New York City	Weekly reporting member banks in cities outside of New York City	Other member banks	Mutual savings banks	Other commercial and savings banks	All commercial and savings banks
Amount held						
1932.....	1,921	2,333	1,374	531	467	26,626
1933.....	2,438	3,055	1,394	550	499	27,936
1934.....	2,926	4,213	2,506	1,061	957	11,663
1935.....	3,640	5,294	2,496	1,571	1,296	14,297
1936.....	4,582	6,217	2,873	2,082	1,604	17,358
1937.....	3,447	6,006	3,236	2,391	1,888	16,968
1938.....	3,563	5,695	3,085	2,685	1,746	16,774
1939.....	4,259	6,312	3,206	3,043	1,971	18,791
1940.....	5,238	6,372	3,112	3,113	1,876	19,711
Annual increase or decrease (—) in the amount held						
1933.....	517	722	20	19	32	1,310
1934.....	488	1,158	1,112	511	458	3,727
1935.....	714	1,081	—10	510	339	2,634
1936.....	942	923	377	511	308	3,061
1937.....	—1,135	—211	363	309	284	—390
1938.....	116	—311	—151	294	—142	—194
1939.....	696	617	121	358	225	2,017
1940.....	979	60	—94	70	—95	920
Cumulative increase in amount held						
1933.....	517	722	20	19	32	1,310
1934.....	1,005	1,880	1,132	530	490	5,037
1935.....	1,719	2,961	1,122	1,040	829	7,671
1936.....	2,661	3,884	1,499	1,551	1,137	10,732
1937.....	1,526	3,673	1,862	1,860	1,421	10,342
1938.....	1,642	3,362	1,711	2,154	1,279	10,148
1939.....	2,338	3,979	1,832	2,512	1,504	12,165
1940.....	3,317	4,039	1,738	2,582	1,409	13,085

<sup>1</sup> Includes Home Owners' Loan Corporation obligations guaranteed as to interest only.

<sup>2</sup> These figures exceed those appearing on page 272 of this report and in the *Annual Reports of the Comptroller of the Currency*, 1932 and 1933, by amounts estimated to be held by certain private banks which were not included in the tabulations made by the Comptroller of the Currency in 1932 and 1933.

SOURCE.—Data for member banks from *Federal Reserve Bulletins*, 1932 to 1940; for mutual savings banks and for "all commercial and savings banks," from *Annual Reports of the Comptroller of the Currency*, 1932 to 1940; figures for "other commercial and savings banks" are residual items.

ESTIMATED ANNUAL ABSORPTION BY BANKS OF THE INCREASE IN THE PUBLIC DEBT AND OBLIGATIONS GUARANTEED BY THE UNITED STATES, BY CLASSES OF BANKS, FISCAL YEARS 1933 TO 1940

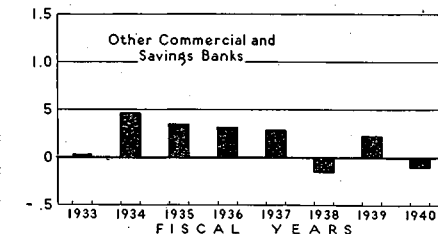
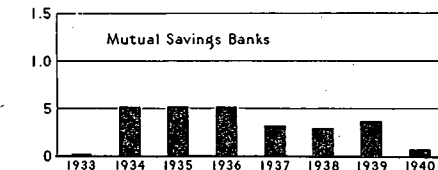
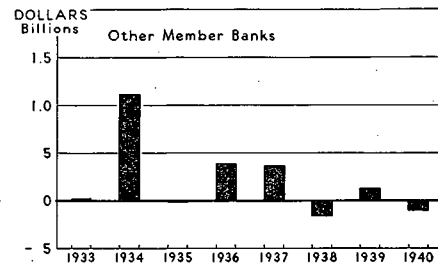
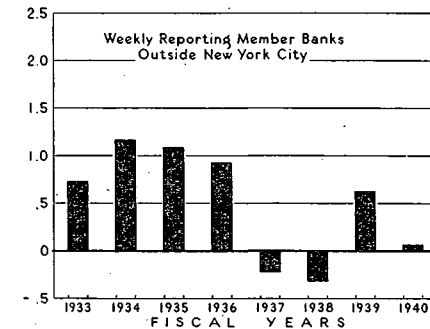
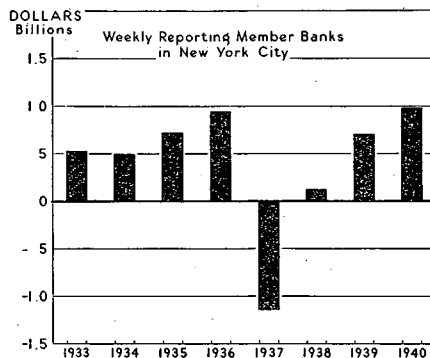
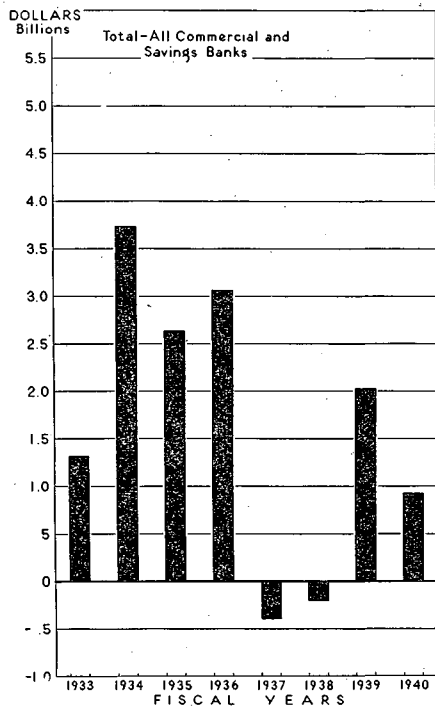


CHART 10

Data on the types of public debt and guaranteed securities absorbed by banks can be derived, to a limited extent, from an analysis of investment information contained in reports made at periodic intervals to the various supervisory agencies. The table that follows shows the holdings by member banks of the Federal Reserve System of public debt and guaranteed securities at the end of each fiscal year since 1932, classified by type of security. On June 30, 1940, these banks owned 75 percent of the public debt and guaranteed securities held by all the commercial and savings banks in the country.

*Holdings of public debt securities and obligations guaranteed by the United States by member banks, June 30, 1932 to 1940, by classes of banks and by types of security*

[In millions of dollars. Book values]

June 30	Public debt securities				Obligations guaranteed by the United States	Total
	Bills and certificates	Notes	Bonds	Total		
Holdings of member banks in New York City						
1932.....	615	185	1,208	2,008	-----	2,008
1933.....	638	987	926	2,551	-----	2,551
1934.....	954	1,084	1,015	3,053	157	3,210
1935.....	898	1,623	941	3,462	348	3,809
1936.....	1,096	1,760	1,340	4,196	567	4,763
1937.....	543	1,426	1,207	3,176	454	3,630
1938.....	222	1,358	1,451	3,031	709	3,740
1939.....	168	908	2,284	3,360	1,123	4,484
1940.....	421	1,092	2,650	4,162	1,324	5,486
Holdings of member banks in Chicago						
1932.....	106	57	72	234	-----	234
1933.....	206	82	97	384	-----	384
1934.....	123	194	268	585	176	661
1935.....	63	373	330	766	87	853
1936.....	29	584	401	1,014	92	1,106
1937.....	30	366	511	907	94	1,001
1938.....	12	313	535	859	122	981
1939.....	185	234	621	1,040	135	1,175
1940.....	254	161	710	1,125	134	1,258
Holdings of reserve city banks						
1932.....	189	124	1,639	1,953	-----	1,953
1933.....	205	681	1,597	2,483	-----	2,483
1934.....	281	1,148	2,088	3,516	119	3,535
1935.....	120	1,774	1,818	3,712	571	4,283
1936.....	115	2,081	2,153	4,349	651	5,000
1937.....	195	1,777	2,295	4,267	635	4,902
1938.....	69	1,262	2,603	3,940	718	4,658
1939.....	78	1,014	3,010	4,102	889	4,991
1940.....	87	839	3,052	3,978	969	4,947
Holdings of country banks						
1932.....	51	136	1,244	1,432	-----	1,432
1933.....	64	299	1,106	1,469	-----	1,469
1934.....	69	446	1,467	1,982	125	2,007
1935.....	19	543	1,370	1,931	553	2,484
1936.....	26	735	1,402	2,163	640	2,802
1937.....	52	792	1,676	2,520	635	3,155
1938.....	13	715	1,657	2,385	579	2,964
1939.....	11	563	1,870	2,444	683	3,127
1940.....	36	451	1,849	2,335	695	3,030

Footnote at end of table.

*Holdings of public debt securities and obligations guaranteed by the United States by member banks, June 30, 1932 to 1940, by classes of banks and by types of security—Continued*

[In millions of dollars. Book values]

June 30	Public debt securities				Obligations guaranteed by the United States	Total
	Bills and certificates	Notes	Bonds <sup>1</sup>	Total		
	Total holdings—All member banks					
1932	962	503	4,163	5,628		5,628
1933	1,113	2,049	3,725	6,887		6,887
1934	1,427	2,871	4,838	9,137	1,276	9,413
1935	1,099	4,314	4,458	9,871	1,558	11,430
1936	1,266	5,161	5,295	11,721	1,950	13,672
1937	821	4,361	5,689	10,870	1,819	12,689
1938	316	3,653	6,246	10,215	2,128	12,343
1939	441	2,720	7,786	10,946	2,831	13,777
1940	797	2,543	8,261	11,601	3,121	14,722

<sup>1</sup> A small amount of Home Owners' Loan Corporation bonds guaranteed by the United States as to both interest and principal are excluded from these figures.

SOURCE.—Board of Governors of the Federal Reserve System, *Member Bank Call Reports and Federal Reserve Bulletins*.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

Further data on bank absorption of public debt and guaranteed securities can be derived from the data on the investments of all commercial and savings banks contained in the reports made to the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Board of Governors of the Federal Reserve System. The table that follows summarizes these data for December 31, 1938, June 30, 1939, and June 30, 1940. Similar data in the same detail are not available for previous years.

*Bank holdings of public debt securities and of obligations guaranteed by the United States, Dec. 31, 1938, June 30, 1939, and June 30, 1940*

[In millions of dollars. Book values]

Type of security	Insured commercial banks						Other banks	Total— all commercial and savings banks <sup>1</sup>
	Member banks				Non- mem- ber banks	Total insured com- mercial banks		
	New York City	Chi- cago	Reserve city banks	Coun- try banks				
	Dec. 31, 1938							
Treasury bills.....	158	59	57	11	4	290	(2)	(2)
Treasury notes.....	1,142	291	1,224	732	259	3,648	(2)	(2)
Treasury bonds:								
Maturing within 5 years.....	348	36	217	126	53	780	(2)	(2)
Maturing in 5 to 10 years.....	581	134	1,117	622	241	2,694	(2)	(2)
Maturing in 10 to 20 years.....	534	353	1,185	816	319	3,206	(2)	(2)
Maturing after 20 years.....	199	133	479	329	181	1,321	(2)	(2)
Total public debt securities.....	2,963	1,005	4,278	2,636	1,057	11,939	3,132	15,070
RFC notes.....	235	80	65	47	9	436	(2)	(2)
HOLC bonds.....	505	11	451	353	136	1,460	(2)	(2)
FFMC bonds.....	98	5	166	164	69	503	(2)	(2)
Other guaranteed obligations.....	56	13	58	28	14	170	(2)	(2)
Total guaranteed obligations.....	894	109	740	597	228	2,568	364	2,932
Total.....	3,857	1,114	5,018	3,233	1,284	14,507	3,495	18,002

Footnotes at end of table.

*Bank holdings of United States Government securities and of securities guaranteed by the United States, Dec. 31, 1938, June 30, 1939, and June 30, 1940—Con.*

[In millions of dollars. Book values]

Type of security	Insured commercial banks						Other banks	Total— all com- mercial and savings banks <sup>1</sup>
	Member banks				Non- mem- ber banks	Total insured com- mercial banks		
	New York City	Chi- cago	Reserve city banks	Coun- try banks				
June 30, 1939								
Treasury bills.....	168	185	78	11	5	446	( <sup>2</sup> )	( <sup>2</sup> )
Treasury notes.....	908	234	1,014	563	206	2,925	( <sup>2</sup> )	( <sup>2</sup> )
Treasury bonds:								
Maturing within 5 years.....	328	36	273	144	55	837	( <sup>2</sup> )	( <sup>2</sup> )
Maturing in 5 to 10 years.....	827	119	1,224	655	294	3,120	( <sup>2</sup> )	( <sup>2</sup> )
Maturing in 10 to 20 years.....	756	301	1,091	741	262	3,152	( <sup>2</sup> )	( <sup>2</sup> )
Maturing after 20 years.....	373	164	422	329	180	1,468	( <sup>2</sup> )	( <sup>2</sup> )
Total public debt securities....	3,360	1,040	4,102	2,444	1,002	11,948	3,275	15,223
RFC notes.....	362	94	112	75	17	659	65	724
HOLC bonds.....	504	18	541	395	158	1,616	293	1,909
FFMC bonds.....	165	6	154	161	64	551	75	625
Other guaranteed obligations.....	92	17	82	52	21	264	45	309
Total guaranteed obligations....	1,123	135	889	683	259	3,090	477	3,568
Total.....	4,484	1,175	4,991	3,127	1,261	15,038	3,753	18,791
June 30, 1940								
Treasury bills.....	421	254	87	36	8	805	( <sup>2</sup> )	( <sup>2</sup> )
Treasury notes.....	1,092	161	839	451	156	2,699	( <sup>2</sup> )	( <sup>2</sup> )
Treasury bonds:								
Maturing within 5 years.....	281	25	239	138	68	750	( <sup>2</sup> )	( <sup>2</sup> )
Maturing in 5 to 10 years.....	1,200	137	1,179	686	287	3,489	( <sup>2</sup> )	( <sup>2</sup> )
Maturing in 10 to 20 years.....	1,036	448	1,417	875	334	4,110	( <sup>2</sup> )	( <sup>2</sup> )
Maturing after 20 years.....	133	100	217	150	77	677	( <sup>2</sup> )	( <sup>2</sup> )
Total public debt securities....	4,162	1,125	3,978	2,335	931	12,531	3,204	15,735
RFC notes.....	473	97	158	111	31	870	135	1,006
HOLC bonds.....	590	10	513	345	132	1,589	292	1,881
FFMC bonds.....	142	4	159	140	53	498	86	584
Other guaranteed obligations.....	119	23	139	99	32	412	92	505
Total guaranteed obligations....	1,324	134	969	695	249	3,370	606	3,976
Total.....	5,486	1,258	4,947	3,030	1,179	15,901	3,810	19,711

<sup>1</sup> Includes trust companies, stock savings banks, mutual savings banks, and private banks in United States and possessions.

<sup>2</sup> Detail not available.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

SOURCE.—Board of Governors of the Federal Reserve System, *Member Bank Call Reports*; Federal Deposit Insurance Corporation, *Statements of Assets and Liabilities of Operating Insured Banks*; *Annual Reports of the Comptroller of the Currency*; and press release of the Comptroller of the Currency dated October 31, 1940.

**CUMULATIVE ABSORPTION BY BANKS OF THE INCREASE IN THE PUBLIC DEBT AND OBLIGATIONS GUARANTEED BY THE UNITED STATES, BY CLASSES OF BANKS, SINCE JUNE 30, 1932**

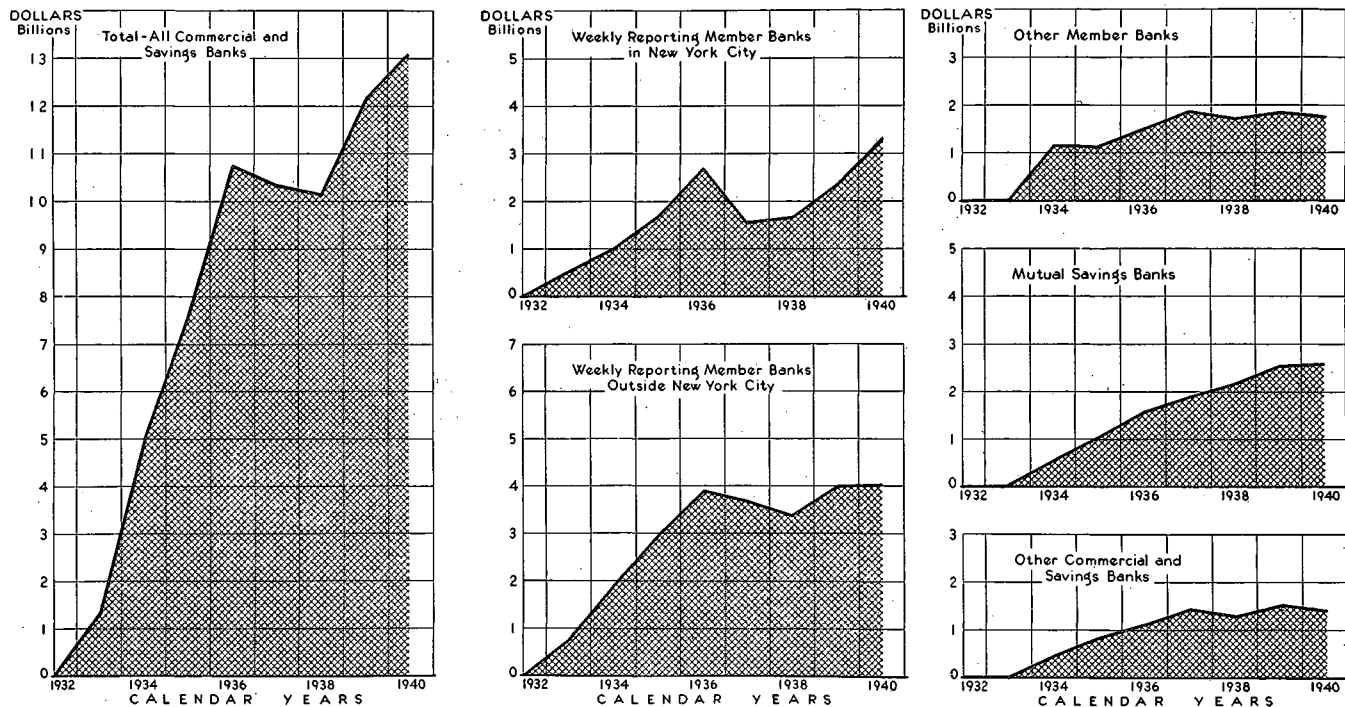


CHART 11.

With respect to the absorption of public debt and guaranteed securities by the Federal Reserve Banks during the period June 30, 1932, to June 30, 1940, there are presented in the table that follows summary data on the amount of such securities held by the Federal Reserve Banks at the end of each fiscal year since 1932, by classes of securities, and the changes by years in the amount held. Further details concerning securities held by the twelve Federal Reserve Banks appear in the Annual Reports of the Board of Governors of the Federal Reserve System.

*Holdings of public debt securities and obligations guaranteed by the United States by the twelve Federal Reserve Banks, June 30, 1932 to 1940*

[In millions of dollars. Par values]

June 30	Liberty bonds and Treasury bonds	Treasury notes	Certificates of indebtedness and Treasury bills	Guaranteed obligations	Total
Amount held					
1932	438	270	1,076	-----	1,784
1933	441	708	848	-----	1,998
1934	468	1,222	742	-----	2,432
1935	317	1,511	605	-----	2,433
1936	316	1,494	620	-----	2,430
1937	733	1,171	623	-----	2,526
1938	744	1,165	655	-----	2,564
1939	911	1,176	463	-----	2,551
1940	1,330	1,128	-----	9	2,466
Annual increase or decrease (—) in amount held					
1933	3	438	—228	-----	214
1934	27	514	—106	-----	434
1935	—151	289	—137	-----	1
1936	—1	—17	15	-----	—3
1937	417	—323	3	-----	96
1938	11	—6	32	-----	38
1939	167	11	—192	-----	—13
1940	419	—48	—463	9	—85

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

With respect to the absorption of the public debt and guaranteed securities by Federal agencies and trust funds, there are presented in the table that follows data on the amount of such securities held by agencies and in funds at the end of each fiscal year since 1932, by class of security, and the changes by years in the amount held.

*Holdings of public debt securities and obligations guaranteed by the United States by Federal agencies and trust funds, June 30, 1932 to 1940*

[In millions of dollars. Par values]

June 30	Public debt securities					Obligations guar- anteed by the United States held by—		Total secu- rities held
	Public issues held by—				Special issues <sup>2</sup>	Postal Savings System	Other agencies and trust funds	
	Postal Savings System	Federal Deposit Insurance Corp.	Govern- ment life insurance fund	Other agencies and trust funds <sup>1</sup>				
	Amount held							
1932.....	74		28	197	309			608
1933.....	132		28	212	323			696
1934.....	380	226	42	272	396	35	115	1,466
1935.....	500	213	61	239	633	147	215	2,007
1936.....	693	208	140	290	626	167	209	2,332
1937.....	894	245	211	334	1,558	167	196	3,604
1938.....	883	264	238	406	2,676	167	158	4,791
1939.....	876	239	275	445	3,770	147	139	5,890
1940.....	975	290	304	460	4,775	147	130	7,080
	Annual increase or decrease (—) in amount held							
1933.....	58			15	14			88
1934.....	248	226	14	60	73	35	115	771
1935.....	120	—13	19	—33	237	112	100	541
1936.....	193	—5	79	50	—7	20	—6	325
1937.....	201	37	71	44	932		—13	1,272
1938.....	—11	19	27	72	1,118		—38	1,187
1939.....	—7	—25	37	39	1,094	—20	—19	1,099
1940.....	99	50	29	15	1,005		—9	1,189

<sup>1</sup> Includes exchange stabilization fund.

<sup>2</sup> Detailed information on special issues held by Government agencies and trust funds appears on p. 64.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.



As indicated in the table above, the details on special issues held by Government agencies and trust funds at the end of each fiscal year from 1932 to 1940, and a discussion of such issues appear on page 64. Further details on Federal agency and trust fund holdings of public debt and guaranteed securities as of June 30, 1940, appear in the table that follows.

*Holdings of public debt securities and obligations guaranteed by the United States by Government trust funds and agencies, June 30, 1940*

(In millions of dollars / Par values)

Trust fund or agency	Public debt securities					Other public debt securities	Obligations guaranteed by the United States	Total public debt and guaranteed securities
	Special issues	Treasury bonds						
		Issues maturing within 5 years	Issues maturing in 5 to 10 years	Issues maturing in 10 to 20 years	Issues maturing after 20 years			
Adjusted service certificate fund.....	11							11
④ Civil service retirement and disability fund.....	550							550
① Federal old-age and survivors insurance trust fund.....	1,738							1,738
Individual Indian trust funds.....		1	26	14	1		(1)	42
Mutual mortgage insurance fund and housing insurance fund.....				20	4			24
③ Postal Savings System.....	97		273	650	22	29	147	1,213
③ Railroad Retirement Account.....	79							79
③ Unemployment trust fund.....	1,710							1,710
③ U.S. Government life insurance fund.....	524			270	34			828
Banks for cooperatives.....			12	40	6	16	11	85
Federal Deposit Insurance Corporation.....	56		86	182	5	17		346
Federal home loan banks.....		(1)	8	21	5	6	13	54
Federal intermediate credit banks.....				53	11	11		75
Federal land banks.....			3	48	29	4		84
Federal Savings and Loan Insurance Corporation.....			3	11	1	2	105	122
Production credit corporations.....				7	12		1	20
Reconstruction Finance Corporation.....				48	(1)	1		49
Other trust funds and corporations.....	9	(1)	1	17	6		(1)	33
Exchange stabilization fund.....				10				10
Total, trust funds and corporations.....	4,775	1	413	1,392	135	86	277	7,080

<sup>1</sup> Less than \$500,000.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals.

## MARKET MOVEMENTS IN GOVERNMENT SECURITIES, 1932 TO 1940

*Major movements*

On January 11, 1932, the yields of Treasury securities stood at the highest level of the preceding eight years. Since that date, there has been a more or less continuous decline in the yields of Treasury (and other high grade) securities. The declining trend of yields of Treasury securities in the period January 1932 to June 1940 was interrupted by five major upswings (see chart 12).

COMPARATIVE YIELDS OF AVERAGE OF ALL LONG-TERM TREASURY BONDS AND AVERAGE OF 3-5 YEAR TREASURY NOTES, MONTHLY, JULY 1931 TO JUNE 1940

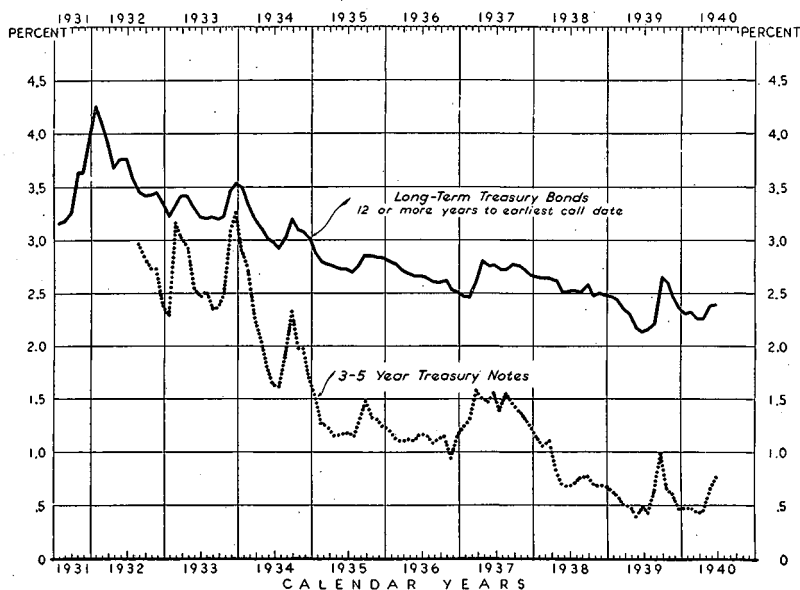


CHART 12.

The first of these upswings was in March 1933, on the occasion of the bank holiday. Another upswing in yields of almost equal magnitude<sup>1</sup> occurred during the period of monetary uncertainty at the end of 1933. A third upswing occurred in the summer of 1934 and appears to have been precipitated by the unsettlement in European conditions following the assassination of Chancellor Engelbert Dollfuss of Austria in July of that year. The yields of Treasury securities then continued to decline until March 1937, when a sharp rise in yields occurred immediately following the announcement of the second increase in member bank reserve requirements made in accordance with

<sup>1</sup> The monthly averages in the chart show higher yields for December 1933 than for the bank holiday month, March 1933, although the daily figures for March 3, 1933, were appreciably higher than the yields on any day in December 1933. The reasons for this condition were the short duration of the bank holiday crisis and the fact that there were no quotations for the period March 4 to 14, inclusive. When trading was resumed on March 15, yields had decreased considerably.

the discretionary power given to the Board of Governors of the Federal Reserve System by the Banking Act of 1935. The fifth major upward movement of yields occurred at the time of the outbreak of war in September 1939, carrying yields up sharply from the all-time low levels of June 1939. Since September 1939, however, the trend of declining yields has continued.

Comparisons in the discussion above have been based on the yields rather than on the dollar prices of the securities. Prices move inversely to yields, i. e., the higher the price the lower the yield and conversely, so that during this period, 1932 to 1940, the decline in yields has been reflected in a substantial rise in prices of outstanding securities. Factors such as the amortization of price premiums on outstanding issues as their maturity date approaches and the fact that new issues are generally offered at par tend to distort data on prices. However, by basing the discussion on yields, the influence of such technical features is removed and does not cloud the discussion. Price data for all Treasury bonds and notes outstanding on June 30, 1940, and for all guaranteed securities outstanding on that date appear in the table on page 782.

As a result of the declining trends in yields, the Treasury has been able to issue securities with lower and lower coupon rates. The extent of this lowering of rates is brought out in the table below which compares the coupon rates carried by 10-12 year bonds, 12-14 year bonds, and 5-year notes offered on successive dates since March 1931.

*Coupon rates on new issues of Treasury bonds and notes of comparable maturities, 1931 to 1940*

Date of issue	Bonds		Notes, 5 years
	10-12 years	12-14 years	
Mar. 16, 1931.....	3%		
Sept. 15, 1932.....			3½
Apr. 16, 1934.....	3½		
June 15, 1934.....		3	2½
Sept. 16, 1935.....	2¾		
Dec. 16, 1935.....			1½
Dec. 15, 1936.....			1¾
Dec. 15, 1937.....			1¾
Sept. 15, 1938.....		2½	
Dec. 15, 1938.....			1½
Dec. 22, 1939.....		2¼	
Mar. 15, 1940.....			¾

### *Relationship between yields on long- and short-term securities*

While the yields of all classes of United States Government obligations have been decreasing, as noted above, there has also been a decline of short-term yields relative to long-term yields. This movement, which has been markedly accelerated within the past few years, appears to have been in progress since the first World War. The

resulting changes in the relationship between yields on short-term obligations and those on long-term securities are shown, as of selected dates, in chart 13 on page 111.

An important influence contributing to the present low level of short-term yields, as compared with the yields of longer maturities, is the extreme demand for short maturities which has existed during the greater part of the period since 1932. This demand has come mainly from banks and is very largely the result of the rapid growth in the volume of excess reserves pressing for investment. This is shown by the fact that the principal holders of short maturities in recent years have been commercial banks. As of June 30, 1940, insured commercial banks held about 54 percent of the privately held marketable supply of the public debt obligations maturing within five years.

#### *Negative yields on short notes and bonds*

Since 1932, prices in the market giving a negative yield to maturity to the purchaser have become fairly common on Treasury notes and bonds with short periods left to run. The reason for such negative yields on the issues nearing their first call or maturity dates arises from the value which the market has placed on these issues as potential "rights" to subscribe to new securities which might be offered in exchange for the called or maturing issue. On June 5, 1939, when prices of Treasury bonds and notes were at all-time high levels, the seven shortest issues of Treasury notes and two shortest issues of Treasury bonds were selling at prices giving negative yields. On June 29, 1940, when prices were below their 1939 highs, there were five issues of notes and two issues of bonds with prices giving negative yields to call or maturity date. (See table 50, p. 782.)

#### *Premiums on Treasury bills*

At various times in 1939 and 1940, the weekly offerings of three-month Treasury bills were allotted at prices in excess of par. Since these bills are awarded on a discount basis and carry no coupon, there was no return to the purchasers of these securities. The principal reason for bids in excess of par on Treasury bills appears to arise from the increasingly large amount of uninvested funds of a short-term nature seeking placement coupled with the fact that Treasury bills like all other United States securities are fully exempt from property taxes, and thus offer an inexpensive medium for the holding of liquid funds that would otherwise be taxable. During the period under review Treasury bills were granted no preferential rights of subscription to new issues.

## YIELDS OF OBLIGATIONS OF THE UNITED STATES ON SELECTED DATES

Based on closing prices of bonds, notes, and certificates of indebtedness

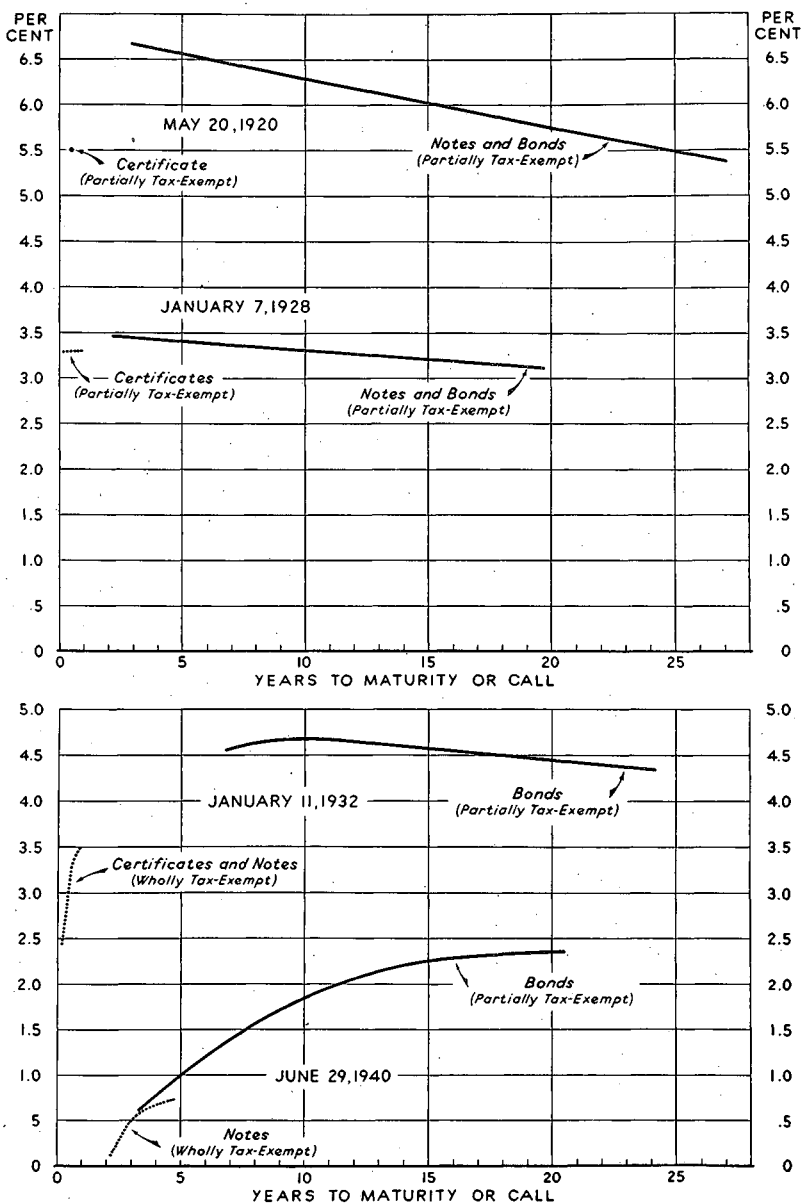


CHART 13.

NOTE.—For callable issues, yields are computed to, and issues plotted as of, the earliest call date if the issue is selling above par, and as of the final maturity date if the issue is selling below par.

*Movements of Treasury bond yields compared with movements of yields of other high grade securities*

From their high level in January 1932, the movement of the yields of long-term Treasury bonds has been similar to that of other high grade bonds. The average yield of Treasury bonds with twelve years or more to earliest call date is compared with the average yield of high grade corporate bonds and the average yield of municipal bonds in the chart that follows.

**COMPARATIVE YIELDS OF AVERAGE OF ALL LONG-TERM TREASURY BONDS, AVERAGE OF HIGH GRADE CORPORATE BONDS, AND AVERAGE OF MUNICIPAL BONDS, MONTHLY, JULY 1931 TO JUNE 1940**

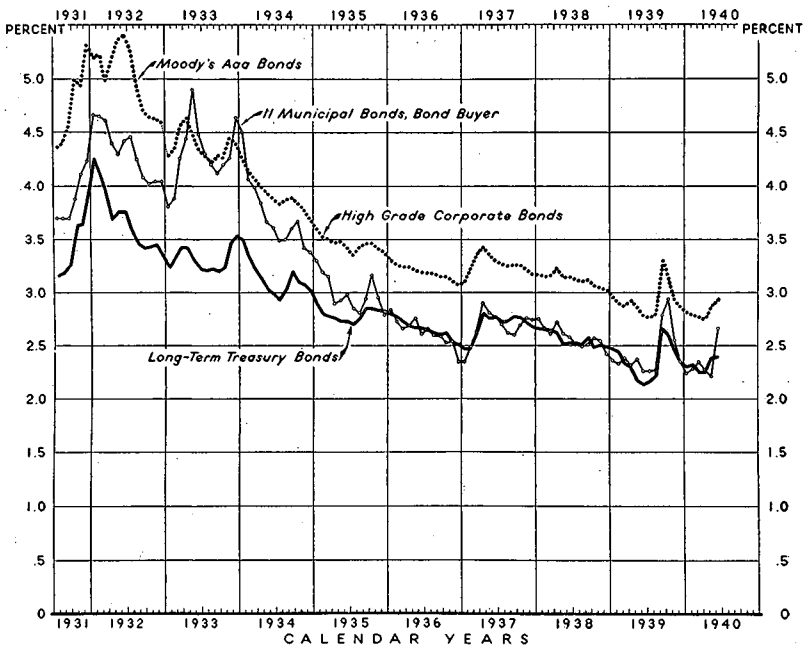


CHART 14.

During the period since the beginning of 1932, the spread between the yields of high grade corporate bonds and Treasury bonds and that between the yields of municipal bonds and Treasury bonds have tended to diminish. The lowest yield of Treasury bonds during the period January 1932 to June 1940 was recorded in June 1939. High grade corporate bonds yields reached a low in April 1940 and municipal bonds in May 1940.

**GENERAL FUND**

The General Fund includes all moneys of the Government deposited with and held by the Treasurer of the United States including the

moneys covered into the Treasury which can be withdrawn only in pursuance of an appropriation by Congress. Every receipt of the Treasury, from whatever source, and every expenditure, of whatever nature, affect either the assets or liabilities, or both, of the General Fund shown in the daily statement of the Treasury. The total amount of the assets over and above the total amount of the liabilities represents the balance in the General Fund available to meet Government expenditures for general, special, and trust accounts.

The assets in the General Fund consist of gold, silver, currency, coin, unclassified collection items, etc., and deposits to the credit of the Treasurer of the United States and other Government officers, in Federal Reserve Banks, special depositaries account of sales of Government securities, national and other bank depositaries, foreign depositaries, and the treasury of the Philippine Islands.

The liabilities of the General Fund consist of outstanding Treasurer's checks, deposits of certain Government officers composed of balances to the credit of the Post Office Department, the Board of Trustees, Postal Savings System, and postmasters, clerks of courts, disbursing officers, etc., and uncollected items, exchanges, etc.

During the fiscal year 1940 the Department has modified the policy heretofore followed by it of including on page 1 of the daily Treasury statement, as liabilities under the General Fund, balances in accounts carried on the books of the Treasurer of the United States representing funds deposited with him for the payment of the principal of and interest on obligations sold by governmental corporations and agencies. Balances in these accounts amounting to \$82,545,606.54 were transferred to the General Fund balance as of September 30, 1939, to be held by the Treasurer of the United States for the redemption of obligations of governmental corporations and agencies. Receipts and expenditures in these accounts were thereafter included in the caption "Transactions in checking accounts of governmental agencies (net), etc." on page 3 of the daily Treasury statement.

There was also transferred to the General Fund balance as of September 30, 1939, an amount of \$255,615.16, representing the balance in the account previously shown as a liability against the General Fund under the caption "Redemption of national bank notes (5 percent fund, lawful money)." This is also included in the caption "Transactions in checking accounts of governmental agencies (net), etc."

The effect of these transfers was to increase the working balance and the balance in the General Fund by \$82,801,221.70 on the date of transfer.

The balance in the General Fund is classified according to increment on gold, seigniorage, and working balance.

The net change in the balance of the General Fund from the beginning to the close of the fiscal year is accounted for as follows:

*Analysis of the change in the General Fund balance between June 30, 1939, and June 30, 1940*

[On basis of daily Treasury statements (unrevised), see p. 583. For a description of accounts through which Treasury transactions are effected, see p. 584]

Balance June 30, 1939.....	\$2,838,225,532.52
Add:	
Ordinary receipts:	
General and special accounts.....	5,387,124,669.76
Trust accounts, increment on gold, etc.....	2,076,537,744.59
Net increase in gross public debt.....	2,527,998,626.57
Total funds available.....	12,829,886,573.44
Deduct:	
Expenditures chargeable against ordinary receipts:	
General and special accounts.....	\$9,127,373,806.47
Less public debt retirements.....	129,184,100.00
Trust accounts, increment on gold, etc.....	\$8,998,189,706.47
1,940,953,725.63	
Total expenditures (excluding retirements of public debt).....	10,939,143,432.10
Balance June 30, 1940.....	1,890,743,141.34

A comparative analysis of the assets and liabilities and the balance of the General Fund is shown for the beginning and close of the fiscal year in the table on page 784 of this report.

**SECURITIES OWNED BY THE UNITED STATES AND PROPRIETARY INTEREST IN GOVERNMENTAL CORPORATIONS AND CREDIT AGENCIES**

*Securities owned*

On June 30, 1940, the United States owned securities consisting of capital stock, bonds, etc., of governmental corporations and agencies and indebtedness to the Government by railroads, farmers, ship-owners, and others, in the face amount of \$3,031 millions; and obligations of foreign governments in the principal amount of \$12,661 millions. A statement of the securities owned at the end of the fiscal years 1933 to 1940 is shown in the table on page 790.

In accordance with the act approved February 24, 1938, the Secretary of the Treasury canceled obligations of the Reconstruction Finance Corporation during the fiscal year amounting to \$14,105,200.46, representing expenditures previously made by the Corporation as shown in the following table:

Reconstruction Finance Corporation:	
Obligations canceled to June 30, 1939.....	\$2,711,952,372.57
Obligations canceled during the fiscal year 1940 on account of expenditures for—	
Federal Housing Administrator (sec. 4 of National Housing Act).....	\$7,640,306.25
Stock of Disaster Loan Corporation (act approved Feb. 11, 1937)....	6,000,000.00
Expenses of regional agricultural credit corporations (sec. 201 (e) of Emergency Relief and Construction Act of 1932; sec. 33 of Farm Credit Act of 1937).....	464,839.71
Relief (Federal Emergency Relief Act of 1933).....	54.50
	14,105,200.46
Total to June 30, 1940.....	2,726,057,573.03

The evidences of indebtedness and capital stock of various agencies acquired by the Reconstruction Finance Corporation in connection with the above disbursements were transferred to the Secretary of the



Treasury as required by section 1 (b) of the act of February 24, 1938. However, the Secretary of the Treasury assigned to the Secretary of Agriculture on August 21, 1939, the capital stock of the Commodity Credit Corporation under Executive Order No. 8219, dated Aug. 7, 1939.

The obligations canceled under the authority of the act of February 24, 1938, represent expenditures previously made by the Reconstruction Finance Corporation for the following purposes:

	<i>Amount</i>
Secretary of the Treasury:	
For capital of home loan banks (sec. 2 of Reconstruction Finance Corporation Act) ..	\$124,741,000.00
For capital of Home Owners' Loan Corporation (sec. 4 of Home Owners' Loan Act of 1933) .....	200,000,000.00
Land Bank Commissioner:	
For loans to joint stock land banks (sec. 30 (a) of Emergency Farm Mortgage Act of 1933) .....	2,600,000.00
For loans to farmers (sec. 32 of Emergency Farm Mortgage Act of 1933; sec. 3 of Federal Farm Mortgage Corporation Act) .....	145,000,000.00
Federal Farm Mortgage Corporation—capital (sec. 3 of Federal Farm Mortgage Corporation Act) .....	55,000,000.00
Federal Housing Administrator (sec. 4 of National Housing Act) .....	81,186,380.80
Governor of the Farm Credit Administration (sec. 5 of Farm Credit Act of 1933) .....	40,500,000.00
Secretary of Agriculture (for crop loans) (sec. 2 of Reconstruction Finance Corporation Act; act approved Feb. 4, 1933) .....	115,000,000.00
Stock of Commodity Credit Corporation (act approved Apr. 10, 1936) .....	97,000,000.00
Stock of regional agricultural credit corporations (sec. 201 (e) of Emergency Relief and Construction Act of 1932; sec. 84 of Farm Credit Act of 1933; sec. 33 of Farm Credit Act of 1937) .....	17,500,000.00
Stock of Disaster Loan Corporation (act approved Feb. 11, 1937) .....	24,000,000.00
Expenses of regional agricultural credit corporations (sec. 201 (e) of Emergency Relief and Construction Act of 1932; sec. 33 of Farm Credit Act of 1937) .....	17,401,068.14
Relief:	
1932:	
Governors of States .....	280,025,143.70
Municipalities, counties, etc. (sec. 1 (a)-(d) of Emergency Relief and Construction Act of 1932; sec. 1 (e) of Emergency Relief and Construction Act of 1932, and any amendatory or supplementary legislation) .....	2,800,623.00
1933 (Federal Emergency Relief Act of 1933) .....	499,999,065.72
1934 (first paragraph of title II of Emergency Appropriation Act, fiscal year 1935) .....	500,000,000.00
1935 (Emergency Relief Appropriation Act of 1935) .....	500,000,000.00
Expense of 1932 relief advances .....	126,871.85
Net interest paid on above .....	33,177,419.82
Total .....	2,726,057,573.03

<sup>1</sup> \$426,660.21 has been repaid to the Treasury.

<sup>2</sup> \$2,500,000.00 has been repaid to the Treasury.

### *Proprietary interest in governmental corporations and credit agencies*

The statement of securities owned by the United States is based upon the face or par amount of the securities held by the United States. The amounts of assets behind the securities, however, may be either greater or smaller than the face or par amount of the securities, as losses or gains from operation of the agencies have taken place or as assets have been spent pursuant to congressional authorization.

In order to reflect the amount of the Government's interest in governmental corporations and credit agencies, the Treasury compiles a "Combined statement of assets and liabilities of governmental corporations and credit agencies of the United States", which is published in the daily Treasury statement at the end of each month. This statement shows the amount and classification of the assets and liabilities of the various agencies, the privately owned proprietary interest in such agencies, and the proprietary interest of the United States. The statement as of June 30, 1940, appears on page 797, and

a summary table of the Government's proprietary interest in such agencies as of June 30, 1929 to 1940, is contained on page 805 of this report.

### MONETARY DEVELOPMENTS

#### Fiscal year 1940

On July 6, 1939, the President approved an act of Congress which contained the following provisions:

(1) Extended until June 30, 1941, the powers relating to the stabilization fund, which were granted to the Secretary of the Treasury in section 10 of the Gold Reserve Act of 1934, as amended;

(2) Extended until June 30, 1941, certain powers of the President with respect to gold and silver, which were granted to him in section 43, title III, of the act approved May 12, 1933, as amended by section 12 of the Gold Reserve Act of 1934, as amended;

(3) Directed the United States Mints to receive silver mined subsequently to July 1, 1939, from natural deposits in the United States or any place subject to the jurisdiction thereof, subject to regulations prescribed by the Secretary of the Treasury, and requiring the Director of the Mint to deduct and retain 45 per centum of such silver as seigniorage and to deliver to the owner or depositor of such silver 55 per centum in standard silver dollars.

The effect of this last provision was to require the Treasury to settle for domestic silver, mined after July 1, 1939, at a return to the depositor of 71.11+ cents per ounce.

On July 25, 1939, the President issued a proclamation modifying his proclamation of December 21, 1933, as modified. This action extended until December 31, 1939, the period during which domestic silver mined after December 21, 1933, and on or before July 1, 1939, might be delivered to United States Mints.

On September 11, 1939, the Secretary of the Treasury stated that the United States Government recognized the emergency conditions that necessitated the setting up of a system of exchange control in France, and in French territories overseas, and that the Tripartite declaration continued in effect.

On April 16, 1940, the Treasury Department instructed collectors of customs and others concerned that the "official" rates for the British pound sterling, the Canadian dollar, the Newfoundland dollar, and the Australian pound were to be used in the collection of estimated duties, the appraisement of merchandise, and the final liquidation of duties, wherever the conversion of such currencies into United States dollars was necessary for such purposes.

Copies of the act, proclamation, statement, and announcement referred to above appear as exhibits beginning on page 445.

The progress of conflict in Europe has led this Government to regulate certain transactions, in areas under its jurisdiction, involving property in which certain foreign countries or their nationals have an interest. On April 10, 1940, an Executive order and implementing Treasury regulations were issued providing that payments, transfers of credit, foreign exchange transactions, the export or earmarking of coin, bullion, or currency and other similar operations involving Danish or Norwegian property would be subject to license by the Secretary of the Treasury. On May 10, 1940, these provisions were extended to include similar transactions involving the Netherlands, Belgium, and Luxembourg; on June 17, they were extended to France.

#### **Fiscal years 1933 to 1940**

The profound economic disturbances of the years 1933 to 1940 had their counterpart in the sphere of money. The United States had to cope not only with the domestic monetary problems which arose out of the depression, but also with monetary problems which grew out of the developments in Europe and Asia.

At the beginning of this period, the dominating influence on monetary affairs was the world-wide economic and financial collapse. In the industrial nations of the world, unemployment rose to an all time high; and in the raw materials countries, exports and prices of staple commodities fell at an unprecedented rate. In many parts of the world domestic and international tensions mutually aggravated each other.

At the end of this period, the dominant influence on monetary and general economic affairs was war. In the intervening period, the governments of all the industrial countries increased the scope of their economic activities. These measures differed in the various countries but in general they were differentiated between recovery based upon armament programs and recovery based upon reform and an improved standard of living. Throughout the period the economic and monetary policies of the Government of the United States were dominated by its effort to increase the employment and raise the general standard of living of the people. In contrast to the economic pattern established in Europe, the United States defense program became a major factor in economic policy only toward the end of this period.

#### *Banking crisis of 1933*

The decline in economic activity which the United States began to experience in the late summer of 1929 had, by March 1933, become an economic collapse unparalleled in the history of this country. Between 1929 and 1932 the national income produced declined by more

than 50 percent in terms of money, and by nearly 40 percent in terms of goods and services. Industrial production as measured by the revised index of the Board of Governors of the Federal Reserve System (1935-39=100) fell from 110 for the year 1929 to 54 in March 1933. The Bureau of Labor Statistics index of wholesale prices (1926=100) fell from 95 in 1929 to 60 in March 1933, and wholesale prices of agricultural products fell from 105 to 43. Numerous bank failures and suspensions in the months prior to March 1933, together with widespread fear and distrust of the banking system, resulted in hoarding which accentuated the crisis. By March 4, 1933, banks in nearly all States were either closed or operating under restrictions.

To meet the unprecedented banking crisis confronting the country, the President, on March 6, proclaimed a bank holiday for all banking institutions located in the United States, its Territories and insular possessions. All banking transactions were suspended except those authorized under regulations issued by the Secretary of the Treasury with the approval of the President. The Secretary of the Treasury, during the period of suspended banking activity, issued regulations allowing the more essential banking services to be performed, such as making change and carrying on transactions necessary to meet the needs of the community for food, relief of distress, and payment of salaries and wages.

It was recognized that it was necessary not merely to reopen the banks but also to strengthen the whole financial system of the country. The Emergency Banking Act of March 9 was passed, allowing the Federal Reserve Banks to issue additional currency and to make loans to member banks on additional types of assets, making it possible for the banks which reopened to meet every legitimate call. The Federal Reserve Banks were further empowered to make direct loans to corporations, firms, and individuals on their notes secured by direct obligations of the United States Government.

To aid in the rehabilitation of the banks, Congress authorized the Reconstruction Finance Corporation to purchase preferred stock or capital notes of banks upon the request of the Secretary of the Treasury. As a result of this Government aid, further details of which appear on page 268 of this report, many banks whose capital had previously been inadequate or whose assets were frozen were enabled to survive and become sound financial institutions.

On March 10 an Executive order was issued authorizing the Secretary of the Treasury to permit any member of the Federal Reserve System and any other banking institution organized under the laws of the United States to perform all of their usual banking functions, except the making of gold payments and gold exports, currency withdrawals for hoarding, and certain foreign exchange transactions. In

order to insure the reopening of only those banks that were in a sound condition, it was ordered that all banks obtain licenses to reopen. These licenses were issued by the Federal Reserve Banks, with the approval of the Secretary of the Treasury, in the case of member banks and by the State supervisory authorities in the case of non-member banks. A discussion of the reopening of the banks appears on pages 263 to 264 of this report.

Soon after the reopening of the licensed banks a rapid return flow of currency to the Federal Reserve Banks took place. With the return of currency to the banks after their reopening and the later establishment of the deposit insurance system, the banking crisis disappeared and confidence in the financial institutions of the country was gradually restored.

In order further to strengthen the banking system and to safeguard the interests of depositors, the Banking Act of 1933, approved June 16, 1933, created a Federal Deposit Insurance Corporation to provide a deposit insurance fund. Depositors' accounts were insured up to \$2,500 under the provisions of this act. The insurance afforded to each account was increased to \$5,000 by the act of June 16, 1934. The Banking Act of 1935 amended the original authority of the Corporation and strengthened its supervisory powers. Participants in the insurance plan included all members of the Federal Reserve System and approved non-member banks.

Other important changes by the two banking acts included the liberalization of the provisions for rediscounting by the Federal Reserve Banks. The responsibilities of the Federal Reserve Board were more clearly defined and more firmly fixed, and the operations of the Federal Reserve Banks and the member banks were freed from restrictions which formerly prevented them from rendering effective services during critical times.

In addition to the banking powers of licensing and supervision granted the Treasury during the bank crisis, some new and important monetary powers were given by Congress to the President and to the Secretary of the Treasury. Several of these, such as powers to issue new United States notes and to provide for the unlimited coinage of silver, have never been exercised.

### *Gold policy*

One of the characteristics of the crisis of February–March 1933 was the drain of gold, both internal and external. The internal drain was for hoarding; and the desire to hoard was in turn a product of the fears and uncertainties generated by the severity of the depression and the questions regarding the banking system. The external drain, which appeared at the end of February, was in part a repatriation of

foreign deposits and in part a flight of domestic capital. Decisive action to prevent further depletion of the gold reserve was taken on March 6, 1933, when the President ordered that no banking institution should, during the period of the bank holiday, pay out, export, earmark, or permit the withdrawal or transfer in any manner, of any gold or silver coin or bullion or currency, or take any action which might facilitate the hoarding thereof. By Executive order of March 10, these restrictions on gold payments and exports were continued; no gold was to be paid out except under license from the Secretary of the Treasury.

The termination of the immediate crisis which led to the bank holiday, and the vigorous steps taken to restore and improve the banking system, produced a return flow of gold and gold certificates from the public to the Federal Reserve Banks. Between March 4 and March 31, \$260 millions of gold coin and \$370 millions of gold certificates were returned to the Federal Reserve Banks and the Treasury. By March 31, the total amount of gold and gold certificates outside the Treasury and the Federal Reserve Banks was reduced to \$760 millions, the lowest figure since 1923. Thereafter, by Executive order issued on April 5, the President forbade the hoarding of gold and gold certificates and all persons were required to deliver to a Federal Reserve Bank or branch all gold, with certain limitations, among which were included reasonable amounts for use in industry and the arts and a maximum of \$100 per person in gold coin and certificates.

On April 19, 1933, the Secretary of the Treasury advised that until further notice no further licenses would be granted for the export of gold for the purpose of supporting the dollar in foreign exchange. This was followed, on April 20, by an Executive order definitely prohibiting the export of gold, with specified exceptions, including gold previously earmarked for the account of foreign governments, foreign central banks, and the Bank for International Settlements. With these exceptions, the authority of the Secretary of the Treasury to issue licenses for the export of gold was limited to such transactions as he might deem necessary to promote the public interest and in respect to these he was authorized to issue licenses only with the approval of the President. The general objective of this order was, while keeping control of our domestic monetary policy, to facilitate the adjustment of international payments, to prevent speculation in the exchange value of the dollar, and to prohibit transfers of funds which were not the result of legitimate international business transactions.

The Executive orders of April 5 and April 20 were revoked on August 28, 1933, when the President issued a new order containing

more complete provisions with respect to the hoarding, export, and earmarking of gold and to transactions in foreign exchange.

In the act of May 12, 1933, the President was authorized to reduce the weight of the gold dollar by as much as 50 percent of its then existing weight.

On June 5, 1933, in a resolution to assure uniform value to the coins and currencies of the United States, gold clauses generally in both public and private obligations were declared by Congress to be no longer binding; dollar contracts, thereby, were made independent of gold, and payment of the dollar amount of contract obligations rather than the payment in gold was enforced.

On August 29, 1933, an Executive order was issued in effect permitting producers of gold newly mined from natural deposits in the United States to sell such gold on the world market by consigning it for the purpose to the Secretary of the Treasury, the sales to be made through the Federal Reserve Banks or other agents designated by the Secretary. Transactions under this order continued for about 2 months. On October 25 the President issued an Executive order revoking the order of August 29 and authorizing the Reconstruction Finance Corporation to acquire gold and to dispose thereof. The Corporation accordingly offered to take at an announced price, in exchange for its own 90-day debentures, all gold newly mined in the United States. The price of gold was raised daily, almost without interruption, until the middle of November. From the middle of November to the first of December there were five changes and only one change thereafter until the weight of the gold dollar was reduced on January 31, 1934. The Reconstruction Finance Corporation also engaged in purchases of gold abroad. In all these transactions the Federal Reserve Bank of New York acted as agent.

The Executive order of August 28, 1933, was supplemented by an order of the Secretary of the Treasury, dated December 28, 1933, which required all domestically held gold, with certain exceptions, to be delivered for the account of the Treasurer of the United States. This order did not contain the exception of the earlier order with respect to holdings of gold in amounts of less than \$100.

The President issued an Executive order on January 15, 1934, authorizing the mints and assay offices to receive gold on consignment provided the gold had not been withheld unlawfully; and on the same day the Secretary of the Treasury directed the mints and assay offices to receive gold newly mined in the United States on consignment for the Federal Reserve Bank of New York. The daily authorized prices for which newly mined domestic gold was acquired under the above orders are shown in the following table.

*Daily price quotations for newly mined domestic gold in the United States from Sept. 8, 1933, to Jan. 31, 1934<sup>1</sup>*

[Per fine ounce]

Day of month	September 1933	October 1933	November 1933	December 1933	January 1934	Day of month	September 1933	October 1933	November 1933	December 1933	January 1934
1			\$32.26	\$34.01		17		\$29.86	\$33.56		\$34.45
2		\$31.88	32.36	34.01	\$34.06	18	\$31.44	30.33	33.56	\$34.06	34.45
3		32.12	32.57		34.06	19	31.64	29.18		34.06	34.45
4		31.79	32.67	34.01	34.06	20	32.28	29.13	33.66	34.06	34.45
5		31.55		34.01	34.06	21	31.33	29.01	33.76	34.06	
6		31.72	32.84	34.01	34.06	22	31.75		33.76	34.06	34.45
7		31.20		34.01		23	31.86	29.59	33.76	34.06	34.45
8	\$29.62		33.05	34.01	34.06	24		29.80	33.76		34.45
9	29.12	31.14	33.15	34.01	34.06	25	31.30	31.36	33.76		34.45
10		31.26	33.20		34.06	26	31.49	31.54		34.06	34.45
11	29.10	30.91	33.32	34.01	34.06	27	31.35	31.76	33.76	34.06	34.45
12	29.21			34.01	34.06	28	31.05	31.82	33.85	34.06	
13	29.48	30.62	33.45	34.01	34.06	29	31.33		33.93	34.06	34.45
14	29.77	29.83	33.56	34.01		30	31.46	31.96		34.06	34.45
15	30.41		33.56	34.01	34.06	31		32.12			34.45
16	30.49	29.00	33.56	34.01	34.45						

<sup>1</sup> Prices shown from Sept. 8 through Oct. 24, 1933, represent the price at which the Secretary of the Treasury was authorized to sell newly mined domestic gold received on consignment under authority of Executive order of Aug. 29, 1933. Quotations from Oct. 25, 1933, through Jan. 15, 1934, represent the price fixed for newly mined domestic gold by the Reconstruction Finance Corporation in consultation with the Secretary of the Treasury and the President, which was offered in payment for notes of the Reconstruction Finance Corporation, under authority of Executive order of Oct. 25, 1933. (This order revoked the Executive order of Aug. 29.) Quotations from Jan. 15 to Jan. 31, 1934, represent the price at which the Federal Reserve Bank of New York as fiscal agent purchased newly mined domestic gold consigned to the mints and assay offices. Payment for this gold when coined was made by the Treasury with a special issue of Treasury bonds, series of Apr. 16, 1934. Under regulations issued by the Treasury Department on Jan. 31, 1934, the mints are authorized to purchase newly mined domestic gold, unmelted scrap gold, and gold imported into the United States after Jan. 30, 1934, at \$35 less one-fourth of 1 percent and less mint charges.

The gold policy which was developed in 1933 was given more permanent form in the Gold Reserve Act, approved January 30, 1934. By this act, title to all gold coin and gold bullion held by the Federal Reserve Board, the Federal Reserve Banks, and Federal Reserve Agents was vested in the United States Government. In exchange for this gold, credits in equivalent dollar amounts payable in gold certificates were established in the United States Treasury and it was provided that gold could be dealt with only as permitted by the Secretary of the Treasury with the approval of the President. All gold coins were to be withdrawn from circulation and, together with all other gold owned by the United States, formed into bars. The Secretary of the Treasury was authorized to buy or sell gold, as an operation of the General Fund of the Treasury, at such rates and upon such terms and conditions as he deemed most advantageous to the public interest. The authority contained in the act of May 12, 1933, permitting the President to fix the weight of the gold dollar at not less than 50 percent of its then legal weight, was made more specific by the provision that the weight of the gold dollar should be fixed at not more than 60 percent and not less than 50 percent of its previous weight.

The Gold Reserve Act also authorized the Secretary of the Treasury to deal in gold and foreign exchange and such other instruments of credit and securities as he might deem necessary for the purpose of



stabilizing the exchange value of the dollar. A stabilization fund of two billion dollars was established for this purpose out of the increment resulting from the reduction in weight of the gold dollar.

On January 31, 1934, the President issued a proclamation fixing the weight of the gold dollar at  $15\frac{1}{2}$  grains of gold, 0.900 fine. This action constituted a reduction of the gold in the dollar to 59.06 percent of the former content, and gave to gold a monetary value of \$35 a fine ounce. The price of gold in foreign markets had gradually risen to this level in relation to the dollar by January 31, 1934. On the same day, the Secretary of the Treasury issued a statement providing for the sale of gold for export whenever the United States exchange rates with gold standard countries reached the gold export point. Provision was thus made for gold to perform its essential function, in the settlement of international balances.

The departure from the traditional gold standard in the spring of 1933 made it possible to protect the domestic price structure from the influence of depreciated foreign currencies. It tended to increase the prices of internationally traded commodities, including the major farm exports, and to facilitate industrial exports. For these reasons, the decrease in the gold content of the dollar was an adjunct to a domestic policy of economic expansion.

Under the Gold Reserve Act of 1934 and its implementing Treasury regulations, all imported gold and gold from domestic sources are, with certain exceptions, sold to the Government. Payment for gold purchased by the Government is usually made by check drawn upon the Treasurer of the United States and paid out of the General Fund of the Treasury, specifically out of the Treasurer's deposit account with a Federal Reserve Bank. The current procedure is to replenish the cash assets in the General Fund by the issuance of gold certificates or gold certificate credits to the Federal Reserve Banks against the gold acquired, the amount of which is credited to the Treasurer's deposit account with those banks. As a result, current purchases of gold involve neither an addition to the interest-bearing public debt nor any use of tax receipts. Thus, gold acquisitions are financed solely by the issuance of gold certificates or gold certificate credits to the full monetary value of gold acquired.

Current acquisitions of gold have tended to increase the supply of money and have augmented the reserves of commercial banks. Except to the extent that the proceeds from the sale of gold to the United States by foreign central banks and governments are held in the form of balances at the Federal Reserve Banks, the deposit liabilities of commercial banks are increased by an amount approximately equal to the value of the gold acquired by the Government. The increase in deposits held by the public resulting from the sale of gold to the Gov-

ernment is accompanied by an almost equal increase in the reserves of commercial banks held in the form of deposits with the Federal Reserve Banks. Inasmuch as only a part of such additional reserves are required by law to be held against their additional deposit liabilities, the remainder serves to increase their "excess reserves."

For a period of 16 months, between December 1936 and April 1938, a different procedure was followed with regard to gold acquisitions. On December 22, 1936, the Secretary of the Treasury announced that gold acquisitions would thereafter be segregated in an inactive account and that gold certificates or gold certificate credits would not be issued. Insofar as the Treasury needed to replenish its balances at the Federal Reserve Banks, drawn upon in the purchase of gold, additional Treasury public debt obligations would be sold. Therefore, gold acquisitions under this arrangement did not expand total bank reserves but did add to the public debt. This was the so-called "sterilization" policy.

The sterilization policy was undertaken in conjunction with the Federal Reserve Board's actions to reduce the volume of excess reserves. In December 1936 the total reserves of member banks of the Federal Reserve System had reached a new high of \$6.8 billions, of which \$2.2 billions constituted excess reserves. As matters developed, the banking system still retained a substantial amount of excess reserves throughout the period of the inactive gold account.

On February 14, 1938, the Secretary of the Treasury announced that gold acquired by the mints and assay offices after January 1, 1938, would be included in the inactive gold account only to the extent that such acquisitions in any one quarter exceeded \$100 millions. On April 19, 1938, the Secretary of the Treasury announced that the inactive gold account had been discontinued. During this period approximately \$1,391 millions had accumulated in the account, which 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.

By June 30, 1940, the gold stock of the United States had amounted to almost \$20 billions. About two-thirds of this gold had been imported into the United States in the 6½ years since the adoption of the Gold Reserve Act.

Of the causes of this enormous gold inflow since the beginning of 1934, capital inflow has been the most important. The whole world has preferred to hold capital in dollars; the uncertainty prevailing abroad and the comparative security and profitability of American investments and the strength of the dollar are sufficient explanations of this preference. In addition to the capital inflow, the United States had had a favorable current balance of payments for goods

and services, and this has been especially important since the last quarter of 1937.

For reasons which have been given at some length in a letter of March 22, 1939, from the Secretary of the Treasury to Senator Robert F. Wagner, the Treasury has judged that it would be unwise to take drastic steps to reduce the gold inflow. In answer to the question, "Why doesn't the Treasury stop buying gold?", the Secretary stated:

"A simple way of stopping gold from coming into the United States would be for the Treasury to announce to the world that we will not buy any more gold for the time being. But, such a step, taken unilaterally, would have disastrous effects on our economy. It would disrupt the foreign exchanges and gold bullion markets and would very soon cause such drastic disturbances in international trade and even in the domestic sphere as seriously to impede the recovery of business.

"Present relationships among the various leading currencies would be upset. The dollar probably would appreciate immediately in terms of other leading currencies. At present, when the demand for dollar exchange increases, foreigners need only obtain gold (either at home or on the London market), ship it here and obtain dollars in exchange. Thus an increased demand for dollar exchange relative to the supply is met. If, however, this means of securing dollar exchange were removed, dollars would rise in value indefinitely in terms of other currencies. While it is impossible to know in advance what rates of exchange would finally emerge, we can be certain of at least one thing—that no country would benefit from the ensuing international monetary disruption.

"Were the United States, moreover, to declare a complete embargo on gold imports, it might deal a serious blow to the value of gold as a monetary medium. (Such action coming at a period when there was discussion of the possibility of world over-abundance of gold might have repercussions which would disturb the public's confidence in the value of gold.) The leading gold producing areas would be hard hit and some might even be involved in a major economic crisis.

"A closely related question that has frequently been asked is: 'Should not the price of gold be reduced? Is not \$35 an ounce too high a price for gold?' Possibly the simplest way to answer this question is to examine the consequences that would ensue from an increase in the gold content of the dollar (or, to phrase it another way, from a decrease in the monetary value of gold).

"A reduction by Congress in the monetary value of gold would probably not be as calamitous as a complete embargo. It would limit the extent of possible depreciation of gold (or appreciation of the dollar in terms of foreign currencies) and the psychological disturbance

caused by the change would not be as potent, yet it would have disadvantages serious enough to render resort to any such action most unwise. If the reduction made in the price of gold were small, our trade and service balance would not be much affected over the next year or so, nor would the inflow of capital cease. Once the drop in the price of gold was regarded by the rest of the world as definitive, the subsequent effect on capital imports would be virtually nil. Our securities would continue to be bought for the same reasons that they are bought now and dollar balances on foreign account would also continue to increase for the same reasons that they are increasing now. But, were a small decline in the price of gold to be regarded by numerous domestic and foreign investors and exchange speculators as being but the first of a series of drops, the result might well be to attract more, not less, funds to the United States, and to intensify the inflow of gold—the very thing it is designed to check. Speculators would rush to buy dollars and hold them here in anticipation of the next appreciation. Thus the effect on capital movements, both long-term and short-term, might more than offset the effect on trade and service items; instead of getting less gold we would find ourselves getting more.

“On the other hand, were the monetary value of gold to be cut with one stroke substantially, and definitely—say, for example, to \$25 an ounce—the effect would be quite different from that described above. Such a step might reduce the volume of gold imports and perhaps give rise to an outflow of large dimensions; but, the economic effects on our economy of the change in the foreign exchange value of the dollar would be little short of disastrous. The 40 percent increase in the price of American currencies to foreigners would constitute a severe handicap upon our exports. Our exports play a role in the level of business activity much in excess of the magnitudes involved and so great an appreciation of our currency in terms of other currencies would be bound to curtail our exports seriously. In the past 6 months the dollar has appreciated in terms of other leading currencies by some 5 percent and price movements in the various countries have not been such as to offset this competitive disadvantage to us. The appreciation of the dollar has not been due to a change in the dollar price for gold but rather to a depreciation of foreign currencies in terms of gold. You will note that our exports during January 1939 were more than 40 percent less than they were in January 1938. Although it is too soon to evaluate the full significance of the decline, it is not unreasonable to assume that the less favorable position of the dollar in terms of other currency (i. e., higher prices of foreign currencies in terms of gold) contributed to the drop in exports.

"Our imports on the other hand would, in the event of a reduction in the price of gold to \$25 an ounce, be 30 percent cheaper. Our domestic producers would then be exposed to greatly sharpened competition in the American market from foreign producers both because the prices in dollars of imports would be less, and also because the numerous ad valorem duties would constitute smaller protection.

"Foreigners would have a greater advantage in this market but unfortunately even this would be of dubious value to them. The ability of Americans to buy goods, whether imports or domestic goods, depends chiefly upon the state of business activity here. It is chiefly for that reason that our imports during the recession of 1938 dropped to almost one-half and that our imports began to increase in the fall of 1938. Thus, though the sharp appreciation of the dollar would make foreign goods cheaper in this country, our imports might actually be less than during the previous period and instead of benefiting the rest of the world we would be hurting world business as well as our own.

"Judging from past experience we could not expect the prices of domestic commodities and services to move either at home or abroad with sufficient rapidity to adjust quickly and fully to any substantial alteration in exchange rates. For many months, perhaps for years, the economic position of large groups of American producers, including farmers, would be worsened and there would be widespread unemployment. The combined effect on our domestic economy of a sharp drop in exports and of increasing competition in the domestic market would be keenly felt. Domestic prices would begin to fall. Many corporations would suffer loss of business and profits. In times such as the present these short-run effects—and by short-run we mean from a few months to several years—are of paramount importance. To brush aside, as some are prone to do, these short-run effects on the ground that in the long-run appropriate adjustments will take place is to ignore the unstable world in which we live and the real problems which confront us from day to day.

"Moreover, were we to reduce the price of gold and were it to result in an outflow of gold there is no reason to believe that the countries who most need gold would get it. On the contrary, were gold to leave the United States it would probably find a resting place in the very countries whose currencies would for the moment appear most secure. Certainly no gold would flow to Latin American countries in any substantial amount, nor would the Far East or the Balkans obtain more gold. The loss of gold by the United States would not correct the serious maldistribution. It would rather operate only to take away some from the United States which has too much and to add it to the holdings of other countries which likewise have too much.

"Thus we are confronted with the fact that though we should like to receive less gold and even to get rid of substantial amounts of the gold we already have, there is, under the existing circumstances, no acceptable alternative to the policy we have been pursuing. In the case of all the proposals we have examined, the remedy has always been worse than the disease. The best way to reduce our gold inflow on commodity and service account is for us to have full recovery so that our imports will rise more rapidly than our exports."

At the present time, the only satisfactory way in which the inflow of gold can be reversed is through the return of peace and the removal of severe and arbitrary restrictions that impede the expansion of international trade and the restoration of world-wide economic recovery.

#### *Increment on gold*

Under the provisions of the President's proclamation of January 31, 1934, issued pursuant to section 43, title III of the act approved May 12, 1933, as amended by section 12 of the Gold Reserve Act of 1934, approved January 30, 1934, the weight of the gold dollar was reduced from 25.8 grains of gold 0.900 fine to  $15\frac{1}{2}$  grains 0.900 fine. Thus, the value of 1 ounce of pure gold (480 grains) was increased from \$20.671834+ to \$35.

The amount of gold held in the gold account when the books were closed at 3 o'clock January 31, 1934, on the basis of daily Treasury statements was \$4,034,867,780.67. The Treasury also held in the General Fund on that date \$30,623,145 in gold coin which had been purchased under the provisions of section 734 of title 31, United States Code, at a cost of \$49,502,356.94. The gold held at the close of business January 31, 1934, together with certain other gold acquired on February 1, 1934, was revalued at \$35 an ounce and is reflected in the daily Treasury statement of February 1, 1934, at \$7,018,263,925.70, resulting in an increment of \$2,805,512,060.87. Increment subsequently arising from acquisitions of gold up to June 30, 1940, amounted to \$12,040,968.68, making the total to that date \$2,817,553,029.55.

Five allocations or appropriations have been made from the increment on gold. The act of January 30, 1934, authorized the establishment in the Treasury of a stabilization fund to be operated under the exclusive control of the Secretary of the Treasury with the approval of the President, and appropriated the sum of \$2,000,000,000 out of the increment resulting from the reduction in the weight of the gold dollar. This fund was established as of April 27, 1934, by a deposit of \$2,000,000,000 with the Treasurer of the United States, which deposit was reflected on the daily Treasury statement as a charge

against the increment on gold. A statement of the assets and liabilities of this fund is contained in the table on page 789.

Under the provisions of the act of June 19, 1934, the Secretary of the Treasury was authorized to make payments to each of the Federal Reserve Banks not to exceed such portion of the sum of \$139,299,557 as was represented by the amount paid by each Federal Reserve Bank for stock of the Federal Deposit Insurance Corporation. The payments thus made to the Federal Reserve Banks were to enable them to make industrial loans and advances. The act provided that the amounts thus expended by the Secretary of the Treasury should be paid out of the miscellaneous receipts created by the increment resulting from the reduction of the weight of the gold dollar.

In another act of Congress also dated June 19, 1934, the Secretary of the Treasury was authorized and directed "when the funds therefor are made available, to establish on the books of the Treasury a credit in favor of the Treasury of the Philippine Islands for \$23,862,750.78, being an amount equal to the increase in value (resulting from the reduction of the weight of the gold dollar) of the gold equivalent at the opening of business on January 31, 1934, of the balances maintained at that time in banks in the continental United States by the Government of the Philippine Islands for its gold standard fund and its Treasury certificate fund less the interest received by it on such balances." The act authorized the appropriation of the amounts necessary for this purpose out of the receipts covered into the Treasury by virtue of the reduction in the weight of the gold dollar. However, no money has been appropriated by Congress for carrying this act of June 19, 1934, into effect.

Another act of June 19, 1934, appropriated out of the amount covered into the Treasury as a result of the reduction in the weight of the gold dollar an amount "sufficient to cover the difference between the value of gold as carried in the general account of the Treasurer of the United States and the value of such gold after melting and refining thereof pursuant to the provisions of the Gold Reserve Act of 1934." There has been reserved for this purpose the sum of \$2,175,121.93, of which \$1,841,763.29 had been expended up to June 30, 1940.

On June 28, 1935, the Secretary of the Treasury directed that the balance of the increment as of that date resulting from the reduction in the weight of the gold dollar, not appropriated or authorized to be appropriated, be used in connection with the redemption of national bank notes as they are presented for redemption and retirement.

The following statement shows the allocations of the gold increment, charges, and balances of allocations as of June 30, 1940.

*Allocation of and charges against increment resulting from the reduction in the weight of the gold dollar, and unexpended balances, as of June 30, 1940*

	Allocation of increment	Charges against increment	Unexpended balance of allocated increment
Exchange stabilization fund.....	\$2,000,000,000.00	\$2,000,000,000.00	-----
Payments to Federal Reserve Banks for industrial loans.....	139,299,556.99	27,546,310.97	\$111,753,246.02
Philippine currency reserve.....	23,862,750.78	-----	23,862,750.78
Melting losses on gold coin.....	2,175,121.93	1,841,763.29	333,358.64
Retirement of national bank notes.....	645,387,965.45	645,387,965.45	-----
Unassigned.....	6,827,634.40	-----	6,827,634.40
	2,817,553,029.55	2,674,776,039.71	142,776,989.84

The unexpended balance of the increment on gold amounting to \$142,776,989.84 is segregated in the balance in the General Fund of the Treasury, as shown on the Daily Statement of the United States Treasury.

A summary by years of the transactions in allocations from the gold increment to June 30, 1940, follows.

*Gold increment and charges against such increment, fiscal years 1934 to 1940*

Year	Gold increment	Disposition of increment					Balance at close of year
		Stabilization fund	Payments to Federal Reserve Banks for industrial loans	Melting losses on gold coin	Retirement of national bank notes	Total	
1934.....	\$2,811,375,757	\$2,000,000,000	-----	-----	-----	\$2,000,000,000	\$811,375,757
1935.....	1,738,020	-----	\$20,931,857	\$675,122	\$91,415,650	113,022,629	700,091,147
1936.....	784,465	-----	5,614,454	791,846	397,422,480	403,828,780	297,046,832
1937.....	1,676,188	-----	875,000	333,154	99,573,791	100,781,944	197,941,076
1938.....	1,094,843	-----	125,000	34,679	51,478,740	51,638,418	147,397,500
1939.....	481,399	-----	-----	2,388	5,497,305	5,499,694	142,379,205
1940.....	402,359	-----	-----	4,575	-----	4,574	142,776,990
Total..	2,817,553,029	2,000,000,000	27,546,311	1,841,763	645,387,965	2,674,776,040	

NOTE.— Figures are rounded to nearest dollar and will not necessarily add to totals.

### *Silver policy*

In December 1932 the price of silver fell to the lowest point in history, 24.6 cents per ounce. The annual average price over the preceding two decades had shown the following movement:

*Average price of silver during selected years, 1911 to 1932*

Calendar year	Price (cents per ounce)	Calendar year	Price (cents per ounce)
1911.....	54.0	1923.....	65.2
1914.....	56.3	1926.....	62.4
1917.....	84.0	1929.....	53.3
1920.....	101.9	1932.....	28.2



Many factors contributed to this drastic fall in the price of silver. In the first place, the high price of silver and the depreciation of some currencies during the war years and immediately thereafter made the bullion in many silver coins more valuable than the coins themselves. To prevent the unauthorized melting down of their silver coins for use as bullion, and also to provide additional seigniorage, many countries diminished the silver content of their coins, thus reducing their demand for silver and adding substantially to the supplies on the market. Between 1914 and 1929, more than 30 countries—including Great Britain, France, and Germany—decreased the fine metal content of their silver coins. Paper money and metals other than silver (particularly nickel, bronze, and copper) were substituted extensively for silver coins. In the 5 years following 1926, the Indian Government disposed of over 130 million ounces, and this in turn led to extensive sales by other Asiatic countries.

During the post-war decade, the output of newly mined silver was increased by almost 40 percent from an average of 185 million ounces for the years 1916 to 1920, to an average of 255 million ounces for the years 1926 to 1930. One of the reasons for this increased supply was the increases in the production of those metals—copper, lead, and zinc—of which silver is a byproduct. With the onset of depression, the price of silver was further depressed by the declining industrial demand for silver.

Action to raise the price of silver was taken in the early months of 1933. Title III of the act of May 12, 1933, authorized the acceptance, during the ensuing 6 months, of silver tendered by foreign governments in payment of indebtedness due to the United States Government, the silver to be valued at not in excess of 50 cents per ounce. The title also authorized the President to fix the weight of the silver dollar as well as the gold dollar and to provide for the unlimited coinage of silver.

Further, the United States delegation at the London Monetary and Economic Conference secured the passage (on July 20, 1933) of a resolution pledging the 66 governments represented at the conference to refrain from further debasement of silver coins and to encourage the substitution of silver coins for currency of small denominations and an agreement among certain governments to purchase specified amounts of silver from the mine production of such countries.

In compliance with this agreement the President, on December 21, 1933, issued a proclamation directing the mints of the United States to receive for coinage into silver dollars all silver mined from natural deposits in the United States subsequent to the issuance of that proclamation. Fifty percent of the monetary value of the silver so received was to be deducted as seigniorage and the remainder to be

returned in standard silver dollars. The monetary value of silver being \$1.29+ per fine ounce, newly mined domestic silver was bought by the mints under this proclamation at 64.64+ cents per fine ounce. Under subsequent amendments to that proclamation, newly mined domestic silver was bought at 71.11+ cents from April 9, 1935, to April 23, 1935, at 77.57+ cents from April 23, 1935, to December 31, 1937, at 64.64+ cents from December 31, 1937, to July 1, 1939. Since July 1, 1939, such silver has been bought at 71.11+ cents, as directed by the act of July 6, 1939. Section 12 of the Gold Reserve Act of 1934 made it possible for the Treasury to pay for its domestic silver acquisitions with silver certificates instead of silver dollars. Silver certificates or silver dollars have been issued in an amount equal to the cost of such acquisitions.

Further steps to carry forward the silver policy were authorized by the Silver Purchase Act, approved June 19, 1934. In this act it was declared to be the policy of the United States that the proportion of silver to gold in the monetary stocks of the United States be increased with the ultimate objective of having and maintaining one-fourth of the monetary value of such stocks in silver. So long as the proportion of silver in the stock of gold and silver is less than one-fourth, the Secretary of the Treasury is directed to purchase silver, at such times and upon such terms and conditions as he may deem reasonable and in the public interest, but at a price not to exceed its monetary value. The Secretary of the Treasury is required to issue silver certificates in a face amount of not less than the cost of all silver purchased under the act, but it is left to his discretion whether further silver certificates shall be issued against the difference between the cost of silver purchased and its monetary value. Foreign silver has been purchased in the market under the authority of this act at prices which have averaged approximately 51 cents per ounce.

Domestic silver stocks other than newly mined were dealt with in the Executive order of August 9, 1934, issued under powers contained in the Silver Purchase Act of 1934. The order required that all silver situated in the continental United States, with certain stipulated exemptions, be delivered to the United States mints within 90 days. For silver so received the United States mints were instructed to return to the depositor an amount equal to 50.01 cents per fine ounce. This order was revoked on April 28, 1938, together with other Executive and Treasury orders regulating the holding, import, and export of silver.

Under these legislative authorizations, the Treasury has purchased over 2,350 million ounces of silver from the beginning of 1934 to the

end of June 1940. However, in spite of these extensive purchases, the objective stated in the Silver Purchase Act of 1934 has not been reached. At the time of the enactment of the Silver Purchase Act, additional purchases of about 1,400 million ounces would have sufficed to achieve the desired ratio. Since then, almost 1 billion ounces more than this have been acquired without getting much closer to this ratio because of the increase in the gold stock.

The table that follows shows the silver acquired from January 1, 1934, to June 30, 1940, by specified classifications. The second following table shows the composition of the silver monetary stock.

*Silver acquired January 1, 1934, to June 30, 1940, by calendar years and by specified classifications*

[In millions of ounces or dollars]

Calendar year	Newly mined domestic <sup>1</sup>		Nationalized <sup>2</sup>		Foreign <sup>3</sup>		Total	
	Ounces	Dollars	Ounces	Dollars	Ounces	Dollars	Ounces	Dollars
1934.....	21.8	14.1	110.6	55.3	172.5	86.5	304.9	155.9
1935.....	38.0	27.3	2.0	1.0	494.4	318.2	534.3	346.5
1936.....	61.1	47.3	.4	.2	271.9	150.3	333.4	197.9
1937.....	70.6	54.6	-----	-----	241.5	108.7	312.2	163.4
1938.....	61.6	42.2	-----	-----	355.4	156.9	417.1	199.1
1939.....	60.7	39.9	-----	-----	282.8	120.5	343.3	160.4
1940 (6 months).....	31.6	22.5	-----	-----	83.1	30.9	114.7	53.4

<sup>1</sup> Acquired at 64.64+ cents per fine ounce until Apr. 9, 1935; at 71.11+ cents from Apr. 10 until Apr. 23, 1935; at 77.57+ cents from Apr. 24, 1935, to Dec. 31, 1937; at 64.64+ cents from Jan. 1, 1938, to July 1, 1939; and at 71.11+ cents since July 1, 1939.

<sup>2</sup> Acquired at 50.01 cents per fine ounce. Executive proclamation of Aug. 9, 1934, revoked Apr. 28, 1938.

<sup>3</sup> Acquired at various prices averaging approximately 51 cents per fine ounce.

*Components of the silver monetary stock, Dec. 31, 1934 to 1939, and June 30, 1940*

[In millions of dollars]

End of calendar year	Silver held in Treasury					Silver outside Treasury		Total silver at \$1.29 per ounce
	Securing silver certificates <sup>1</sup>		In General Fund					
	Silver bullion	Silver dollars	Subsidiary coin <sup>2</sup>	Bullion for re-coinage <sup>2</sup>	Bullion at cost	Silver dollars <sup>1</sup>	Subsidiary coin <sup>2</sup>	
1934 .....	211.6	508.4	4.2	8.8	89.3	35.2	305.3	1,279.7
1935 .....	576.9	508.7	4.2	.2	262.7	38.4	323.5	1,970.1
1936 .....	775.9	505.7	5.7	.3	347.7	41.3	350.4	2,402.3
1937 .....	938.8	503.7	5.4	-----	428.6	43.3	366.9	2,806.5
1938 .....	1,137.6	502.7	3.4	.2	535.3	44.4	372.8	3,346.8
1939 .....	1,298.2	499.0	5.3	-----	616.0	48.1	394.1	3,790.2
1940 (June) .....	1,353.2	498.1	3.6	.8	643.3	49.0	398.6	3,939.6

<sup>1</sup> Valued at \$1.29+ per ounce.

<sup>2</sup> Valued at \$1.38+ per ounce.

*Seigniorage on silver*

Seigniorage arises from three principal sources: (1) As a result of the revaluation of silver bullion from its cost value to its monetary value (\$1.29+ per fine troy ounce) when such silver is set aside and held as security for silver certificates; (2) as a result of the coinage of silver dollars and subsidiary silver coin; and (3) as the result of the coinage of minor coins (nickels and cents).

The Silver Purchase Act authorized and directed the Secretary to issue silver certificates to a face amount of not less than the cost of the silver purchased under the act and provided for a reserve in silver bullion or standard silver dollars to be maintained of a monetary value equal to the face amount of silver certificates outstanding. Following the passage of this act the procedure in connection with revaluing silver bullion to be held as security for silver certificates has been to revalue a sufficient number of ounces thereof at the monetary value of \$1.29+ per fine ounce to equal the total cost of the silver acquired, and to issue silver certificates in like face amount against the revalued silver. The difference between the cost of the actual number of ounces of silver revalued and its value at the monetary rate represents seigniorage. The silver that remains and is not used to secure silver certificates is carried at cost in the General Fund.

Beginning with October 16, 1934, the amount of seigniorage resulting from the revaluation of silver acquired under the Silver Purchase Act of June 19, 1934, and under the proclamation of August 9, 1934, was reported by the Treasury in its daily statement under the heading of "Trust funds, increment on gold, etc.," and the accumulated balance was segregated in the General Fund of the Treasury. By this procedure the seigniorage profit has been set apart from other funds available for current expenditures of the Government. The amount of seigniorage profits accumulated and segregated in the General Fund was \$585 millions.

The amount of the seigniorage profits resulting from the revaluation of silver bullion, other than that acquired under the Silver Purchase Act of 1934 and under the proclamation of August 9, 1934, is covered into the Treasury as miscellaneous receipts and is reflected in the working balance of the General Fund.

The amounts of seigniorage received from all sources from July 1, 1932, to June 30, 1940, are shown by years in the table that follows.

*Seigniorage on silver, by sources, fiscal years 1933 to 1940*

(In millions of dollars. On basis of daily Treasury statements (unrevised), see p. 533)

Year	Newly mined silver		Silver Purchase Act of 1934	Nationalized silver, proclamation Aug. 9, 1934	Miscellaneous silver	Subsidiary silver and minor coins	Total
	Proclamation Dec. 21, 1933	Act of July 6, 1939					
1933.....						0.9	0.9
1934.....						.5	.5
1935.....	0.4		111.6	28.5	48.7	9.0	198.1
1936.....	25.6		169.7	6.1		13.6	215.1
1937.....	19.8		39.8	( <sup>1</sup> )		29.1	88.7
1938.....	20.5		90.3	( <sup>1</sup> )		15.1	126.0
1939.....	16.6		90.3			6.2	113.0
1940.....	4.7	14.3	48.9			25.0	92.8
Total.....	87.6	14.3	550.5	34.7	48.7	99.3	835.1

<sup>1</sup> Under \$50,000.

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

*International monetary cooperation*

The social and economic difficulties of the World War and the succeeding decade imposed tremendous strains on the international gold standard. After the war the problem of transfer arising from reparations and war debts, and the reestablishment of numerous currencies on a gold basis, entailed many difficulties. The increasing rigidity of price structures, and the unemployment which accompanied the uneven deflation of prices, made it hard for some countries to adhere to the gold parities which they had selected for their currencies. After 1928, international long-term investments tended to decline and short-term capital tended to move in increasing volume from country to country in search of security. The depression which began in 1929 increased the strains on the system of international exchange and during the depression most countries either had to, or chose to, depart from the fixed gold parities of their currencies. When the United Kingdom abandoned the fixed gold value for sterling in September 1931, there was inaugurated a period of changing international exchange rates.

Since March 1933, the policy of the United States with respect to the international monetary situation has rested upon two basic premises: First, that the calamitous depression which the country was experiencing at that time demanded, before all else, vigorous and independent domestic monetary action; and, second, that after this country was well on the way to domestic recovery the United States would be in a better position to promote monetary stability and the expansion of international trade and investment, through cooperation with other nations.

The preceding sections have described the monetary measures which were taken principally in recognition of the first premise, insofar as

the Treasury Department was directly concerned in them. The measures taken in recognition of the second follow.

In June 1933, a World Monetary and Economic Conference met in London, with the purpose of reaching an agreement on the stabilization of currencies. It was at this time that the United States Government was trying to stimulate recovery by bringing about a rise in the domestic price level. Accordingly, President Roosevelt in his message to the Conference defined the monetary aims as follows: "Let me be frank in saying that the United States seeks the kind of dollar which a generation hence will have the same purchasing and debt-paying power as the dollar value we hope to attain in the near future. That objective means more to the good of other nations than a fixed ratio for a month or two in terms of the pound or franc." The independent determination of the monetary policy of the United States was upheld, not in a spirit of national selfishness, but rather with the judgment that the reconstruction of the national monetary system and the further progress of recovery were indispensable prerequisites for the success of international cooperation.

The period of active and continuous international monetary cooperation began with the Tripartite Accord of September 1936. For some time, the French Government had experienced great difficulty in maintaining the gold value of the franc, and France was now determined to restore equilibrium in her balance of payments and to relieve the downward pressure on the French price level through devaluation.

It seemed then of the highest importance to the future of orderly international exchange relationships that this French devaluation should not set off a chain of competitive depreciations on the part of other countries. Accordingly, the Government of the United States and the British Government expressed their concurrence in the decision of the French Government to readjust its currency, and the three governments joined in a Tripartite Accord to promote order in international monetary relationships. This accord was announced on September 25, 1936.

To implement this policy of exchange cooperation, the Secretary of the Treasury announced on October 13, 1936, that the United States would henceforth sell gold to the exchange stabilization funds of those countries which agreed to reciprocate. On the same day, the French and British Governments announced that they had taken the necessary measures for providing the monetary authorities of the other members of the Tripartite Accord with similar facilities. These arrangements were necessary because stabilization operations would result in accumulation of foreign exchange by the participating funds and the several governments desired to be able to convert this foreign exchange into gold at agreed-upon prices rather than continue to bear exchange risks.

On November 24, 1936, Belgium, the Netherlands, and Switzerland indicated their adherence to the principles of the Tripartite Accord, and these countries were added to the list of those to which the United States would sell gold.

The hope that the Tripartite Accord would lead to a more satisfactory and permanent organization of international monetary relationships has not been realized because of the subsequent political and economic developments. In the years before the outbreak of war, however, the accord proved that cooperation among stabilization funds can have definite value. The stabilization funds, working together, can iron out short-term fluctuations and prevent speculative drives from producing erratic exchange movements. The funds can also, in cooperation, facilitate orderly readjustment of a currency to a lower level and prevent explosive movements from carrying exchange rates below the level deliberately sought. But nothing in exchange cooperation, as conceived in this agreement, can prevent fundamental economic changes from exerting their full force on exchange relationships; such cooperation is no substitute for the correction of fundamental maladjustments.

The progress of the conflict in Europe has led this Government to regulate certain transactions in areas under our jurisdiction involving property in which certain foreign countries or their nationals have an interest. A discussion of foreign funds control will be found on pages 161 and 318. The exigencies of war have led to the extension of economic and monetary restrictions in many neutral as well as belligerent countries. The complete disruption of normal international relations will add greatly to the difficult problem of monetary reconstruction after the war.

## REVENUE LEGISLATION

### Fiscal year 1940

Revenue legislation enacted in the fiscal year 1940 included the Social Security Act Amendments of 1939, the Revenue Act of 1940, the act altering the profits-limitation provisions with respect to naval vessels and Army and Navy aircraft, and other acts enumerated below. A brief résumé of the major laws follows.

### *Social Security Act Amendments of 1939*

Title VI of the Social Security Act Amendments of 1939 (hereinafter referred to as "the Amendments") approved August 10, 1939, contains amendments to the Internal Revenue Code; and Title IX, Miscellaneous Provisions, includes further amendments to the Code and changes in those parts of the social security laws which became codified.

Before the enactment of the Amendments, the Code provided that the rates of the taxes on employees and employers (under sections 1400 and 1410 of the Code) were to increase on January 1, 1940, from 1 percent of the wages to 1½ percent, with a further increase of ½ percent at the end of each 3-year period thereafter, until the maximum rate of 3 percent was reached in 1949. Under the Amendments the increase scheduled for January 1, 1940, was eliminated and it was provided that there should be no increase in the rates until 1943. Then the rates are to be 2 percent for the years 1943, 1944, and 1945, 2½ percent for the years 1946, 1947, and 1948, and 3 percent for the years 1949 and thereafter.

The definitions applicable in the case of both the old-age insurance and the unemployment compensation taxes are amended in certain respects. Among the changes the services of fishermen, in general, are excluded from "employment" for the purposes of the old-age insurance taxes; and service on an American vessel is included in "employment" for the purposes of the old-age insurance tax. "Agricultural labor" is defined in detail. In the case of the old-age insurance taxes, the term "employment" was revised to include service by individuals attaining the age of 65, beginning January 1, 1939.

There is an amendment making it clear that an employer engaged in foreign commerce is on the same basis, as respects the authority of a State to require payments into an unemployment fund, as employers engaged in interstate commerce. Authority is conferred on State legislatures to require instrumentalities of the United States, such as national banks, to comply with State unemployment compensation laws. Instrumentalities wholly owned by the United States or exempt from the Federal unemployment compensation tax are excepted. This authority is made conditional on nondiscriminatory treatment of such instrumentalities by the State and certification of the State law under section 1603, Internal Revenue Code.

The Amendments contain provisions designed to facilitate adjustments of overpayment and underpayment of employees' and employers' tax and to allow refunds in cases where an employee has been taxed on wages in excess of \$3,000 by reason of having served two or more employers during the taxable years and receiving aggregate wages of more than \$3,000. In addition, wages under the unemployment tax provisions were to include remuneration only up to \$3,000, effective January 1, 1940, whereas all remuneration was covered hitherto.

Employers are required to furnish each employee with a written statement or receipt showing the wages paid to the employee and the tax imposed by section 1400 of the Code with respect to such wages, such receipt to cover one or more quarters of the calendar year.



The conditions of granting a credit against the Federal unemployment compensation tax for contributions paid by a taxpayer to an unemployment fund under a State law are considerably liberalized.

Extensions of time of as much as 90 days, instead of 60 days, for filing returns of the unemployment compensation taxes are authorized.

There are miscellaneous provisions clearing up problems of interpretation which had arisen under the Social Security Act and affording relief in various cases of hardship.

### *Revenue Act of 1940*

The Revenue Act of 1940, approved June 25, 1940, consists of four titles. Title I changes the income tax rates for taxable years beginning after December 31, 1939, as follows: (1) Surtaxes on surtax net incomes in excess of \$6,000 and not in excess of \$100,000 are increased (see exhibit 34A on page 457); (2) the rate of tax on incomes of domestic corporations is increased 1 percent above the prior existing rates; (3) a non-resident alien is taxed on dividends, interest, and other fixed or determinable periodical income at 15 percent instead of 10 percent, except where treaty provisions fix a lower rate; if his gross income amounts to more than \$24,000, he is subject to full normal tax and surtax at the increased rates on income of the type described; (4) foreign corporations having an office or place of business in the United States are subject to a rate of 19 percent in lieu of 18 percent under prior existing law; (5) the rate of tax on the fixed or determinable periodical income from United States sources of foreign corporations not engaged in a trade or business in the United States, or not having an office or place of business therein, remains at 15 percent, but dividends, which were formerly taxed at 10 percent, are now taxed at 15 percent, except where treaty obligations require otherwise.

The personal exemptions for income tax purposes are reduced from \$2,500 to \$2,000 in the case of married persons and heads of families and from \$1,000 to \$800 in the case of single persons. Returns are required of every individual taxpayer having a gross income equal to his personal exemption; of every estate having a gross income of \$800 or over; and of every trust having a gross income of \$800 or more or a net income \$100 or more.

Title II makes certain temporary changes which are to be effective for five years. All Federal taxes are increased, generally by 10 percent, except (1) those of a regulatory nature, (2) excise taxes on imports, (3) taxes levied under the social security program, (4) taxes on communication facilities, and (5) taxes on tobacco and tobacco products, other than on cigarettes. The increased taxes made under title

II are designated as "defense taxes" and the revenue raised thereby will be applied to retirement of the National Defense Series of obligations authorized by title III.

The income tax payable by individuals or corporations including the surtax on personal holding companies is increased by 10 percent for taxable years beginning after December 31, 1939, and before January 1, 1945. In the case of an individual taxpayer whose income tax, computed without regard to the defense tax provisions, amounts to more than 50 percent of his net income, it is provided that his defense tax will not amount to more than 10 percent of his net income remaining after deduction of his income tax computed without regard to the defense tax provisions.

The rates of the excess-profits, capital stock, estate, and gift taxes and of the excise tax on transfers to avoid income tax are increased by 10 percent, effective for the following periods: In the case of the excess-profits tax, for any taxable year ending after June 30, 1940, and before July 1, 1945; capital stock tax, for the year ending June 30, 1940, and for the 4 succeeding years ending June 30; estate tax, from the date of enactment of the Revenue Act of 1940 to the expiration of 5 years thereafter; gift tax, for the calendar years 1940 to 1945, both inclusive, the increase to affect only gifts made after the date of enactment of the act; transfers to avoid income tax, from the date of enactment of the act up to July 1, 1945.

The rates of tax on cigarettes, distilled spirits, beer, and wines are increased, and floor stocks taxes equal to the difference between the old and new rate are imposed with respect to all of those products except wines. The floor stocks taxes on distilled spirits and cigarettes are applicable to retailers as well as to manufacturers and wholesalers, except that stocks of spirits of 100 gallons or less held on exclusively retail premises are exempt; the floor stocks tax on beer is not applicable to retailers.

The act provides that the temporary import and excise duties which were to expire or have their rates reduced in 1941 are not to expire or have their rates reduced until 1945. The rates of miscellaneous excise taxes are increased, in amounts indicated by the table included as exhibit 34 B on page 458. The exemption from the admissions tax is reduced to 20 cents for the period from July 1, 1940, to June 30, 1945, after which time admissions of \$3 or less will be exempt.

Provision is made for increasing the amount of credit against the automobile tax on account of taxes previously paid on tires and tubes. The credit is increased to 2½ and 3½ percent with respect to vehicles sold after June 30, 1940, and before July 1, 1945.

Title III amended the Second Liberty Bond Act, as amended, to authorize the issuance of \$4 billions of public debt obligations with maturities not exceeding 5 years, to be designated "National Defense

Series." It also provides for the creation of a special fund into which is to be paid revenue estimated to be attributable to the increases in taxes made, and to the floor stocks taxes imposed, by title II. Such fund is to be available only for the retirement of the National Defense Series obligations.

Title IV amends the Public Salary Tax Act of 1939 with respect to income taxes on compensation received prior to January 1, 1939, for personal service as a State officer or employee, which compensation was paid directly or indirectly by the Federal Government. The amendment provides that if the tax on such compensation is paid with interest on or before March 15, 1941, no criminal penalty shall be imposed, and no addition to tax under sections 291 or 293 of the Internal Revenue Code shall be made, on account of the failure to make a return of such income or to pay the tax on it at the time when such return or payment was due.

*Government contracts for naval vessels and aircraft*

Public No. 671, "An act to expedite national defense, and for other purposes," was approved June 28, 1940. Under the provisions of title I of this act contractors for the construction of naval vessels and Army or Navy aircraft are required to agree to pay into the Treasury profit on such contracts in excess of 8 percent of the contract prices. Profits in excess of 8.7 percent of the cost of performing such contracts are deemed to be profits in excess of 8 percent of the contract price. Formerly profits of 10 percent were allowed in the case of naval vessels and 12 percent in the case of Army and Navy aircraft. The contractor must further agree to make no subcontract in connection with construction of such vessels and aircraft unless the subcontractor agrees to the same profit-limiting conditions. The new profit-limiting provisions apply after the date of the enactment of the act and for the duration of the emergency proclaimed by the President on September 8, 1939. The act also exempts contracts or subcontracts where the award is less than \$25,000 from any profit-limiting provisions. Formerly contracts and subcontracts where the award was less than \$10,000 were exempt from the provisions limiting profits.

It is also provided that the cost of additional equipment and facilities necessary to the performance of contracts for the construction of naval vessels and Army and Navy aircraft during the emergency may be charged against the contracts. Any part of the cost thus charged against the contract goes to reduce the contract price for the purposes of the profit-limiting provisions. The Secretary of the Navy or Secretary of War, as the case may be, is to certify to the Commissioner of Internal Revenue the necessity and cost of such additional plant and equipment and the part of such cost to be charged against the contract.

Such certification is subject to regulations prescribed by the President, but is binding on the Commissioner unless he makes formal objection to the Secretary who made the certification within 5 days after receipt of the certification. A copy of title I of this act appears as exhibit 35 on page 458.

*Other revenue legislation*

Other laws affecting the internal revenue are as follows:

Public No. 165, July 6, 1939, to extend the time within which the powers relating to the stabilization fund and the alteration of the weight of the gold dollar may be exercised. Section 4 (b) exempts from tax the transfers of silver delivered to mints for coinage; see p. 455.

Public No. 242, July 28, 1939, to amend the Bankruptcy Act with respect to railroads. Chapter XV, article VI, protects the Government's claims for taxes and customs duties from railroads whose affairs are adjusted under chapter XV, exempts from stamp tax the issuance and transfer of securities in carrying out a plan of adjustment, and provides that no income taxable under a Federal or State law shall be deemed to have been realized by reason of cancelation of a petitioner's indebtedness.

Public No. 259, Aug. 4, 1939, amending the Merchant Marine and Shipping Acts to provide, among other things, for the nonrecognition of gain, for income tax purposes, on the transfer of an obsolete vessel to the Maritime Commission in return for an allowance for the construction of a new vessel, and to provide for the basis of such new vessel.

Public No. 264, Aug. 4, 1939, to authorize the Commissioner of Internal Revenue to make certain allowances for losses by leakage and evaporation upon withdrawal of packages of brandy or fruit spirits under certain conditions.

Public No. 300, Aug. 7, 1939, to amend the act providing for the complete independence of the Philippine Islands, etc., relative to the export tax on articles shipped from the Philippines to the United States.

Public No. 334, Aug. 7, 1939, amending section 2857 of the Internal Revenue Code, relative to books of rectifiers and wholesale dealers.

Public No. 400, Aug. 11, 1939, to provide for the refund or credit of the internal revenue tax paid on spirits lost or rendered unmarketable by reason of the floods of 1936 and 1937, where such spirits were in the possession of the original taxpayer or rectifier for bottling or use in rectification under Government supervision as provided by law and regulations.

- Public Res. No. 61, April 12, 1940, extending the foreign trade agreement program for a further period of 3 years from June 12, 1940.
- Public Res. No. 81, June 11, 1940, providing for a more uniform coverage under the Railroad Retirement Acts of 1935 and 1937, the Carriers Taxing Act of 1937, and subsection B of chapter 9 of the Internal Revenue Code.
- Public No. 654, June 24, 1940, to amend sections 2803 (c) and 2903 of the Internal Revenue Code, relative to unused stamps, etc.
- Public No. 655, approved June 24, 1940, amends section 3030 (a) of the Internal Revenue Code, eliminating the tax on brandy and wine spirits used in the fortification of wine and substituting therefor an increase in the rates of tax on fortified wines. (See exhibit 36 on page 463.)

#### Fiscal years 1933 to 1940

Important revenue legislation was enacted during each of the fiscal years 1933 through 1940. The first important revenue measure enacted during this period was contained in the National Industrial Recovery Act, approved June 16, 1933. This was followed by the Revenue Acts of 1934, 1935, 1936, 1937, 1938, 1939, and 1940. Taxes were also levied for special purposes under more than twenty other acts, some of which were subsequently amended. A discussion of the revenue acts and of the major laws enacted from 1933 to 1939 which affect Federal revenues will be found in the article beginning on page 7. The details of the taxes imposed by these acts and other laws enacted since 1933, together with similar data for the period 1913 through 1932, appear in the exhibit beginning on page 466.

The general laws of the United States and parts of such laws relating exclusively to internal revenue in force on January 2, 1939, were codified and enacted into the Internal Revenue Code, approved February 10, 1939. This is the first codification as absolute law of the Federal statutes relating to the internal revenue since the Revised Statutes of the United States approved June 22, 1874. It supersedes, by repealing effective February 11, 1939, all laws codified therein to the extent that they related to internal revenue, with appropriate savings clauses to preserve accrued liabilities and necessary enforcement machinery.

#### ESTIMATES OF RECEIPTS

The Secretary of the Treasury is required each year to prepare and submit in his annual report to Congress estimates of the public revenue for the current fiscal year and for the fiscal year next ensuing

(Public No. 129, February 26, 1907).<sup>17</sup> These estimates are now made in December of each year.

Inasmuch as the tax revenue from practically every major source is directly dependent, although in varying degree, upon business conditions during the period in respect of which the taxes are levied, it is necessary to forecast the general business situation for a period ending approximately 18 months later. This forecast is based upon the analysis of a wide variety of financial and other economic data and includes a forecast of the direction and the magnitude of the movements of industrial production, profits, security and commodity prices, employment, pay rolls, and other components of business activity. In view of the well-recognized uncertainty involved in forecasting the various phases of business activity, accentuated this year by the international situation, such forecasts, and the concomitant estimates of future revenues, may be revised from time to time to take account of changed economic conditions.

Upon these business forecasts depend the estimates of the aggregate amounts of corporation and individual incomes as well as the distribution of such incomes among various income classes, and the volume of consumption of commodities upon which taxes are levied. Consideration must be given to the fact that changes in the various indicators of business activity are not reflected immediately or in direct proportion in the various sources of revenue. Thus, in periods of rising business activity profits and taxable incomes rise more than proportionately to the increase in the volume of business because of the relative inflexibility of certain costs. In addition, consideration is given to the fact that the increase in the amount of income tax collections which will result from a given increase in individual incomes is accentuated under a progressive rate schedule because not only is the individual taxpayer's income greater but also the taxpayer pays a larger percentage of the higher income as income tax.

Changes in business conditions, in the amounts of income, and in the volume of consumption and importation of commodities are reflected more immediately in the receipts from some taxes than from others because of the variation in the method of collection of the taxes. For example, many of the miscellaneous internal revenue taxes are collected each month on the tax liabilities of the previous month. However, collections from taxes such as the estate and gift taxes and the tax under the Federal Unemployment Tax Act, formerly title IX of the Social Security Act, are made upon liabilities of a much earlier period and therefore do not respond as promptly to changes in general business conditions.

The lag between the time income is received by taxpayers and the time of receipt of income taxes based upon such incomes is particularly important in its effect upon total tax receipts in any given year.

Thus, in general, the changes in incomes in the calendar year 1940 will not be reflected in income tax receipts until the income tax returns are filed on or before March 15, 1941. Because of the privilege of making quarterly installment payments of these tax liabilities, the collections will be received throughout the calendar year 1941, thus falling into the receipts of the fiscal years 1941 and 1942. Hence the estimated current income tax receipts, both corporation and individual, for the fiscal year 1941 are made up partly from payments on calendar year 1939 incomes and partly from payments on calendar year 1940 incomes. Similarly, fiscal year 1942 estimates of income tax receipts include payments based upon the incomes of each of the calendar years 1940 and 1941.

The revenue estimates in the table on page 147 contain an adjustment which has been made in total receipts to reflect the changes brought about by the recent amendments to the Social Security Act. There has been created on the books of the Treasury the "Federal old-age and survivors insurance trust fund," to which was transferred on January 1, 1940, the amounts standing to the credit of the old-age reserve account. For the fiscal year 1941 and each subsequent fiscal year there is appropriated to the fund an amount equivalent to 100 percent of the taxes received under the Federal Insurance Contributions Act, with the proviso that the estimated administrative expenses of the Treasury and the Social Security Board with respect to the collection of taxes and the payments from the fund shall be repaid to the Treasury. In order to show the amount of revenue applicable to the general expenditures of the Government there has been deducted from total receipts a sum equivalent to the net appropriation to the Federal old-age and survivors insurance trust fund. For comparable purposes there has been deducted from total receipts in the fiscal year 1940 the amounts transferred to the old-age reserve account and to the Federal old-age and survivors insurance trust fund. The detailed analysis set forth below is based on total revenues and receipts and not on the net amount after adjustment.

Total revenues and receipts, general and special accounts, are estimated (on daily Treasury statement basis, unrevised) in the amounts of \$7,653 millions for the fiscal year 1941 and \$8,972 millions for the fiscal year 1942. The estimated amount of total receipts in the fiscal year 1941 represents an increase of \$1,728 millions over total receipts of \$5,925 millions in the fiscal year 1940, while the estimated amount of total receipts in the fiscal year 1942 represents an increase of \$1,319 millions over the estimated total receipts for the fiscal year 1941.

Estimated receipts in the fiscal years 1941 and 1942 and actual receipts in the fiscal year 1940 are presented in summary form in the table on page 147. A more detailed tabulation of receipts and estimates is shown in table 23 beginning on page 696.

*Fiscal year 1941*

Total receipts in general and special accounts in the fiscal year 1941 are estimated at \$7,653 millions. This total is \$1,728 millions above actual total receipts of \$5,925 millions in the fiscal year 1940. Net receipts—total receipts less the net appropriation for the Federal old-age and survivors insurance trust fund—are estimated at \$7,013 millions, an increase of \$1,626 millions over the comparable figure for the fiscal year 1940. The percentage distribution of total receipts is shown in the following table:

*Percentage distribution of total revenues and receipts in the fiscal years 1940 and 1941*

Source	Actual 1940	Estimated 1941
Internal revenue:		
Income taxes.....	35.9	39.9
Miscellaneous internal revenue taxes.....	39.6	37.5
Employment taxes.....	14.0	11.7
Total internal revenue.....	89.5	89.1
Railroad Unemployment Insurance Act.....	.1	.1
Customs.....	5.9	3.9
Miscellaneous revenues and receipts.....	4.5	6.9
Total.....	100.0	100.0

Each broad class of revenue with the exception of customs contributes to the estimated increase in the fiscal year 1941 over the fiscal year 1940. The principal increases come in income taxes and miscellaneous internal revenue. The increases are due both to increasing business activity and new tax legislation. The customs estimate is lowered because of the effect of the war on international trade.

*Income taxes.*—Receipts from income taxes are estimated at \$3,055 millions, an increase of \$930 millions over actual receipts in the fiscal year 1940. Collections of current corporation and current individual income taxes in the fiscal year 1941 are derived from tax liabilities established in the calendar years 1939 and 1940, whereas fiscal year 1940 receipts depend upon the income levels of the calendar years 1938 and 1939. As the calendar year 1939 is common to both fiscal years, the increase in fiscal year 1941 receipts is attributable to a combination of (1) higher income levels estimated for the calendar year 1940 as compared to the calendar year 1938, and (2) the increased rates applicable to calendar year 1940 incomes because of changes in the law.



*Actual receipts in the fiscal year 1940 and estimated receipts in the fiscal years 1941 and 1942*

[In millions of dollars]

General and special accounts	Actual 1940	Esti- mated 1941	Esti- mated 1942
<b>1. Internal revenue:</b>			
<b>(1) Income taxes:</b>			
Corporation, current.....	958.3	1,443.0	2,092.0
Individual, current.....	891.8	1,222.0	1,604.0
Back income.....	252.6	255.0	260.0
Excess-profits tax.....		106.0	522.0
Declared value excess-profits.....	18.5	24.0	29.0
Unjust enrichment tax.....	8.5	5.0	2.5
Total income taxes (collection basis).....	2,129.6	3,055.0	4,509.5
Adjustment to daily Treasury statement basis (unrevised).....	-4.3		
Total income taxes (daily Treasury statement basis (unrevised)).....	2,125.3	3,055.0	4,509.5
<b>(2) Miscellaneous internal revenue:</b>			
Capital stock tax.....	132.7	166.8	193.4
Estate tax.....	330.9	317.3	341.7
Gift tax.....	29.2	31.3	32.8
Liquor taxes.....	624.1	810.5	839.5
Tobacco taxes.....	608.1	691.9	716.6
Stamp taxes.....	38.7	36.2	40.0
Manufacturers' excise taxes.....	446.7	623.5	666.4
Miscellaneous taxes.....	149.3	193.4	198.9
Total miscellaneous internal revenue (collection basis).....	2,359.6	2,871.0	3,029.3
Adjustment to daily Treasury statement basis (unrevised).....	-15.0		
Total miscellaneous internal revenue (daily Treasury statement basis (unrevised)).....	2,344.6	2,871.0	3,029.3
<b>(3) Employment taxes:</b>			
Taxes on employment by other than carriers:			
Federal Insurance Contributions Act.....	604.7	667.5	725.3
Federal Unemployment Tax Act.....	107.5	88.4	91.1
Total.....	712.2	755.9	816.4
Taxes on carriers and their employees (chap. 9, subchap. B of the Internal Revenue Code).....	121.0	135.3	144.9
Total employment taxes (daily Treasury statement basis (unrevised)).....	833.2	891.2	961.3
Total internal revenue (daily Treasury statement basis (unrevised)).....	5,303.1	6,817.2	8,500.1
<b>2. Railroad Unemployment Insurance Act (daily Treasury statement basis (unrevised)).....</b>	4.9	6.8	7.2
<b>3. Customs (daily Treasury statement basis (unrevised)).....</b>	348.6	302.0	295.0
<b>4. Miscellaneous revenues and receipts (daily Treasury statement basis (unrevised)).....</b>	268.2	527.2	169.4
<b>Total receipts, general and special accounts (daily Treasury statement basis (unrevised)).....</b>	5,924.8	7,653.2	8,971.7
<b>Deduct:</b>			
Net appropriation for Federal old-age and survivors insurance trust fund <sup>1</sup> representing an amount equal to taxes collected and deposited under the Federal Insurance Contributions Act, less reimbursement to General Fund for administrative expenses.....	537.7	640.3	696.3
<b>Net receipts, general and special accounts (daily Treasury statement basis (unrevised)).....</b>	5,387.1	7,012.9	8,275.4

<sup>1</sup> Formerly old-age reserve account.

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

Current corporation income taxes are estimated to be \$1,443 millions, an increase of \$485 millions, or 51 percent over actual receipts in the fiscal year 1940. The two revenue acts passed in 1940 increased the corporation rate from the prevailing 16½–19 percent rates of the 1938 act to 22.1 percent plus a defense tax of 1.9 percent of net income for corporations with net incomes in excess of \$25,000. The graduated rates of small corporations were increased 1 percent plus a defense tax of 10 percent of the basic tax by the Revenue Act of 1940, approved June 25, 1940. The increase due to these tax increases is offset to a minor extent by the allowance of a two-year loss carryover (only one year of which is effective in the calendar year 1940) and the full deduction against ordinary income of long-term capital losses, both provisions being part of the Revenue Act of 1939, but effective for the first time in the calendar year 1940.

Current individual income tax collections are estimated at \$1,222 millions, an increase of \$330 millions, or 37 percent over the actual collections of the previous fiscal year. The Revenue Act of 1940 decreased personal exemptions by 20 percent, increased surtax rates on incomes from \$6,000 to \$100,000 and added a defense tax of 10 percent of the basic tax or net income after the basic tax, whichever is less. The Public Salary Tax Act which eliminated exemption of State and local governmental employees' salaries from Federal taxation was effective for years beginning after December 31, 1938. The fiscal year 1941 is the first year in which a full year's collections from this additional tax base will be received.

Back corporation and individual income taxes which reflect collections of delinquent liabilities of past years are estimated at \$255 millions, an increase of \$2 millions over the fiscal year 1940.

Initial collections of the corporation excess-profits tax to be received in the fiscal year 1941, representing only partial collections of calendar year 1940 liabilities, are estimated to be \$106 millions.

The excess-profits tax, part of the Second Revenue Act of 1940, levies graduated rates from 25 percent on adjusted excess-profits net incomes of less than \$20,000, to 50 percent on adjusted excess-profits net incomes in excess of \$500,000. Adjusted excess-profits net income is the difference between the excess-profits net income of the taxable year and the excess-profits credit plus \$5,000. The excess-profits credit may be either (a) 8 percent of invested capital of the taxable year, or (b) 95 percent of the average base period (1936–1939) net income plus 8 percent of net capital additions or minus 6 percent of net capital reductions in the taxable year. In determining the average base period income, one deficit year may be treated as zero.

Declared value excess-profits tax collections are estimated to amount to \$24 millions, an increase of \$6 millions over the preceding year. As in the case of the income tax, the increase is due to higher business

levels estimated in the calendar year 1940 as compared to the calendar year 1938. The defense tax of 10 percent of the tax rate formerly in effect also contributes to the increase.

Unjust enrichment taxes, which are currently back taxes principally based on liabilities incurred in the calendar year 1936, are estimated to decrease from \$9 millions in the fiscal year 1940 to \$5 millions, as the outstanding claims for these taxes have been decreased by collections.

*Miscellaneous internal revenue.*—Total miscellaneous internal revenue receipts are estimated at \$2,871 millions, a total of \$526 millions above actual receipts in the fiscal year 1940. Most of the major sources of revenue in this group contribute to the estimated increase.

Capital stock tax receipts are estimated at \$167 millions, an increase of \$34 millions over the previous fiscal year. The increase represents a higher declaration of capital stock value because of increased earnings anticipated by corporations in the calendar year 1940 as compared with the calendar year 1939 and the defense rate increase of 10 percent.

Estate tax collections in the fiscal year 1941 are estimated at \$317 millions as compared with \$331 millions in the fiscal year 1940. The 1940 collections included a large payment from one estate and allowance for the nonrecurrence of this item more than offset the estimated rising value of the property composing the estates on which taxes will be paid in the fiscal year 1941. The defense taxes on estates in the fiscal year 1941 are small for two reasons: First, because the act was approved June 25, 1940, just prior to the beginning of the fiscal year 1941, and second, because there is a fifteen-month interval between the date of death of a decedent and the due date for payment of the tax.

Gift tax collections are estimated to be \$31 millions, an increase of \$2 millions over collections of \$29 millions in the fiscal year 1940.

Liquor taxes are expected to produce \$811 millions or \$186 millions above actual receipts in the fiscal year 1940.

Tobacco tax receipts are estimated at \$692 millions, or \$84 millions above actual receipts of \$608 millions in the fiscal year 1940. The tax on cigarettes, including the floor stocks tax, estimated to provide \$614 millions, will bring most of the total revenues under this group as well as \$81 millions of the increase.

Stamp taxes are expected to bring \$36 millions, or a decrease of \$2 millions from actual receipts in the fiscal year 1940.

Manufacturers' excise tax collections are estimated at \$624 millions. Defense taxes are estimated to bring a large part of the estimated gain of \$177 millions over actual collections in the fiscal year 1940. Each tax source within this group is estimated to show a gain over 1940, with gasoline showing the largest part of the rise.

Miscellaneous tax collections are estimated at \$193 millions, or \$44 millions above fiscal year 1940 collections.

*Employment taxes.*—Total employment taxes for the fiscal year 1941 are estimated at \$891 millions, an increase of \$58 millions over actual receipts of \$833 millions in the fiscal year 1940.

Receipts under the Federal Insurance Contributions Act, formerly title VIII of the Social Security Act, are estimated at \$668 millions. This is an increase of \$63 millions over actual receipts of \$605 millions in the fiscal year 1940, which, to date, is the highest fiscal year figure attained since taxes were first received under this act in 1937. Since the rates of tax are the same, the increase is the result of estimated higher levels of business activity plus the inclusion for the first full fiscal year of the net addition to the legal tax base resulting from the Social Security Act Amendments of 1939, approved August 10, 1939. The major changes in coverage under this act were the inclusions of service on American vessels, employees of member banks of the Federal Reserve System, individuals aged 65 and over, and the exclusion of certain groups of farm workers. Inasmuch as the inclusion of individuals aged 65 and over was made retroactive to January 1, 1939, taxes for five quarters were collected on this base in the fiscal year 1940. The other major changes in coverage became effective January 1, 1940, so that revenues from such coverage were included in the fiscal year 1940 receipts to the extent of only one quarter's liability. It should be noted that the Social Security Act Amendments of 1939 prevented the 50 percent increase in rates on January 1, 1940, which would have applied to wages in the calendar years 1940, 1941, and 1942.

Receipts from the Federal Unemployment Tax Act, formerly title IX of the Social Security Act, are expected to decline to \$88 millions from actual receipts of \$108 millions in the fiscal year 1940. The drop will be the first since taxes under this act and its predecessor were first received in 1936. The passage of the Social Security Act Amendments of 1939 is primarily responsible for the decline in revenues because it effected a decrease in coverage of individuals' wages, i. e., wages in excess of \$3,000 a year, which more than offset an increase in coverage of employees. Another reason for the decline is the fact that railroad employees were removed from coverage under this act by the Railroad Unemployment Insurance Act which became effective July 1, 1939. The decline in the tax base is partly offset by an increase in the taxable compensation which has been forecast for the remainder of the base.

Receipts from the Carriers Taxing Act of 1937 are estimated at \$135 millions. The increase, as compared to fiscal year 1940 receipts of \$121 millions, is attributable only in part to the higher level of railroad pay rolls in April 1940–March 1941, the period for which liabilities are paid in the fiscal year 1941, as compared with pay rolls in the corresponding period of the previous year. The larger portion

of the increase is due to the rise in the rate of tax from 2½ percent on both employees and employers to 3 percent on both employees and employers, effective January 1, 1940. Only one quarter's tax liabilities were collected at the 3 percent rate in the fiscal year 1940 as against the four quarters of the fiscal year 1941.

*Railroad Unemployment Insurance Act.*—Receipts under this act are estimated at \$7 millions, an increase of \$2 millions over receipts in the fiscal year 1940. This act, which became effective July 1, 1939, was in effect throughout the fiscal year 1940, but because of the lag of one quarter in making payments of liabilities, receipts in 1940 included contributions covering only three quarters' liabilities as compared to four quarters' liabilities in the fiscal year 1941. The Railroad Unemployment Insurance Act requires carriers to pay contributions under it rather than under the Federal Insurance Contributions Act, as was the case prior to July 1, 1939.

*Customs.*—Customs duties are expected to fall to \$302 millions in the fiscal year 1941. This total represents a drop of \$47 millions, or 13 percent, from the fiscal year 1940 level, which was unusually high, in the light of the state of foreign affairs, principally because of large imports of sugar, liquors, and wool.

*Miscellaneous revenues and receipts.*—These are estimated at \$527 millions in 1941. The increase of \$259 millions over 1940 is accounted for principally by the repayment of \$300 millions of capital funds by Government corporations.

#### *Fiscal year 1942*

Total receipts in general and special accounts in 1942 are estimated at \$8,972 millions which is \$1,319 millions above the estimated receipts of \$7,653 millions in 1941.

*Income taxes.*—Total income taxes, which will reflect for the first time the full effect of the revenue acts passed in 1940, are estimated to amount to \$4,510 millions. This total represents an increase of \$1,455 millions or 48 percent over the estimated collections in 1941 and \$2,384 millions or 112 percent over actual receipts of \$2,125 millions in 1940. The same factors responsible for the increase in receipts in 1941 as compared to 1940, increases in both business levels and tax rates, are accountable for the continuation of the increase in 1942. Current corporation income taxes are estimated to be \$2,092 millions, an increase of 45 percent over 1941 estimated receipts, while current individual income tax collections are estimated to increase 31 percent to \$1,604 millions. Back income taxes are estimated to be \$260 millions. Fiscal year 1942 collections of corporation excess-profits taxes, representing a full year's collections, are estimated at \$522 millions, an increase of \$416 millions over the estimate of 1941.

As a result of the estimated higher incomes, the declared value excess-profits tax collections are estimated at \$29 millions, an increase of \$5 millions over the preceding year.

Unjust enrichment taxes are estimated to decline to \$3 millions as the collections still further reduce the remaining claims for this back tax.

*Miscellaneous internal revenue.*—Miscellaneous internal revenue receipts are estimated at \$3,029 millions, an increase of \$158 millions over estimated receipts in the fiscal year 1941. Each major classification of receipts shows an increase over the 1941 estimates.

Estimated fiscal year 1942 receipts from the capital stock tax amounting to \$193 millions reflect the effect of higher business levels estimated for the calendar year 1941 as compared to the calendar year 1940.

Estate tax collections of \$342 millions are expected in the fiscal year 1942, an increase over the fiscal year 1941, principally because a larger percentage of the estate taxes paid will have been subject to the defense tax as compared with those of the previous fiscal year.

Collections from the gift tax are expected to be \$33 millions as compared to \$31 millions in the fiscal year 1941.

Liquor tax collections are estimated at \$840 millions, an increase of \$29 millions over the fiscal year 1941 estimate. The gain takes place in spite of the nonrecurrence of \$23 millions in floor stocks taxes applicable only in the fiscal year 1941.

It is estimated that collections from tobacco taxes will rise to \$717 millions or \$25 millions above the fiscal year 1941 estimates. While the floor stocks taxes on cigarettes are a nonrecurring item, this is the only item of this group which shows a decrease.

Collections from stamp taxes are estimated at \$40 millions, a gain of \$4 millions over the estimate for the fiscal year 1941.

Manufacturers' excise taxes are expected to advance to \$666 millions. This is a gain of \$43 millions over estimated 1941 collections. Each of the taxes in this group shows an increase over the estimates for 1941.

Miscellaneous taxes are estimated at \$199 millions, a figure \$5 millions over the 1941 estimate. The only significant decrease in this group is in the tax on bituminous coal, which is scheduled to expire April 26, 1941.

*Employment taxes.*—Employment taxes receipts are estimated at \$961 millions, an increase of \$70 millions over estimated receipts in the fiscal year 1941.

Receipts under the Federal Insurance Contributions Act, formerly title VIII of the Social Security Act, are estimated at \$725 millions.

The increases of \$121 millions over actual receipts of \$605 millions in the fiscal year 1940, and of \$58 millions over estimated receipts of \$668 millions in the fiscal year 1941 are largely the result of substantial increases in the forecast of taxable pay rolls. The increase over the fiscal year 1940 is accounted for by the fact that the latter year included receipts of only one quarter's liabilities from the groups brought under the act by the Social Security Act Amendments of 1939. The fiscal year 1940 did, however, include receipts from five quarters' liabilities from individuals aged 65 and over as compared to four quarters in later years, but the net effect is a large increase in the tax base since the fiscal year 1940.

Receipts from the Federal Unemployment Tax Act, formerly title IX of the Social Security Act, are expected to increase slightly from \$88 millions in the fiscal year 1941 to \$91 millions. Prior to July 1, 1939, when the Railroad Unemployment Insurance Act placed employees of railroads under a separate unemployment compensation system, such tax liabilities of railroads were included under the Federal Unemployment Tax Act. Tax liabilities occurring in the calendar year 1939 were payable in the calendar year 1940, and therefore the receipts in the first six months of the fiscal year 1941, July through December 1940, reflect some of the tax liability now transferred entirely to the Railroad Unemployment Insurance Act. This decrease in the legal tax base in the fiscal year 1942 as compared to 1941 has been more than compensated by a forecast rise in income taxable under this act.

Receipts under the Carriers Taxing Act of 1937 are estimated at \$145 millions as compared to \$135 millions in the fiscal year 1941. The entire increase is attributable to the increased railroad pay rolls which are expected to follow the forecast expansion of industrial activity since there have been no changes in the act.

*Railroad Unemployment Insurance Act.*—The receipts under the Railroad Unemployment Insurance Act are expected to increase slightly from \$6.8 millions in the fiscal year 1941 to \$7.2 millions.

*Customs.*—Receipts from customs duties are estimated to decrease slightly from the level of 1941, to \$295 millions. The decline is small because larger imports from areas not affected by hostilities are expected to somewhat offset further decline in imports from countries whence imports are cut off.

*Miscellaneous revenues and receipts.*—Miscellaneous revenues and receipts are estimated at \$169 millions, a decrease of \$358 millions from estimated receipts in the fiscal year 1941. This decrease is accounted for principally by the fact that the 1941 receipts included \$300 millions of repayments of capital funds by Government corporations.

## ESTIMATES OF EXPENDITURES

Actual expenditures for the fiscal year 1940 and estimates for the fiscal years 1941 and 1942 are summarized in the following table. Further details will be found in table 23 beginning on page 696. The estimates are based upon figures submitted to the Congress in the Budget for 1942.

*Actual expenditures for the fiscal year 1940 and estimated expenditures for the fiscal years 1941 and 1942*

[In millions of dollars]

General and special accounts	Actual 1940	Estimated 1941	Estimated 1942
General (including recovery and relief).....	8,736.4	12,526.6	15,111.5
Revolving funds (net).....	53.9	* 140.4	9.5
Transfer to trust accounts, etc.....	207.9	216.2	274.6
Debt retirements.....	129.2	100.0	100.0
Total, exclusive of special items.....	9,127.4	12,702.4	15,495.5
Supplemental items:			
Regular.....		150.0	100.0
National defense.....		100.0	1,000.0
Work relief.....		350.0	990.0
Grand total, general and special accounts.....	9,127.4	13,302.4	17,585.5

\* Excess of credits, deduct.

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals.

### TREASURY ACTIVITIES UNDER THE OLD-AGE PROVISIONS OF THE SOCIAL SECURITY ACT, FISCAL YEARS 1936 TO 1940

Title II of the Social Security Act, approved August 14, 1935, established a system of Federal old-age benefits payable after December 31, 1941, to employees in covered industries who thereafter attained the age of 65. Death benefits and lump-sum payments to employees attaining age 65, but not eligible for annuity benefits, were payable from January 1, 1937. Title VIII of the act levied an income tax upon the wages of employees and an excise tax on employers. These taxes were collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury.

Section 201 (a) of the act established an account in the Treasury to be known as the "Old-Age Reserve Account," and there was authorized to be appropriated to the account for each fiscal year beginning with 1937 "an amount sufficient as an annual premium to provide for the payments required under this title," and "to be determined on a reserve basis in accordance with accepted actuarial principles, and based upon such tables of mortality as the Secretary of the Treasury shall from time to time adopt, and upon an interest rate of 3 per centum per annum compounded annually." The Secretary of the Treasury was required to submit annually to the Bureau of the Budget estimates of the appropriations to be made to this account.



Under these provisions of the law, appropriations to the old-age reserve account were not required to equal the amount of taxes levied and collected under title VIII, though in practice these appropriations were approximately equivalent to taxes collected less an allowance for administrative expenses. This procedure was predicated upon the approximate correspondence, on a 3 percent reserve basis, between taxes levied under title VIII and benefits specified under title II, as determined in accordance with section 201 (f) of the act. This section required that "The Secretary of the Treasury shall include in his annual report the actuarial status of the Account." The term "actuarial status" was interpreted to mean a comparison of future benefit payments with funds on hand plus future income of the account. The annual reports of the Secretary of the Treasury for the the fiscal years 1937 (page 49) and 1938 (page 55) describe the methods and results of this comparison. These reports point out the considerable margin of error inherent in calculations of this nature, since they must necessarily involve assumptions as to future mortality rates, wage levels, population growth, coverage under insured employment, and rates of retirement.

It was also the duty of the Secretary of the Treasury to invest such portions of the amounts credited to the account as were not, in his judgment, required to meet current benefit payments. These investments were made solely in 3 percent special Treasury notes, authorized under an extension of the purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended. Interest on investments was credited to and formed a part of the account.

All amounts credited to the account were available for making payments required under title II of the act. The Secretary of the Treasury made all benefit payments from the account in accordance with certifications by the Social Security Board.

The Social Security Act was amended by an act approved August 10, 1939, the amendments to become effective on January 1, 1940 (see exhibit 53 on page 578, and the discussion on page 212). During the first 6 months of the fiscal year 1940, the financing of the program continued to operate under the provisions of the original act. On January 1, 1940, the balance to the credit of the old-age reserve account was transferred to the Federal old-age and survivors insurance trust fund, created by the amending act. Operations under the old-age reserve account have been shown in the annual reports for 1937 to 1939, and are summarized in the following table.

*Receipts, expenditures, and assets of the old-age reserve account for specified periods,  
Jan. 1, 1937, to Dec. 31, 1939*<sup>1</sup>

[In thousands of dollars]

Item	Jan. 1, 1937, to Dec. 31, 1939	Jan. 1, 1937, to June 30, 1937	July 1, 1937, to June 30, 1938	July 1, 1938 to, June 30, 1939	July 1, 1939, to Dec. 31, 1939
<b>Receipts:</b>					
Appropriations by Congress.....	1,705,000	265,000	<sup>2</sup> 500,000	390,000	<sup>3</sup> 550,000
Interest on investments.....	44,625	2,262	15,412	26,951	-----
Total receipts.....	1,749,625	267,262	515,412	416,951	550,000
<b>Expenditures: Benefit payments.....</b>	25,228	27	5,404	13,892	5,905
Net addition to account.....	1,724,397	267,235	510,008	403,059	544,095
Balance at beginning of period.....	-----	-----	267,235	777,243	1,180,302
Balance at end of period.....	1,724,397	267,235	777,243	1,180,302	1,724,397
<b>Assets (at end of period):</b>					
Investments—3% special Treasury notes maturing—					
June 30, 1941.....	-----	264,900	264,900	264,900	264,900
June 30, 1942.....	-----	2,200	382,000	382,000	382,000
June 30, 1943.....	-----	-----	15,400	497,400	497,400
June 30, 1944.....	-----	-----	-----	32,900	290,900
-----	-----	267,100	662,300	1,177,200	1,435,200
<b>Unexpended balances:</b>					
To credit of fund account.....	-----	62	113,012	66	282,068
To credit of disbursing officer.....	-----	73	1,931	3,036	7,129
Total assets (at end of period).....	-----	267,235	777,243	1,180,302	1,724,397

<sup>1</sup> On basis of daily Treasury statements (unrevised), see p. 583.

<sup>2</sup> \$113,000,000 of this amount was not transferred until the fiscal year 1939.

<sup>3</sup> \$282,000,000 of this amount was not transferred until the second half of the fiscal year 1940.

Under the amended act, the Secretary of the Treasury is no longer required to report on the actuarial status of the trust fund. This is now a function of the Board of Trustees, whose first annual report to the Congress is to be made on the first day of the regular session in 1941. A statement of the operations under the trust fund for the second half of the fiscal year 1940 is shown in the following table. Operations for the complete fiscal year 1940, which were conducted under both the old-age reserve account and the trust fund, are given on page 212 of this report.

*Receipts, expenditures, and assets of the old-age and survivors insurance trust fund,  
Jan. 1, 1940, to June 30, 1940*<sup>1</sup>

[In thousands of dollars]

<b>Receipts:</b>	
Transfers from the old-age reserve account (Jan. 1, 1940):	
Investments.....	1,435,200
To credit of fund account.....	282,068
To credit of disbursing officer.....	7,129
Interest on investments.....	1,724,397
Total receipts.....	42,489
<b>Expenditures:</b>	1,766,886
Benefit payments.....	9,900
Reimbursement for administrative expenses.....	12,288
-----	22,188
Balance on June 30, 1940.....	1,744,698
<b>Assets on June 30, 1940:</b>	
3 % special Treasury notes.....	1,413,200
2½ % special Treasury notes.....	324,900
Unexpended balances.....	6,598
Total assets on June 30, 1940.....	1,744,698

<sup>1</sup> On basis of daily Treasury statements (unrevised), see p. 583.

**NEUTRALITY AND NATIONAL DEFENSE ACTIVITIES**

After the outbreak of European hostilities on September 3, 1939, existing activities of the Treasury Department concerned with the preservation of our neutrality and the strengthening of the national defense were augmented by provisions of the President's neutrality proclamation and Executive Order No. 8233 of September 5 and of the proclamations of September 5 and 8. From time to time related duties were imposed. All the activities derive from basic statutory functions of the Secretary of the Treasury for the administration and enforcement of certain laws, performance of other public services, and for the management of the national finances. The responsibilities relate to the acquiring of supplies, equipment, and materials required for preparation of the national defense, the guarding of our coastal boundaries, the prevention of various kinds of unneutral acts, and supervision of certain fiscal matters.

*Strategic and critical materials*

Strategic and critical materials were purchased during the year, to supply the industrial, military, and naval needs of the country for defense. Acquisitions are made at the direction of the Secretary of War and the Secretary of the Navy, by the Secretary of the Treasury through the medium of the Procurement Division, in accordance with specifications prepared by that Division and approved by the Secretary of War and the Secretary of the Navy. Determination of which materials are strategic and critical and the quality and quantities which shall be purchased is made by the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior acting jointly through the Army and Navy Munitions Board. In accordance with the law the Secretary of the Treasury designated as his representative the Director of Procurement to cooperate in making such determination.

Authority for procurement of these materials by the Treasury Department is contained in the act of June 7, 1939 (Public No. 117), an act to provide for the common defense by acquiring stocks of strategic and critical materials essential to the needs of industry for the manufacture of supplies for the armed forces and the civilian population in time of a national emergency, and to encourage further development of the materials within the United States.

Under the date of August 9, 1939, Congress appropriated \$10,000,000 for this purpose. On March 25, 1940, an additional sum of \$12,500,000 was appropriated, of which \$3,000,000 was made immediately available, thus making a total of \$13,000,000 available for expenditure during the fiscal year 1940.

A statement of the obligations incurred as of June 30, 1940, follows.

*Status of the strategic and critical materials program, as of June 30, 1940*

Material	Source	Quantity ordered	Amount obligated	Quantity delivered
Chrome ore.....	Turkey.....	20,600 L. T.		
	Alaska.....	25,000 L. T.		
	Rhodesia.....	19,500 L. T.		
Total.....		64,500 L. T.	\$2,168,668.24	20,407 L. T.
Manganese ore.....	Cuba.....	27,300 L. T.		
	Philippines.....	31,500 L. T.		
	United States.....	7,500 L. T.		
	South Africa and British India.....	20,000 L. T.		
Total.....		86,500 L. T.	2,889,000.00	46,350 L. T.
Manila fiber.....	Philippines.....	14,800 bales	245,921.20	10,200 bales.
Optical glass.....	United States.....	11,400 pounds	16,200.00	
Quartz crystals.....	Brazil.....	14,500 pounds	99,580.00	4,179 pounds.
Quinine sulphate.....	Dutch East Indies.....	700,000 ounces	409,000.00	700,000 ounces.
Tin (pig).....	Bolivia (refined in United States).....	100 S. T.		
	China.....	100 S. T.		
	Straits Settlements.....	5,924 S. T.		
Total.....		6,124 S. T.	6,081,328.00	3,630 S. T.
Tungsten ore.....	China.....	425 S. T.	500,444.56	448 S. T.
Total obligated for material.....			12,400,142.00	
Administrative expenses.....			9,066.00	
Contingent expenses (advances and transfers to other agencies).....			169,520.00	
Total amount obligated.....			12,578,728.00	
Unobligated balance of allotment.....			421,272.00	
Total allotment.....			13,000,000.00	

<sup>1</sup> In addition to \$73,800 advanced to Bureau of Standards for manufacturing.

The materials acquired under this program are stored on Army and Navy bases, as provided in the act. Rotation of the materials, in order to prevent deterioration, as provided for in the act, was unnecessary in the first year of the program.

*Coordination of foreign and domestic military purchases*

By direction of the President, the Secretary of the Treasury is the President's personal representative in matters relating to purchases of war materials by foreign sources. An Assistant to the Secretary is a member, by appointment of the President, of the Interdepartmental Committee for Coordination of Foreign and Domestic Military Purchases, which was appointed on December 6, 1939. Liaison between the President and the Committee is effected through the Secretary of the Treasury.

The Committee serves as the exclusive liaison with reference to procurement matters between the United States Government and interested foreign governments. The requirements of such foreign governments with regard to war supplies, equipment, and materials

are considered by the Committee in relation to availability, priority, and prices of the desired articles. An important part of the Committee's function is to prevent conflict in United States markets between such foreign requirements and the requirements of the United States Government and its citizens.

### *Munitions control*

The Secretary of the Treasury serves as a member of the National Munitions Control Board, which supervises and controls, through a system of registration and licenses, the manufacture of, and international traffic in, arms, ammunition, and implements of war. The Board was established by the joint resolution approved August 31, 1935, and continued by the Neutrality Act of November 4, 1939 (Public Resolution No. 54), which repealed the joint resolution of August 31, 1935, as amended. During the fiscal year 1940 the Coast Guard and the Customs Service continued to cooperate in assisting the Department of State, in whose administration the licensing system is vested, in the control of international traffic in arms.

### *Regulation and control of vessels*

The Customs Service in cooperation with the Coast Guard assisted other departments in preventing outgoing merchant vessels from carrying passengers or cargo contrary to the provisions of the Neutrality Act and regulations. Cooperation was given also by both agencies in preventing unauthorized travel by United States citizens on United States ships and on vessels of belligerents, and in the detection of espionage and sabotage.

The Customs Service assisted the Department of State in the enforcement of passport regulations. Upon an order of the State Department declaring all passports issued by the United States Government invalid unless first validated by the State Department on or after September 4, 1939, Customs officers were stationed at departing vessels to examine passports of travelers going to Europe and to take from such travelers United States passports not so validated.

Merchandise being exported, and documents relating thereto, were examined to insure compliance with the requirements of the Neutrality Act regarding transfer of title. In certain circumstances, depending upon the nature and destination of the merchandise and the nationality of the vessel transporting it, merchandise cannot be exported until all right, title, and interest therein has been transferred to the foreign purchaser. The use of United States vessels for certain types of exportations is forbidden. The enforcement of these and other provisions of the Neutrality Act and regulations has increased and made

more complex the work of the Customs Service in connection with the exportation of merchandise.

The Customs Service and the Coast Guard cooperated in determining whether armament borne by merchant vessels was for defensive or for offensive purposes.

Following passage of the Neutrality Act of May 1, 1937 (Public Res. No. 27), since superseded by the Neutrality Act of November 4, 1939, the Coast Guard conducted continuous vessel and aircraft patrols of the coasts and harbors of the United States, its Territories and possessions, and maintained surveillance over certain merchant shipping, both foreign and domestic, off the coasts and within the territorial waters of the United States. This involved primarily the identification and maintenance of a daily record of all foreign merchant vessels adjacent to the coasts of the United States as well as within its territorial waters and harbors; the sealing of the radio apparatus on merchant vessels of belligerent countries while within the jurisdiction of the United States to prevent unauthorized transmissions, and the responsibility for the security of the seals placed on such apparatus; supervision through formally designated captains of the ports over vessels lading and discharging explosives and other dangerous cargo and control of the movement and anchorage of such vessels within the harbors and waters of the United States.

Any control necessary with respect to vessels of war in territorial waters or ports of the United States was exercised by the United States Navy, to which the full cooperation of the Coast Guard and the Customs Service was extended.

The exercise of statutory powers with respect to control of foreign and domestic vessels in United States harbors and waters, vested in the Secretary of the Treasury and the Governor of the Panama Canal by section 1 of title II of the so-called Espionage Act, approved June 15, 1917, was made possible by the proclamation of the President on June 27, 1940. A copy of this proclamation is shown on page 579. Regulations to carry out the provisions of the proclamation were issued by the Secretary of the Treasury, with the approval of the President on June 27, 1940 (5 Fed. Reg. 2442, D. I.), and an Office of Merchant Ship Control was established as an integral part of the Office of Operations, Coast Guard Headquarters, under the Commandant of the Coast Guard. Cooperation is given by the Customs Service. Those regulations were supplemented in considerable detail on October 29, 1940.

The function of the Office of Merchant Ship Control is twofold. First, departure of vessels from any port or place in the United States, or subject to the jurisdiction of the United States, on voyages on which clearance by a customs officer is required, must be authorized by the Secretary of the Treasury through the principal customs officer

in charge of the port of departure. Second, control is strengthened over the anchorage and movement of vessels in the United States harbors.

Movement of any vessels within the area of a port and the movement, lading, and discharging of explosives and other dangerous cargo are under the supervision and control of the captain of the port or, where the port has no such officer, of an officer of the Coast Guard or of the Customs Service designated by the Secretary. The captain of the port or other officer designated is authorized to have inspected and searched any vessel within the territorial waters of the United States, or any person or package thereon, to place guards upon such vessels, and to remove any or all persons not authorized to go or to remain on board. The collector of customs, through the captain of the port or other agency acting for the collector, subject to the approval of the Secretary, is directed to take full possession and control of any vessel in such waters to secure such vessels from damage or injury, or to prevent damage or injury to any harbors or waters of the United States. Licensing of small craft operating in the harbors or waters of any ports of entry may be required by the Secretary, such licenses to be granted by the collector of customs.

#### *Credits to belligerents*

On September 6, 1939, the President issued a regulation excepting from the operation of the section of the Neutrality Act relating to financial transactions (sec. 3 of the joint resolution approved May 1, 1937), as made applicable to the various belligerents by the proclamation of September 5, 1939, "ordinary commercial credits and short-time obligations in aid of legal transactions and of a character customarily used in normal peacetime commercial transactions." That regulation authorized the Secretary of the Treasury to administer the provisions thereof and to promulgate any necessary rules and regulations. A number of questions arising in connection with the provisions of the regulation of the President were handled by the Treasury Department. The regulation expired on November 4, 1939, with the enactment of the Neutrality Act of 1939.

#### *Foreign funds control*

The foreign funds control was established in April 1940. Pursuant to section 5 (b) of the act of October 6, 1917 (40 Stat. 411), as amended, Executive Order No. 8389 was issued by the President on April 10, 1940. This order so amended a previous order, Executive Order No. 6560 of January 15, 1934, as to prohibit, except under license, certain transactions involving property in which Norway or Denmark, or any national thereof, has any interest. The prohibited transactions con-

sist of transfers of credit between banking institutions within the United States and transfers of credit between banking institutions within the United States and banking institutions outside the United States; payments by or to banking institutions within the United States; transactions in foreign exchange by any person within the United States; the export or withdrawal from the United States or the earmarking of gold or silver coin or bullion or currency by any person within the United States; transfers, withdrawals, or exportations of, or dealings in, any evidences of indebtedness or evidences of ownership of property by any person within the United States; and transactions for the purpose, or which have the effect, of evading or avoiding the foregoing prohibitions.

Public Resolution No. 69, approved May 7, 1940, amending section 5 (b) of the act of October 6, 1917, appears as exhibit 40 on page 538.

On May 10 and June 17, 1940, the Executive order of April 10 was amended to extend the provisions thereof to and with respect to property in which the Netherlands, Belgium, Luxembourg, and France, or any national thereof, have any interest. The Executive orders of April 10, May 10, and June 17, 1940, appear as exhibit 41 on page 538.

Pursuant to the Executive order of April 10, 1940, as amended, and the regulations issued thereunder, reports are required with respect to all property situated in the United States in which any of the countries named in the Executive order, or nationals thereof, had an interest on the indicated date. The regulations set up a procedure for the filing of applications for licenses to engage in transactions covered by the Executive order. Such applications are filed with the Treasury Department through the various Federal Reserve Banks and the Governors and High Commissioners of the Territories and possessions of the United States. The Regulations of May 10, 1940, appear as exhibit 42 on page 542.

#### *Fiscal matters*

In connection with fiscal matters relating to the national defense, the Treasury has certain additional duties under the Revenue Act of 1940, an act to provide for the expenses of national preparedness by raising revenue and issuing bonds. That act, approved June 25, 1940 (Public No. 656), amending the Second Liberty Bond Act, as amended, authorized the Secretary of the Treasury to issue, subject to certain requirements, obligations not to exceed in the aggregate \$4 billions outstanding at any one time, less any retirements made from the special fund made available under section 301 of the act, in order to provide the Treasury with funds to meet any expenditures for the national defense made after June 30, 1940, or to reimburse the General Fund of the Treasury therefor.



By the terms of title III of the Revenue Act of 1940, the Secretary of the Treasury is directed, at the end of each quarter, to determine the additional amount of taxes collected attributable to the increases in taxes, with certain exceptions, and to set aside the amounts so determined as a special fund for retiring any obligations issued pursuant to the authority contained in section 21 (b) of the Second Liberty Bond Act, as amended. If at any time the amounts in the fund are not sufficient for such purpose, the Secretary of the Treasury is directed to transfer to the fund moneys out of the General Fund of the Treasury. Any amounts in the special fund not necessary for the retirement of such obligations shall be deposited in the General Fund of the Treasury.

#### CHANGES IN ORGANIZATION AND PROCEDURE

Reorganization Plans Nos. III and IV, which became effective June 30, 1940, in accordance with Public Resolution No. 75, approved June 4, 1940, made various changes in the organization of the Treasury Department.

Reorganization Plan No. III consolidated into a Fiscal Service, under the direction of a permanent Fiscal Assistant Secretary, the functions of the Treasury Department pertaining to financing and fiscal activities. There were brought together in the Fiscal Service the Office of the Commissioner of Accounts and Deposits and the Office of the Commissioner of the Public Debt, including their various subdivisions, the Division of Savings Bonds, and the Office of the Treasurer of the United States. These activities, together with the Office of the Comptroller of the Currency, were at the time of transfer under the supervision of the Under Secretary, such assignment having been made effective January 18, 1940, by Treasury Department Order No. 28. Reorganization Plan No. III also made some adjustments in the assignment of functions of the units comprising the Fiscal Service and certain changes in titles, the net effect of which was to establish within the Fiscal Service the Office of the Fiscal Assistant Secretary, the Office of the Treasurer of the United States, a Bureau of Accounts under the Commissioner of Accounts, and a Bureau of the Public Debt under the Commissioner of the Public Debt. In addition to responsibility for the administration of these four segments of the Department's operations, the Fiscal Assistant Secretary was vested with the former financing functions of the Under Secretary of the Treasury and the Assistant Secretaries. The Fiscal Assistant Secretary will be appointed by the Secretary of the Treasury in accordance with civil service laws and will perform his duties under the general direction of the Secretary. One of the three existing positions of Assistant Secretary was abolished by the plan.

Reorganization Plan No. III also abolished the Federal Alcohol Administration and provided that its functions be administered under the direction and supervision of the Secretary of the Treasury through the Bureau of Internal Revenue. Under Treasury Department Order No. 30, June 12, 1940, the Basic Permit and Trade Practice Division, in charge of an Assistant Deputy Commissioner of Internal Revenue, was established on June 30, 1940, and derived the personnel, records, and property by transfer from the Federal Alcohol Administration. All functions of the Federal Alcohol Administration, except as provided in Treasury Department Order No. 31, were delegated to the Deputy Commissioner of Internal Revenue in charge of the Alcohol Tax Unit, to be exercised by him through the Basic Permit and Trade Practice Division or any other division of the Unit. All regulations, orders, instructions, and forms formerly issued by the Federal Alcohol Administration for the enforcement of the laws theretofore administered by the Administration were effective as if issued by the Alcohol Tax Unit. The legal functions, personnel, and property connected with the legal activities of the Federal Alcohol Administration were transferred to the Legal Division of the Treasury Department, effective on June 30, 1940, by Treasury Department Order No. 31, June 12, 1940.

Reorganization Plan No. IV, effective June 30, 1940, transferred to the Secretary of the Treasury the functions of the Attorney General relating to the approval of compromises made in accordance with the provisions of section 7 of the Federal Alcohol Administration Act (with the exception of compromise cases pending in the courts or which had been or may be referred to the Department of Justice for action).

The functions of foreign funds control under the provisions of Executive Order No. 8389 of April 10, 1940, as amended, were placed in the Office of the Secretary under the supervision of an Assistant to the Secretary.

A Division of Personnel, under the Director of Personnel, was established in the Office of the Secretary on July 1, 1940, by Treasury Department Order No. 32, June 25, 1940, in accordance with Executive Order No. 7916, June 24, 1938, and the 1941 Treasury Department Appropriation Act. The general functions of the Division are to give effect to the Department's responsibility for personnel supervision under the provisions of the Executive order. The Division of Appointments and the office of Classification Officer, Treasury Department, were consolidated with the Division of Personnel, and their respective functions, personnel, etc., were transferred to the Personnel Division.

During the year various changes were made by Treasury Department orders in assignments for purposes of general supervision of

Treasury activities. The Coast Guard, Bureau of Narcotics, and Secret Service Division were assigned to an Assistant Secretary, to whom were also to report the coordinator of the enforcement branches of the Treasury and the Committee on Enrollment and Disbarment. The Bureau of Customs was assigned to an Assistant to the Secretary but this assignment was transferred at the beginning of the fiscal year 1941 to the Assistant Secretary in charge of Coast Guard, Narcotics, and Secret Service.

The Procurement Division, Bureau of Engraving and Printing, and the Bureau of the Mint were assigned to an Assistant to the Secretary.

The Administrative Assistant to the Secretary was charged with the direction and control of the activities of departmental and bureau officers in all matters relating to obtaining or releasing quarters for agencies of the Treasury Department in the District of Columbia and in the field, whether in Federal or privately owned buildings.

The assignments in effect on June 30, 1940, are shown in Department Circular No. 244, June 28, 1940. Copies of the extracts from the reorganization plans, legislation, Treasury orders, department circular, etc., referred to above, will be found as exhibits 44 to 51, beginning on page 555 of this report.

Attention is invited to the attached reports of bureaus and divisions of the Treasury Department and to the exhibits and tables accompanying the report on the finances.

HENRY MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

TO THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.



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ADMINISTRATIVE REPORTS OF  
BUREAUS AND DIVISIONS

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## OFFICE OF THE COMMISSIONER OF ACCOUNTS AND DEPOSITS

Under the provisions of the President's Reorganization Plan No. III, which became effective on June 30, 1940, the Bureau of Accounts, headed by the Commissioner of Accounts, was established as a part of the new Fiscal Service of the Treasury Department. The Bureau of Accounts replaced the Office of the Commissioner of Accounts and Deposits. The plan provides that the supervision of the administration of the accounting functions and activities in the Treasury Department and all its bureaus, divisions, and offices shall be exercised under the direction of the Secretary of the Treasury by the Fiscal Assistant Secretary through the Commissioner of Accounts. The plan further provides that the function of authorizing the installation, maintenance, revision, and elimination of accounting records, reports, and procedures in the Treasury Department (except the Coast Guard) shall be exercised by the Fiscal Assistant Secretary through the Commissioner of Accounts.

During 1940 the Office of the Commissioner of Accounts and Deposits had administrative supervision over the Division of Book-keeping and Warrants and its relation to the office of the Treasurer of the United States, over the Division of Disbursement, the Division of Deposits, and the Section of Surety Bonds. It supervised collections of principal and interest on foreign obligations; kept the accounts, and handled generally matters relating to the indebtedness of foreign governments to the United States, including matters arising under funding agreements; supervised collections of railroad obligations owned by the Government, and kept the accounts relating thereto; handled the collection of other obligations owned by the United States which were turned over to the Treasury by other departments for collection; and made payments, kept accounts, and handled matters generally relating to awards under the Settlement of War Claims Act of 1928, under the claims agreement of October 25, 1934, between the United States and Turkey, and under the act of April 10, 1935, covering claims against the Republic of Mexico. The Commissioner likewise was responsible for the proper custody of investments and securities held by the Treasurer of the United States and the Federal Reserve Banks for which the Secretary was responsible, other than those related to public debt operations. The Commissioner also had supervision over the emergency accounting organization in the several States under the several Emergency Relief Appropriation Acts.

### *Daily Statement of the United States Treasury*

In addition to the changes in the classification of expenditures shown on the Daily Statement of the United States Treasury, effective July 1, 1939, as explained on page 60 of the annual report for 1939, a change was made beginning September 30, 1939. The preliminary public debt statement shown on the daily Treasury statement for the last day of each month includes a memorandum with respect to obligations of governmental agencies guaranteed by the United States, showing unmatured principal and matured principal and interest for which cash has been deposited with, or held by, the Treasurer of the United States.

Arrangements were made, effective July 1, 1940, to show trust account receipts and expenditures and transactions in checking accounts of governmental agencies in more detail. Sales and redemptions of their obligations in the market are now segregated from other transactions of governmental agencies. Other changes, beginning July 1, 1940, in the manner of showing receipts on account of social security taxes (employment taxes) and the appropriation of an equivalent amount of such receipts to the Federal old-age and survivors insurance trust fund were made necessary by section 201 of the Social Security Act Amendments of 1939 (see exhibit 53, page 578).

*Combined statement of assets and liabilities of governmental corporations and credit agencies*

A combined statement of assets and liabilities of governmental corporations and credit agencies as of June 30, 1940, will be found as table 58 on page 797 of this report. This statement is published in the Daily Statement of the United States Treasury, for the last day of each month, as required by Executive Order No. 6869 of October 10, 1934.\* The following is a summary of assets and liabilities of these corporations and agencies as of the close of each fiscal year, 1933 to 1940, inclusive:

*Summary of assets and liabilities of governmental corporations and credit agencies of the United States as of June 30, 1933 to 1940*

[In millions of dollars. On basis of daily Treasury statements (unrevised), see p. 583.]

	1933	1934	1935	1936	1937	1938	1939	1940
<b>ASSETS <sup>1</sup></b>								
Loans.....	3,603	5,764	8,019	8,312	7,785	7,645	7,600	7,687
Preferred capital stock, etc.....	31	780	873	799	765	793	790	708
Cash <sup>2</sup> .....	74	302	453	279	288	444	585	412
Investments:								
United States securities.....	115	362	444	486	551	651	713	748
Securities guaranteed by United States.....		79	220	211	196	158	140	131
All other.....	56	269	840	884	907	889	893	911
Accounts and other receivables.....	147	97	175	264	287	287	377	404
Real estate and other business property.....	106	97	156	183	222	430	451	562
Other <sup>3</sup> .....	88	106	194	373	595	853	889	1,219
<b>Total.....</b>	<b>4,220</b>	<b>7,856</b>	<b>11,374</b>	<b>11,791</b>	<b>11,596</b>	<b>12,150</b>	<b>12,468</b>	<b>12,782</b>
<b>LIABILITIES AND RESERVES <sup>1</sup></b>								
Guaranteed by United States (includes accrued interest).....		692	4,191	4,751	4,744	4,889	5,483	5,561
Not guaranteed by United States.....	1,357	2,636	2,407	2,470	2,553	2,814	2,909	3,177
<b>Total.....</b>	<b>1,357</b>	<b>3,328</b>	<b>6,598</b>	<b>7,221</b>	<b>7,297</b>	<b>7,703</b>	<b>8,392</b>	<b>8,738</b>
Excess of assets over liabilities <sup>1</sup> .....	2,863	4,528	4,776	4,570	4,299	4,447	4,076	4,044
<b>PROPRIETARY INTEREST</b>								
Owned by United States:								
Capital stock <sup>4</sup> .....	4,008	6,144	6,930	6,673	6,628	6,475	3,228	3,291
Surplus.....	244	177	324	361	328	585	641	558
Interagency interests <sup>5</sup> .....	1,478	2,072	2,831	2,811	3,013	2,932	181	210
<b>Total Government owned.....</b>	<b>2,774</b>	<b>4,249</b>	<b>4,423</b>	<b>4,223</b>	<b>3,943</b>	<b>4,078</b>	<b>3,688</b>	<b>3,639</b>
Privately owned.....	89	279	353	347	356	369	388	405
<b>Total proprietary interest.....</b>	<b>2,863</b>	<b>4,528</b>	<b>4,776</b>	<b>4,570</b>	<b>4,299</b>	<b>4,447</b>	<b>4,076</b>	<b>4,044</b>

<sup>1</sup> Exclusive of interagency assets and liabilities (except bond investments and deposits with Reconstruction Finance Corporation).

<sup>2</sup> Excludes unexpended balances of appropriated funds, but includes cash deposited with the Treasurer of the United States.

<sup>3</sup> Also includes real estate and other property held for sale.

<sup>4</sup> Includes nonstock proprietary interest.

<sup>5</sup> Excess interagency assets (deduct).

\*Superseded by Executive Order No. 8512, August 19, 1940.



A summary statement of the proprietary interest of the United States in such corporations and credit agencies as of June 30, 1939 and 1940, appears as table 59 on page 805.

The investment holdings of certain governmental corporations and other organizations which handle their own investment transactions are presented as of June 30, 1940, in table 58, page 797 and a summary statement for the fiscal years 1933 to 1940 may be found in the table on page 170.

### *Special financial statements of Government corporations and agencies*

Under the provisions of Senate Resolution No. 150, agreed to June 27, 1939, the Secretary of the Treasury was authorized and directed to prepare and transmit to the Senate a complete financial statement of each Government corporation or agency listed therein. The list included practically all Government corporations and credit agencies in active operation and involved 1,476<sup>1</sup> separate organizations. The major part of the information requested by the resolution was not contained in the accounting records of the Treasury Department so that it was necessary for the corporations and agencies to furnish the detailed statements.

The financial statements of each corporation or agency covered the period from date of its organization to June 30, 1939, and reflected the amount of recoverable assets based upon the latest appraisals or available information, the proprietary interest of the United States Government, the accounting and other procedures followed, the financial aid received from the United States Treasury and the extent to which the corporation or agency was self-supporting, the authority for incurring liabilities, inter-agency relationships, information on loans, and other related data. In addition to these financial statements, narratives for each corporation or agency were prepared covering its history and development, the circumstances leading up to its creation, its functions and operations, and similar information. Both the narratives and financial statements were summarized by the Treasury Department and made a part of the Secretary's report consisting of 32 volumes. The entire report was printed as Senate Document No. 172 (76th Cong., 3d sess.).

The Secretary of the Treasury was authorized and directed by Senate Resolution No. 292, agreed to July 29, 1940, to prepare and transmit to the Senate a similar report covering the fiscal year 1940.

### *Annual appraisal of assets and liabilities of the Commodity Credit Corporation*

Under an act of Congress, approved March 8, 1938, the Secretary of the Treasury is required to make an appraisal as of March 31 of each year of the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Corporation. In the event any such appraisal shall establish that the net worth of the Corporation is less than \$100,000,000, the Secretary of the Treasury is required to restore the amount of the capital impairment, appropriations for which are authorized in the act. In the event that any appraisal shall establish that the net worth of the Corporation is in

<sup>1</sup> Includes 1,383 Federal savings and loan associations.

excess of \$100,000,000, such excess must be deposited in the Treasury as miscellaneous receipts.

The following statement shows the results of such appraisals:

	<i>Amount</i>
Appropriations for restoration of capital impairment:	
Act of June 25, 1935 (appraisal as of Mar. 31, 1938).....	\$94, 285, 404. 73
Act of Aug. 9, 1939 (appraisal as of Mar. 31, 1939).....	119, 599, 918. 05
Total.....	213, 885, 322. 78
Less amount returned to Treasury (appraisal as of Mar. 31, 1940).....	43, 756, 731. 01
Net payments to corporation to June 30, 1940, as a result of capital impairment.....	170, 128, 591. 77

### *Securities owned by the United States Government*

Exclusive of foreign obligations, the aggregate amount of securities owned by the Government on June 30, 1940, based on the latest reports received, was \$3,031,219,470.25. A detailed statement of the securities held at the end of the fiscal years 1933 to 1940 will be found as table 55 on page 790. A summary comparison of the holdings at the end of the fiscal years 1933 to 1940 follows:

#### *Summary of securities owned by the United States Government, exclusive of foreign obligations, June 30, 1933 to 1940*

June 30—	Capital stock of governmental corporations	Paid-in surplus of governmental corporations and agencies	Bonds and notes of governmental corporations and agencies	Other securities <sup>1</sup>	Total
1933.....	\$799, 867, 962. 40	.....	\$1, 486, 107, 803. 00	\$807, 805, 124. 14	\$3, 093, 780, 889. 54
1934.....	1, 260, 612, 675. 00	\$55, 863, 477. 16	2, 991, 165, 147. 98	574, 712, 142. 01	4, 882, 353, 442. 15
1935.....	1, 747, 418, 795. 43	104, 493, 662. 75	2, 986, 215, 554. 93	791, 501, 654. 14	5, 629, 629, 667. 25
1936.....	1, 882, 428, 329. 93	136, 961, 657. 38	3, 262, 734, 653. 76	657, 072, 480. 91	5, 939, 197, 121. 98
1937.....	1, 857, 737, 480. 82	172, 160, 468. 78	2, 824, 389, 546. 17	701, 384, 098. 18	5, 555, 671, 593. 95
1938.....	1, 877, 277, 538. 36	206, 137, 966. 31	2, 789, 537, 591. 74	655, 459, 486. 13	5, 528, 412, 582. 54
1939.....	1, 919, 560, 698. 18	217, 728, 901. 53	128, 472, 552. 89	812, 035, 569. 28	3, 077, 797, 721. 88
1940.....	1, 704, 373, 919. 86	218, 296, 764. 50	104, 272, 500. 00	1, 004, 276, 285. 89	3, 031, 219, 470. 25

<sup>1</sup> Includes loans and advances by Farm Security Administration, Rural Electrification Administration and Public Works Administration.

<sup>2</sup> Reflects cancellation of Reconstruction Finance Corporation notes held by the Treasury under authority of the act of February 24, 1938, see p. 114.

### *Contingent liabilities of the United States*

The contingent liabilities of the United States are discussed on page 72 of this report; and a detailed statement of such liabilities as of June 30, 1940, and a comparative statement as of June 30, 1933 to 1940, appear as tables 47 and 48 on pages 775 and 780, respectively.

### *Accounting and disbursing of emergency relief funds*

Under authority of section II (A) of Executive Order No. 7034, dated May 6, 1935, and Department Circular No. 543, approved by the President, the Commissioner of Accounts and Deposits continued during the year to maintain accounting and disbursing facilities for handling appropriations made by the Congress for the emergency relief program. The provisions of this Executive order were extended by Executive Orders Nos. 7396 and 7649, and by Department Circulars Nos. 592 and 616, approved by the President, to apply to funds appropriated in the Emergency Relief Appropriation Acts of 1936, 1937, 1938, and 1939.

At the beginning of the fiscal year 1940 there were 55 Treasury-State accounts offices and an equal number of Treasury-State dis-

bursing offices, together with two branch offices of each class. During the year, due to consolidation of work in other Treasury-State accounts and disbursing offices, a reduction of two Treasury-State accounts offices and one Treasury-State disbursing office was made. Also 10 Treasury-State disbursing offices were consolidated with regional disbursing offices. The Treasury-State accounts and disbursing offices had 3,676 employees on June 30, 1940, which is a reduction of 1,004 employees, or 21 percent, since June 30, 1939.

The Treasury-State accounts offices have handled more than 275,000 emergency relief project accounts for approximately 80 administrative agencies. Of these accounts about 40,000 are now active. The disbursing offices during the year issued 66,000,000 checks payable from emergency relief funds, which were verified for accuracy in the accounts offices.

The procedure established at the inception of the program for the purpose of handling the emergency relief appropriations was designed to throw every protection around the allocation and use of the funds. In setting up the accounting and disbursing procedures under the Executive order of May 6, 1935, the Treasury recognized the following as fundamental requirements:

1. Making payments promptly.
2. Maintaining effective accounting control of appropriated funds by Congressional limitations, Presidential limitations, appropriation warrants and limitations established by administrative agencies.
3. Determining administratively, in advance of payment, the legality of vouchers and pay rolls and seeing that funds are used only for authorized purposes.
4. Providing internal accounting check upon the operations of disbursing officers.
5. Rendering to the General Accounting Office detailed accounts for independent post audit.
6. Informing administrative agencies currently concerning the financial status of funds under each official project.
7. Compiling for administrative purposes periodic reports showing the financial status of all funds.
8. Making a complete annual accounting by the Executive to the Congress, as required by the Emergency Relief Appropriation Acts.

The Secretary of the Treasury issued Regulation No. 1 on June 18, 1935, covering the administrative and fiscal procedures for the maintenance of a system of accounts under the Emergency Relief Appropriation Acts. The regulation, approved by the President, prescribed the principles upon which the accounting system is based.

Pursuant to Regulation No. 1 there were established Treasury central accounts and disbursing offices in Washington, D. C., and Treasury accounts and disbursing offices in the various States, Territories, and insular possessions. The operations of the central offices and the field offices are so correlated that an enormous volume of accounting and disbursing transactions can be handled expeditiously involving a minimum of expense.

Funds are made available for work relief projects in the several States, Territories, and insular possessions, through the use of governmental radio and telegraphic facilities upon approval of the Treasury warrant and the issuance of appropriate authorization documents by the administrative agencies. In this manner, projects can be started promptly upon fulfillment of all legislative, executive, and

administrative requirements involving the allocation of money under the Emergency Relief Appropriation Acts.

The Treasury-State accounts offices, in their respective accounts divisions, maintain control on official project limitations, allotments, encumbrances, and expenditures. In these offices the general ledgers are supported by project ledgers in which are recorded detailed accounting transactions. The accounts division ascertains that all payments are kept within the limitations fixed by the President or the administrative agency, with respect to each project. Through a system of correlated accounts, the records of Treasury-State accounts offices are controlled by summary records in the Treasury central accounts office. From the detailed accounts maintained in the State offices, financial statements are produced which are transmitted to the central office in Washington for verification and subsequent compilation into consolidated financial reports. The field offices also prepare reports which are utilized in making the administrative examination of disbursing officers' accounts.

The examination divisions of the Treasury-State accounts offices conduct the executive preaudit of vouchers with respect to expenditures made from emergency relief funds. These divisions examine authorizations for setting up projects according to limitations fixed by the President, or the administrative agencies, and all obligation documents such as requisitions, purchase orders, contracts, leases, etc. They also examine all pay rolls and vouchers prior to payment to insure that the expenditure is made within the purview of all Federal laws and regulations. They further maintain control over the disbursing officers' blank checks and conduct quarterly audits of their stock of checks. The Treasury emergency organization from April 8, 1935, to June 30, 1940, has transmitted to the General Accounting Office accounts covering expenditures totaling \$11,290,-716,206.23. Against this amount, the General Accounting Office has issued formal certificates of settlement of account for \$7,833,412,361.59 or 69 percent of the expenditures. Disallowances by the General Accounting Office now outstanding against the amount settled are \$205,820.39, or twenty-six ten-thousandths of 1 percent of the amount settled. Of the remaining \$3,457,303,844.64 awaiting settlement, the tentative disallowances reported amount to \$96,565.99, or about twenty-nine ten-thousandths of 1 percent of the total unsettled accounts. These latter disallowances are subject to further examination and possible clearance.

An important function of the Treasury-State accounts offices is to prepare periodic financial reports from the accounts maintained in the field. These reports are verified and tabulated in the central office and comprise the basic data from which statements are compiled according to act limitations, organization units, States, administrative programs, types of work, and periods and objects of expenditure. The form of statement shows the amounts made available by Congress, amounts allocated, amounts obligated, amounts expended, unobligated allocations (available and not available for obligation) and unliquidated obligations. In addition, a consolidated balance sheet is prepared covering activities of the work relief program.

Reports of operations, obligations, and expenditures, as required by law, have been submitted by the President to the Congress before January 15 of each calendar year. Such reports set forth the status of

funds as of the close of the previous calendar year. The following comparative financial statements show summary information relative to expenditures under the emergency relief and work relief program from its inception to June 30, 1940:

*Expenditures (checks issued) under the emergency relief program, by types of work, April 8, 1935, to June 30, 1940*

Type of work	Fiscal years 1935 and 1936 <sup>1</sup>	Fiscal year 1937	Fiscal year 1938	Fiscal year 1939	Fiscal year 1940	Cumulative to June 30, 1940
Highways, roads, streets, etc.	\$541,183,252	\$852,404,727	\$595,153,732	\$916,225,557	\$580,101,448	\$3,485,068,716
Public buildings	194,840,353	265,756,541	171,174,235	218,240,793	145,967,559	995,979,481
Housing projects	22,800,498	51,435,854	37,471,980	7,590,536	2,146,721	121,445,589
Public recreational facilities	272,765,142	215,539,910	144,889,687	189,937,965	96,972,490	920,105,194
Conservation work	593,980,694	271,262,585	140,181,442	128,194,981	80,107,267	1,213,726,969
Electric utilities, water and sewage systems, etc.	144,576,283	198,921,467	158,269,725	200,512,028	144,277,531	846,557,034
Transportation facilities	89,762,989	91,731,109	40,325,249	51,245,093	27,530,131	300,594,571
Educational, profes- sional, and clerical projects	178,124,273	344,200,582	263,458,275	359,680,885	336,503,098	1,481,967,113
Miscellaneous	206,465,030	234,154,709	190,466,983	259,144,153	176,225,420	1,066,456,295
Administrative expenses	154,476,341	159,176,315	127,953,751	129,336,701	110,909,466	681,852,574
Rural rehabilitation suburban projects	105,864,160	173,330,674	131,872,081	157,766,679	134,546,635	703,380,229
loans, relief	919,725,501	2,594,459	23,239	99,397	2,732	922,445,328
Grants to States for con- tinuing relief						
Total	3,424,564,516	2,860,508,932	2,001,240,379	2,617,974,768	1,835,290,498	12,739,579,093

<sup>1</sup> Includes \$525,848,046 for fiscal year 1935 (April 8 to June 30, 1935).

*Expenditures (checks issued) under the emergency relief program, by objects of expenditure, April 8, 1935, to June 30, 1940*

Object of expenditure	Fiscal years 1935 and 1936 <sup>1</sup>	Fiscal year 1937	Fiscal year 1938	Fiscal year 1939	Fiscal year 1940	Cumulative to June 30, 1940
Personal services (Fed- eral pay roll only)	\$1,604,281,923	\$1,828,362,831	\$1,488,419,503	\$2,139,113,369	\$1,523,498,795	\$8,583,676,421
Supplies and materials	288,068,807	206,899,665	104,503,552	140,568,540	87,149,310	827,189,874
Rent	65,681,781	129,533,434	56,604,849	65,354,382	29,753,511	346,927,957
Construction, main- tenance and repair con- tracts	76,311,690	100,476,945	59,620,275	16,858,149	7,570,669	260,837,728
Grants	1,152,846,386	399,223,723	157,623,806	68,739,705	43,506,592	1,821,940,212
Contractual services:						
Communications	4,275,985	5,176,993	3,307,881	3,190,954	2,405,266	18,357,079
Travel, including subsistence	28,294,063	26,125,633	16,116,872	17,275,359	16,659,538	104,471,465
Printing and bind- ing	3,043,641	2,971,247	2,510,585	2,468,471	1,830,181	12,824,125
Other contractual services	32,601,179	13,899,262	7,980,937	6,973,287	5,640,843	67,095,508
Equipment purchased	45,190,249	24,394,871	11,358,128	16,659,697	11,123,309	108,726,254
Land acquisition	23,068,758	37,124,710	15,014,713	10,738,782	284,366	86,231,329
Loans	99,337,246	80,497,356	73,411,060	122,401,135	97,528,234	473,175,031
Employees' (accident) compensation	1,562,808	5,822,262	4,768,218	7,632,938	8,339,884	28,126,110
Total	3,424,564,516	2,860,508,932	2,001,240,379	2,617,974,768	1,835,290,498	12,739,579,093

<sup>1</sup> Includes \$525,848,046 for fiscal year 1935 (April 8 to June 30, 1935).

*Expenditures (checks issued) under the emergency relief program, by months, April 8, 1935, to June 30, 1940*

## AMOUNT OF EXPENDITURES

Month	Fiscal year 1935	Fiscal year 1936	Fiscal year 1937	Fiscal year 1938	Fiscal year 1939	Fiscal year 1940
July.....		\$106,532,659	\$276,016,564	\$162,435,989	\$200,501,723	\$155,842,701
August.....		179,816,164	239,770,852	154,717,469	224,398,400	156,267,880
September.....		176,928,452	253,646,760	145,631,306	228,548,380	123,634,080
October.....		181,866,668	272,496,416	144,653,339	229,881,972	135,993,389
November.....		215,809,361	248,667,849	142,256,451	218,820,722	142,722,271
December.....		285,644,848	268,052,490	156,255,321	243,806,203	157,752,654
January.....		279,132,026	219,274,826	144,977,983	211,720,732	148,328,283
February.....		258,633,293	180,812,792	149,559,258	194,921,450	150,327,963
March.....		304,870,366	245,193,761	193,367,450	252,689,052	183,834,339
April.....	\$127,008,358	320,898,997	212,766,153	186,392,214	207,154,675	173,854,722
May.....	165,755,118	290,809,753	203,883,798	197,038,008	199,075,346	161,474,123
June.....	233,084,570	297,773,883	239,926,671	223,955,591	206,456,113	145,258,093
Total expenditures.....	525,848,046	2,898,716,470	2,860,508,932	2,001,240,379	2,617,974,768	1,835,290,498

## NUMBER OF PAYMENTS

Month	Fiscal years 1935 and 1936	Fiscal year 1937	Fiscal year 1938	Fiscal year 1939	Fiscal year 1940	Total
July.....	177,277	6,853,559	5,002,874	6,976,666	5,751,752	24,762,128
August.....	1,526,298	6,454,427	4,273,789	7,687,508	5,378,951	25,314,973
September.....	2,010,599	6,814,540	4,008,828	7,601,271	4,480,420	25,002,658
October.....	3,102,294	7,613,028	4,271,291	8,214,331	4,913,273	28,114,717
November.....	4,535,332	7,032,860	4,272,730	8,195,920	5,112,827	29,149,669
December.....	7,567,162	7,989,478	5,003,810	8,934,048	5,870,892	35,365,390
January.....	8,256,066	6,632,353	4,847,958	7,810,869	5,843,135	33,390,411
February.....	7,872,717	6,218,368	4,941,351	6,915,252	5,710,956	31,658,644
March.....	9,186,386	7,565,657	6,784,986	8,663,956	5,521,372	38,722,357
April.....	8,419,048	6,653,540	6,475,557	7,080,200	6,990,224	34,618,569
May.....	7,689,746	6,392,445	6,844,258	6,792,201	5,719,132	33,437,782
June.....	7,424,215	6,553,932	7,521,659	6,665,297	5,171,977	33,337,080
Total number of payments.....	67,761,170	82,774,187	64,336,091	91,538,019	66,464,911	372,874,378

Additional tables showing the status of emergency relief appropriation funds by organizations and by States may be found in tables on pages 723 and 725 of this report.

*Federal savings and loan associations*

The Federal Home Loan Bank Board was authorized under the Home Owners' Loan Act of 1933, approved June 13, 1933 (48 Stat. 133), to provide for the organization, incorporation, examination, operation, and regulation of Federal savings and loan associations, and to issue charters therefor, in order to provide local mutual thrift institutions in which people might invest their funds and in order to provide for the financing of homes.

Under section 5 (g) of the act, the Secretary of the Treasury was authorized on behalf of the United States to subscribe for preferred shares in such associations, upon request of the Federal Home Loan Bank Board, but the subscription was not to exceed \$100,000 in shares of any one association. The Home Owners' Loan Act of 1933, as amended by an act approved April 27, 1934 (48 Stat. 645), provided under section 5 (j) that, in addition to the authority to subscribe for preferred shares in these associations, the Secretary of the Treasury

was authorized, on behalf of the United States, to subscribe for any amount of full-paid income shares in such associations, upon request of the Federal Home Loan Bank Board, but the amount paid in by the Secretary of the Treasury for full-paid income and preferred shares together shall at no time exceed 75 percent of the total investment in the shares of such association by the Secretary of the Treasury and other shareholders.

An appropriation of \$50,000,000 to enable the Secretary of the Treasury to purchase preferred shares in Federal savings and loan associations was provided by the Fourth Deficiency Act, fiscal year 1933, approved June 16, 1933. This appropriation was extended by the act approved April 27, 1934, to cover the purchase of full-paid income shares.

Pursuant to amendments in the acts of April 27, 1934, and May 28, 1935, \$700,000 of the \$50,000,000 appropriation was allocated and made available to the Federal Home Loan Bank Board to enable the Board to encourage local thrift and local home financing and to promote, organize, and develop these associations. The amount available to the Secretary of the Treasury for subscription to shares in Federal savings and loan associations was \$49,300,000.

The Home Owners' Loan Corporation also was authorized to purchase full-paid income shares of Federal savings and loan associations after the funds available to the Secretary of the Treasury for the purchase of such shares had been exhausted. The funds available to the Secretary of the Treasury were exhausted on October 25, 1935.

During the fiscal year 1940, the sum of \$9,854,600 was received on account of shares repaid, making the total shares repaid to June 30, 1940, \$15,162,900.

The following statements show the transactions in connection with the subscriptions by the Secretary of the Treasury to preferred and full-paid income shares in these associations during the fiscal year 1940, and for the 8-year period 1933 to 1940:

*Preferred and full-paid income shares of Federal savings and loan associations subscribed by the Secretary of the Treasury to June 30, 1940, and dividends received*

[Par value of shares]

	Preferred shares	Full-paid income shares	Total
Total shares subscribed and paid .....	\$637, 800	\$48, 662, 200	\$49, 300, 000. 00
Shares held on June 30, 1939 .....		43, 991, 700	43, 991, 700. 00
Less shares repaid during 1940 .....		9, 854, 600	9, 854, 600. 00
Shares held on June 30, 1940 .....		34, 137, 100	34, 137, 100. 00
Dividends received on preferred and full-paid income shares:			
To June 30, 1939 .....			6, 440, 907. 73
During 1940 .....			1, 438, 861. 29
To June 30, 1940 .....			7, 879, 769. 02

*Par value of preferred and full-paid income shares of Federal savings and loan associations subscribed by the Secretary of the Treasury, and dividends received, by fiscal years 1934 to 1940*

[In thousands of dollars]

	1934	1935	1936	1937	1938	1939	1940	Total
Preferred shares:								
Subscriptions.....	511	127						638
Repaid.....			12	585	22	19		638
Full-paid income shares:								
Subscriptions.....	575	31,251	16,836					48,662
Repaid.....			65	454	359	3,792	9,855	14,525
Shares held June 30.....	1,086	32,464	49,223	48,184	47,803	43,992	34,137	34,137
Dividends received.....		77	1,146	1,790	1,739	1,689	1,439	7,880

### *Federal home loan banks*

Twelve Federal home loan banks were established pursuant to the Federal Home Loan Bank Act, approved July 22, 1932 (47 Stat. 728). These banks are supervised by the Federal Home Loan Bank Board. The act provides that the Board, with the approval of the Secretary of the Treasury, shall determine the minimum capital of each bank, which shall be not less than \$5,000,000. It further provides that the Secretary of the Treasury shall subscribe, on behalf of the United States, for such part of the minimum capital of each Federal home loan bank as is not subscribed for by members within 30 days after books had been opened for stock subscriptions. Payments for stock subscriptions by the Secretary of the Treasury are subject to call in whole or in part by the Board, with the approval of the Secretary of the Treasury, at such time or times as may be deemed advisable.

To enable the Secretary of the Treasury to make payments upon stock of Federal home loan banks subscribed for by him, the sum of \$125,000,000, or so much thereof as may be necessary for such purpose, was allocated and made available to the Secretary of the Treasury out of the capital of the Reconstruction Finance Corporation and the proceeds of notes, debentures, bonds, and other obligations issued by the Corporation.

Pursuant to the act approved February 24, 1938, the Secretary of the Treasury canceled notes of the Reconstruction Finance Corporation aggregating \$126,301,906.17, equivalent to the amount of funds advanced by the Corporation for capital of the Federal home loan banks, plus interest paid to the Treasury on account of such notes.

The act of July 22, 1932, provided that the capital subscribed for by the United States was entitled to receive dividends at a rate of 2 percent per annum cumulative from the date of investment, but in any case in which the rate of dividend is in excess of 2 percent the stock subscribed for by the United States shall be entitled to dividends at a rate not in excess of that paid on other stock. The act of May 28, 1935, amending the act of July 22, 1932, provides, however, that all stock of any Federal home loan bank shall share in dividend distributions without preference.

Under the provisions of the act of June 25, 1940, the Reconstruction Finance Corporation is authorized to purchase at par any part of the stock of any Federal home loan bank owned by the United States, and the Secretary of the Treasury is authorized on behalf of the United States to sell such stock to the Corporation. No sales were made during the fiscal year 1940.



During the fiscal year 1940, there were no transactions affecting the shares of stock subscribed for and held by the Secretary of the Treasury. The dividends received during the year aggregated \$1,490,391.27. The following statement shows the shares of stock subscribed for and held by the Secretary of the Treasury and the dividends received and covered into the Treasury as miscellaneous receipts to June 30, 1940:

*Subscriptions by the Secretary of the Treasury to stock of the Federal home loan banks to June 30, 1940, and dividends received*

Federal home loan bank	Shares subscribed and held June 30, 1940 (par value)	Dividends received		
		To June 30, 1939	Fiscal year 1940	Total to June 30, 1940
Boston.....	\$12,467,500	\$658,454.61	\$124,675.00	\$783,129.61
New York.....	18,963,200	1,401,036.75	189,632.00	1,590,668.75
Pittsburgh.....	11,146,300	834,111.39	111,463.00	945,574.39
Winston-Salem.....	9,208,200	603,825.29	92,082.00	695,907.29
Cincinnati.....	12,775,700	1,435,749.79	223,574.75	1,659,324.54
Indianapolis.....	6,577,400	574,986.59	98,661.00	673,647.59
Chicago.....	14,173,900	1,378,209.45	212,608.50	1,590,817.95
Des Moines.....	7,394,900	634,313.31	92,436.26	726,749.57
Little Rock.....	8,772,400	551,304.56	87,724.00	639,028.56
Topeka.....	7,333,600	313,252.56	73,336.00	386,588.56
Portland.....	5,960,000	349,790.88	59,000.00	409,390.88
Los Angeles.....	9,967,900	426,733.35	124,598.76	551,332.11
Total.....	124,741,000	9,161,768.53	1,490,391.27	10,652,159.80

The following statement shows subscriptions to capital stock of the Federal home loan banks by the Secretary of the Treasury and dividends received for the fiscal years 1933 to 1940:

*Subscriptions by the Secretary of the Treasury to stock of the Federal home loan banks and dividends received, fiscal years 1933 to 1940*

[In thousands of dollars]

Federal home loan bank	1933	1934	1935	1936	1937	1938	1939	1940	Total
Subscriptions to stock (par value)									
Boston.....	2,500	2,500		300	6,150	1,018			12,468
New York.....	3,000	8,500		1,000	3,500	2,963			18,963
Pittsburgh.....	4,300	4,200		1,100	1,300	246			11,146
Winston-Salem.....	4,100	1,600		1,800	1,708				9,208
Cincinnati.....	9,000	3,776							12,776
Indianapolis.....	4,400	1,600			577				6,577
Chicago.....	6,100	3,900		4,174					14,174
Des Moines.....	2,200	2,300		2,000	895				7,395
Little Rock.....	3,800	2,100	200	2,672					8,772
Topeka.....	1,500	3,200		600	2,034				7,334
Portland.....	1,110	2,200		2,350	300				5,960
Los Angeles.....	960	2,600		1,700	4,708				9,968
Total.....	42,970	38,476	200	17,696	21,172	4,227			124,741
Dividends received									
Boston.....			145	63	87	176	187	125	783
New York.....			287	233	264	332	285	190	1,591
Pittsburgh.....	116		128	174	196	109	111		945
Winston-Salem.....			184	122	114	92	92		696
Cincinnati.....	97		319	255	254	256	223		1,659
Indianapolis.....	77		110	89	92	99	99		674
Chicago.....	119		190	212	281	284	283	213	1,591
Des Moines.....	68		68	121	131	148	148	92	727
Little Rock.....	77		119	93	86	88	88		639
Topeka.....				109	58	73	73	74	387
Portland.....				118	71	87	74	59	409
Los Angeles.....			23	72	59	123	150	124	551
Total.....		553	1,591	1,612	1,693	1,867	1,846	1,400	10,652

*Federal land banks*

*Capital stock.*—Under the act of January 23, 1932, amending the Federal Farm Loan Act, it is the duty of the Secretary of the Treasury on behalf of the United States, upon the request of the board of directors of any Federal land bank made with the approval of the Farm Credit Administration, to subscribe from time to time for capital stock of such bank. The act further provides that such stock may at any time, in the discretion of the directors and with the approval of the Farm Credit Administration, be paid off at par and retired in whole or in part and that the Farm Credit Administration may at any time require such stock to be paid off at par and retired in whole or in part if in its opinion the bank has resources available for such purpose. The proceeds of all repayments on account of stock subscribed for by the Secretary of the Treasury are held in the Treasury and are available for the purpose of paying for other stock thereafter issued pursuant to said act.

To enable the Secretary of the Treasury to pay for said stock, \$125,000,000 was appropriated under the act approved February 2, 1932. The following statements show the transactions in connection with subscriptions to stock of Federal land banks during the fiscal year 1940, and a summary of such transactions for the fiscal years 1933 to 1940.

*Subscriptions by the Secretary of the Treasury to stock of Federal land banks and repayments thereon, fiscal year 1940*

[Par value of shares]

Federal land bank	Shares held June 30, 1939	Shares sub- scribed fiscal year 1940	Shares repaid fiscal year 1940	Shares held June 30, 1940
Springfield.....	\$4, 167, 305	-----	\$38, 715	\$4, 128, 590
Baltimore.....	7, 270, 970	-----	1, 520, 655	5, 750, 315
Columbia.....	15, 633, 915	-----	1, 023, 380	14, 610, 535
Louisville.....	4, 123, 485	-----	59, 340	4, 064, 145
New Orleans.....	16, 638, 570	-----	2, 035, 015	14, 603, 555
St. Louis.....	7, 774, 515	-----	83, 080	7, 691, 435
St. Paul.....	33, 704, 235	\$6, 146, 310	34, 700	39, 815, 845
Wichita.....	5, 625, 295	-----	55, 695	5, 569, 600
Houston.....	5, 215, 380	-----	59, 145	5, 156, 235
Berkeley.....	3, 573, 100	-----	36, 145	3, 536, 955
Omaha.....	5, 925, 285	-----	108, 915	5, 816, 370
Spokane.....	15, 300, 265	-----	1, 043, 845	14, 256, 420
Total.....	124, 952, 320	6, 146, 310	6, 098, 630	125, 000, 000

*Subscriptions by the Secretary of the Treasury to stock of Federal land banks, and repayments thereon, fiscal years 1933 to 1940*

[In thousands of dollars]

Federal land bank	Shares sub- scribed and held June 30, 1933	Repayments							Net sub- scriptions June 30, 1940
		1934	1935	1936	1937	1938	1939	1940	
Springfield.....	6,655	29	228	82	1,059	49	1,040	39	4,129
Baltimore.....	6,729	63	1,778	68	44	34	27	1,521	5,750
Columbia.....	13,188	90	2,635	44	21	16	18	1,023	14,611
Louisville.....	8,210	168	1,012	214	1,082	56	1,555	59	4,064
New Orleans.....	12,879	20	5,869	21	2,013	21	34	2,085	14,064
St. Louis.....	9,638	182	812	452	215	109	94	83	7,691
St. Paul.....	19,103	323	1,902	1,376	3,299	5,434	6,718	6,111	39,816
Wichita.....	7,134	59	818	363	146	67	55	56	5,570
Houston.....	9,475	196	699	137	1,097	63	2,048	59	5,156
Berkeley.....	7,212	102	690	164	1,067	61	1,555	36	3,537
Omaha.....	9,652	443	1,881	764	360	180	99	109	5,816
Spokane.....	14,883	63	1,699	93	43	41	42	1,044	14,256
Total.....	<sup>2</sup> 124,758	1,738	<sup>1</sup> 1,939	1,046	3,848	<sup>1</sup> 4,737	<sup>1</sup> 151	<sup>1</sup> 47	125,000

<sup>1</sup> Excess of subscriptions over repayments.

<sup>2</sup> Excludes capital stock amounting to \$114,274.25 subscribed for under the Federal Farm Loan Act of July 17, 1916, as amended, which amount was repaid during the fiscal year 1934 and credited as a miscellaneous receipt.

*Payments on account of reductions in interest rates on mortgages and subscriptions to paid-in surplus.*—The Secretary of the Treasury is directed, under certain conditions, to make payments to Federal land banks equal to the amount by which interest payments on mortgages held by such banks have been reduced pursuant to the Federal Farm Loan Act, as amended, and he is also to subscribe, under specified conditions and in the manner prescribed by the Federal Farm Loan Act, as amended, to the paid-in surplus of each Federal land bank an amount equal to the amount of all extensions and deferments of any obligation that may be or may become unpaid under the terms of any mortgage.

Amendments to the law under which subscriptions are made to the paid-in surplus of the Federal land banks are contained in the Farm Credit Act of 1937, approved August 19, 1937. The period for which payments to Federal land banks on account of reductions in interest rates may be made was extended to June 30, 1942, pursuant to Public No. 672, enacted June 29, 1940.

A statement as of June 30, 1940, of the amounts appropriated on account of reductions in interest rates on mortgages and of payments to Federal land banks for this purpose is here set forth, followed by a summary of such transactions for the fiscal years 1934 to 1940:

*Appropriations on account of reductions in interest rates on mortgages, and payments to Federal land banks for this purpose to June 30, 1940*

1. Amounts appropriated:	
To June 30, 1939.....	\$151,400,000.00
Treasury Department Appropriation Act, 1940, May 6, 1939.....	29,700,000.00
Total to June 30, 1940.....	181,100,000.00
2. Payments to Federal land banks:	

Federal land bank	Amount paid to June 30, 1939	Amount paid fiscal year 1940	Amount paid to June 30, 1940
Springfield.....	\$5,287,407.92	\$1,068,808.17	\$6,356,216.09
Baltimore.....	6,448,138.46	1,230,509.12	7,678,647.58
Columbia.....	6,047,376.27	1,124,129.97	7,171,506.24
Louisville.....	14,693,406.23	2,889,830.76	17,583,236.99
New Orleans.....	8,084,716.89	1,191,874.15	9,276,591.04
St. Louis.....	12,557,058.91	2,599,312.83	15,156,371.74
St. Paul.....	20,367,663.96	4,293,049.11	24,660,713.07
Wichita.....	11,760,127.21	2,314,117.75	14,074,244.96
Houston.....	16,626,239.98	3,233,361.88	19,859,601.86
Berkeley.....	8,467,313.45	1,745,531.05	10,212,844.50
Omaha.....	24,762,057.98	5,289,159.78	30,051,217.76
Spokane.....	9,054,311.82	1,720,540.15	10,774,851.97
Total.....	144,155,819.08	28,700,224.72	172,856,043.80

3. Amount available for expenditure, June 30, 1940.....	\$8,243,956.20
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*Payments to Federal land banks on account of reductions in interest rates on mortgages, fiscal years 1934 to 1940<sup>1</sup>*

[In thousands of dollars]

Federal land bank	1934	1935	1936	1937	1938	1939	1940	Total
Springfield.....	267	499	1,018	1,186	1,179	1,138	1,069	6,356
Baltimore.....	413	701	1,277	1,410	1,349	1,298	1,231	7,679
Columbia.....	314	590	1,299	1,342	1,283	1,220	1,124	7,172
Louisville.....	709 <sup>1</sup>	1,285	3,061	3,347	3,220	3,072	2,889	17,583
New Orleans.....	848 <sup>1</sup>	922	1,759	1,515	1,656	1,384	1,192	9,276
St. Louis.....	542	1,014	2,537	2,900	2,830	2,734	2,599	15,156
St. Paul.....	655	1,403	4,061	4,878	4,804	4,567	4,293	24,661
Wichita.....	579	995	2,324	2,681	2,667	2,514	2,314	14,074
Houston.....	890	1,621	3,296	3,765	3,615	3,440	3,233	19,860
Berkeley.....	306	687	1,715	1,976	1,921	1,862	1,746	10,213
Omaha.....	876	1,792	4,860	5,847	5,771	5,616	5,289	30,051
Spokane.....	630	969	1,858	1,983	1,819	1,795	1,721	10,775
Total.....	7,029	12,478	29,065	32,830	32,114	30,640	28,700	172,856

<sup>1</sup> No transactions prior to 1934.

A statement as of June 30, 1940, of the amounts appropriated for subscriptions to the paid-in surplus of Federal land banks on account of extensions and deferments, and payments to Federal land banks for this purpose, is here set forth, together with a summary of such subscriptions for the fiscal years 1934 to 1940:

*Appropriations for subscriptions to the paid-in surplus of Federal land banks on account of extensions and deferments, and payments for this purpose to June 30, 1940*

1. Amounts appropriated:  
To June 30, 1939.....\$189,000,000.00

Total to June 30, 1940.....189,000,000.00

2. Payments to Federal land banks:

Federal land bank	Amount paid to June 30, 1939	Net amount paid fiscal year 1940	Amount paid to June 30, 1940
Springfield.....	\$10,816,876.33	<sup>1</sup> \$863,327.67	\$9,953,548.66
Baltimore.....	4,717,604.53	<sup>1</sup> 182,353.24	4,535,251.29
Columbia.....	9,601,364.43	52,588.99	9,558,775.42
Louisville.....	10,205,602.36	<sup>1</sup> 372,084.43	9,833,517.93
New Orleans.....	16,306,254.39	<sup>1</sup> 1,454,223.98	14,852,030.41
St. Louis.....	13,035,530.96	<sup>1</sup> 441,709.39	12,593,821.57
St. Paul.....	28,642,491.25	2,042,074.79	30,684,566.04
Wichita.....	15,538,166.70	967,053.51	16,505,220.21
Houston.....	13,326,869.71	<sup>1</sup> 446,621.02	12,880,248.69
Berkeley.....	20,747,843.93	<sup>1</sup> 1,175,000.00	19,572,843.93
Omaha.....	27,827,009.59	2,456,367.98	30,283,377.57
Spokane.....	15,963,287.35	<sup>1</sup> 14,902.57	15,948,384.78
Total.....	186,728,901.53	567,862.97	187,296,764.50

3. Amount available for expenditure, June 30, 1940.....\$1,703,235.50

<sup>1</sup> Excess of credits (deduct).

*Subscriptions by the Secretary of the Treasury to paid-in surplus of the Federal land banks, fiscal years 1934 to 1940<sup>1</sup>*

[In thousands of dollars]

Federal land bank	1934	1935	1936	1937	1938	1939	1940	Total
Springfield.....	1,625	1,949	2,400	2,340	1,975	528	<sup>2</sup> 863	9,954
Baltimore.....	1,710	680	447	80	1,679	121	<sup>2</sup> 182	4,535
Columbia.....	2,463	952	1,036	2,220	1,795	1,135	53	9,654
Louisville.....	2,137	2,118	1,727	2,412	1,909	<sup>2</sup> 97	<sup>2</sup> 372	9,834
New Orleans.....	6,725	4,053	1,901	1,602	1,190	835	<sup>2</sup> 1,454	14,852
St. Louis.....	3,442	2,035	3,039	2,343	1,831	346	<sup>2</sup> 442	12,594
St. Paul.....	6,297	3,984	2,412	5,685	6,992	3,273	2,042	30,685
Wichita.....	3,351	2,238	3,468	3,943	2,021	517	967	16,505
Houston.....	2,758	2,422	1,675	2,355	2,678	1,439	<sup>2</sup> 447	12,880
Berkeley.....	1,761	4,623	4,730	4,049	4,650	935	<sup>2</sup> 1,175	19,573
Omaha.....	3,663	4,205	6,930	6,555	4,683	1,791	2,456	30,283
Spokane.....	4,932	4,371	2,703	1,615	1,574	768	<sup>2</sup> 15	15,948
Total.....	40,864	33,630	32,468	35,199	32,977	11,591	568	187,297

<sup>1</sup> No transactions prior to 1934.

<sup>2</sup> Decrease (deduct).

### *Federal Farm Mortgage Corporation*

Under the Emergency Farm Mortgage Act of 1933, approved May 12, 1933, as amended, the Secretary of the Treasury is authorized to pay to the Federal Farm Mortgage Corporation such amount as the Governor of the Farm Credit Administration certifies to the Secretary of the Treasury is equal to the amount by which interest payments on mortgages held by such Corporation have been reduced.

A statement of the amounts appropriated and payments to the Federal Farm Mortgage Corporation follows.

*Appropriations on account of reductions in interest rate on mortgages, and payments to the Federal Farm Mortgage Corporation for this purpose, fiscal years 1938 to 1940*

1. Amounts appropriated:	
Third Deficiency Appropriation Act, 1937, Aug. 25, 1937.....	\$5,000,000.00
First Deficiency Appropriation Act, 1938, Mar. 5, 1938.....	2,500,000.00
Treasury Department Appropriation Act, 1939, March 28, 1939.....	8,200,000.00
Treasury Department Appropriation Act, 1940, May 6, 1939.....	7,425,000.00
Total to June 30, 1940.....	23,125,000.00
2. Payments to Federal Farm Mortgage Corporation:	
Fiscal year 1938.....	\$5,726,515.05
Fiscal year 1939.....	7,818,547.62
Fiscal year 1940.....	7,125,158.14
Total to June 30, 1940 (deduct).....	20,670,220.81
3. Amount available for expenditure, June 30, 1940.....	2,454,779.19

### *Advances to Federal Reserve Banks for industrial loans*

Under section 1 of the act approved June 19, 1934 (48 Stat. 1105), amending the Federal Reserve Act by adding section 13 (b), the Secretary of the Treasury was authorized to pay Federal Reserve Banks for industrial loans an amount not to exceed the par value of the holdings of each Federal Reserve Bank of Federal Deposit Insurance Corporation stock.<sup>1</sup> The maximum amount payable to each bank, based upon its holdings of such Federal Deposit Insurance Corporation stock, is shown in the table on page 185.

Section 13 (b) provides that in exceptional circumstances, when it appears to the satisfaction of a Federal Reserve Bank that an established industrial or commercial business located in its district is unable to obtain requisite financial assistance on a reasonable basis from the usual sources, the Federal Reserve Bank, pursuant to authority granted by the Board of Governors of the Federal Reserve System, may make loans to, or purchase obligations of, such business, or make commitments with respect thereto, on a reasonable and sound basis, for the purpose of providing it with working capital. The section also provides that each Federal Reserve Bank, under certain conditions, shall have power to discount for, or purchase from, any bank, trust company, mortgage company, credit corporation for industry, or other financing institution operating in its district, obligations having maturities not to exceed 5 years, entered into for the purpose of obtaining working capital for any such established industrial or commercial business; to make loans or advances direct to any such financing institution on the security of such obligations; and to make commitments with regard to such discount or purchase of obligations or with respect to such loans or advances on the security thereof, including commitments made in advance of the actual undertaking of such obligations.

Before any advances were made, each Federal Reserve Bank was required to file with the Secretary of the Treasury an agreement to hold its stock in the Federal Deposit Insurance Corporation unencumbered and to pay to the United States all dividends, all payments on liquidation, and all other proceeds of such stock for which dividends, payments, and proceeds the United States is secured by such stock up to the total amount paid each Federal Reserve Bank by the

<sup>1</sup> The amount of stock held was \$139,299,557.

Secretary of the Treasury. Each Federal Reserve Bank, in addition, was required to agree that, in the event such dividends, payments, and other proceeds in any calendar year did not aggregate 2 percent of the total payment made by the Secretary of the Treasury, it would pay to the United States in such year such further amount, if any, up to 2 percent of the said total payment, as would be covered by the net earnings of the bank for that year derived from the use of the sum so paid by the Secretary of the Treasury, and that for the amount so due, the United States would have a first claim against such earnings and stock; and further, that it would continue such payments until the final liquidation of such stock by the Federal Deposit Insurance Corporation.

All amounts required to be expended by the Secretary of the Treasury, in order to carry out the provisions of this section, were appropriated and authorized to be paid out of moneys derived from the increment resulting from the reduction of the weight of the gold dollar under the President's proclamation of January 31, 1934.<sup>1</sup>

No advances were requested by the Federal Reserve Banks during the fiscal years 1939 and 1940. The maximum amount of advances authorized for each Federal Reserve Bank, and the total amount advanced to June 30, 1940, are shown in the following table:

Federal Reserve Bank	Maximum payments authorized	Total amount advanced
Atlanta.....	\$5,272,031.55	\$756,934.44
Boston.....	10,230,236.88	2,875,115.98
Chicago.....	19,748,516.70	1,417,701.33
Cleveland.....	14,146,863.66	1,015,571.33
Dallas.....	4,359,338.10	1,251,788.08
Kansas City.....	4,131,276.30	1,145,717.73
Minneapolis.....	3,509,467.65	1,007,746.96
New York.....	42,529,210.65	7,752,044.63
Philadelphia.....	14,620,883.52	4,198,400.60
Richmond.....	5,808,291.43	3,420,662.05
St. Louis.....	5,093,112.25	547,832.83
San Francisco.....	9,850,328.30	2,156,795.01
Total.....	139,299,556.99	27,546,310.97

The United States has received no payments from dividends, payments on liquidation, or other proceeds from the Federal Deposit Insurance Corporation stock held by the Federal Reserve Banks. The total amount of advances to the Federal Reserve Banks and the amounts paid by such banks to the Treasury Department are shown below:

Year	Advances to Federal Reserve Banks	Payments to Treasury	Excess advances over payments (cumulative)
1935.....	\$20,931,857	-----	\$20,931,857
1936.....	5,614,454	\$297,667	26,248,644
1937.....	875,000	227,517	26,896,127
1938.....	125,000	176,760	26,844,367
1939.....	-----	119,319	26,725,048
1940.....	-----	24,579	26,700,469
Total.....	27,546,311	\$45,842	26,700,469

<sup>1</sup> See p. 129.

The following statements summarize the transactions in connection with advances to Federal Reserve Banks under section 13 (b) of the Federal Reserve Act, by years:

*Advances to the Federal Reserve Banks for industrial loans, by fiscal years 1935 to 1938<sup>1</sup>*

Federal Reserve Bank	1935	1936	1937	1938	Total
Atlanta.....	\$756,934				\$756,934
Boston.....	2,166,638	\$708,478			2,875,116
Chicago.....	1,417,701				1,417,701
Cleveland.....	1,015,571				1,015,571
Dallas.....	938,841	312,947			1,251,788
Kansas City.....	778,791	366,927			1,145,718
Minneapolis.....	1,007,747				1,007,747
New York.....	6,586,057	1,165,988			7,752,045
Philadelphia.....	2,099,200	2,099,201			4,198,401
Richmond.....	2,918,649	501,913			3,420,662
St. Louis.....	547,833				547,833
San Francisco.....	697,895	459,000	\$875,000	\$125,000	2,156,795
Total.....	20,931,857	5,614,454	875,000	125,000	27,546,311

<sup>1</sup> No advances made during the fiscal years 1939 and 1940.

*Payments received by the Treasury from the Federal Reserve Banks, by fiscal years 1936 to 1940*

Federal Reserve Bank	1936	1937	1938	1939	1940	Total
Atlanta.....	\$9,066				\$14,810	\$23,876
Boston.....	49,012	\$34,488	\$6,647	\$1,544	51	91,742
Chicago.....	17,637	28,354	28,354	20,714	5,120	100,179
Cleveland.....	8,734	14,431	13,476	227		36,868
Dallas.....	23,428	25,036	25,036		617	74,117
Kansas City.....		11,028	9,925	10,270	3,981	35,204
Minneapolis.....	16,864	16,460		1,005		34,319
New York.....	64,238	13,752	4,997			82,987
Philadelphia.....	41,984	83,968	83,968	83,968		293,888
Richmond.....	66,714					66,714
St. Louis.....			4,357	1,591		5,948
San Francisco.....						
Total.....	297,667	227,517	176,760	119,319	24,579	845,842

*Appropriations and expenditures under the Social Security Act*

The Social Security Act, approved August 14, 1935, as amended, provided, among other things, for the establishment of a system of Federal old-age benefits, and for grants-in-aid to the several States to enable them to make more adequate provision for aged persons, blind persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws.

Under the provisions of section 201 (a) of the Social Security Act and amendments of 1939, approved August 10, 1939 (see exhibit on page 578), appropriations to the Federal old-age and survivors insurance trust fund for the fiscal year 1941 and each year thereafter are equal to 100 percent of the taxes received under the Federal Insurance Contributions Act and covered into the Treasury.

The amounts appropriated to June 30, 1940, under the various authorizations contained in the Social Security Act and total expenditures from such appropriations to June 30, 1940, are shown in the



table on page 683. The responsibilities of the Treasury Department and its activities in connection with the Federal old-age and survivors insurance trust fund and the unemployment trust fund are described under "Trust funds" beginning on page 212.

*Obligations of foreign governments*

The United States received, during the year, payments aggregating \$413,747.32 on account of the indebtedness of foreign governments, of which \$74,000 was for account of principal, \$301,686.32 was for account of interest, and \$38,061 was for account of annuities under the moratorium agreements. This does not include a payment of \$100,000 by the Rumanian Government on June 15, 1940, made as "a token of its good faith and of its real desire to reach a new agreement covering" Rumanian indebtedness to the United States.

The following statement shows the payments due during the period July 1 to December 31, 1939, and the amounts actually paid on account by certain governments:

AMOUNTS DUE AND PAYABLE, JULY 1 TO DECEMBER 31, 1939

Country	Funding agreements		Moratorium agreements	Total
	Principal	Interest		
Belgium.....		\$4,158,000.00	\$484,453.88	\$4,642,453.88
Czechoslovakia.....	\$1,500,000.00		182,812.78	1,682,812.78
Estonia.....	141,000.00	286,265.00	36,585.29	463,850.29
Finland.....	74,000.00	141,662.50	19,030.50	234,693.00
France.....		19,261,432.50	3,046,879.72	22,308,312.22
Great Britain.....	37,000,000.00	75,950,000.00	9,720,765.05	122,670,765.05
Greece.....	475,000.00	217,920.00	67,137.38	760,057.38
Hungary.....	14,850.00	33,185.08	4,225.58	52,260.66
Italy.....		1,245,437.50	896,155.88	2,141,593.38
Latvia.....	57,600.00	119,609.00	15,274.26	192,483.26
Lithuania.....		107,783.67	13,683.26	121,466.93
Poland.....	1,623,000.00	3,582,810.00	456,229.71	5,662,039.71
Rumania.....		907,559.81	48,750.08	956,309.89
Yugoslavia.....		38,515.63		38,515.63
Total.....	40,885,450.00	106,050,180.69	14,991,983.37	161,927,614.06

AMOUNTS ACTUALLY PAID

Finland.....	\$74,000.00	\$141,662.50	\$19,030.50	\$234,693.00
Hungary.....		9,828.16		9,828.16
Total.....	74,000.00	151,490.66	19,030.50	244,521.16

The following statement shows payments due during the period January 1 to June 30, 1940, and the amounts actually paid on account:

AMOUNTS DUE AND PAYABLE, JANUARY 1 TO JUNE 30, 1940

Country	Funding agreements		Moratorium agreements	Total
	Principal	Interest		
Belgium.....	\$4,800,000.00	\$4,158,000.00	\$484,453.88	\$9,442,453.88
Czechoslovakia.....	1,500,000.00		182,812.78	1,682,812.78
Estonia.....		286,265.00	36,585.29	322,850.29
Finland.....		140,367.50	19,030.50	159,398.00
France.....	80,063,798.30	19,261,432.50	3,046,879.72	102,372,110.52
Germany (Austrian indebtedness).....	1,460,093.00		34,767.23	494,860.23
Great Britain.....		75,950,000.00	9,720,765.05	85,670,765.05
Greece.....	480,000.00	217,920.00	67,137.38	765,057.38
Hungary.....		33,185.08	4,225.58	37,410.66
Italy.....	15,800,000.00	1,245,437.50	896,155.88	17,941,593.38
Latvia.....		119,609.00	15,274.26	134,883.26
Lithuania.....	51,335.00	107,783.67	13,683.26	172,801.93
Poland.....		3,582,810.00	456,229.71	4,039,039.71
Rumania.....	430,560.43	907,559.81	48,750.08	1,386,870.32
Yugoslavia.....	488,000.00	38,515.63		526,515.63
Total.....	104,073,786.73	106,048,885.69	15,026,750.60	225,149,423.02

AMOUNTS ACTUALLY PAID

Finland.....		\$140,367.50	\$19,030.50	\$159,398.00
Hungary.....		9,828.16		9,828.16
Rumania <sup>1</sup> .....				
Total.....		150,195.66	19,030.50	169,226.16

<sup>1</sup> The German Government has been notified that the Government of the United States will look to the German Government for the discharge of this indebtedness of the Government of Austria to the Government of the United States.

<sup>2</sup> Payment of \$100,000 made by Rumanian Government on June 15, 1940, which was made 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.

The following statement summarizes the payments made on account of the indebtedness of foreign governments during the fiscal years 1933 to 1940, classified by countries and also by the application of the payments to principal, interest, and annuities under the moratorium agreements:

*Payments made on account of indebtedness of foreign governments to the United States, fiscal years 1933 to 1940, classified by countries and also as to principal, interest, and annuities under the moratorium agreements*

COUNTRY	1933	1934	1935	1936
Czechoslovakia.....	\$1,500,318.98	\$329,595.19		
Finland.....	186,355.59	544,632.91	\$393,991.00	\$394,768.50
Great Britain.....	95,550,000.00	17,500,518.42		
Greece.....	65,376.00		272,400.00	152,544.00
Hungary.....				
Italy.....	1,245,437.50	2,000,020.76		
Latvia.....	117,852.12	9,530.16		
Lithuania.....	92,386.01	16,990.35		
Rumania.....		29,061.46		
Total.....	98,757,726.20	20,430,349.25	666,391.00	547,312.50
ACCOUNT				
Funding agreements:				
Principal.....	31,567,518.98	391,595.19	62,000.00	65,000.00
Interest.....	67,190,207.22	20,000,693.06	1,566,330.00	444,251.50
Moratorium agreements.....		38,061.00	38,061.00	38,061.00
Total.....	98,757,726.20	20,430,349.25	666,391.00	547,312.50

<sup>1</sup> Does not include \$1,433.01 received and credited to interest on unfunded indebtedness of Russia.

*Payments made on account of indebtedness of foreign governments to the United States, fiscal years 1933 to 1940, classified by countries and also as to principal, interest, and annuities under the moratorium agreements—Continued.*

	1937	1938	1939	1940	Total
<b>COUNTRY</b>					
Czechoslovakia.....					\$1,829,914.17
Finland.....	\$394,458.50	\$394,078.50	\$393,628.50	\$394,091.00	3,096,004.50
Great Britain.....					113,050,518.42
Greece.....	196,128.00	174,336.00	87,168.00		947,952.00
Hungary.....		19,656.32	19,656.32	19,656.32	58,968.96
Italy.....					3,245,458.26
Latvia.....					127,382.28
Lithuania.....					109,376.36
Rumania.....				( <sup>1</sup> )	29,061.46
Total.....	590,586.50	588,070.82	500,452.82	<sup>2</sup> 413,747.32	122,494,636.41
<b>ACCOUNT</b>					
Funding agreements:					
Principal.....	67,000.05	69,000.00	71,000.00	74,000.00	32,367,114.17
Interest.....	485,525.50	481,009.82	391,391.82	301,686.32	89,861,095.24
Moratorium agreements.....	38,061.00	38,061.00	38,061.00	38,061.00	266,427.00
Total.....	590,586.50	588,070.82	500,452.82	<sup>2</sup> 413,747.32	122,494,636.41

<sup>1</sup> Does not include payment of \$100,000 by Rumanian Government on June 15, 1940, which was made 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.

Press releases of the Treasury Department and correspondence exchanged between the Government of the United States and various foreign governments regarding the amounts due during the fiscal year will be found as exhibit 43 on page 544 of this report.

A statement showing the principal of the funded and unfunded indebtedness of foreign governments to the United States, the accrued and unpaid interest thereon, and payments on account of principal and interest as of November 15, 1940, appears as table 56 on page 795.

The total amounts previously due from foreign governments on account of their indebtedness to the United States under the funding and moratorium agreements and not paid as of November 15, 1940, according to contract terms, are shown in the following statement:

TOTAL AMOUNTS DUE AND NOT PAID, AS OF NOVEMBER 15, 1940

Country	Funding agreements		Moratorium agreements	Total
	Principal	Interest		
Belgium.....	\$36,100,000.00	\$55,830,000.00	\$6,782,354.32	\$98,712,354.32
Czechoslovakia.....	22,170,085.83		2,559,378.92	24,729,464.75
Estonia.....	1,000,000.00	4,539,345.00	512,194.06	6,051,539.06
France.....	438,730,128.79	308,182,920.00	42,656,316.08	789,569,364.87
Germany (Austrian indebtedness) <sup>1</sup> .....	2,300,465.00		173,836.15	2,474,301.15
Great Britain.....	239,000,000.00	1,121,749,481.58	136,090,710.70	1,496,840,192.28
Greece.....	6,863,000.00	2,713,507.50	1,007,060.70	10,583,568.20
Hungary <sup>2</sup> .....	108,025.00	457,770.13	59,158.12	624,953.25
Italy.....	111,200,000.00	16,681,541.74	12,546,182.32	140,427,724.06
Latvia.....	403,700.00	1,778,604.84	213,839.64	2,396,144.48
Lithuania.....	364,160.00	1,553,571.70	191,565.64	2,109,297.34
Poland.....	11,973,000.00	56,813,130.00	6,387,215.94	75,173,345.94
Rumania <sup>3</sup> .....	11,630,560.43	1,815,119.62	682,501.12	14,128,181.17
Yugoslavia.....	3,213,000.00	231,093.78		3,444,093.78
Total.....	885,056,125.05	1,872,346,085.89	209,862,313.71	2,667,264,524.65

<sup>1</sup> The German Government has been notified that the Government of the United States will look to the German Government for the discharge of this indebtedness of the Government of Austria to the Government of the United States.

<sup>2</sup> The Hungarian Government has deposited with the foreign creditors' account at the Hungarian National Bank an amount of Hungarian currency equivalent to the interest payments due from December 15, 1932, to June 15, 1937. The debt funding and moratorium agreements with Hungary provide for payment in dollars in the United States.

<sup>3</sup> The Rumanian Government paid to the Treasury on June 15, 1940, the amount 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.

*Finland.*—Finland continued during the year to make full payment of amounts due on its indebtedness to the United States. The amount of the December 1939 payment, \$234,693, at the direction of the President was held in suspense "pending such action, if any, as the Congress might desire to take with respect to it." (See the copy of a communication from the President to the Congress on page 545.)

On March 2, 1940, legislation was enacted "To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes." Thereafter the Export-Import Bank established certain credits to the Finnish-American Trading Corporation, an American Corporation organized by the Finnish minister with a paid-in capital stock of \$1,000,000, and guaranteed by the Finnish Government, for commodity and supply purchases in this country. Later Congress passed a joint resolution "To authorize the postponement of payment of amounts payable to the United States by the Republic of Finland on its indebtedness under agreements between that Republic and the United States dated May 1, 1923, and May 23, 1932." (See exhibit 43, page 546.) This joint resolution authorized postponement of amounts payable during the period January 1 to December 31, 1940. Following approval of the joint resolution on June 15, 1940, the December 1939 payment was covered into the Treasury. On June 15, 1940, Finland made a payment of \$159,398 due on that date without exercising its option under the joint resolution.

*Hungary.*—In accordance with its proposal of August 16, 1937, the Hungarian Government made semiannual payments of \$9,828.16 on December 14, 1939, and June 14, 1940, for application on account of the funded indebtedness of the Hungarian Government to the United States.

When making such payments the Hungarian Minister expressed the hope of his government that the Congress would give favorable consideration to its offer, made in February 1938, seeking a new debt arrangement on a permanent basis providing for payment of the original debt, without interest, in equal installments covering approximately 30 years. This proposal (see exhibit 48 on page 297 of the annual report for 1938) was recommended to the consideration of the Congress by the President on March 28, 1938, with an expression of the belief that it represented a noteworthy wish and effort of the Hungarian Government to meet its obligations to the United States.

*Nicaragua.*—In pursuance of Article II of the Treaty of April 14, 1938, covering the adjustment of certain accounts and refund of income taxes, which was ratified by the Senate on June 13, 1938, 59 obligations against the Republic of Nicaragua in the principal amount of \$289,898.78 were marked canceled and returned to the Government of Nicaragua through the Department of State on October 6, 1939.

*Rumania.*—On June 15, 1940, the Rumanian minister addressed a communication to the Secretary of State referring to the note of May 3, 1939, containing a notice that he had been designated by his government to negotiate with the United States Government for the purpose of reaching a new agreement in respect to the debt owed by the Rumanian Government to the United States (see page 294 of the annual report of the Secretary of the Treasury for 1939). The minister's letter informed the Secretary of State that as a token of its good faith and of its real desire to reach a new agreement concerning

its indebtedness to the Government of the United States the Rumanian Government was paying the sum of \$100,000 to the American Government, this sum to be held in a special account and "to be used if, as and when the new agreement to be negotiated by our two governments will have entered in force \* \* \*."

Press releases of the Department of State dated June 15, 1940, with respect to the indebtedness of the Government of Rumania will be found on page 553 of this report.

### *Receipts from Germany*

During the fiscal year 1940 the United States received no payments from the Government of Germany under the debt funding agreement of June 23, 1930, covering the costs of the American Army of Occupation and the awards of the Mixed Claims Commission, United States and Germany.

*Army costs.*—Payments of 9,300,000 reichsmarks were due on September 30, 1939, and March 31, 1940, respectively, from the Government of Germany on account of army costs under the provisions of the debt agreement of June 23, 1930. Interest amounting to 4,971,687.50 reichsmarks was also due on those dates. There has been no change in the army cost account from that shown in the statement appearing on page 39 of the annual report of 1932.

*Mixed claims, United States and Germany.*—Payments of 20,400,000 reichsmarks were due on September 30, 1939, and March 31, 1940, respectively, from the Government of Germany on account of mixed claims awards under the provisions of the debt agreement of June 23, 1930. Interest amounting to 16,830,000 reichsmarks was also due on those dates.

*Annuities under moratorium agreement.*—The semiannual installments, aggregating 3,058,098.90 reichsmarks, of the annuities under the moratorium agreement with the Government of Germany dated May 26, 1932, which were due during the fiscal year 1940, were not paid by Germany.

The status of the indebtedness of Germany to the United States as of June 30, 1940, under the funding and moratorium agreements is summarized in the following tables:

AMOUNT OF INDEBTEDNESS

Class	Indebtedness as funded	Total indebted- ness, June 30, 1940	Principal	Interest ac- crued and unpaid <sup>1</sup>
Army costs (reichsmarks).....	1, 048, 100, 000	1, 022, 946, 007. 78	997, 500, 000	25, 446, 007. 78
Mixed claims (reichsmarks).....	2, 121, 600, 000	2, 112, 420, 000. 00	2, 040, 000, 000	72, 420, 000. 00
Total (reichsmarks).....	3, 169, 700, 000	3, 135, 366, 007. 78	3, 037, 500, 000	97, 866, 007. 78
Total (in dollars, at 40.33 cents to the reichsmark).....	\$1, 278, 340, 010	\$1, 264, 493, 110. 94	\$1, 225, 023, 750	\$39, 469, 360. 94

<sup>1</sup> Includes interest accrued under unpaid moratorium agreement annuities.

<sup>2</sup> Includes 4,027,611.95 reichsmarks deposited by the German Government in the Konversionskasse für Deutsche Auslandsschulden and not paid to the United States in dollars as required by the debt and moratorium agreements.

## PAYMENTS RECEIVED

Class	Total payments received to June 30, 1940	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

## AMOUNTS NOT PAID ACCORDING TO CONTRACT TERMS, JUNE 30, 1940

Date due	Funding agreement		Moratorium agreement	Total
	Principal	Interest		
Sept. 30, 1933.....reichsmarks.....		2,498,562.50	1,529,049.45	<sup>1</sup> 4,027,611.95
Mar. 31, 1934.....do.....	122,400,000		1,529,049.45	123,929,049.45
Sept. 30, 1934.....do.....	20,400,000	3,855,687.50	1,529,049.45	25,784,736.95
Mar. 31, 1935.....do.....	82,900,000	4,534,250.00	1,529,049.45	88,963,299.45
Sept. 30, 1935.....do.....	29,700,000	5,212,812.50	1,529,049.45	36,441,861.95
Mar. 31, 1936.....do.....	29,700,000	5,891,375.00	1,529,049.45	37,120,424.45
Sept. 30, 1936.....do.....	29,700,000	6,569,937.50	1,529,049.45	37,798,986.95
Mar. 31, 1937.....do.....	29,700,000	7,248,500.00	1,529,049.45	38,477,549.45
Sept. 30, 1937.....do.....	28,600,000	7,927,062.50	1,529,049.45	38,056,111.95
Mar. 31, 1938.....do.....	28,600,000	8,585,687.50	1,529,049.45	38,714,736.95
Sept. 30, 1938.....do.....	28,600,000	9,244,312.50	1,529,049.45	39,373,361.95
Mar. 31, 1939.....do.....	28,600,000	9,902,937.50	1,529,049.45	40,031,986.95
Sept. 30, 1939.....do.....	29,700,000	10,561,562.50	1,529,049.45	41,790,611.95
Mar. 31, 1940.....do.....	29,700,000	11,240,125.00	1,529,049.45	42,469,174.45
Total.....	518,300,000	93,272,812.50	21,406,692.30	632,979,504.80
Total (in dollars, at 40.33 cents to the reichsmark).....	\$209,030,390	\$37,616,925.28	\$8,633,319.00	\$255,280,634.28

<sup>1</sup> Includes 4,027,611.95 reichsmarks deposited by the German Government in the Konversionskasse für Deutsche Auslandsschulden and not paid to the United States in dollars as required by the debt and moratorium agreements.

*Treasury administration of alien and mixed claims*

The Settlement of War Claims Act of 1928 authorized the Secretary of the Treasury to make payments on account of (1) awards of the Mixed Claims Commission, United States and Germany, for claims of American nationals against the Government of Germany; (2) awards of the War Claims Arbitrator for claims of German, Austrian, and Hungarian nationals against the Government of the United States; and (3) awards of the Tripartite Claims Commission for claims of American nationals against the Governments of Austria and Hungary.

The time within which claimants could file applications for payment of awards from the Mixed Claims Commission, United States and Germany, and the Tripartite Claims Commission, United States, Austria and Hungary, has been extended from time to time, and was further extended until March 10, 1940, under the joint resolution of Congress approved May 23, 1938, a copy of which will be found as exhibit 64 on page 346 of the annual report for 1938.

Executive Order No. 6981, dated March 2, 1935, as amended by Executive Order No. 7111, dated July 22, 1935, removed in certain cases the restrictions imposed by Public Resolution No. 53 of June 27, 1934, as to payments, transfers, and deliveries of property under the Trading with the Enemy Act, as amended, and the Settlement of War Claims Act of 1928, as amended.

*Mixed Claims Commission and Private Act No. 509: Claims against Germany.*—On October 31, 1939, the Secretary of State certified to

the Secretary of the Treasury for payment additional awards of the Commission on account of sabotage claims aggregating \$21,157,-227.01. The interest on these awards from various dates to January 1, 1928, aggregates \$10,236,826.74, making the total as of January 1, 1928, \$31,394,053.75. No payments have as yet been made on account of these awards. There is still pending in the courts a suit filed in the District Court of the United States for the District of Columbia by the Z. & F. Assets Realization Corporation, plaintiff, v. Secretary of State and Secretary of the Treasury, defendants.

On July 19, 1940, Private Act No. 509 for the relief of Katherine M. Drier was approved. Under the provisions of this law the Secretary of the Treasury was authorized to make payments from the German special deposit account as if an additional award had been entered by the Mixed Claims Commission, United States and Germany, on behalf of Katherine M. Drier. Private Act No. 509 is set forth in detail in exhibit 55, page 580.

No payments were made during the year on account of awards of the Mixed Claims Commission. On August 15, 1940, the sum of \$159,070.39 was payable under the provisions of Private Act No. 509, of which \$119,501.63 was paid and there was withheld for future disposition the sum of \$39,568.76.

The following summary shows the number and amount of awards certified to the Treasury by the Secretary of State, the amount paid on account, and the balance due thereon as of September 30, 1940. Further details by classes of awards may be found in table 68, page 830.

*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 and the amount paid and balance due, as of September 30, 1940<sup>1</sup>*

Awards certified	Total number of awards	Total amount
1. Amount due on account: Principal of awards.....	7, 026	\$181, 698, 235. 30
Less amounts paid by Alien Property Custodian and others.....		187, 226. 85
Interest to Jan. 1, 1928, at rates specified in awards.....		181, 511, 008. 45
Interest thereon to date of payment or, if unpaid Sept. 30, 1940, at 5 percent per annum as specified in the Settlement of War Claims Act of 1928.....		81, 465, 086. 36
		91, 938, 763. 08
Total due claimants.....		354, 914, 857. 89
2. Payment made on account to Sept. 30, 1940:		
Principal of awards.....	6, 500	\$125, 771, 505. 69
Interest to Jan. 1, 1928, at rates specified in awards.....		8, 558, 952. 60
Interest at 5 percent per annum from Jan. 1, 1928, to date of payment as directed by the Settlement of War Claims Act of 1928.....		1, 542, 888. 09
Total payments to Sept. 30, 1940.....		135, 873, 346. 38
Less one-half of 1 percent deduction from each payment.....		679, 565. 16
Net payments made to claimants to Sept. 30, 1940.....		135, 193, 781. 22
3. Balance due on account:		
Principal of awards.....	526	128, 258, 220. 01
Interest to Jan. 1, 1928, at rates specified in awards.....		387, 416. 51
Accrued interest at 5 percent per annum from Jan. 1, 1928, on total amount payable as of Jan. 1, 1928, to Sept. 30, 1940.....		90, 395, 874. 99
Balance due claimants as of Sept. 30, 1940.....		219, 041, 511. 51

<sup>1</sup> Includes payments on account of Private Act No. 509, approved July 19, 1940.

<sup>2</sup> Includes payments on account of interest to Jan. 1, 1928, on Class III awards and Private Act No. 509. 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 three 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.

*War Claims Arbiter.*—Under the Settlement of War Claims Act of 1928, it was the duty of the War Claims Arbiter, within certain limitations, to hear the claims of German, Austrian, and Hungarian nationals and to determine the fair compensation to be paid by the United States for ships seized, patents sold or used by the United States, and a radio station sold to the United States.

*War Claims Arbiter: Claims of German nationals.*—The Treasury completed up to June 30, 1935, payment of 50 percent of the amount of all awards made by the War Claims Arbiter in favor of German nationals as required by paragraph 7 of section 4 (c) of the Settlement of War Claims Act of 1928. No payments were made on these awards subsequent to that date.

The following summary shows the number and amount of awards in favor of German nationals certified to the Treasury for payment, the payments made on account, and the balance due thereon as of September 30, 1940:

*Number of awards of the War Claims Arbiter on account of claims of German nationals for ships and patents and a radio station and the amount paid and balance due on each, September 30, 1940*

Awards certified	Total amount (315 awards)	Ships, amount (27 awards)	Patents and radio station, amount (288 awards)
<b>1. Amount due on account:</b>			
Principal of awards, including interest to Jan. 1, 1929.....	\$86,738,320.83	\$74,252,933.00	\$12,485,387.83
Interest at 5 percent per annum from Jan. 1, 1929, on total amount payable as of Jan. 1, 1929, or on the principal amount remaining unpaid to Sept. 30, 1940.....	30,163,155.74	25,671,570.29	4,491,585.45
Total due claimants.....	116,901,476.57	99,924,503.29	16,976,973.28
<b>2. Payments made on account to Sept. 30, 1940:</b>			
Principal of awards.....	43,368,899.24	37,126,205.21	6,242,694.03
Interest at 5 percent per annum from Jan. 1, 1929, on total amount payable as of Jan. 1, 1929, or on the principal amount remaining unpaid to Sept. 30, 1940.....			
Total payments to Sept. 30, 1940.....	43,368,899.24	37,126,205.21	6,242,694.03
<b>3. Balance due on account:</b>			
Principal of awards.....	43,369,421.59	37,126,727.79	6,242,693.80
Interest accrued at 5 percent per annum from Jan. 1, 1929, on total amount payable as of Jan. 1, 1929, or on the principal amount remaining unpaid to Sept. 30, 1940.....	30,163,155.74	25,671,570.29	4,491,585.45
Balance due claimants.....	73,532,577.33	62,798,298.08	10,734,279.25

<sup>1</sup> Includes awards amounting to \$522.58 to members of former ruling family of Germany (sec. 3 (j), Settlement of War Claims Act of 1928, as amended).

*War Claims Arbiter: Claims of Hungarian nationals.*—The awards made by the Arbiter to Hungarian nationals in the sum of \$39,125, with interest at the rate of 5 percent per annum from July 2, 1921, to December 31, 1928, amounting to \$14,675, have been paid with the exception of one award amounting to \$137.51, together with interest thereon at the rate of 5 percent per annum from December 31, 1928. No payments were made during the year on these awards.

*German special deposit account.*—The following statement shows the total amounts deposited in the German special deposit account, the



amounts paid therefrom up to September 30, 1940, and the balance held in the account:

*Funds deposited in the German special deposit account and payments made therefrom up to September 30, 1940*

## RECEIPTS

From investments by Alien Property Custodian under Trading with the Enemy Act, as amended:		
Unallocated interest fund.....	\$25,000,000.00	
Less refunds.....	5,167,944.37	
	<hr/>	
	19,832,055.63	
20 percent German property retained.....	17,552,096.91	
	<hr/>	\$37,384,152.54
From Germany:		
2¼ percent of Dawes' annuities available for reparations (Paris agreement of Jan. 14, 1925).....	32,183,060.87	
Under German-American debt agreement, June 23, 1930.....	19,469,964.00	
Interest on payments postponed under terms of debt agreement dated June 23, 1930.....	1,743,738.70	
	<hr/>	53,396,763.57
Appropriation for ships, patents, and radio station.....	86,738,320.83	
Expenses of Administration, War Claims Arbitrer, on account of German nationals.....	113,624.20	
	<hr/>	86,851,945.03
Deposits by Attorney General of the United States (Alien Property Bureau) under sec. 25 (d) of Trading with the Enemy Act, as amended:		
German Government.....	137,268.13	
German nationals.....	856,401.72	
	<hr/>	993,669.85
Earnings and profits on investments by Secretary of the Treasury.....	5,446,763.85	
	<hr/>	\$184,073,294.84
Total receipts.....		

## PAYMENTS ON ACCOUNT

Awards of the Mixed Claims Commission:		
Under agreement of Aug. 10, 1922.....	\$129,727,690.98	
Under agreement of Dec. 31, 1928.....	5,347,383.96	
	<hr/>	\$135,075,074.94
Private Act No. 509.....		118,706.28
Awards of War Claims Arbitrer:		
For ships.....	37,126,205.21	
For patents and radio station.....	6,242,694.03	
	<hr/>	43,368,899.24
One-half of 1 percent deducted from mixed claims payments covered into Treasury (\$388.87 withheld but not paid).....		651,809.90
One-half of 1 percent deducted from mixed claims payments on account of awards entered under agreement of Dec. 31, 1928 (act of June 21, 1930), and paid to Germany (\$2,720.95 withheld but not paid).....		24,150.09
One-half of 1 percent deducted on account of Private Law No. 509 (\$795.35 withheld but not paid).....		
Advances to special fund, expenses of administration of the settlement of War Claims Act of 1928 (Office of the Secretary of the Treasury).....		47,175.00
Expenses of administration, War Claims Arbitrer account of German nationals.....		113,624.20
	<hr/>	
Total payments.....		179,399,439.65
Balance in German special deposit account (including investments).....		<hr/>
		4,673,855.19
Made up as follows:		
\$4,500,000 face amount 2¼ percent Treasury bonds, 1954-56.....		4,500,000.00
Accrued interest paid on investment.....		8,575.82
Cash balance.....		165,279.37
		<hr/>
		4,673,855.19

*Tripartite Claims Commission: Claims against Austria.*—The total amount of awards, including interest, certified by the Tripartite Claims Commission to the Treasury for payment was \$370,032.14. Payments on these awards were completed during the fiscal year 1939.

*Tripartite Claims Commission: Claims against Hungary.*—The awards entered by the Tripartite Claims Commission against Hungary,

in favor of American nationals, amounted to \$199,975.57. During the fiscal year 1940 no payments were made on account of such awards. As of June 30, 1940, awards aggregating \$7,257.35 had not been paid because claimants had not filed applications as required by law.

*Claims of American nationals against Turkey*

Representatives of the United States and Turkey signed at Istanbul on October 25, 1934, a final agreement for the settlement of the claims of the nationals of each country against the other, embraced within the agreement concluded between the United States and Turkey through an exchange of notes on December 24, 1923, and confirmed by a further exchange of notes on February 17, 1927. The agreement provides that the Republic of Turkey will pay to the United States the sum of \$1,300,000, without interest, in full settlement of claims of American citizens which are embraced by the agreement of December 24, 1923, in 13 annual installments of \$100,000 each; the first installment to be paid on June 1, 1936, following ratification of the agreement by the Great National Assembly of Turkey. The agreement was approved by the Assembly on December 23, 1934. Under an exchange of notes in October and November 1937 the United States consented to a change of the due date for the payment of the annual installments under the agreement from June 1 to June 20 because June 1 coincides with the beginning of the Turkish fiscal year and was therefore an inconvenient time for the Turkish Government to make payments of an important nature.

Under the joint resolution approved June 18, 1934, authorizing an appropriation to cover the expenses incurred by the United States in connection with such claims, it was provided that the expenses shall become a first charge upon any moneys received from the Turkish Government and the amount of such expenditures shall be deducted from the first payment by the Turkish Government and deposited in the Treasury as miscellaneous receipts, and that the Secretary of State in distributing to the respective claimants the balance of the amounts received from the Turkish Government shall apportion the amount withheld on account of expenses in such manner as to constitute a uniform percentage of deduction from the amount found to be due each claimant.

The Special Claims Commission, United States and Turkey, established under the agreement of December 24, 1923, made awards in 33 cases aggregating \$899,338.09, which were reduced by \$70,891.06 on account of expenses incurred by the United States, leaving net awards amounting to \$828,447.03 payable from funds received from the Republic of Turkey. Under the provisions of the act of February 27, 1896 (29 Stat. 32), these awards were certified on August 19, 1937, by the Secretary of State to the Secretary of the Treasury for payment. During the fiscal year 1940 a pro rata payment was authorized to be made to the claimants by the Treasury from funds amounting to \$100,000, available for that purpose. An additional sum of \$100,000 was received on June 20, 1940, but too late to enable the Treasury to make payments to claimants prior to June 30, 1940.

*Statement of awards made by Special Claims Commission, United States and Turkey,  
as of June 30, 1940*

Amount awarded to claimants:		
Amount of claims.....	\$539,844.13	
Interest allowed.....	359,493.96	
Total.....	899,338.09	
Less deductions on account of expenses incurred by the United States.....	70,891.06	
Amount of awards.....		<u>\$828,447.03</u>
Amount received from Republic of Turkey:		
To June 30, 1939.....	300,000.00	
During fiscal year 1940 <sup>1</sup> .....	200,000.00	
Total.....	500,000.00	
Less reimbursement for expenses by the United States.....	70,891.06	
Available for payment to claimants.....		429,108.94
Amount paid to claimants:		
To June 30, 1939.....	229,057.95	
During fiscal year 1940.....	99,877.75	
Total.....		<u>329,035.70</u>
Balance due claimants for which vouchers have not been received.....		100,073.24

<sup>1</sup> Installment of \$100,000 due on June 20, 1940, received by Treasury on June 20, 1940.

*Claims of American nationals against Mexico*

The Special Mexican Claims Commission was established pursuant to the act approved April 10, 1935, with jurisdiction to hear and determine, conformable to the terms of the convention of September 10, 1923, and justice and equity, all claims against the Republic of Mexico, notices of which were filed with the Special Claims Commission, United States and Mexico, established by the convention of September 10, 1923, in which the said Commission failed to award compensation, except such claims as may be found by the Commission provided for in the Special Claims Convention of April 24, 1934, to be general claims and recognized as such by the General Claims Commission. Section 4 of the act provides that if, after all claims have been passed upon and all awards have been entered, the total amount of such awards is greater than the amount that the Government of Mexico has agreed to pay to the Government of the United States in satisfaction of the claims, less expenses of the Commission, it shall reduce the awards on a percentage basis to such amount, and shall enter final awards in such reduced amounts.

Pursuant to section 9 of the act of April 10, 1935, the Secretary of State shall transmit to the Secretary of the Treasury a list of all claims allowed in whole or in part, together with the amount of each claim and the amount awarded by the Commission, and the Secretary of the Treasury, after making the deduction to cover the expenses of the United States incurred in connection with such claims, shall distribute in ratable proportions, among the persons in whose favor awards shall have been made, or their assignees, heirs, executors, or administrators of record, according to the proportions which their respective awards shall bear to the whole amount then available for distribution, such moneys as may be received from the Government of Mexico under the convention of April 24, 1934.

Under the convention between the United States and Mexico dated April 24, 1934, covering the en bloc settlement of the claims presented by the Government of the United States to the Commission established by the Special Claims Convention concluded September 10, 1923, the amount to be paid by the Government of Mexico to the Government

of the United States was fixed at \$5,448,020.14. This amount is to be paid at the rate of \$500,000 per annum, beginning January 1, 1935, and continuing until the whole amount shall have been paid. Deferred payments, that is, payments made after January 2, 1935, shall bear interest at the rate of one-fourth of 1 percent per annum for the first year counting from January 1, 1935, and an additional one-fourth of 1 percent for each additional year until the maximum of 1 percent is reached, which shall be applied beginning January 1, 1939. In the event of failure to make annual payments when due, this rate shall be increased at the rate of one-fourth of 1 percent per annum on the amount of deferred payments during the period of any such delay until a maximum additional rate of 3 percent on such overdue amounts is reached.

On June 20, 1938, the Secretary of State certified to the Secretary of the Treasury for payment a list of awards entered by the Special Mexican Claims Commission aggregating \$9,137,341.79, subsequently adjusted to \$9,140,541.89, which were subject to reduction on a percentage basis as provided in section 4 of the act approved April 10, 1935. The final awards as adjusted aggregated \$5,210,108.92. The total appropriations to cover the expenses incurred by the United States amounted to \$250,000 and pending a final determination as to the actual amount of expenses paid by the United States, \$250,000 of the appropriations has been withheld from the payments made by the Government of Mexico.

As of June 30, 1940, there had been received and made available for distribution to claimants the sum of \$2,878,180.70. Amounts aggregating 55.24 percent of the final awards of \$5,210,108.92 have been authorized to be distributed to the claimants.

*Statement of awards made by Special Mexican Claims Commission, United States and Mexico, as of June 30, 1940*

Amount of final awards to claimants after application of sec. 4 of the act approved Apr. 10, 1935.....		\$5, 210, 108. 92
Amount received from Government of Mexico:		
To June 30, 1939, \$2,500,000 principal and \$98,700.50 interest.....	\$2, 598, 700. 50	
Jan. 2, 1940, \$500,000 principal and \$29,480.20 interest.....	529, 480. 20	
Total to June 30, 1940.....		3, 128, 180. 70
Less amount reserved to cover expenses incurred by the United States.....		250, 000. 00
Available for payment to claimants.....		2, 878, 180. 70
Amount paid to claimants during fiscal year 1939.....	2, 087, 193. 47	
Amount paid to claimants during fiscal year 1940.....	678, 717. 90	
Total to June 30, 1940.....		2, 765, 911. 37
Balance due claimants:		
For which vouchers have not been received.....	112, 152. 80	
For subsequent distribution.....	116. 53	
		112, 269. 33

*Railroad obligations*

Total receipts during the fiscal year on account of railroad securities amounted to \$103,509.14, of which \$1,075.99 was collected by the Director General of Railroads under the Federal Control Act, as amended, and \$102,433.15 was collected by the Treasury Department under section 210 of the Transportation Act, 1920, as amended.

The following statement shows the total amount of railroad obligations, by classes, originally held by the United States Government (exclusive of certain miscellaneous obligations held by the Director

General of Railroads), the amount held on June 30, 1940, and payments received on account:

*Summary of railroad obligations held by the Government as of June 30, 1940, by classes*

Class	Principal amount originally held	Principal amount held on June 30, 1940	Total payments received	
			Principal	Interest
Federal Control Act:				
Equipment trust notes.....	\$346,556,750.00		\$346,556,750.00	\$45,338,918.25
Sec. 7.....	98,401,755.00		98,401,755.00	23,100,562.27
Sec. 12.....	62,103,453.28		62,103,453.28	4,248,171.96
Transportation Act:				
Sec. 207.....	282,712,837.36	\$5,007,000.00	1 277,695,167.90	54,360,339.70
Sec. 210.....	290,800,667.00	25,178,927.88	265,621,739.12	90,904,943.95
Total.....	1,080,575,462.64	30,185,927.88	1,050,378,865.30	217,952,936.13

<sup>1</sup> Stock of the Kansas, Oklahoma & Gulf Ry. Co. in the face amount of \$212,500 was sold on the market for \$201,830.54, resulting in a difference of \$10,669.46 between the receipts and the principal originally held.

*Section 207, Transportation Act, 1920, as amended.*—The following statement shows the amount of obligations of carriers acquired under section 207 and held on June 30, 1940:

*Obligations acquired under the provisions of sec. 207 of the Transportation Act, 1920, and held as of June 30, 1940*

Carrier	Principal amount of promissory note or of directly held security	Collateral, face amount	Class of collateral or of directly held security	Principal in default	Interest in default
Chicago, Milwaukee, St. Paul & Pacific R. R. Co.	\$3,207,000	( <sup>1</sup> )	5% noncumulative preferred stock of carrier.		
Minneapolis & St. Louis R. R. Co.	1,250,000	\$1,500,000	Refunding and extension mortgage, 5% bonds of carrier.	\$1,250,000	\$1,275,000.00
Washington, Brandywine & Point Lookout R. R. Co.	50,000	75,000	First mortgage, 6% bonds of carrier.	50,000	25,408.98
Waterloo, Cedar Falls & Northern Ry. Co.	500,000	625,000	Temporary general mortgage, 7% bonds of carrier.	500,000	574,931.50
Total.....	5,007,000			1,800,000	1,875,340.48

<sup>1</sup> Securities directly held.

*Section 210, Transportation Act, 1920, as amended.*—This section established a revolving fund of \$300,000,000 to be used for loans to railroads under the conditions set forth in a certificate of the Interstate Commerce Commission authorizing each loan, and also for paying judgments, decrees, and awards rendered against the Director General of Railroads. No new loans are being made as the time for making application has expired. No expenditures under this section were made by the Director General during the fiscal year. The net expenditures by him on this account amounted to \$33,640,740.24 to June 30, 1940.

Total loans (including renewal loans and repayments thereof aggregating \$59,800,000) to June 30, 1940, amounted to \$350,600,667, repayments amounted to \$325,421,739.12, and loans outstanding as of that date amounted to \$25,178,927.88.

In an opinion dated February 7, 1939, the Attorney General of the United States advised the Secretary of the Treasury that the Treasury Department had authority under section 3469 of the Revised Statutes of 1873 to accept a cash offer in compromise on account of a loan to a railroad company under section 210 of the Transportation Act, 1920, as amended, provided that the facts are such as to warrant a compromise under the principles commonly applied and having due regard to the question of collectibility. In view of this opinion the Secretary of the Treasury accepted \$44,304.67, representing the unpaid principal of a loan of \$50,000.00 made to the Aransas Harbor Terminal Railway, in full satisfaction and settlement of the unpaid principal and interest amounting to \$17,357.57, accrued to February 1, 1939. The total payments by the carrier on this loan aggregate \$81,613.09 of which \$50,000.00 represented principal and \$31,613.09 represented interest.

The following statement shows the amount of obligations held on June 30, 1940, on account of loans to carriers under section 210, and the amount of principal and interest in default:

*Obligations held on June 30, 1940, on account of loans to carriers under sec. 210 of the Transportation Act, 1920, as amended, and the amount of principal and interest in default*

Carrier	Loans outstanding	Principal in default	Interest in default
Alabama, Tennessee & Northern R. R. Corporation	\$151,500.00	\$151,500.00	\$59,085.00
Des Moines & Central Iowa R. R. Co. (formerly the Interurban Ry. Co.)	633,500.00	633,500.00	460,178.14
Fort Dodge, Des Moines & Southern R. R. Co.	200,000.00	200,000.00	125,164.91
Gainesville & Northwestern R. R. Co.	175,000.00		
Georgia & Florida Ry. (receiver)	752,000.00	752,000.00	498,960.00
Minneapolis & St. Louis R. R. Co.	1,382,000.00	1,382,000.00	1,372,289.73
Missouri & North Arkansas Ry. Co.	1,500,000.00		
Salt Lake & Utah R. R. Co.	1,872,600.00		
Seaboard Air Line Ry. Co.	14,440,577.88	14,440,577.88	7,866,049.73
Seaboard-Bay Line Co.	1,256,000.00	1,256,000.00	640,560.00
Virginia Blue Ridge Ry. Co.	1,066,000.00	1,066,000.00	88,827.86
Virginia Southern R. R. Co.	138,000.00		
Waterloo, Cedar Falls & Northern Ry. Co.	1,260,000.00	1,260,000.00	1,346,461.97
Wichita, Northwestern Ry. Co.	381,750.00	381,750.00	377,932.40
Wilmington, Brunswick & Southern R. R. Co.	90,000.00	90,000.00	54,000.00
Total	25,178,927.88	20,693,327.88	12,889,509.74

<sup>1</sup> Assets of these carriers have been completely liquidated, and were insufficient to meet these claims.

### *Federal control of railroads*

Effective July 1, 1939, under Reorganization Plan No. II dated May 9, 1939, the office of the Director General of Railroads was abolished and the functions and duties previously performed by the Secretary of the Treasury as Director General of Railroads were transferred to the Secretary of the Treasury. The last report covering operations of the former United States Railroad Administration was for the calendar year 1937. This report covers the period of thirty months from January 1, 1938, to June 30, 1940.

*Administration.*—Considerable progress has been made in closing out and liquidating matters growing out of the control of the American transportation system, which was exercised through the United States Railroad Administration during the period from December 28, 1917, to February 29, 1920. Under the general supervision of the Secretary

of the Treasury as Director General of Railroads the task of winding up the affairs of the Railroad Administration subsequent to March 1, 1937, was carried on by employees of the Treasury Department as an incident to the performance of their regular duties. Total administrative expenses for the calendar years 1937 and 1938 and for eighteen months from January 1, 1939, to June 30, 1940, are shown in the following table. The expenses for the last period cover eighteen months' salary of one clerk at \$1,740 per annum whose time is devoted to the searching of files in connection with the handling of inquiries.

Class	Calendar year 1937	Calendar year 1938	January 1, 1939, to June 30, 1940
Personal services (pay roll).....	\$5,867.00	\$1,740.00	\$2,610.00
Rent.....	1,500.00		
Electricity.....	82.24		
Printing supplies and services.....	63.93	38.21	
Telephone and telegraph.....	27.89		
Total.....	7,541.06	1,778.21	2,610.00

*Finances.*—Total receipts for the calendar year 1938 were \$9,391.63, and expenditures were \$4,948.67, resulting in net receipts of \$4,442.96, as compared with net receipts of \$130,984.98 for 1937. During the eighteen months from January 1, 1939, to June 30, 1940, total receipts were \$221,124.73, and expenditures were \$4,692.27, resulting in net receipts of \$216,432.46.

At the close of business on June 30, 1940, the cash and appropriation balances aggregated \$344,646.69 as compared with \$2,385,158.16 at the close of 1937, and with \$128,214.23 at the close of 1938.

A statement of receipts and expenditures follows:

*Receipts and expenditures, calendar year 1938 and for eighteen months from January 1, 1939, to June 30, 1940*

	Calendar year 1938	Jan. 1, 1939, to June 30, 1940
Balances at beginning of period:		
Director General of Railroads.....	\$783,868.72	\$80,680.38
Unrequisitioned appropriation balances:		
Federal control of transportation systems.....	939,902.55	47,533.85
Loans to railroads after termination of Federal control.....	661,386.89	
Total balances.....	\$2,385,158.16	\$128,214.23
Receipts:		
Collections of principal on obligations of carriers.....		1,000.00
Collection of interest on obligations of carriers.....	1,535.81	3,587.97
Income taxes of Federal carriers repaid by Treasury.....	6,095.49	215,971.03
Collection of miscellaneous claims referred to Washington from field, including transportation charges, undercharges, etc.....	1,760.33	565.73
Total receipts.....	9,391.63	221,124.73
Total balances and receipts.....	2,394,549.79	349,338.96
Expenditures:		
Employees, compensation liability awards.....	782.13	1,172.12
Deposit with the Workmen's Compensation Board of Ontario, account of compensation liability.....	1,116.10	
Claims for unpaid wages, back pay awards and Liberty bond subscription refunds.....	1,272.23	910.15

*Receipts and expenditures, calendar year 1938 and for eighteen months from January 1, 1939, to June 30, 1940—Continued*

	Calendar year 1938	Jan. 1, 1939, to June 30, 1940
Expenditures—Continued		
Administrative expenses:		
Pay rolls.....	\$1,740.00	\$2,610.00
Other, material and supplies, etc.....	38.21	
Total expenditures.....	\$4,948.67	\$4,692.27
Transferred to surplus fund of the Treasury:		
Federal control of transportation systems.....	1,600,000.00	
Loans to railroads after termination of Federal control.....	661,386.89	
Total transferred.....	2,261,386.89	
Total expenditures and transfers.....	2,266,335.56	4,692.27
Balances at end of period:		
Director General of Railroads.....	80,680.38	76,233.01
Federal control of transportation systems.....	47,533.85	268,413.68
	128,214.23	344,646.69
Total.....	2,394,549.79	349,338.96

During 1938, pursuant to section 12 of the Federal Control Act \$700,000 realized from operation of carriers during Federal control was paid into the revolving fund created by that act. This sum, together with \$900,000 of unexpended appropriation balances, or a total of \$1,600,000, was transferred to the surplus fund of the Treasury.

There was also transferred to the surplus fund from the revolving fund for loans to railroads after termination of Federal control the sum of \$661,386.89.

*Securities, etc.*—No collections were made since November 24, 1936, on account of the obligations of carriers acquired under section 207 of the Transportation Act, 1920, as amended, which are listed on page 199.

The miscellaneous securities acquired under section 202 of the Transportation Act, 1920, as amended, were obtained from non-Federal controlled railroads and others for indebtedness, such as interline balances, freight charges, undercharges, etc. From January 1, 1938, to June 30, 1940, \$6,123.78 was collected from this source. A statement of these items, showing the amounts carried on December 31, 1937, the changes from that date to June 30, 1940, and the amounts carried on June 30, 1940, is as follows:

Carrier	Indebtedness Dec. 31, 1937	Amount collected Jan. 1, to Dec. 31, 1938		Amount collected Jan. 1, 1939, to June 30, 1940		Indebtedness June 30, 1940
		Principal	Interest	Principal	Interest	
Wichita, Northwestern Ry. Co. (receivers' certificates).....	\$44,000.00		\$1,535.81	\$1,000.00	\$3,587.97	\$43,000.00
E. F. Drew & Co., Inc. (stock).....	4,065.00					4,065.00
Virginia Blue Ridge Ry. Co. (loans and bills receivable).....	16,592.36					16,592.36
Total.....	64,657.36		1,535.81	1,000.00	3,587.97	63,657.36

There were held in the custody of the Division of Loans and Currency on June 30, 1940, for account of employees of carriers formerly under Federal control, \$600 principal amount of Fourth Liberty Loan bonds of 1933-38.



Land comprising 160 acres in Bingham County, Idaho, was transferred to the United States on September 24, 1938, by quitclaim deed. This land has been transferred to the Federal Works Agency for disposition under the act of August 27, 1935 (49 Stat. 885; U. S. C., Supp. V., title 40, sec. 304a).

*Claims against the Director General.*—The principal claims presented during the period were on account of refunds of installments paid on subscriptions for Liberty Loan bonds by employees of carriers during Federal control and for unclaimed wages and back pay earned by employees. Total payments on account of allowed claims of this character amounted to \$1,272.23 during the calendar year 1938, and \$910.15 for eighteen months from January 1, 1939, to June 30, 1940.

*Compensation payments—United States railroad employees.*—Expenditures on account of the compensation award of a railroad employee residing in the United States amounted to \$782.13 for 1938. From January 1, 1939, to June 30, 1940, such expenditures amounted to \$1,172.12.

*Canadian Workmen's Compensation Board.*—The Canadian Workmen's Compensation Board, located at Toronto, Canada, has jurisdiction over certain cases of disability resulting from accidents during the period of Federal control on those railroads having lines extending into Canada. Pursuant to the demand of the Michigan Central Railroad Company a further payment of \$1,116.10 was made during the calendar year 1938 to the carrier to reimburse it for a deposit made with the Board to complete payment on certain compensation awards. Payments under Canadian compensation awards, made from funds so deposited with the Board, amounted to \$2,691.00 during the calendar year 1938. Interest amounting to \$1,375.10 was added to the fund, leaving a balance of \$29,086.92 to cover awards as of December 31, 1938. The figures showing the balance as of June 30, 1940, are not available inasmuch as the Board's reports to the Director General of Railroads are on a calendar year basis. However, the status of the fund as of December 31, 1939, was as follows:

Balance Dec. 31, 1938.....	\$29,086.92
Payments from Director General of Railroads during 1939.....	
Interest Jan. 1, 1939, through Dec. 31, 1939.....	1,365.32
	30,452.24
Payment of awards by Board during 1939.....	2,721.00
Balance Dec. 31, 1939.....	27,731.24

*Claims in favor of the Director General.*—Under the terms of the Federal Control Act and the standard contract with the carriers, the Director General paid 2 percent of all Federal income taxes assessed against carriers formerly under Federal control. Subsequently, the United States Board of Tax Appeals held that such taxes should not have been assessed against either the carriers or the Director General. As a result of further tax adjustments during 1938, there was received \$6,095.49 on account of these items, and for eighteen months from January 1, 1939, to June 30, 1940, there was received \$215,971.03. The Commissioner of Internal Revenue advised under date of March 14, 1938, that no adjustment was due the Director General on such income taxes amounting to \$10,306.93 and paid by him on account of one carrier. The amount of the claims pending has, therefore, been reduced by \$232,373.45. Further claims for such paid taxes amounting to \$908,130.55 are still pending before

the Board of Tax Appeals and it is anticipated that substantial sums will be received when such cases are finally adjusted by the Bureau of Internal Revenue.

All unpaid judgments which have not expired by reason of the statute of limitations, and other claims are being reviewed from time to time to determine whether any amounts can be collected thereon. Collections from this source amounted to \$1,760.33 during 1938, and \$565.73 from January 1, 1939, to June 30, 1940.

*Trust and special funds invested by the Treasury*

Under various provisions of law creating trust and special funds, the Secretary of the Treasury or the Treasurer of the United States is authorized to invest such portions of the funds as are not required to meet current withdrawals. The following statement shows the amount of Government and other securities held in these funds:

*Securities held as investments in trust and special funds, June 30, 1940*

(000 omitted)

Fund	Government securities	Government guaranteed securities	Other securities	Total
Adjusted service certificate fund.....	\$11,300	-----	-----	\$11,300
Ainsworth Library fund, Walter Reed General Hospital.....	10	-----	-----	10
Alaska Railroad retirement and disability fund.....	767	-----	-----	767
Canal Zone retirement and disability fund.....	4,284	-----	-----	4,284
Civil service retirement and disability fund.....	550,200	-----	-----	550,200
Civil service retirement and disability voluntary contributions fund.....	200	-----	-----	200
District of Columbia teachers' retirement fund.....	6,772	\$95	\$1,694	8,561
District of Columbia water fund.....	1,673	-----	-----	1,673
District of Columbia workers' compensation fund.....	22	-----	11	33
Foreign service retirement and disability fund.....	3,926	-----	-----	3,926
Library of Congress trust fund.....	1	-----	218	219
Longshoremen's and harbor workers' compensation fund.....	140	10	43	193
National Institute of Health gift fund.....	81	-----	-----	81
National park trust fund.....	14	-----	-----	14
Federal old-age and survivors insurance trust fund.....	1,738,100	-----	-----	1,738,100
Pershing Hall Memorial fund.....	191	-----	-----	191
Railroad retirement account.....	79,400	-----	-----	79,400
Unemployment trust fund.....	1,710,000	-----	-----	1,710,000
U. S. Government life insurance fund.....	828,342	-----	41,999	870,341
Total.....	4,935,423	105	43,965	4,979,493

*Adjusted service certificate fund.*—Amounts held for the account of the adjusted service certificate fund, created by the act of May 19, 1924, were reinvested during the fiscal year 1940 in special issues of Treasury certificates of indebtedness bearing interest at the rate of 4 percent per annum, in accordance with the procedure outlined in the Annual Report of the Secretary of the Treasury for the fiscal year 1925.

In accordance with the provisions of the Adjusted Compensation Payment Act, 1936, enacted January 27, 1936, payments were made from the fund during the fiscal year 1940 on account of the issuance of \$8,356,800 of adjusted service bonds and on account of checks for amounts less than \$50, totaling \$337,140.59.

During the year, \$8,200,000 net face amount of certificates were redeemed to meet current payments from the fund.

A statement of the fund as of June 30, 1940 (exclusive of fund assets held by the Veterans' Administration on account of bank loans on adjusted service certificates redeemed), follows:

*Adjusted service certificate fund, June 30, 1940*

FUND ACCOUNT	
Appropriations:	
To June 30, 1936 (including \$2,230,157,956.40 appropriated in the Independent Offices Appropriation Act, 1937, approved Mar. 19, 1936).....	\$3,626,157,956.40
Interest on investments:	
To June 30, 1939.....	\$130,669,020.58
July 1, 1939, to June 30, 1940.....	767,299.23
	<u>131,436,319.81</u>
Total.....	3,757,594,276.21
Payments under Adjusted Compensation Payment Act, 1936, enacted Jan. 27, 1936:	
Adjusted service bonds.....	\$1,837,007,950.00
Checks for amounts less than \$50.....	83,430,787.72
Adjusted service bonds (Government life insurance fund series)....	500,157,956.40
	<u>2,420,596,694.12</u>
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 and interest thereon.....	1,325,142,869.10
	<u>3,745,739,563.22</u>
Balance in fund June 30, 1940.....	<u>11,854,712.99</u>

FUND ASSETS<sup>1</sup>

Investments, 4% Treasury certificates of indebtedness.....	11,300,000.00
Unexpended balances:	
To credit of Chief Disbursing Officer, Division of Disbursement, and disbursing officers of the Veterans' Administration with the Treasurer of the United States..	529,947.22
To credit of fund on books of the Division of Bookkeeping and Warrants.....	24,765.77
	<u>554,712.99</u>
Total fund assets June 30, 1940.....	<u>11,854,712.99</u>

<sup>1</sup> Exclusive of assets held by Veterans' Administration.

*Civil service retirement and disability fund.*—In accordance with the provisions of the act of May 22, 1920 (41 Stat. 614), creating the civil service retirement and disability fund, the Treasury continued during the year to make investments for account of the fund in special issues of Treasury notes bearing interest at the rate of 4 percent per annum, in accordance with the procedure outlined in the Annual Report of the Secretary of the Treasury for 1926.

The act of August 4, 1939 (53 Stat. 1202, sec. 4), made provision for the acceptance of voluntary contributions from employees in multiples of \$25. Such contributions which bear interest at the rate of 3 percent per annum, compounded annually, will be available at date of retirement for the purchasing of additional annuity. The voluntary contributions to June 30, 1940, amounted to \$246,075; of this amount \$200,000 has been invested in 3 percent special Treasury notes payable June 30, 1944. Investments are made at 3 percent per annum, which corresponds to the earning requirements of the act.

The following statement shows the status of the fund as of June 30, 1940, as reflected by the accounts of the Treasury Department:

*Civil service retirement and disability fund, June 30, 1940<sup>1</sup>*

## Credits:

On account of deductions from basic compensation of employees and service-credit payments:		
From Aug. 1, 1920, to June 30, 1939.....	\$ 493, 132, 698. 91	
July 1, 1939, to June 30, 1940.....	43, 022, 562. 15	\$536, 155, 261. 06
On account of voluntary contributions.....		246, 075. 00
Appropriations:		
To June 30, 1939.....	380, 121, 520. 00	
Available July 1, 1939.....	\$ 87, 171, 760. 00	467, 293, 280. 00
Interest and profits on investments:		
From Aug. 1, 1920, to June 30, 1939.....	131, 153, 942. 40	
July 1, 1939, to June 30, 1940.....	21, 564, 999. 99	152, 718, 942. 39
Total.....		1, 156, 413, 558. 45
Less checks paid by Treasurer of the United States on account of annuities and refunds, Aug. 1, 1920, to June 30, 1940.....		602, 659, 043. 54
Balance in fund June 30, 1940.....		553, 754, 514. 91

## Assets:

Face amount	Principal cost	
\$97,900,000 4% special Treasury notes payable June 30, 1941.....	\$97,900,000. 00	
122,300,000 4% special Treasury notes payable June 30, 1942.....	122,300,000. 00	
145,400,000 4% special Treasury notes payable June 30, 1943.....	145,400,000. 00	
125,400,000 4% special Treasury notes payable June 30, 1944.....	125,400,000. 00	
59,000,000 4% special Treasury notes payable June 30, 1945.....	59,000,000. 00	
200,000 3% special Treasury notes payable June 30, 1944.....	200,000. 00	550, 200, 000. 00
550,200,000		
Unexpended balances June 30, 1940:		
To credit of disbursing officers.....	2, 451, 845. 56	
On books of Division of Bookkeeping and Warrants.....	\$ 1, 102, 669. 35	3, 554, 514. 91
Total fund assets June 30, 1940.....		553, 754, 514. 91

<sup>1</sup> On basis of daily Treasury statement (unrevised).<sup>2</sup> Exclusive of \$1,430,808.<sup>34</sup> transferred to the Canal Zone retirement and disability fund pursuant to act of May 2, 1931. Adjusted by \$323,807.73 for amounts received in the fiscal year 1939 but not classified on the daily Treasury statement until the fiscal year 1940.<sup>3</sup> Includes \$86,329,000 appropriated from the General Fund to cover the liability of the United States and \$842,760 appropriated from the revenues of the District of Columbia to cover its liability in connection with the financing of the fund.<sup>4</sup> Exclusive of \$161,305.25 deposits in transits

*Canal Zone retirement and disability fund.*—Under section 10 of the act of March 2, 1931 (46 Stat. 1477), creating the Canal Zone retirement and disability fund, the Secretary of the Treasury makes investments of such portion of the fund as in his judgment is not immediately required for the payment of annuities, refunds, and allowances, in accordance with the procedure outlined in the Annual Report of the Secretary of the Treasury for 1931.

The following statement shows the status of the fund as of June 30, 1940:

*Canal Zone retirement and disability fund, June 30, 1940<sup>1</sup>*

## Credits:

On account of deductions from basic compensation of employees subject to retirement act:		
From July 1, 1931, to June 30, 1939.....	\$5, 650, 128. 11	
July 1, 1939, to June 30, 1940.....	600, 181. 34	\$6, 250, 309. 45
Appropriations:		
To June 30, 1939.....	2, 000, 000. 00	
Available July 1, 1939.....	500, 000. 00	2, 500, 000. 00
Interest and profits on investments:		
From July 1, 1931, to June 30, 1939.....	877, 076. 49	
July 1, 1939, to June 30, 1940.....	170, 131. 47	1, 047, 207. 96
Total.....		9, 797, 517. 41
Less checks paid by Treasurer of the United States on account of annuities and refunds, July 1, 1931, to June 30, 1940.....		5, 418, 019. 67
Balance in fund June 30, 1940.....		4, 379, 497. 74

<sup>1</sup> On basis of daily Treasury statement (unrevised).

*Canal Zone retirement and disability fund, June 30 1940—Continued*

Assets:		
Face amount	Principal cost	
\$2,294,000 4% special Treasury notes payable June 30, 1941.....	\$2,294,000.00	
603,000 4% special Treasury notes payable June 30, 1942.....	603,000.00	
599,000 4% special Treasury notes payable June 30, 1943.....	599,000.00	
624,000 4% special Treasury notes payable June 30, 1944.....	624,000.00	
164,000 4% special Treasury notes payable June 30, 1945.....	164,000.00	
4,284,000		\$4,284,000.00
Unexpended balances June 30, 1940:		
To credit of disbursing officers.....	86,366.31	
On books of Division of Bookkeeping and Warrants.....	<sup>2</sup> 9,131.43	
		95,497.74
Total fund assets June 30, 1940.....		4,379,497.74

<sup>2</sup> Exclusive of \$134.27 deposits in transit.

*Foreign service retirement and disability fund.*—Under section 18 of the act of May 24, 1924 (43 Stat. 144), establishing the foreign service retirement and disability fund, the Secretary of the Treasury invests such portion of the fund as in his judgment is not immediately required for authorized payments, in accordance with the procedure outlined in the Annual Report of the Secretary of the Treasury for 1927.

The following statement shows the status of the fund as of June 30, 1940:

*Foreign service retirement and disability fund, June 30, 1940<sup>1</sup>*

Credits:		
On account of deductions from basic compensation and service-credit payments:		
From May 24, 1924, to June 30, 1939.....	<sup>2</sup> \$2,542,939.19	
July 1, 1939, to June 30, 1940.....	433,425.85	
		\$2,976,365.04
Appropriations:		
To June 30, 1939.....	2,451,100.00	
Available July 1, 1939.....	199,400.00	
		2,650,500.00
Interest and profits on investments:		
From May 24, 1924, to June 30, 1939.....	1,025,236.70	
July 1, 1939, to June 30, 1940.....	152,333.56	
		1,177,570.26
Total.....		6,804,435.30
Less checks paid by Treasurer of the United States on account of annuities and refunds, May 24, 1924, to June 30, 1940.....		2,780,536.43
Balance in fund June 30, 1940.....		4,023,898.87

Assets:		
Face amount	Principal cost	
\$659,000 4% special Treasury notes payable June 30, 1941.....	\$659,000.00	
885,000 4% special Treasury notes payable June 30, 1942.....	885,000.00	
738,000 4% special Treasury notes payable June 30, 1943.....	738,000.00	
872,000 4% special Treasury notes payable June 30, 1944.....	872,000.00	
772,000 4% special Treasury notes payable June 30, 1945.....	772,000.00	
3,926,000		3,926,000.00
Unexpended balances June 30, 1940:		
To credit of disbursing officers.....	48,745.32	
On books of Division of Bookkeeping and Warrants.....	<sup>3</sup> 49,153.55	
		97,898.87
Total fund assets June 30, 1940.....		4,023,898.87

<sup>1</sup> On basis of daily Treasury statement (unrevised).

<sup>2</sup> Adjusted by \$238.92 for amount received in the fiscal year 1939 but not classified on the daily Treasury statement until the fiscal year 1940.

<sup>3</sup> Adjusted by \$3,774.82 sent to surplus in the fiscal year 1940, but added back to balance here for the reason that the same amount was not reflected in the daily Treasury statement as a debit against receipts until the fiscal year 1941.

*Alaska Railroad retirement and disability fund.*—The Alaska Railroad retirement and disability fund was created pursuant to section 9 of the act of June 29, 1936 (49 Stat. 2022), for the retirement of employees of the Alaska Railroad, Territory of Alaska, who are citizens of the United States. Under section 10 of the act, the Secretary of the Treasury invests such portion of the fund as in his judgment may not be immediately required for the payment of annuities, refunds, and allowances authorized by the act, in accordance with a procedure similar to that outlined in the Annual Report of the Secretary of the

Treasury for 1931 covering investments for the Canal Zone retirement and disability fund:

The following statement shows the status of the fund as of June 30, 1940:

*Alaska Railroad retirement and disability fund, June 30, 1940<sup>1</sup>*

Credits:

On account of deductions from basic compensation of employees subject to retirement act:		
To June 30, 1939.....	<sup>2</sup> \$359,861.40	
July 1, 1939, to June 30, 1940.....	106,873.23	
		\$466,734.63
Appropriations:		
To June 30, 1939.....	350,000.00	
Available July 1, 1939.....	175,000.00	
		525,000.00
Interest and profits on investments:		
From June 29, 1936, to June 30, 1939.....	32,553.11	
July 1, 1939, to June 30, 1940.....	29,500.87	
		62,053.98
Total.....		1,053,788.61
Less checks paid by Treasurer of the United States on account of annuities and refunds to June 30, 1940.....		
		245,308.41
Balance in fund June 30, 1940.....		808,480.20

Assets:

<i>Face amount</i>	<i>Principal cost</i>	
\$52,000 4% special Treasury notes payable June 30, 1941.....	\$52,000.00	
265,000 4% special Treasury notes payable June 30, 1942.....	265,000.00	
225,000 4% special Treasury notes payable June 30, 1943.....	225,000.00	
196,000 4% special Treasury notes payable June 30, 1944.....	196,000.00	
29,000 4% special Treasury notes payable June 30, 1945.....	29,000.00	
		767,000.00
767,000		
Unexpended balances June 30, 1940:		
To credit of disbursing officers.....	24,682.98	
On books of Division of Bookkeeping and Warrants.....	<sup>3</sup> 16,797.22	
		41,480.20
Total fund assets June 30, 1940.....		808,480.20

<sup>1</sup> On basis of daily Treasury statement (unrevised).

<sup>2</sup> Adjusted by \$6,442.24 for amount received in the fiscal year 1939 but not classified on daily Treasury statement until the fiscal year 1940.

<sup>3</sup> Exclusive of \$7,418.78 deposits in transit.

*District of Columbia teachers' retirement fund.*—In accordance with the act of January 15, 1920, as amended by the District of Columbia Appropriation Act of June 5, 1920, the Treasurer of the United States makes investments of the funds derived from deductions from teachers' compensation. A further amendment of June 11, 1926, created a reserve fund and provided for annual appropriations to the fund which are also invested by the Treasurer.

During the fiscal year 1940, the Treasurer acquired by purchase on the market and by subscription to new issues for account of the deductions fund \$40,000 face amount of 2 percent Treasury bonds of 1948–50 and \$215,000 face amount of 2½ percent Treasury bonds of 1960–65, at a total principal cost of \$266,913.45; and for the Government reserve fund \$25,000 face amount of 2 percent Treasury bonds of 1948–50, \$100,000 face amount of 2½ percent Treasury bonds of 1955–60, and \$85,000 face amount of 2½ percent Treasury bonds of 1960–65, at a total principal cost of \$214,194.70.

The following statement shows the assets of the two funds as of June 30, 1940:

*District of Columbia teachers' retirement fund, June 30, 1940*

DEDUCTIONS FUND

Assets:		Principal cost
Face amount		
\$860,200 4 1/4%	Treasury bonds of 1947-52	\$956,962.07
122,000 4%	Treasury bonds of 1944-54	123,387.50
87,000 3 1/4%	Treasury bonds of 1946-56	87,437.81
48,000 3 3/4%	Treasury bonds of 1943-47	49,506.00
142,000 3 1/2%	Treasury bonds of 1941-43	137,657.50
232,000 3 1/2%	Treasury bonds of 1943-45	232,000.00
1,896,850 2 1/2%	Treasury bonds of 1955-60	1,927,412.21
77,000 2 1/2%	Treasury bonds of 1951-54	79,382.19
105,000 2 3/4%	Treasury bonds of 1956-59	107,920.63
293,000 2 3/4%	Treasury bonds of 1958-63	300,245.94
458,000 2 3/4%	Treasury bonds of 1960-65	483,302.82
182,000 4 1/2%	Philippine Islands bonds	197,669.56
16,000 4 1/2%	Puerto Rican bonds	15,962.57
72,000 3 1/2%	Federal Farm Mortgage Corporation bonds of 1944-64	73,785.00
385,400 4%	consolidated Federal land bank bonds of 1944-46	403,077.40
177,000 3%	consolidated Federal land bank bonds of 1945-55	173,460.00
536,500 3%	consolidated Federal land bank bonds of 1946-56	534,630.00
40,000 2%	Treasury bonds of 1948-50	40,000.00
5,729,950		\$5,923,793.20

GOVERNMENT RESERVE FUND

Assets:		Principal cost
Face amount		
\$282,000 4 1/4%	Treasury bonds of 1947-52	\$313,717.61
12,000 4%	Treasury bonds of 1944-54	12,285.00
31,000 3 1/4%	Treasury bonds of 1946-56	31,145.31
199,000 3 3/4%	Treasury bonds of 1943-47	204,701.25
178,000 3 1/2%	Treasury bonds of 1941-43	177,606.56
1,085,000 2 1/2%	Treasury bonds of 1955-60	1,097,915.04
17,000 2 1/2%	Treasury bonds of 1951-54	17,525.94
126,000 2 3/4%	Treasury bonds of 1956-59	128,283.76
313,000 2 3/4%	Treasury bonds of 1958-63	318,227.20
143,000 2 3/4%	Treasury bonds of 1960-65	150,467.82
55,000 4 1/2%	Puerto Rican bonds	55,109.56
23,000 3 1/2%	Federal Farm Mortgage Corporation bonds of 1944-64	23,566.25
52,100 4%	consolidated Federal land bank bonds of 1944-46	54,623.75
290,200 3%	consolidated Federal land bank bonds of 1946-56	289,474.50
25,000 2%	Treasury bonds of 1948-50	25,000.00
2,831,300		\$2,899,649.45
Total		8,823,442.65
Unexpended balance June 30, 1940, on books of Division of Bookkeeping and Warrants.		232,205.19
Total fund assets June 30, 1940		9,055,647.84

*Longshoremen's and harbor workers' compensation fund.*—This fund was established under the act of March 4, 1927 (44 Stat. 1444, sec. 44), to provide for the payment of compensation for disability or death resulting from injury to employees in certain maritime employments, and for the maintenance of employees undergoing vocational rehabilitation.

The fund is administered by the United States Employees' Compensation Commission. Moneys not required for immediate disbursement are invested by the Treasurer of the United States. During the fiscal year 1940, the Treasurer acquired by subscription to new issues for account of the fund \$10,000 face amount of 2 percent Treasury bonds of 1948-50.

The following statement shows the assets of the fund as of June 30, 1940:

*Longshoremen's and harbor workers' compensation fund, June 30, 1940*

Assets:		Principal cost
Face amount		
\$10,000 2% Treasury bonds of 1948-50.....		\$10,000.00
15,000 3 $\frac{1}{4}$ % Treasury bonds of 1944-46.....		15,600.00
34,500 4 $\frac{1}{4}$ % Treasury bonds of 1947-52.....		38,646.56
11,550 3 $\frac{1}{4}$ % Treasury bonds of 1943-45.....		11,550.00
10,000 3% Treasury bonds of 1951-55.....		9,959.38
10,000 2 $\frac{1}{2}$ % Treasury bonds of 1955-60.....		14,920.25
14,850 2 $\frac{1}{2}$ % Treasury bonds of 1956-59.....		14,976.20
15,600 2 $\frac{1}{2}$ % Treasury bonds of 1958-63.....		15,936.38
13,900 2 $\frac{1}{2}$ % Treasury bonds of 1960-65.....		14,985.94
9,700 3 $\frac{1}{4}$ % Federal Farm Mortgage Corporation bonds of 1944-64.....		9,953.46
11,000 3% consolidated Federal land bank bonds of 1946-56.....		10,972.50
9,700 3 $\frac{1}{4}$ % consolidated Federal land bank bonds of 1945-55.....		9,901.74
22,000 3% consolidated Federal land bank bonds of 1945-55.....		21,560.00
		<u>\$198,962.41</u>
193,200		
Unexpended balances:		
Disbursing officer (check book balances).....	1,423.40	
Division of Bookkeeping and Warrants.....	16,371.32	
		<u>17,794.72</u>
Total fund assets June 30, 1940.....		<u>216,757.13</u>

*District of Columbia workers' compensation fund.*—This fund was established under the act of May 17, 1928 (45 Stat. 600), which extended the provisions of the Longshoremen's and Harbor Workers' Compensation Act, approved March 4, 1927, including all amendments thereto, to apply in respect to the injury or death of an employee of an employer carrying on certain employments in the District of Columbia, irrespective of the place where the injury or death occurs. The fund is derived from collections of awards against employers made by the United States Employees' Compensation Commission, as compensation for death of employees resulting from injuries, in each case where no person is found to be entitled to such compensation. Any portion of the fund which, in the opinion of the Commission, is not needed for current requirements is invested by the Treasurer of the United States. During the fiscal year 1940, the Treasurer acquired by subscription to new issues \$12,000 face amount of 2 percent Treasury bonds of 1948-50 at a principal cost of \$12,000.

The following statement shows the fund assets as of June 30, 1940:

*District of Columbia workers' compensation fund, June 30, 1940*

Assets:		Principal cost
Face amount		
\$10,000 2 $\frac{1}{2}$ % Treasury bonds of 1955-60.....		\$10,165.63
11,000 3% consolidated Federal land bank bonds of 1946-56.....		10,972.50
12,000 2% Treasury bonds of 1948-50.....		12,000.00
		<u>\$33,138.13</u>
33,000		
Unexpended balances:		
Disbursing officer (check book balances).....	2,113.25	
Division of Bookkeeping and Warrants.....	4,852.91	
		<u>6,966.16</u>
Total fund assets June 30, 1940.....		<u>40,104.29</u>

*District of Columbia water fund.*—The District of Columbia Appropriation Act of July 15, 1939, authorized the Secretary of the Treasury



to invest in United States securities, for account of the water fund of the District of Columbia, such funds as may be determined by the Commissioners of the District of Columbia to be available for that purpose during the fiscal year 1940. This was in addition to previous authorizations under which securities were acquired for the water fund. During the year the Secretary acquired by purchase for account of the fund \$476,000 face amount of 2½ percent Treasury bonds of 1960-65 at a principal cost of \$493,521.25.

The following statement shows the securities held for account of the District of Columbia water fund as of June 30, 1940:

Face amount	Principal cost
\$736,000 2¾% Treasury bonds of 1958-63.....	\$749,110.01
937,000 2¾% Treasury bonds of 1960-65.....	987,511.56
1,673,000	1,736,621.57

*United States Government life insurance fund.*—The United States Government life insurance fund was established under the World War Veterans' Act, 1924, approved June 7, 1924 (43 Stat. 607), which among other things, consolidated, codified, revised, and re-enacted the laws affecting the administration of the War Risk Insurance Act, as amended. Under section 17 of the World War Veterans' Act, 1924, as amended, the Secretary of the Treasury is authorized to invest and reinvest the United States Government life insurance fund, or any part thereof, in interest-bearing obligations of the United States or bonds of the Federal farm loan banks and to sell such investments for the purposes of the fund. The fund is also available to the Administrator of Veterans' Affairs for making loans upon the security of Government life insurance policies. The act approved March 3, 1927, as amended by the Emergency Adjusted Compensation Act of February 27, 1931, authorized the Administrator of Veterans' Affairs to make loans to veterans upon their adjusted service certificates out of the United States Government life insurance fund. All of the funds available for investment during the fiscal year 1939 were invested in obligations of the United States. The amount of policy loans outstanding decreased \$763,608.88 during the year.

The Administrator of Veterans' Affairs reported outstanding loans from this fund on June 30, 1940, aggregating \$150,159,944.58 to veterans on policies. On June 30, 1940, the principal of and accrued interest on outstanding loans made subsequent to the enactment of the Adjusted Compensation Payment Act, 1936, upon adjusted service certificates amounted to \$2,905,460.92.

Monthly reports are made by the Treasury to the Veterans' Administration of all securities in the fund and the principal cost thereof as the result of investments made by the Secretary of the Treasury, and periodic verifications of the security holdings are made through

reports rendered to the Administrator by the safekeeping offices. The investments as of June 30, 1940, were as follows:

*United States Government life insurance fund, June 30, 1940*

Investment	Par value	Principal cost
4½% Treasury bonds of 1947-52.....	\$40,772,000.00	\$42,234,926.78
4% Treasury bonds of 1944-54.....	14,106,000.00	15,078,333.48
3¾% Treasury bonds of 1946-56.....	2,200,000.00	2,384,625.00
3% Treasury bonds of 1951-55.....	5,900,000.00	6,051,109.38
2½% Treasury bonds of 1955-60.....	122,559,250.00	124,639,945.36
2¾% Treasury bonds of 1948-51.....	5,300,000.00	5,315,000.01
2¾% Treasury bonds of 1951-54.....	17,745,000.00	17,979,950.02
2¾% Treasury bonds of 1956-59.....	36,824,300.00	37,173,874.80
2¾% Treasury bonds of 1958-63.....	8,840,000.00	9,017,525.05
2¾% Treasury bonds of 1960-65.....	25,078,000.00	26,151,381.34
2½% Treasury bonds of 1950-52.....	24,600,000.00	24,710,950.54
3% consolidated Federal land bank bonds of 1945-55.....	19,280,000.00	18,894,400.00
3% consolidated Federal land bank bonds of 1946-56.....	22,719,000.00	22,662,202.50
4½% adjusted service bonds, Government life insurance fund series, 1946.....	500,157,956.40	500,157,956.40
2% special Treasury notes, Government life insurance fund series, payable June 30, 1943-44.....	24,259,000.00	24,259,000.00
Total investments made by Secretary of the Treasury.....	870,340,506.40	876,711,180.66
Policy loans outstanding <sup>1</sup> .....	150,159,944.58	150,159,944.58
Adjusted service certificate loans outstanding <sup>1</sup> .....	2,905,460.92	2,905,460.92
Total outstanding loans made by Administrator of Veterans' Affairs.....	153,065,405.50	153,065,405.50
Total investments in fund.....	1,023,405,911.90	1,029,776,586.16

<sup>1</sup> Includes interest accrued to anniversary dates of loans.

*Federal old-age and survivors insurance trust fund.*—Under section 201 (a) of the Social Security Act Amendments of 1939, approved August 10, 1939 (53 Stat. 1362) (see exhibit on page 578), there was created the "Federal Old-Age and Survivors Insurance Trust Fund" consisting of the securities held by the Secretary of the Treasury for the old-age reserve account and the amount standing to the credit of the old-age reserve account on the books of the Treasury on January 1, 1940 (see page 156). This section also appropriates to the trust fund for the fiscal year 1941, and for each fiscal year thereafter, amounts equivalent to 100 percent of the taxes (including interest, penalties, and additions to the taxes) received under the Federal Insurance Contributions Act and covered into the Treasury. Under paragraph (b) of this section, the Board of Trustees of the Federal old-age and survivors insurance trust fund was created, composed of the Secretary of the Treasury, the Secretary of Labor, and the Chairman of the Social Security Board, all ex officio. The Secretary of the Treasury is designated as the Managing Trustee of the Board of Trustees and is required under section 201 (c) to invest such portion of the trust fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. Special issues of obligations under the Second Liberty Bond Act, as amended, are authorized at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all interest-bearing obligations of the United States then forming a part of the public debt, except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of such special obligation shall be the multiple of one-eighth of 1 percent next lower than such average rate. All such special obligations issued from

January 1 to June 30, 1940, have borne an interest rate of 2½ percent. Such special obligations are to be issued only if the Managing Trustee determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest. All amounts credited to the fund are made available for payments to individuals entitled to Federal old-age and survivors insurance benefits.

Under paragraph (f) of section 201, the Managing Trustee is directed to pay from the trust fund into the Treasury the amount estimated by him and the Chairman of the Social Security Board which will be expended during a three-month period by the Social Security Board and the Treasury Department for the administration of title II and title VIII of the Social Security Act and the Federal Insurance Contributions Act. Such payments are required to be covered into the Treasury as repayments to the account for reimbursement of expenses incurred. These repayments are not available for expenditure, but are required to be carried to the surplus fund of the Treasury. If estimates for any particular three-month period are too high or too low, the Managing Trustee is required to make appropriate adjustment in future payments.

In accordance with section 201 (a), the balances in the old-age reserve account were transferred as of January 1, 1940, to the Federal old-age and survivors insurance trust fund, and investments were made in obligations as authorized by section 201 (c).

The following statement shows the cumulative transactions (including the former old-age reserve account) to June 30, 1939, and for the fiscal year 1940, and the status of the fund as of June 30, 1940.

*Federal old-age and survivors insurance trust fund, June 30, 1940*<sup>1</sup>

Credits:

Appropriations:		
To June 30, 1939.....	\$1,155,000,000.00	
Fiscal year 1940.....	550,000,000.00	\$1,705,000,000.00
Interest on investments:		
To June 30, 1939.....	44,625,098.67	
Fiscal year 1940.....	42,488,827.85	87,113,926.52
Total.....		1,792,113,926.52
Less payments on account of benefits:		
To June 30, 1939.....	19,322,615.45	
Fiscal year 1940.....	15,805,088.55	
	35,127,704.00	
Reimbursements in fiscal year 1940 for administrative expenses under sec. 201 (f) of the Social Security Act, 1939.....	12,288,267.00	47,415,971.00
Balance in account June 30, 1940.....		<u>1,744,697,955.52</u>

Assets:<sup>2</sup>

3% special Treasury notes payable—		
June 30, 1941.....	\$264,900,000.00	
June 30, 1942.....	382,000,000.00	
June 30, 1943.....	497,400,000.00	
June 30, 1944.....	268,900,000.00	1,413,200,000.00
2½% special Treasury notes payable—		
June 30, 1944.....	283,000,000.00	
June 30, 1945.....	41,900,000.00	324,900,000.00
		1,738,100,000.00
Unexpended balances June 30, 1940:		
To credit of Chief Disbursing Officer.....	6,097,713.19	
On books of Division of Bookkeeping and Warrants.....	500,242.33	6,597,955.52
Total assets June 30, 1940.....		<u>1,744,697,955.52</u>

<sup>1</sup> On basis of daily Treasury statement (unrevised).

<sup>2</sup> Purchased at par value.

*Unemployment trust fund.*—The unemployment trust fund was established pursuant to section 904 (a) of the Social Security Act, approved August 14, 1935, as amended. The Secretary of the Treasury is authorized and directed to receive and hold in the fund all moneys deposited therein by a State agency from a State unemployment fund, and 90 percent of the contributions collected pursuant to section 8 of the Railroad Unemployment Insurance Act, approved June 25, 1938 (railroad unemployment insurance account), and to invest such portion of the fund as is not, in his judgment, required to meet current withdrawals, in accordance with the procedure outlined in the Annual Report of the Secretary of the Treasury for 1937.

The Social Security Act, as amended, provides that the fund shall be invested as a single fund, but the Secretary of the Treasury shall maintain a separate book account for each State agency and the railroad unemployment insurance account and shall credit quarterly on March 31, June 30, September 30, and December 31 of each year to each account, on the basis of the average daily balance of such account, a proportionate part of the earnings of the fund for the quarter ending on such date.

The Railroad Unemployment Insurance Act, approved June 25, 1938, established, effective July 1, 1939, an unemployment insurance system for individuals employed by certain employers engaged in interstate commerce. Under this act the Secretary of the Treasury is required to maintain in the unemployment trust fund an account known as the railroad unemployment insurance account. This account shall consist of 90 per centum of all contributions collected pursuant to section 8 of the act, all amounts transferred to the account from State unemployment compensation funds, and funds from certain other sources. Moneys in the account are to be used solely for the payment of benefits and refunds.

In order to provide for the payment of benefits beginning July 1, 1939, before the collection of contributions or the receipt of funds to be transferred from the State unemployment compensation funds, the act provides that the Secretary of the Treasury advance to the credit of the account such sums, but not more than \$25,000,000, as the Railroad Retirement Board requests for the purpose of paying benefits. Such sums are to be repaid from the account on January 1, 1941, or at such earlier time as the Board may, by agreement with the Secretary, determine. An appropriation of \$23,750,000 for advance to the account was contained in the Treasury Department Appropriation Act, 1940, approved May 6, 1939.

Under the provision of the act of June 25, 1938, the Social Security Board is directed to determine for each State, after agreement with the Railroad Retirement Board, and after consultation with such State, the amount in the State unemployment compensation fund representing the balance collected from employers and employees who come within the purview of the Railroad Unemployment Insurance Act. These amounts are to be transferred to the railroad unemployment insurance account in the unemployment trust fund. During the fiscal year, \$1,800,818.02 was transferred to the railroad unemployment insurance account under this provision.

Under section 13 (d) of the act, it is provided that the Social Security Board shall withhold from certification to the Secretary of the Treasury grants to States for administrative expenses under section 302 (a) of

the Social Security Act from States which failed to pass laws authorizing the Secretary of the Treasury to make transfers to the railroad unemployment insurance account. Section 13 (f) directs the Social Security Board to certify to the Secretary of the Treasury for payment into the railroad unemployment insurance account the amounts withheld from any State. The State of Connecticut failed to amend its law authorizing the Secretary of the Treasury to make these transfers. The Board accordingly withheld from Connecticut and deposited in the railroad unemployment insurance account during the fiscal year grants for administrative expenses aggregating \$783,000, which is included in the amount of \$1,800,818.02.

The following statements show the status of the account as of June 30, 1940, and a summary of receipts and expenditures for the fiscal years 1936 to 1940:

*Unemployment trust fund, June 30, 1940*<sup>1</sup>

Credits:

On account of deposits by State agencies:			
To June 30, 1939.....	\$1,869,471,414.37		
July 1, 1939, to June 30, 1940.....	859,863,884.26		
		2,729,335,298.63	
Pro rata share of earnings to June 30, 1939.....	\$44,837,507.14		
Pro rata share of earnings July 1, 1939, to June 30, 1940.....	37,523,953.28		
		82,361,460.42	
			\$2,811,696,759.05
On account railroad unemployment insurance account:			
Deposits made by Railroad Retirement Board on account of contributions July 1, 1939, to June 30, 1940.....	44,248,661.68		
Transfers from States on account of railroad unemployment insurance account July 1, 1939, to June 30, 1940.....	1,800,818.02		
		46,049,479.70	
Advances from appropriation to the railroad unemployment insurance account.....	15,000,000.00		
		61,049,479.70	
Pro rata share of earnings July 1, 1939, to June 30, 1940.....	201,845.56		
			61,251,325.26
Total.....			2,872,948,084.31
Less withdrawals by State agencies:			
To June 30, 1939.....	633,770,000.00		
July 1, 1939, to June 30, 1940.....	482,963,000.00		
Transfers to railroad unemployment insurance account July 1, 1939, to June 30, 1940.....	1,800,818.02		
Total.....	1,118,533,818.02		
Less withdrawals from railroad unemployment insurance account:			
Repayment of advances from appropriations to railroad unemployment insurance account.....	15,000,000.00		
Railroad unemployment benefit payments.....	14,552,455.95		
Total.....	29,552,455.95	1,148,086,273.97	
Balance June 30, 1940.....			1,724,861,810.34
Assets:			
\$1,710,000,000 face amount 2½% Treasury certificates of indebtedness, unemployment trust fund series, maturing June 30, 1941.....			1,710,000,000.00
Unexpended balances June 30, 1940:			
Unemployment trust fund.....	13,414,266.29		
Chief Disbursing Officer.....	1,447,544.05		
			14,861,810.34
Total fund assets June 30, 1940.....			1,724,861,810.34

<sup>1</sup> On basis of daily Treasury statement.

*Summary of receipts and expenditures for the period 1936 to 1940*

Deposits by States and pro rata share of earnings.....	\$2,811,696,759.05	
Less withdrawals and transfers to railroad unemployment insurance account.....	1,118,533,818.02	
Balance to credit of States in the unemployment trust fund.....		\$1,693,162,941.03
Deposits in railroad unemployment insurance account, transfers from States, and pro rata share of earnings.....	46,251,325.26	
Advance from appropriation.....	15,000,000.00	
	61,251,325.26	
Less repayment of advance from appropriation.....	15,000,000.00	
	46,251,325.26	
Less railroad unemployment benefit payments.....	14,552,455.95	
		31,698,869.31
Total fund liabilities June 30, 1940.....		1,724,861,810.34

<sup>1</sup> Net transfers to Chief Disbursing Officer for benefit payments amounted to \$16,000,000.00; railroad unemployment benefit payments amounted to \$14,552,455.95; leaving a balance of \$1,447,544.05.

The following statement shows the amounts deposited, earnings, and withdrawals from the inception of the fund to June 30, 1940, and the amounts to the credit of State agencies and of the railroad unemployment insurance account as of June 30, 1940:

*Amounts of unemployment trust fund, cumulative to June 30, 1940, credited to account of each State agency and of the railroad unemployment insurance account*

	Total deposits	Net earnings credited to account	Total withdrawals from account	Balance, June 30, 1940
Alabama.....	\$28,469,843.42	\$691,445.97	\$14,880,000.00	\$14,281,289.39
Alaska.....	1,587,618.04	46,194.34	650,000.00	983,812.38
Arizona.....	7,001,767.41	153,604.39	4,170,000.00	2,985,371.80
Arkansas.....	10,350,393.49	334,248.43	3,585,000.00	7,099,641.92
California.....	243,521,266.67	7,891,015.15	97,660,000.00	153,752,281.82
Colorado.....	16,164,283.22	594,012.65	5,970,000.00	10,788,295.87
Connecticut.....	54,083,000.00	1,453,305.86	21,733,000.00	33,803,305.86
Delaware.....	7,479,314.47	255,038.33	1,270,000.00	6,464,352.80
District of Columbia.....	22,486,421.48	847,841.18	4,160,000.00	19,174,262.66
Florida.....	19,595,820.77	624,373.62	6,125,000.00	14,095,194.39
Georgia.....	27,217,192.82	941,876.85	5,800,000.00	22,359,069.67
Hawaii.....	5,970,369.75	213,620.88	510,000.00	5,673,990.63
Idaho.....	6,416,737.05	183,940.02	4,050,000.00	2,550,687.07
Illinois.....	220,236,012.81	7,732,878.45	42,050,000.00	185,917,892.26
Indiana.....	69,603,112.61	2,139,201.16	32,250,000.00	39,492,313.77
Iowa.....	25,791,000.00	783,170.43	10,385,000.00	16,189,170.43
Kansas.....	17,734,797.78	656,555.79	3,580,000.00	14,811,353.57
Kentucky.....	34,910,000.00	1,305,515.43	7,465,000.00	28,750,515.43
Louisiana.....	30,742,000.00	893,488.01	13,225,000.00	18,410,488.01
Maine.....	13,015,000.00	224,347.55	9,500,000.00	3,739,347.55
Maryland.....	37,576,000.00	812,951.72	19,875,000.00	18,513,951.72
Massachusetts.....	134,780,000.00	4,105,752.43	62,700,000.00	76,185,752.43
Michigan.....	146,494,592.91	3,317,707.60	89,850,000.00	59,962,300.51
Minnesota.....	44,667,299.59	1,170,709.96	22,175,000.00	23,663,009.55
Mississippi.....	8,094,978.76	238,144.27	4,065,000.00	4,268,123.03
Missouri.....	62,719,668.20	2,205,372.39	9,350,000.00	55,575,040.59
Montana.....	8,575,697.20	301,377.89	3,135,000.00	5,742,075.09
Nebraska.....	12,434,135.90	443,727.67	2,485,000.00	10,392,863.57
Nevada.....	2,892,320.17	86,779.02	1,505,000.00	1,474,099.19
New Hampshire.....	11,456,068.01	334,036.49	6,280,000.00	5,510,104.50
New Jersey.....	135,026,000.00	4,815,974.71	24,725,000.00	115,116,974.71
New Mexico.....	4,535,000.00	157,653.30	1,855,000.00	2,837,653.30
New York.....	402,576,573.85	10,465,588.43	218,650,000.00	194,392,162.28
North Carolina.....	36,699,000.00	929,459.78	16,000,000.00	21,628,459.78
North Dakota.....	3,248,257.84	111,905.82	976,000.00	2,384,163.66
Ohio.....	180,861,574.72	6,902,537.63	38,708,000.00	149,056,112.35
Oklahoma.....	21,726,000.00	841,797.36	6,463,000.00	16,104,797.36
Oregon.....	20,617,567.48	482,397.53	12,925,000.00	8,174,965.01
Pennsylvania.....	261,278,000.00	5,808,551.34	154,000,000.00	113,086,551.34
Rhode Island.....	29,197,727.95	578,326.84	20,600,000.00	9,176,054.79
South Carolina.....	14,325,000.00	547,151.13	4,740,743.96	10,131,407.17
South Dakota.....	3,590,000.00	142,166.64	623,000.00	3,109,166.64
Tennessee.....	27,390,000.00	702,453.35	14,124,000.00	13,968,453.35
Texas.....	74,657,000.00	2,433,956.90	25,600,000.00	51,490,956.90
Utah.....	8,588,367.70	191,840.39	4,990,000.00	3,790,208.09
Vermont.....	4,894,206.40	145,590.05	2,357,074.06	2,682,722.39
Virginia.....	31,645,000.00	893,453.69	13,290,000.00	19,248,453.69
Washington.....	32,770,602.61	1,088,709.17	12,215,000.00	21,644,311.78

*Amounts of unemployment trust fund, cumulative to June 30, 1940, credited to account of each State agency and of the railroad unemployment insurance account—Continued*

	Total deposits	Net earnings credited to account	Total withdrawals from account	Balance, June 30, 1940
West Virginia.....	\$33,343,467.76	\$649,901.50	\$18,210,000.00	\$15,783,369.26
Wisconsin.....	67,705,760.25	3,356,423.32	17,700,000.00	53,362,183.57
Wyoming.....	4,298,655.32	133,387.61	2,055,000.00	2,377,042.93
Total.....	2,731,043,495.41	82,361,460.42	1,121,194,818.02	1,692,210,137.81
Deposits not cleared by the Treasurer of the United States.....	-1,708,196.78	-----	-----	-1,708,196.78
Outstanding checks.....	-----	-----	-2,661,000.00	+2,661,000.00
Total.....	2,729,335,298.63	82,361,460.42	1,118,533,818.02	1,693,162,941.03
Railroad unemployment insurance account:				
Deposits and transfers.....	46,049,479.70	201,845.56	16,000,000.00	30,251,325.26
Appropriation: Advance and repayment.....	15,000,000.00	-----	15,000,000.00	-----
Unexpended balance in Disbursing Office account available for railroad unemployment benefits.....	-----	-----	-1,447,544.05	+1,447,544.05
Total railroad unemployment insurance account.....	61,049,479.70	201,845.56	29,552,455.95	31,698,869.31
Total adjusted to daily Treasury statement basis (unrevised).....	2,790,384,778.33	82,563,305.98	1,148,086,273.97	1,724,861,810.34

*Railroad retirement account.*—The railroad retirement account was established pursuant to section 15 (a) of the Railroad Retirement Act of 1937, approved June 24, 1937. The Railroad Retirement Board is required to submit annually to the Bureau of the Budget an estimate of the appropriation to be made to the account for each fiscal year, beginning with the fiscal year 1937, in an amount as an annual premium sufficient, with a reasonable margin for contingencies, to provide for the payment of all annuities, pensions, and death benefits, and all amounts credited to the account are available for such purposes.

It is the duty of the Secretary of the Treasury, at the request and direction of the Railroad Retirement Board, to invest such portion of the amounts credited to the account as, in the judgment of the Board, is not immediately required for the payment of annuities, pensions, and death benefits, in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. Investments may be made in the following manner: (1) Purchase of original issues at par; (2) purchase of outstanding obligations at the market price; and (3) the issuance at par of special public debt obligations exclusively to the account. Such special obligations shall bear interest at the rate of 3 per centum per annum and obligations other than special obligations may be acquired only on such terms as to provide an investment yield of not less than 3 per centum per annum.

The following statement shows the status of the account as of June 30, 1940:

*Railroad retirement account, June 30, 1940<sup>1</sup>*

<b>Credits:</b>			
Appropriations:			
To June 30, 1939.....	\$253, 500, 000. 00		
July 1, 1939, to June 30, 1940.....	120, 650, 000. 00		\$374, 150, 000. 00
Interest on investments:			
To June 30, 1939.....	3, 612, 698. 64		
July 1, 1939, to June 30, 1940.....	2, 282, 516. 39		5, 895, 215. 03
Total.....			380, 045, 215. 03
Less payments on account of benefits:			
To June 30, 1939.....	185, 623, 133. 49		
July 1, 1939, to June 30, 1940.....	113, 099, 073. 50		298, 722, 206. 99
Balance in account June 30, 1940.....			<u><u>\$ 81, 323, 008. 04</u></u>
<b>Assets:</b>			
<i>Face amount</i>		<i>Principal cost</i>	
\$55, 000, 000 3% special Treasury notes payable June 30, 1942.....	\$55, 000, 000. 00		
12, 200, 000 3% special Treasury notes payable June 30, 1943.....	12, 200, 000. 00		
10, 000, 000 3% special Treasury notes payable June 30, 1944.....	10, 000, 000. 00		
2, 200, 000 3% special Treasury notes payable June 30, 1945.....	2, 200, 000. 00		79, 400, 000. 00
79, 400, 000			
Unexpended balances June 30, 1940:			
To credit of Chief Disbursing Officer.....	1, 825, 954. 30		
On books of the Division of Bookkeeping and Warrants.....	97, 053. 74		1, 923, 008. 04
Total assets June 30, 1940.....			<u><u>\$1, 323, 008. 04</u></u>

<sup>1</sup> On basis of daily Treasury statement (unrevised).

<sup>2</sup> Excludes \$10,750,000 unexpended balance of General Fund appropriation on books of Treasury not yet transferred in the daily Treasury statement to trust fund receipts.

*Library of Congress trust fund.*—Under the act of March 3, 1925, as amended, the Library of Congress Trust Fund Board, consisting of the Secretary of the Treasury, the chairman of the Joint Committee on the Library, the Librarian of Congress, and two persons appointed by the President, is authorized to accept, receive, hold, and administer such gifts or bequests of personal property for the benefit of or in connection with the Library, its collections, or its service as may be approved by the Board and by the Joint Committee on the Library. The moneys or securities given or bequeathed to the Board are required to be receipted for by the Secretary of the Treasury, who is authorized to invest, reinvest, or retain investments as the Board may determine.

The act approved June 23, 1936, amended section 2 of the act of March 3, 1925, so as to authorize the Board in its discretion, unless prevented by the terms of a gift or bequest, to deposit the principal of any gift or bequest with the Treasurer of the United States as a permanent loan with interest at the rate of 4 percent per annum, payable semiannually, provided that such principal sums held by the Treasurer shall not exceed \$5,000,000 at any time. Additional gifts amounting to \$110,000 were received during the year and deposited in the permanent loan account. The Board continued during the fiscal year 1940 its authorization to sell from time to time certain securities held under various donations and to deposit the principal proceeds of such sales in the permanent loan account. Total deposits in the permanent loan account from this source during the year amounted to \$65,509.83. The Board also authorized the transfer to the permanent loan account of such balances of funds remaining to the credit of the investment (principal) account of any endowment held by the Board after all securities contained in the endowment



shall have been sold or otherwise disposed of and the proceeds therefrom deposited in the said permanent loan account. Such transfers during the year amounted to \$434.39 and placed the full value of the endowments on an interest-earning basis. Total deposits in the permanent loan account from these sources during the year amounted to \$175,944.22. All investments during the year were made by deposits in the permanent loan fund.

The following statement shows the earnings credited to each donation as of June 30, 1940:

*Library of Congress trust fund earnings to June 30, 1940*

Donation	Total to June 30, 1939	Fiscal year 1940	Total to June 30, 1940
<b>Income<sup>1</sup> account, securities</b>			
Babine.....	\$1,783.08		\$1,783.08
Beethoven.....	4,429.73		4,429.73
Benjamin.....	30,410.90	\$1,352.00	31,762.90
Bowker.....	1,169.38	84.41	1,253.79
Carnegie.....	36,588.36	125.00	36,713.36
Coolidge.....	92,386.70	3,318.68	95,705.38
Guggenheim.....	32,759.36		32,759.36
Huntington.....	71,613.75	125,677.50	97,291.25
Longworth.....	757.02		757.02
Pennell.....	34,191.40	7,597.37	41,788.77
Wilbur.....	107,345.09		107,345.09
Total.....	413,434.77	38,154.96	451,589.73
<b>Income account, permanent loan fund</b>			
Babine.....	\$530.54	\$266.18	\$796.72
Beethoven.....	433.26	483.44	916.70
Carnegie.....	6,136.01	3,534.62	9,670.63
Coolidge.....	6,026.05	3,975.60	10,001.65
Guggenheim.....	3,268.72	3,625.54	6,894.26
Huntington.....	9,071.76	4,535.88	13,607.64
Longworth.....	609.69	305.00	914.69
Pennell.....	6,259.27	6,005.94	12,265.21
Whittall.....	17,909.31	8,469.95	26,379.26
Wilbur.....	19,718.30	12,228.02	31,946.32
Total.....	69,962.91	43,430.17	113,393.08
Grand total.....	483,397.68	81,585.13	564,982.81

<sup>1</sup> Includes income under deed of trust dated Nov. 17, 1936, administered by designated trustees, including Bank of New York.

The status of the permanent loan account as of June 30, 1940, is as follows:

*Library of Congress Trust Fund Board, permanent loan account, June 30, 1940*

Donation	Amount	Donation	Amount
Babine.....	\$6,684.74	Huntington.....	\$113,396.99
Beethoven.....	12,088.13	Longworth.....	7,691.59
Carnegie.....	88,365.58	Pennell.....	174,257.51
Coolidge.....	108,080.32	Whittall.....	285,000.00
Guggenheim.....	90,654.22	Wilbur.....	305,813.57
		Total.....	1,192,032.65

The following statement shows the securities held by the Board for account of each donation as of June 30, 1940. The securities are held in safekeeping by the Treasurer of the United States and certain

Federal Reserve Banks, subject to the order of the Secretary of the Treasury, for account of the Board.

*Securities held by the Library of Congress Trust Fund Board, June 30, 1940*

Name of security	Face amount or par value	Rate of interest	Class of security
<i>William E. Benjamin donation</i>			
Standard Oil Co. of California.....	\$33,800.00	Percent	Common stock, 1,352 shares.
<i>R. R. Bowker donation<sup>1</sup></i>			
U. S. Government.....	1,000.00	2½	Treasury bonds of 1955-60.
German Government.....	2,000.00	7	German external loan.
Japanese Government.....	2,000.00	6½	Sinking fund gold bonds.
American Telephone & Telegraph Co.....	4,800.00		Common stock, 48 shares.
<i>Carnegie donation</i>			
Missouri Pacific R. R. Co.....	5,000.00	5	First and refunding mortgage bonds.
<i>Elizabeth Sprague Coolidge donation</i>			
Chicago Railways Co.....	3,750.00	5	First mortgage bonds.
Missouri Pacific R. R. Co.....	2,000.00	5	First and refunding mortgage bonds.
American Ship Building Co.....	6,000.00		Common stock, 100 shares.
American Telephone & Telegraph Co.....	17,100.00		Common stock, 171 shares.
Board of Trade Building Trust of Boston.....	700.00		Common stock, 7 shares.
Commonwealth Edison Co.....	12,400.00		Common stock, 496 shares.
<i>Archer M. Huntington donation</i>			
Missouri Pacific R. R. Co.....	49,500.00	5	First and refunding mortgage bonds.
<i>Joseph Pennell donation</i>			
Lehigh Valley R. R. Co.....	5,000.00	4	General consolidated mortgage gold bonds.
Great Northern Railway Co.....	2,000.00	5½	General mortgage gold bonds.
Lehigh & New England R. R. Co.....	3,000.00	4	General mortgage bonds.
National Railways of Mexico.....	45.00	6	Secured gold note.
Do.....	3,000.00	4½	Prior lien gold bonds.
Pennsylvania R. R. Co.....	5,000.00	4½	General mortgage bonds.
Do.....	5,000.00	4½	Do.
Pennsylvania and New York Canal & Railroad Co.....	1,000.00	5	Consolidated mortgage bond.
Reading Co.....	11,000.00	4½	General and refunding mortgage bonds.
Erie Lighting Co.....	5,000.00	5	Sinking fund gold bonds.
Georgia Power Co.....	7,000.00	5	First and refunding mortgage bonds.
Penn Central Light & Power Co.....	10,000.00	4½	First mortgage gold bonds.
Potomac Edison Co.....	10,000.00	5	Do.
Consolidation Coal Co.....	900.00		Preferred stock, <sup>2</sup> 9 shares.
Do.....	900.00		Common stock, <sup>2</sup> 36 shares.
Do.....	1,200.00	5	Sinking fund bonds.
Philadelphia & Reading Coal & Iron Co.....	1,000.00	5	Sinking fund gold bonds.
Do.....	429.30		Rights to interest in arrears.
Do.....	810.00		Do.
Lehigh Valley Coal Corp.....	300.00		Common stock, 6 shares.
Pennsylvania Railroad Co.....	6,700.00		Common stock, 134 shares.
Westmoreland Coal Co.....	( <sup>3</sup> )		Common stock, 105 shares.
Westmoreland, Inc.....	( <sup>3</sup> )		Common stock, 105 shares.
Total.....	219,334.30		

<sup>1</sup> Life interest in ¼ of income retained under terms of donation.

<sup>2</sup> Voting trust certificates.

<sup>3</sup> No par. Exchanged for \$20 par value stock in July 1940.

<sup>4</sup> No par. Exchanged for \$10 par value stock in July 1940.

*National Cancer Institute gift fund.*—Under section 6 of the National Cancer Institute Act of August 5, 1937 (50 Stat. 559), the Secretary of the Treasury may accept unconditional gifts for study, investigation or research into the cause, prevention, and methods of diagnosis and treatment of cancer, or for the acquisition of grounds or for the erection, equipment, and maintenance of premises, buildings, and equipment for the National Cancer Institute. Conditional gifts may

be accepted if recommended by the Surgeon General of the Public Health Service and the National Cancer Advisory Council. Any such gifts, if in money, shall be held in trust and shall be invested by the Secretary of the Treasury in securities of the United States.

There was received from the American Society for the Control of Cancer, on March 31, 1938, a conditional gift of \$120 for the preparation of educational posters on cancer. In April 1940 an unconditional gift of \$100 was received from Lt. Col. Stanley C. Ramsden. To June 30, 1940, no expenditures from these gift funds have been made.

*National Institute of Health gift fund.*—By the act of May 26, 1930 (46 Stat. 379), the Secretary of the Treasury is authorized to accept unconditional gifts for study, investigation, and research in the fundamental problems of the diseases of man, and for other purposes. It is also provided that he may accept conditional gifts upon the recommendation of the Surgeon General of the Public Health Service and the National Institute of Health. Any such gifts are to be held in trusts and invested by the Secretary of the Treasury in securities of the United States.

The receipts and expenditures of the conditional gift fund during the year were as follows:

*National Institute of Health conditional gift fund, receipts and expenditures, fiscal year 1940*

Unexpended balance June 30, 1939.....		\$10,754.49
Receipts:		
Donations:		
Corn Industries Research Foundation.....	\$5,000.00	
Josiah Macy, Jr., Foundation.....	3,200.00	8,200.00
Proceeds of sale of \$2,000 4¼% Treasury bonds of 1947-52, Chemical Foundation.....		2,231.35
Net earnings collected on investment account of Chemical Foundation.....		3,687.04
Total.....		24,872.88
Expenditures, advances to institute:		
Chemical Foundation donation.....	5,416.58	
Corn Industries Research Foundation.....	5,000.00	
Infantile paralysis fund.....	5,935.00	16,351.58
Unexpended balance June 30, 1940.....		8,521.30

The following statement shows the status of the fund as of June 30, 1940.

*National Institute of Health conditional gift fund, June 30, 1940*

Credits:		
Donations:		
Chemical Foundation.....	\$100,000.00	
Rockefeller Foundation.....	22,000.00	
Corn Industries Research Foundation.....	10,000.00	
The National Foundation for Infantile Paralysis, Inc.....	10,000.00	
Josiah Macy, Jr., Foundation.....	3,200.00	\$145,200.00
Net earnings on investments, Chemical Foundation.....		34,942.08
Total.....		180,142.08
Less advances to meet expenditures on account of the institute:		
Chemical Foundation.....	43,315.92	
Rockefeller Foundation, dental survey.....	15,000.00	
Rockefeller Foundation, county health work.....	7,000.00	
Corn Industries Research Foundation.....	10,000.00	
Infantile paralysis fund.....	5,935.00	81,250.92
Balance in fund June 30, 1940.....		98,891.16
Assets:		
\$81,000 face amount 4¼% Treasury bonds of 1947-52, principal cost.....		90,369.86
Unexpended balance on books of Division of Bookkeeping and Warrants:		
Chemical Foundation.....	1,256.30	
The National Foundation for Infantile Paralysis, Inc.....	4,065.00	
Josiah Macy, Jr., Foundation.....	3,200.00	8,521.30
Total fund assets June 30, 1940.....		98,891.16

*National park trust fund.*—Under the act of July 10, 1935 (49 Stat. 477), the National Park Trust Fund Board, consisting of the Secretary of the Treasury, the Secretary of the Interior, the Director of the National Park Service, and two persons appointed by the President, was created and established and is authorized to accept, receive, hold, and administer such gifts or bequests of personal property for the benefit of, or in connection with, the National Park Service, its activities, or its service, as may be approved by the Board, but no such gift or bequest which entails any expenditure not to be met out of the gift, bequest, or the income thereof shall be accepted without the consent of Congress. The moneys or securities given or bequeathed to the Board are required to be receipted for by the Secretary of the Treasury, who is authorized to invest, reinvest, or retain investments as the Board may determine. Income from investments shall be covered into the national park trust fund. No expenditures have been made from this fund except for investments.

The following statement shows the status of the fund as of June 30, 1940:

*National park trust fund, June 30, 1940*

<b>Credits:</b>	
<b>Donations:</b>	
Metro-Goldwyn-Mayer Distributing Corporation.....	\$5,000.00
Universal Pictures Corporation.....	3,000.00
Twentieth Century Fox Film Corporation.....	1,175.00
Metro-Goldwyn-Mayer Corporation.....	3,000.00
Paramount Pictures, Inc.....	304.00
Loew's, Inc.....	1,000.00
Interest earned on investments.....	1,088.05
<b>Total.....</b>	<b>14,567.05</b>
<b>Assets:</b>	
\$14,200 face amount of 2½% Treasury bonds of 1955-60, principal cost.....	14,548.54
Accrued interest paid on investments.....	12.94
Unexpended balances: To credit of disbursing officers.....	5.57
<b>Total fund assets June 30, 1940.....</b>	<b>14,567.05</b>

*Ainsworth Library fund, Walter Reed General Hospital.*—Under the joint resolution of Congress approved May 23, 1935 (49 Stat. 287), the adjutant, Walter Reed General Hospital, was authorized to accept the bequest of the late Maj. Gen. Fred C. Ainsworth, as contained in his last will and testament, and to receipt therefor on behalf of the United States, and to deposit the funds so received in the Treasury of the United States as a special fund dedicated to the purpose of establishing a permanent library at the Walter Reed General Hospital, to be known as the "Fred C. Ainsworth Endowment Library," said fund to be subject to disbursement for such purpose upon vouchers submitted by the adjutant, Walter Reed General Hospital, and to be available until expended. The administration, control, and expenditure of the fund and its application to the purposes intended shall be according to the sole discretion of the adjutant, Walter Reed General Hospital.

The Treasurer of the United States, upon the written request of the adjutant, Walter Reed General Hospital, is authorized to invest and reinvest any part or all of the corpus of the bequest, as well as any income therefrom, in interest-bearing United States Government bonds, and to retain custody thereof.

The following statement shows the status of the fund:

*Ainsworth Library fund, Waller Reed General Hospital, June 30, 1940*

Receipts:	
Request of Maj. Gen. Fred C. Ainsworth.....	\$10,700.00
Net earnings on investments.....	959.02
	<hr/>
Expenditures.....	11,659.02
	1,529.17
	<hr/>
Balance in fund June 30, 1940.....	10,129.85
	<hr/>
Assets:	
\$9,700 2½% Treasury bonds of 1955-60, principal cost.....	9,972.81
Unexpended balance on books of Division of Bookkeeping and Warrants.....	157.04
	<hr/>
Total fund assets June 30, 1940.....	10,129.85

*Pershing Hall Memorial fund.*—The act of June 28, 1935 (49 Stat. 426), authorized the appropriation of \$482,032.92 of the recreation fund—Army, created by the War Department Appropriation Act, approved March 4, 1933, for effecting a settlement of any indebtedness connected with Pershing Hall, a memorial already erected in Paris, France, under the auspices of the American Legion, Inc., to the commander-in-chief, officers, men, and auxiliary services of the American Expeditionary Forces. It provided that this amount would not be used for the purposes set forth in the act until legal title to Pershing Hall had been vested in the United States Government for the use and benefit of all American officers and enlisted men of the World War. It further provided that the balance remaining after settlement of the indebtedness would be retained in a special fund to be known as the Pershing Hall Memorial fund. Under the terms of the act, the Secretary of the Treasury is authorized (a) to invest and reinvest the corpus of this fund in interest-bearing United States Government bonds, and (b) upon request of the American Legion, Inc., to pay to the national treasurer of the Legion any part of the earnings upon the fund for use in the maintenance and/or perpetuation of Pershing Hall. An appropriation for those purposes was provided by the act of August 12, 1935 (49 Stat. 594).

On August 3, 1936, the Secretary of the Treasury, acting in conjunction with the Attorney General, completed acquisition of Pershing Hall for the United States. Liquidation of the mortgage on Pershing Hall required an expenditure of \$213,643.28. An additional \$74,986.42 has been expended for the payment of contractors' and other claims constituting indebtedness connected with Pershing Hall.

During the fiscal year 1939 the American Legion took over the maintenance and perpetuation of Pershing Hall. Accumulated earnings on investments amounting to \$18,742.04 were paid during 1940 to the national treasurer of the American Legion for that purpose.

The following statement shows the status of the fund as of June 30, 1940:

*Pershing Hall Memorial fund, June 30, 1940*

Credits:		
Appropriation by Congress.....	\$482,032.92	
Profits on investments.....	573.20	
Interest earned on investments.....	21,263.41	
Total.....		\$503,869.53
Less:		
Disbursements on account of current claims and expenses.....	288,629.70	
Disbursements on account of National Treasurer, American Legion.....	18,742.04	
Total.....		307,371.74
Balance in fund June 30, 1940.....		<u>196,497.79</u>
Assets:		
\$191,300 2¾% Treasury bonds of 1951-54, amortized.....	193,698.50	
Balance to credit of fund on books of Treasury and in the hands of disbursing officers.....	2,799.29	
Total.....		<u>196,497.79</u>

*Alien property trust fund.*—Under the act of October 6, 1917, as amended, and the Settlement of War Claims Act of 1928, approved March 10, 1928 (45 Stat. 254), as amended, securities previously held by the Secretary of the Treasury for account of the Attorney General, Alien Property Bureau, were all sold during the fiscal year. A statement of the alien property trust fund as of September 15, 1940, follows:

*Alien property trust fund, September 15, 1940*

Credits:		
Trusts.....	\$37,491,563.64	
Earnings on investments, etc.....	35,404,039.51	
Total.....		<u>72,895,603.15</u>
Assets:		
Participating certificates issued under sec. 25 (e) of the Trading with the Enemy Act:		
Noninterest-bearing.....	\$19,832,055.63	
5% interest-bearing.....	17,552,096.91	
Cash balance with Treasurer of the United States.....		37,384,152.54
Total fund assets Sept. 15, 1940.....		<u>72,895,603.15</u>

Checks were issued by the Treasury Department during the fiscal year to the Attorney General, Alien Property Bureau, on account of the alien property trust fund for the following purposes:

Distribution of income.....	\$315,000
Distribution of Government earnings.....	105,000
Administrative expenses.....	220,000
Total.....	<u>640,000</u>

*Philippine funds in the United States Treasury.*—Under an act of March 8, 1902 (32 Stat. 54), reenacted in section 3343 (b) of the Internal Revenue Code, approved February 10, 1939, it was provided that all duties and taxes collected in the United States upon articles coming from the Philippine Archipelago and upon foreign vessels coming therefrom were to be held as a separate fund and paid into the treasury of the Philippine Islands to be expended for the government and benefit of the Islands.

A summary follows showing customs duties, tonnage taxes, and internal revenue taxes, exclusive of taxes with respect to coconut oil, appropriated to Philippine accounts and payments therefrom during the fiscal years 1933 to 1940.

Fiscal year	Receipts <sup>1</sup> appropriated	Payments to Philippine Government <sup>2</sup>	Unpaid balance
1933.....	\$381,500.46	\$59.67	<sup>3</sup> \$854,598.97
1934.....	527,426.40	813,371.78	568,653.59
1935.....	491,458.50	502,551.53	557,560.56
1936.....	645,890.13	745,957.75	457,492.94
1937.....	755,865.76	891,725.93	321,632.77
1938.....	813,852.30	934,689.47	200,795.60
1939.....	569,468.06	626,347.68	143,915.98
1940.....	703,874.28	482,106.02	365,684.24

<sup>1</sup> Reduced by amounts carried to surplus fund under act of June 20, 1874, as follows: 1936, \$17,540.28; 1937, \$9,783.75; 1939, \$15,151.70; and 1940, \$957.78.

<sup>2</sup> Includes certain refunds and adjustments.

<sup>3</sup> Includes balances of \$473,158.18 in Philippine accounts as of July 1, 1932.

Under an act of June 11, 1934 (48 Stat. 929; U. S. C. title 48, sec. 1157), the Secretary of the Treasury was authorized to accept, upon such conditions as he might prescribe, deposits of public moneys of the Philippine Government. The act provided an indefinite appropriation for the payment of interest on such deposits other than demand deposits at such rates not in excess of 2 percent per annum as the Secretary might prescribe.

Thereafter, the Secretary of the Treasury agreed to accept not to exceed \$55,000,000 of Philippine moneys in a time deposit account, amounts deposited with the Treasury by the Philippine Government in excess of that sum to be maintained in a demand deposit account. Since December 10, 1934, the balance in the time deposit account has been maintained at \$55,000,000. The balance in the demand deposit account as of June 30, 1940, was \$49,655,001.15.

Section 602½ of the act of May 10, 1934 (U. S. C. title 26, sec. 999), provided that taxes collected with respect to coconut oil wholly of Philippine production or produced from materials wholly of Philippine growth or production should be paid to the treasury of the Philippine Islands subject to certain conditions. An agreement was consummated between the Secretary of the Treasury and the Philippine Government under which coconut oil moneys payable to the Philippine treasury would be transferred on periodic settlements of the General Accounting Office to a special deposit account in the name of the Secretary of the Treasury subject to withdrawal by the Philippine Government on ninety days' notice in writing. A summary of transactions in the account from the time of its establishment to date follows.

Fiscal year	Deposits	Withdrawals	Balance at end of year
1933.....	\$56,854,779.06		\$56,854,779.06
1939.....	20,355,455.65	\$32,000,000.00	45,210,234.71
1940.....	4,559,016.46	17,564,016.41	32,205,234.76

<sup>1</sup> Includes \$7,564,016.41 transferred to new account established under act of August 7, 1939.

Section 6 of an act of August 7, 1939 (53 Stat. 1232-33), provided that collections on or after January 1, 1939, on account of the excise taxes imposed by section 2470 of the Internal Revenue Code, and the import taxes imposed by sections 2490 and 2491 of the Internal Revenue Code and any moneys hereafter appropriated in accordance with the authorization contained in section 503 of the Sugar Act of

1937 (50 Stat. 915) shall be held as separate funds and paid into the treasury of the Philippines to be used for the purpose of meeting new or additional expenditures which will be necessary in adjusting Philippine economy to a position independent of trade preferences in the United States and in preparing the Philippines for the assumption of the responsibilities of an independent state.

A new account was established for the deposit of the funds referred to in section 6 of the act of August 7, 1939. Withdrawals by the Philippine Government from this account are subject to ninety days' notice in writing. During the fiscal year 1940 a total of \$17,274,092.01, including the amount of \$7,564,016.41 transferred from the old account, was deposited in the account, but there were no withdrawals.

### *Special fund*

*Colorado River Dam fund.*—This fund was established under the act of December 21, 1928, to provide for the construction of works commonly referred to as the Boulder Canyon project. All revenues received in carrying out the provisions of the act are payable into the fund and expenditures are made out of the fund under the direction of the Secretary of the Interior.

The Secretary of the Treasury is authorized to advance to the fund from time to time, within the appropriations therefor, such amounts as the Secretary of the Interior deems necessary for carrying out the provisions of the act, except that the aggregate amount of such advances shall not exceed \$165,000,000. Further information with respect to this fund appears on page 105 of the annual report for 1936.

The status of the advances made to the fund was as follows:

#### *Advances to Colorado River Dam Fund, June 30, 1940*

<b>Advances from General Fund:</b>		
Fiscal years 1931-39.....	\$117,810,000.00	
Fiscal year 1940.....	4,050,000.00	\$121,860,000.00
<b>Interest:</b>		
Fiscal years 1931-39.....	25,115,492.69	
Fiscal year 1940.....	5,494,256.74	
Total.....	30,609,749.43	
Less amount covered into the Treasury as miscellaneous receipts.....	10,225,631.58	
		\$ 20,384,117.85
Total liability to General Fund.....		142,244,117.85

<sup>1</sup> Payment of interest due June 30, 1940, \$20,384,117.85, deferred for 1 year under sec. 2 (d) of the act of Dec. 21, 1928.

### *Division of Deposits*

The Division of Deposits is charged with the administration of all matters pertaining to the designation and supervision of Government depositaries and the deposit of Government funds in such depositaries, as prescribed by regulations incorporated in Department Circulars Nos. 92 and 176, as amended; the qualification of Federal savings and loan associations and Federal credit unions as fiscal agents of the United States under Department Circular No. 568; and the execution of the duties devolving upon the Secretary of the Treasury as a result of the enactment of the Government Losses in Shipment Act, as amended.

*Depositary functions.*—The following statement shows the number and classes of depositaries maintained by the Treasury and the Government deposits held by such depositaries:



*Number of depositaries and amount of Government deposits held on June 30, 1940,  
by class of depositaries*

Depositaries	Number	Amount
Federal Reserve Banks (including branches).....	12	\$253, 934, 903. 21
Federal Reserve member bank depositaries:		
To credit of Treasurer of the United States.....	1 972	{ 52, 173, 223. 11 25, 996, 265. 49
To credit of other Government officers.....		
Insular and Territorial depositaries (including Philippine treasury):		
To credit of Treasurer of the United States.....	17	{ 3, 208, 353. 69 6, 325, 726. 53
To credit of other Government officers.....		
Foreign depositaries: To credit of other Government officers.....	11	189, 214. 44
Special depositaries.....	2 090	805, 379, 000. 00
Total.....	3, 102	1, 147, 206, 686. 47

<sup>1</sup> In addition 296 branch banks are carried on the depositary list of the Treasury under the designation of the parent banks.

<sup>2</sup> Includes 1,198 national banks and 892 State banks and trust companies, of which 1,684 held deposits on June 30, 1940.

During the fiscal year 1940, there were 2,348 changes and adjustments effected in the depositary system of the Treasury. These changes and adjustments are summarized in the following table:

Adjustments	Member bank depositaries	Special depositaries
Designated.....	500	93
Discontinued.....	787	351
Amounts for which qualified:		
Increased.....	229	30
Decreased.....	70	3
Miscellaneous changes.....	285	-----
Total.....	1, 871	477

The unusually large number of designations and discontinuances among member bank depositaries during the fiscal year was accounted for by the discontinuance of 768 limited depositaries and the redesignation of 484 such banks as depositaries of public moneys and financial agents of the Government. This major revision in the depositary system was effected pursuant to the general survey initiated in 1936 for the purpose of determining the possibility of improving the procedure of depositing the revenues of the Government and the desirability of modernizing the depositary system of the Treasury to meet current conditions.

As the activities of the Government expanded, it became increasingly evident that the depositary machinery of the Treasury should be modernized to keep pace with other developments. The principal objectives of the Treasury were: (1) To eliminate all unnecessary expense to the Government and to the depositaries, and to provide for the transaction of the essential fiscal business of the Government through banking institutions in a manner corresponding with customary banking practices; and (2) to provide a more flexible system, i. e., a system which would permit the use of banking facilities to the fullest extent required and at the same time be adapted to changes or modifications currently to meet changing conditions. To that end, the Treasury canceled the existing designations of limited depositaries and redesignated such banks as depositaries of public moneys and financial agents of the Government in conformity with the language

and apparent intent of the statutes under which such banks were designated. The new designation eliminates all unnecessary costs, facilitates the transaction of the Government's business, and, subject to mutual agreements between the banks and the Treasury, makes possible a wider use of the banking system in connection with the collection and transmission of the revenues of the Government. It has already been demonstrated that, in addition to other benefits derived from this procedure, the savings, both to the Treasury and to depositary banks, will be substantial. A detailed statement of the circumstances creating the necessity for such revision is contained in the Annual Report of the Secretary of the Treasury for the fiscal year 1937, pages 105 to 107.

It is anticipated that the modernization of the depositary procedure will be continued during the ensuing fiscal year.

Limited depositaries were first designated in 1919 and 1920 in conjunction with the adoption of certain new policies resulting from the establishment of the Federal Reserve System and the discontinuance of the subtreasuries, as outlined in the Annual Report of the Secretary of the Treasury for the fiscal year 1920, pages 167 to 177. The primary reason for the establishment of this class of depositaries was for the purpose of safeguarding deposits maintained on the books of banks to the official credit of postmasters or other duly authorized Government officers. With the development and growth of the system of Federal insurance of deposits administered by the Federal Deposit Insurance Corporation, the necessity for the designation and continuance of this class of depositaries, solely for the purpose of safeguarding the funds through the hypothecation of collateral security by such depositaries, was eliminated in many cases.

The survey indicated that at 284 points, postmasters were able to secure adequate protection under the guaranty of the Federal Deposit Insurance Corporation; therefore, the Treasury proceeded during the current fiscal year to discontinue limited depositaries at those points, thus substantially reducing the expense involved in the designation and supervision of such depositaries.

*Federal savings and loan associations and Federal credit unions.*—On June 30, 1940, a total of 909 Federal savings and loan associations and Federal credit unions were reported to the Treasury as being eligible to qualify as fiscal agents under Treasury Department Circular No. 568 for the purpose of taking applications from their own members and forwarding remittances for, and making delivery of, United States savings bonds, and, of this number, 144 have qualified either by the pledge of collateral security or the execution of surety bonds in the amount of \$5,000 each. The Federal savings and loan associations so qualified may be employed also as fiscal agents of the United States for the purpose of collecting delinquent accounts arising out of insurance and loan transactions of the Federal Housing Administrator under title I of the National Housing Act. In addition, on account of their limited membership, 886 Federal savings and loan associations were reported as being eligible to qualify as fiscal agents, under Treasury Department Circular No. 568, solely for the purpose of collecting delinquent accounts arising out of insurance and loan transactions of the Administrator under title I of the National Housing Act, and 45 associations of this group qualified for this purpose

either by the pledge of collateral security or the execution of surety bonds in the amount of \$1,000 each.

*Social security.*—Under agreements entered into between the Treasury and the Social Security Board, arrangements were made to maintain balances of Treasury funds with various depositaries of public moneys, designated by the Secretary of the Treasury, in such cases where it is desirable in order to provide appropriate banking and depositary facilities for handling benefit payment accounts under the unemployment compensation provisions of the Social Security Act. During the year these banking arrangements were extended to provide similar facilities for the handling of clearance accounts. Up to June 30, 1940, 44 banks were designated for either or both of these purposes with authority to carry fixed balances totaling \$35,390,000.

*Government Losses in Shipment Act.*—The Government Losses in Shipment Act, approved July 8, 1937 (50 Stat. 479), was designed to provide within the Government an adequate means of prompt replacement of losses resulting from the shipment of certain articles, things, or representatives of value, thus eliminating the necessity of the Government's purchasing insurance for this purpose. That act was amended by an act approved August 10, 1939 (53 Stat. 1358), a copy of which appears as exhibit 38 on page 535 of this report. In general, the amending act served to extend the scope of the insurance features of the act and to clarify certain details relating to administration.

The amendments to the act extended the provisions of section 3 of the original act in two principal respects. First, in the case of the agency functions performed by the Post Office Department for the Treasury, the fund is made available irrespective of the manner in which losses may occur. Second, the fund is made available with respect to claims arising out of the payment of any obligations incurred by reason of the execution of agreements of indemnity by the Secretary of the Treasury. These agreements may be issued in connection with instruments or documents lost in transit or otherwise, providing, of course, that the instruments or documents were first received by the United States or any agent of the United States acting in his official capacity.

Section 7a of the original act was amended to give the Secretary of the Treasury authority to declare the articles or things which qualify under the provisions of that section as "valuables" under the act. A list of such valuables declared during the fiscal year appears as exhibit 39 on page 536 of this report.

The amendments added a further provision to the original act authorizing and directing the Secretary of the Treasury to transfer to the revolving fund established under the Government Losses in Shipment Act the amount standing to the credit of the securities trust fund established under authority of the indefinite appropriation "Expenses of Loans, Act of September 24, 1917, as amended and extended." In pursuance to this provision there was transferred during the fiscal year the sum of \$91,803.13.

The value of the declared articles or things reported to have been shipped under the act during the fiscal year 1940, of classes which were covered by the Treasury's contracts with insurance companies prior to the enactment of the Government Losses in Shipment Act, amounted to \$14,604,374,635. The table following indicates the premium savings resulting from such shipments to be over a half a

million dollars for the fiscal year 1940 and a savings since the inception of the act of over \$1,100,000 under each of the three alternate bases upon which the estimates are made:

*Estimated premium savings during the fiscal years 1938, 1939, and 1940, and the total estimated savings to June 30, 1940*

On basis of premium rates for—	Aug. 15, 1937, to June 30, 1938	Fiscal year 1939	Fiscal year 1940	Aug. 15, 1937, to June 30, 1940
Fiscal year 1938 <sup>1</sup> .....	\$160,000	\$456,000	\$504,000	\$1,120,000
Fiscal year 1937 <sup>2</sup> .....	200,000	515,000	575,000	1,290,000
Fiscal year 1936-38 <sup>3</sup> .....	192,000	503,000	537,000	1,232,000

<sup>1</sup> Lowest rates under insurance contract system.

<sup>2</sup> Rates in effect at time estimates of premium savings were presented to Congress.

<sup>3</sup> Average based on rates effective in last 3 years of Government insurance contract system.

Other classes of articles shipped during 1940, having a total face value of \$26,530,922,383, which are covered under the provisions of the Government Losses in Shipment Act, have not been included in the calculation of the estimated premium savings in the above table because, as a practice, the Government did not insure the subject articles prior to the enactment of the act.

Following is a table of the loss experience resulting from shipments of valuables effected under the act:

*Number and value of shipments reported lost, settled, and unadjusted, fiscal year 1940*

Shipments reported lost	Number	Value
Unadjusted July 1, 1939.....	1	\$65.88
Reported lost during year.....	19	29,545.25
Total to be settled.....	20	29,611.13
Settled by replacement out of fund.....	4	93.75
Settled without replacement or credit.....	6	837.88
Total settled.....	10	931.63
Unadjusted June 30, 1940.....	10	28,679.50

There were no recoveries of the shipments reported lost and settled by replacement out of the fund; therefore, the total payments on account of losses under the act from August 15, 1937, to June 30, 1940, amounted to \$469.85. In addition, a refund of \$64.44, representing an excess recovery included in funds transferred to the fund for the payment of Government losses in shipment, was authorized during the year; consequently, the total payments out of the fund from August 15, 1937, to June 30, 1940, amounted to \$534.29.

During 1940, pursuant to section 3b of the act as amended, there were three agreements of indemnity executed, amounting to \$15,347.04 on which no payments were made.

*Statement of balance of fund for payment of Government losses in shipment (revolving fund) at beginning of fiscal year, additions thereto, payments therefrom, and balance at close of fiscal year 1940*

Balance July 1, 1939.....	\$599,623.90
Appropriated to fund during year.....	1,000.00
Transfer from securities trust fund, act of Aug. 10, 1939 (net of refund).....	91,738.69
Total available to fund during year.....	692,362.59
Losses paid during year.....	93.75
Balance June 30, 1940.....	692,268.84

### *Section of Surety Bonds*

On June 30, 1940, there were 76 domestic companies holding certificates of authority from the Secretary of the Treasury under the act of Congress approved August 13, 1894, as amended by the act approved March 23, 1910, qualifying them as sole sureties on recognizances, stipulations, bonds, and undertakings permitted or required by the laws of the United States, to be given with one or more sureties. There were also seven branches of foreign companies holding certificates of authority authorizing them to act only as reinsurers on bonds in favor of the United States. During the year one certificate of authority of a domestic company, which had voluntarily ceased to write business, was revoked; one certificate of authority was issued to a branch of a foreign company authorizing it to act as a reinsurer on Federal bonds; and eight certificates of authority were issued to domestic companies to qualify as sole sureties on bonds in favor of the United States.

### *Division of Bookkeeping and Warrants*

The Division of Bookkeeping and Warrants, in the name of the Secretary of the Treasury, issues all warrants on the Treasurer of the United States, and under section 10 of the act of July 31, 1894 (U. S. C., title 5, sec. 255), keeps the official accounts relating to the receipt, appropriation, and expenditure of the public moneys, covering all departments and establishments of the Government. The Division makes analyses of acts of Congress carrying appropriations and maintains the necessary appropriation accounts on its ledgers; it issues warrants for placing disbursing funds to the credit of disbursing officers, for the payment by the Treasury of claims settled by the General Accounting Office, and for covering into the Treasury the revenues and receipts of the Government. It handles the work involved in the Secretary's special deposit accounts, including alien property trusts and offers in compromise, the approval of the issuance of duplicate checks (sec. 9 of the Government Losses in Shipment Act), and outstanding liability claims; compiles, for submission to the Bureau of the Budget, the estimates of appropriations for the service of the Treasury; and maintains budgetary accounts relating to apportionments and obligations of funds pertaining to all departments and establishments of the Government, including governmental corporations operating on public funds, pursuant to the provisions of the Executive order of July 27, 1933.

In addition to the above, there is compiled and published an annual digest of the appropriations made by Congress and an annual com-

bined statement of the receipts, expenditures, and unexpended balances under each appropriation account, by fiscal years.

Statements of the receipts and expenditures of the Government for the fiscal year 1940, compiled by this Division, are shown in tables 1 and 2, pages 586 to 611 of this report.

### *Division of Disbursement*

The Division of Disbursement, organized December 16, 1933, under the provisions of section 4 of Executive Order No. 6166, has absorbed disbursing functions formerly exercised by 584 separate disbursing offices of the departments and establishments of the Government located in Washington and in the field. This includes disbursements for all departments and establishments with the exception of the Post Office Department, United States marshals, the Panama Canal, and that portion of the War and Navy Departments relating to national defense. It has also assumed the disbursing functions which would have been performed by 94 separate disbursing offices for new agencies created since the Executive order of June 10, 1933. These functions of disbursement are now performed through the Central Office of the Division of Disbursement in Washington, D. C., and regional offices. Treasury-State disbursing offices were established for making disbursements under the Emergency Relief Acts.

Pursuant to requests made by some of the corporations, the Chief Disbursing Officer acts in the capacity of Disbursing Agent for the Federal Surplus Commodities Corporation (the Surplus Marketing Administration under Reorganization Plan No. III, effective June 30, 1940), the Federal Crop Insurance Corporation, and the United States Housing Authority. This arrangement has proved satisfactory and economical, as it avoided the necessity for the corporations to establish separate disbursing offices in Washington and the field.

During the latter part of the fiscal year 1939 the Federal Surplus Commodities Corporation started its experimental program of distributing surplus agricultural food products by the issue of food order stamps to relief clients. The Chief Disbursing Officer was selected by the Corporation as its agent for the purpose of issuing and redeeming these stamps. The plan was started in Rochester, N. Y., and Dayton, Ohio, during the fiscal year 1939, and during 1940 there were selected 116 other cities for the installation of the plan, in 80 of which operations were actually begun prior to June 30, 1940.

Generally, the plan provides that cities which cooperate with the Corporation purchase books containing a number of orange colored 25-cent stamps and one-half as many blue 25-cent stamps, paying for the orange colored stamps and receiving the blue stamps without cost. The cities sell the books for the price of the orange colored stamps to persons who are eligible under certain regulations of the Federal Surplus Commodities Corporation. The orange colored stamps are exchangeable at stores for any class of groceries but the blue stamps are exchangeable only for foods which have been declared surplus by the Secretary of Agriculture. Moneys received by the Division of Disbursement from the cities are held for the redemption of the orange colored stamps and the blue stamps are redeemed from funds placed with the Division of Disbursement by the Corporation.

The following table shows the total money value of orange colored and blue stamps issued, redeemed, and outstanding.

*Transactions in food order stamps for the Federal Surplus Commodities Corporation,  
May 1939 to June 1940*

[Money value]

Date	Issued	Redeemed	Cumulative amount outstanding
<b>1939</b>			
May.....	\$67,419.00	\$37,230.75	\$30,188.25
June.....	329,910.00	219,704.00	140,394.25
July.....	428,759.00	324,116.75	245,036.50
August.....	702,447.00	534,501.25	412,982.25
September.....	691,290.00	655,712.50	449,559.75
October.....	903,491.00	728,663.50	623,387.25
November.....	1,364,127.00	869,362.00	1,118,152.25
December.....	1,866,358.00	1,430,568.00	1,553,942.25
<b>1940</b>			
January.....	3,109,715.00	2,383,552.50	2,280,104.75
February.....	4,548,288.00	3,332,144.00	3,496,248.75
March.....	6,590,572.00	5,256,717.75	4,830,103.00
April.....	7,397,729.00	6,155,109.25	6,072,722.75
May.....	7,978,287.50	7,196,776.00	6,854,234.25
June.....	8,728,796.00	7,638,003.25	7,945,027.00
Total.....	44,707,188.50	36,762,161.50	-----

The \$36,762,161.50 of redeemed stamps represents 147,048,646 stamps which were presented for redemption to the several offices of the Division of Disbursement, where they were examined, canceled, and forwarded to the General Accounting Office as vouchers supporting the payments made therefor. The money value of orange and blue stamps issued and redeemed for each city in which the plan is in operation is shown in table 69, page 832.

During the latter part of 1940 a similar program for the issuance and redemption of stamps exchangeable for cotton and cotton surpluses was established in Memphis, Tenn., Springfield, Mass., and Minneapolis and St. Paul, Minn. Green stamps are used for the purchase of cotton products and brown stamps are exchangeable for cotton products declared surplus by the Secretary of Agriculture.

The present indications are that many more cities will participate in these programs during the coming fiscal year.

Of the 55 Treasury-State disbursing offices maintained during the fiscal year 1939, 1 was consolidated with another Treasury-State disbursing office and 10 were consolidated with regional offices during the fiscal year 1940. On June 30, 1940, the Division maintained one central and 19 regional offices where all regular payments and some payments from relief appropriations were made, and 44 Treasury-State disbursing offices in the field disbursing only emergency appropriations.

Payments under the special programs of the Agricultural Adjustment Administration were continued during the year. The total number of payments under these programs, including the Soil Conservation payments, was 12,728,067.

On June 30, 1940, the total personnel of the Division, including regular, temporary, and emergency employees, was 2,226, and in addition there were 115 employees of the Agricultural Adjustment Administration assigned to offices of the Division to assist in the disbursing work incident to the special programs of that agency.

During the year the regular and emergency offices of the Division made 105,778,977 payments by check and made cash payments in 964,948 instances. These payments were supported in the disbursing accounts by 8,818,448 vouchers. The Division also received, deposited, and accounted for 5,118,985 collections items.

*Suspension of delivery of foreign checks*

During the year it was necessary under Executive Order No. 8389, dated April 10, 1940, as amended (see exhibit 41 on page 538), to suspend delivery of Government checks to Norway, Denmark, Belgium, Luxembourg, the Netherlands, and France. The order was extended on July 15, 1940, to include Latvia, Estonia, and Lithuania. Due to the war, difficulty has also been experienced in effecting delivery of Government checks to other European countries.

**DIVISION OF APPOINTMENTS**

In accordance with Treasury Department Order No. 32 of June 25, 1940, the Division of Appointments was transferred and consolidated with the Personnel Division, which was established on July 1, 1940, pursuant to Executive Order No. 7916 of June 24, 1938, and Treasury Department Appropriation Act, 1941.

*Number of employees in the Treasury Department*

On June 30, 1940, there were 18,859 employees in the departmental service and 54,312 employees in the field service of the Treasury, as compared with 19,529 employees in the departmental service and 48,211 in the field service on June 30, 1939. The figures for June 30, 1939, exclude 2,063 employees in the departmental service of the Public Buildings Branch of the Procurement Division, the Public Health Service, and the Bureau of the Budget, and 8,502 employees in the field service of the Public Buildings Branch and the Public Health Service, all of which agencies were transferred from the Treasury Department on July 1, 1939; and include 362 employees in the departmental service and 815 in the field service of the Bureau of the Comptroller of the Currency, which employees are paid from assessments against national banks and were not included in previous reports.

During the year there was a decrease of 670 in the departmental service and an increase of 6,101 in the field service. The principal decrease resulted from the reduction in the force of employees paid from emergency relief funds. The largest increase was in the Coast Guard due to the transfer to that Service on July 1, 1939, of the Lighthouse Service from the Department of Commerce and to the increase in the military personnel.

The number of employees in the departmental service of the Treasury, classified according to bureaus and offices, at the end of each quarter from June 30, 1939, through June 30, 1940, is shown in table 70, page 834 of this report. A comparison of the number of employees in the departmental and field services of the Treasury on June 30, 1939, and June 30, 1940, is contained in table 71, page 834.



*Retirement of employees*

During the year there were 546 persons retired from the departmental and field services of the Treasury Department. Under the provisions of the Civil Service Retirement Act, as amended, and of section 204 of the Economy Act of June 30, 1932, 272 persons were retired from the departmental service of the Treasury Department, 18 of whom were retired at their own option before the compulsory retirement age; and 274 were retired from the field service, 20 at their own option before the compulsory retirement age.

As of June 30, 1940, four employees in the departmental service and five in the field service who had reached the retirement age were retained under the authority of the President provided in section 204 of the Economy Act.

Table 72, page 835, shows the number of persons retired in the departmental and field services of the Treasury from August 20, 1920, to June 30, 1940, and the number who have passed the compulsory retirement age but who are retained as of June 30, 1940.

**BUDGET AND IMPROVEMENT COMMITTEE**

The Budget and Improvement Committee is responsible, under the direction of the Budget Officer, for the preparation and review of estimates submitted by Treasury bureaus and divisions for annual or deficiency appropriations. It is also responsible, under the direction of the Budget Officer, for the investigation of administrative methods and procedure in their relation to appropriation estimates and for other investigations upon assignment by the Administrative Assistant to the Secretary. To facilitate the investigations, a Subcommittee on Investigations is assigned the responsibility for determining, through the inspection of field as well as departmental activities, the justification for proposed increases in appropriations.

The review of appropriation estimates includes a thorough examination of the items by the individual committee members to whom respective bureaus or divisions are assigned. The entire committee then conducts formal hearings at which the bureau or division heads, or their representatives, present oral testimony in further support of the estimates. The committee, after deliberation, submits its recommendations to the Budget Officer for his guidance in determining the items which should be approved for transmittal to the Bureau of the Budget.

Subsequent to the submission of the regular estimates of appropriations for the fiscal year 1941, supplemental and deficiency estimates aggregating \$262,356,354 were received. After examination, these estimates were reduced to \$262,342,094 and submitted to the Director of the Bureau of the Budget.

Reserves amounting to \$469,704 were set aside from the ordinary appropriations for the fiscal year 1940 by the bureaus and offices of the Department. During the year, reserves amounting to \$270,534 were released by the Director of the Bureau of the Budget after approval of the committee, leaving a reserve of \$199,170 at the end of the year. Of the appropriations made to the Treasury Department for the fiscal year 1941, \$84,000 has been set aside as reserves.

For the fiscal year 1942, heads of Treasury bureaus and offices submitted estimates for annual, permanent, and indefinite appropriations aggregating \$3,882,414,092. After examination by the Budget and Improvement Committee, items aggregating \$720,814 were disapproved in estimates for annual appropriations. Of the \$3,881,693,278 approved and submitted to the Director of the Bureau of the Budget, \$341,686,000 was for annual appropriations; \$6,266,433 for permanent and indefinite appropriations and special funds; \$1,743,875,845 for trust funds; \$1,200,000,000 for interest on the public debt; and \$589,865,000 for public debt retirements chargeable against ordinary receipts.

## COAST GUARD

### Activities during the fiscal year 1940

The Coast Guard, as the Federal maritime police agency, has carried on the interrelated duties, embraced within such function, of law enforcement, promotion of safety of life at sea and protection of life and property, and the maintenance of a state of preparedness for national defense. With its shore units forming a coordinated network of protective and marine observation stations along all the coasts of the United States, Hawaii, Alaska, Puerto Rico, and Virgin Islands, and with its vessels patrolling the entire length of our coastal and navigable waters, the services of the Coast Guard, involving use of vessels, aircraft, and coastal units, have been utilized in various cooperative measures with other branches of the Government, in addition to carrying on the regular duties of the Service.

The regular activities of the Coast Guard include prevention of the smuggling of liquor, narcotics, and other contraband; patrol of the waters of the North Pacific Ocean and Bering Sea and southeastern Alaska in the enforcement of laws and regulations for the protection of the fur seal, sea otter, and fisheries, and of certain other laws in Alaska; patrol in the enforcement of the North Pacific Halibut Act; enforcement of the Whaling Treaty Act and Oil Pollution Act; supervision of the anchorage and movements of vessels and of the handling of explosives, inflammable material, and other dangerous cargo aboard vessels; enforcement of the customs, navigation, motorboat, and other related laws of the United States; International Service of Ice Observation and Ice Patrol in the North Atlantic Ocean; winter patrol of the Atlantic coast to aid vessels and persons in distress; removal of derelicts and other obstructions to navigation from the paths of marine commerce; patrol of regattas and marine parades; administration of the United States Maritime Service; and the saving and protection of life and property at sea and along the coasts.

Application of the neutrality laws in the existing international situation has resulted in the Coast Guard assuming an important role in their enforcement.

The following table summarizes several of the principal operations of the Coast Guard for the fiscal year 1940, including comparison with the preceding year:

Activity	1939	1940	Increase or decrease (—)
Instances of lives saved and vessels assisted.....	9,383	9,330	—53
Value of vessels assisted (including cargoes).....	\$63,723,566	\$88,016,268	\$24,292,702
Persons on board vessels assisted.....	32,645	32,084	—561
Lives saved or persons rescued from peril.....	10,615	9,249	—1,366
Persons in distress cared for.....	412	410	—2
Instances of miscellaneous assistance.....	4,858	4,055	—803
Vessels boarded and papers examined.....	32,655	39,450	6,795
Vessels seized.....	6	21	15
Vessels reported.....	1,854	1,300	—554
Fines and penalties incurred by vessels reported.....	\$470,081	\$235,459	—\$234,622
Derelicts and other obstructions to navigation removed or destroyed.....	266	193	—73
Value of derelicts and other obstructions recovered.....	\$117,390	\$82,945	—\$34,445
Regattas and marine parades patrolled.....	443	481	38
Persons examined for certificates as lifeboat men.....	3,495	2,527	—968

While the number of lives saved or persons rescued from peril shows a decrease in 1940, when considered in the light of the absence during the year of any extensive hurricane and flood assistance and the fact that the 1940 figure is higher than any other year except 1939, the record indicates no downward trend in the general activities of this character. The number of vessels boarded and papers examined was the largest since the prohibition era of 1924–33. The major portion of these boardings was to insure that the safety requirements of the navigation laws and regulations were being complied with by shipping and motorboats. Regattas and marine parades patrolled, in the interest of safety to life, exceeded all previous records.

No additional funds were allotted to the Coast Guard by the Public Works Administration during the year, projects previously provided for being carried to a conclusion. Approximately \$70,000 was allotted by the Works Progress Administration which was expended upon miscellaneous undertakings at stations.

Cooperation continued with other departments embracing activities in which the vessel and aircraft facilities of the Coast Guard could be used advantageously, including waterfowl surveys for the Biological Survey, transportation of mail where commercial shipping was disrupted, particularly between Miami, Fla., and Habana, Cuba, and from Seattle, Wash., to Alaskan ports; transporting the Federal Court in Alaskan waters on its annual visit to ports west of Valdez; towing vessels of the Maritime Commission between various Atlantic and Gulf ports; and detailing vessels to assist in the conduct of target practice drills by the Coast Artillery.

At the request of the State Department, two cutters were operating during June 1940 in West Greenland waters making a survey of conditions in Greenland ports. This duty showed promise of being extended to the east coast of Greenland.

Also at the request of the State Department, a good will cruise of two Coast Guard cutters to ports of Mexico, Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica was made during January–March 1940. At ports visited the Coast Guard gave drills in the various methods used in saving life and in demonstrating to the people the peace-time functions of the Coast Guard; visits were exchanged between the officers of the vessels and representatives of the foreign governments; and sports competition were engaged in between the vessels' teams and those of the local governments.

Upon the request of the Director of the Bureau of the Census, small vessels were detailed to transport census enumerators to sparsely settled coastal sections of the United States and Alaska.

Arrangements were made for the assignment during July and August 1940 of one cutter, in cooperation with the Bureau of Fisheries, to carry out a program of fishery observations and oceanographic studies in the Bristol Bay, Alaska, region.

The Coast Guard cutter stationed at Honolulu continued its quarterly cruises to the South Pacific Islands, including Fanning, Baker, Howland, Jarvis, and Enderbury Islands, servicing the settlements of those islands for the Department of the Interior.

The New York District of the Coast Guard provided an armed detail from April 16 to June 6, 1940, for guarding approximately 9,299 tons of silver bullion valued at \$90,297,200 during transportation by the Treasury Department from New York, N. Y., to the depository at West Point, N. Y.

Coast Guard relief forces, consisting of aircraft, boats, and mobile radio stations, were dispatched to the aid of communities stricken by the flood of the Susquehanna River, during April 1940; and a relief expedition was sent into the southern Alabama region during the flood there in August 1939. Considerable survey work and planning concerning Coast Guard activities in future floods in the Ohio and Mississippi Valleys were undertaken during the year.

In conformity with the duty of the Coast Guard to assist in keeping channels and harbors open to navigation by means of icebreaking operations in accordance with the reasonable demands of commerce, service was rendered upon numerous occasions on the North Atlantic Seaboard and Great Lakes during the winter season of 1939-40. The demands along the New England coast were less than usual, due to comparatively mild ice conditions in that region, but an increasing number of calls arose in the Delaware and Chesapeake Bays section.

### *Administrative organization*

Consolidation of the Lighthouse Service and other considerations making for economy and efficiency have led to substantial changes in the administrative organization of the Coast Guard. In the field the former 9 divisions and 13 districts of the Coast Guard and 17 districts of the Lighthouse Service have been combined into 13 districts, which include districts embracing Puerto Rico and nearby United States possessions and waters, Hawaiian Islands, and other Pacific possessions and waters of the United States, Alaska, and the interior rivers area. The separate field organization of former life-saving activities has been integrated with other functions of the Coast Guard. A grouping of shore stations (including lifeboat and light stations and certain bases) has been studied and is being put into effect as rapidly as practicable. Greater correlation of cutters and other vessels of the Service and a more systematic nomenclature for the several types have been worked out. The district headquarters staffs have been much systematized and placed on as uniform a basis as practicable in relation to the scope and volume of their respective activities. At Washington headquarters, material changes in organization have been made in the direction of more effective utilization of the staff principle.

*National defense*

Under the act of January 28, 1915, the Coast Guard constitutes a part of the military forces of the United States, operating under the Treasury Department in time of peace and as a part of the Navy in time of war or when the President directs. While the Service is constantly prepared for national defense operations, the existing international situation has led to preparations especially to fit and augment the resources and capacity of the Coast Guard for national defense. Appropriations were provided by the First Supplemental National Defense Appropriation Act of June 26, 1940, for increasing the armament of vessels, and plans have been made, in collaboration with the Navy, to provide for the most effective utilization of the Coast Guard organization.

*Promoting safety of marine commerce and of life and property at sea*

The duty of promoting safety of life at sea has been carried forward through both protective and preventive measures, the former through such means as the maintenance of a cordon of Coast Guard lifeboat stations, equipped with life-saving boats and apparatus along our coasts; aircraft and vessel patrols to warn of danger and to assist in case of peril; aids to navigation marking the shoals and channels and to guide the mariner along safe courses during fog and storm; and the International Ice Patrol in the North Atlantic. The training of merchant marine personnel, the operations of the Coast Guard Reserve, and enforcement of those navigation laws pertaining to safety requirements are part of the preventive phase of reducing marine casualties and protecting life and property from loss at sea and upon our navigable waters.

*Aids to navigation.*—With the integration of the former Lighthouse Service into the Coast Guard on July 1, 1939, the duty of establishing and maintaining aids to navigation became one of the principal activities of the Coast Guard. For many years there has been a continuing demand for new establishments due in major part to the improvement and extension of navigable channels by the Corps of Engineers, United States Army, and in part to the constantly increasing activity in navigation by small craft requiring aids for their protection in waters not heretofore marked. During the past year 1,581 new aids were established consisting largely of daymarks, buoys, and minor lights; 767 aids were discontinued; leaving a net increase of 814 aids, and bringing the total at the close of the year to 30,420. The number of lightship stations has been reduced by one through the replacement of Lake St. Clair Lightship by a fixed structure. Radio navigational aids continued to be more widely used by marine craft, necessitating the establishment of additional "marker" radio-beacons and one intermediate power radiobeacon. An important extension of the system of minor aids has been made in the Tennessee River with the completion of the Chickamauga Dam and the extension of navigable water resulting therefrom.

The following table gives general information as to the status of the system of aids to navigation in various categories at the close of the fiscal years 1939 and 1940:

*Number of aids to navigation and changes during the fiscal year 1940*

Types	June 30, 1939	During 1940			June 30, 1940
		Estab- lished	Discon- tinued	Increase or decrease (—)	
<b>Lighted aids:</b>					
Lights, 200 candlepower and above.....	1, 801	50	21	29	1, 830
Lights, below 200 candlepower.....	6, 180	504	305	199	6, 379
Lightship stations <sup>1</sup> .....	30		1	—1	29
Lighted buoys (including float lights).....	1, 205	116	33	83	1, 288
Lighted trumpet buoys.....	6	3	1	2	8
Lighted whistle buoys.....	163	11	2	9	172
Lighted bell buoys.....	475	18	13	5	480
Lighted gong buoys.....	32	8	1	7	39
<b>Total lighted aids.....</b>	<b>9, 862</b>	<b>710</b>	<b>376</b>	<b>334</b>	<b>10, 196</b>
<b>Fog signals:</b>					
Radiobeacons <sup>2</sup> .....	141	1	1		141
Sound fog signals (in air).....	570	16	12	4	574
Submarine fog signals.....	9		1	—1	8
Lighted buoys with whistles, bells, gongs, or trumpets <sup>3</sup> .....	676	40	17	23	699
Unlighted buoys with whistles, bells, gongs, or trumpets.....	368	9	9		368
<b>Total fog signals.....</b>	<b>1, 764</b>	<b>66</b>	<b>40</b>	<b>26</b>	<b>1, 790</b>
<b>Silent and unlighted aids:</b>					
Buoys.....	13, 468	329	196	133	13, 601
Daymarks.....	5, 188	516	172	344	5, 532
<b>Total silent and unlighted aids.....</b>	<b>18, 656</b>	<b>845</b>	<b>368</b>	<b>477</b>	<b>19, 133</b>
<b>Grand total.....</b>	<b>29, 606</b>	<b>1, 581</b>	<b>767</b>	<b>814</b>	<b>30, 420</b>

<sup>1</sup> Lightship stations not counted in totals. Signals maintained thereon are counted.

<sup>2</sup> Includes auxiliary warning radiobeacon on Nantucket Shoals Lightship.

<sup>3</sup> Lighted sound buoys counted only once in grand total.

The service of information with respect to aids to navigation for the guidance of mariners was continued during the year. Six light lists, covering the North Atlantic coast, South Atlantic coast, Intra-coastal Waterway, Mississippi and Ohio Rivers, Pacific coast, and Great Lakes, were published as in previous years and sold to mariners and others.

A weekly Notice to Mariners, relative to aids to navigation in all navigable waters of the United States except the Great Lakes, is printed in Washington and distributed to mariners; and a similar notice is published by the District Commander, United States Coast Guard, at Cleveland, Ohio, for the Great Lakes area. Local notices in mimeograph form are prepared from time to time in the district offices of the Coast Guard and distributed when the safety of navigation warrants immediate information. In addition three radiobeacon charts, covering the Great Lakes and Atlantic and Gulf and Pacific coasts, are prepared annually and distributed to vessels equipped with radio direction finders.

The unusually severe ice conditions which prevailed during January and February of this year resulted in about \$170,000 of damage to aids to navigation, particularly in the Chesapeake Bay area. Funds

are now available for the complete restoration and the work is proceeding rapidly.

In addition to establishment of new aids, attention has been given to the improvement of existing aids through modernization and the application of scientific developments to the technical work of sound, radio, and light signalling, with resultant improvement of the aids and in many cases marked economies in their operation.

*International Service of Ice Observation and Ice Patrol.*—Although the European War affected the movement and customary routes followed by shipping in the North Atlantic, the Coast Guard carried out during the season of 1940 its usual ice observation and ice patrol service, pursuant to the International Convention for the Safety of Life at Sea, signed at London on May 31, 1929, and the act of Congress of June 25, 1936. Four cutters were designated for this duty, but it was necessary to assign only two of them to the task. The oceanographic cutter based at St. John's, Newfoundland, and the ice patrol cutter based at Boston, Mass., instead of at the normal base at Halifax, Nova Scotia.

The oceanographic cutter sailed from Woods Hole, Mass., on March 21, 1940, to carry out not only a program of scientific investigations bearing upon the location, rate of drift, and direction of flow of ocean currents, but also to determine the extent and location of the ice which might be approaching the lanes of North Atlantic shipping. In peace time, the cooperation of merchant shipping in radioing reports of ice sighted in the North Atlantic permitted the Coast Guard to obtain a fairly accurate indication of conditions prevailing, but this year the ships refrained from using their radio, and the absence of such reports contributed to the difficulty in obtaining an accurate estimate of prevailing ice conditions. However, the oceanographic vessel on its cruises throughout the Grand Banks region gave particular attention to ice scouting, and because of the few bergs drifting into the ice-menace region, together with the knowledge developed of existing ocean currents and water temperatures, the Commander of the International Ice Patrol was in a position to determine the general ice situation. After completion of four oceanographic cruises from March 21 to June 19, the oceanographic cutter sailed from St. John's on June 22 for the purpose of continuing the investigation of ocean currents in the area between South Wolf Island, Labrador, and Cape Farewell, Greenland. This cruise extended for 1,872 miles and was completed on June 29.

On May 12, 1940, the ice patrol cutter sailed from Boston, Mass., to devote its entire time to observation of ice conditions, extending its cruise far to the northward of the customary ice-menace region. The 1940 season was found to be practically an ice-free year, insofar as constituting a menace to North Atlantic commerce. It thus became unnecessary for the ice patrol cutter to make subsequent cruises, and she returned to Boston on June 3. Throughout this brief season, the ice patrol cutter sent out scheduled radio broadcasts of existing ice conditions, insuring to shipping advice and information affecting its safe navigation. Also, a program of weather observations through the use of radio-sonde apparatus, was carried out in cooperation with the United States Weather Bureau, 18 observations being made between May 15 and June 2. Throughout the ice observation cruise

only one berg was sighted south of latitude 48°, and none was observed or reported south of the forty-fifth parallel.

*Weather and marine information.*—Due to the marked decrease and almost total lack of weather data normally furnished the United States Weather Bureau by ships of all nationalities, the means of making weather forecasts adequate to the needs of marine and air commerce was endangered. Consequently, an Atlantic weather patrol was established in February 1940, with two weather observation stations located between Bermuda and the Azores, maintained at all times by Coast Guard cutters especially equipped for such service and to which technical employees of the Weather Bureau were assigned. In addition to the data furnished the Weather Bureau, the cutters on this duty furnished weather information to trans-Atlantic planes and gave added security to such aircraft operations.

At a conference held by the Civil Aeronautics Authority on January 17, 1940, it was tentatively agreed by the representatives of the various Government departments and agencies that the Coast Guard mobilize assistance and coordinate efforts to locate and relieve aircraft in distress at sea. A safety operation plan is now in effect for the protection of aircraft making trans-Atlantic flights, and a ship's position office was established in the New York district for the assistance of shipping and aircraft. The number of storm warning display stations operated in cooperation with the Weather Bureau increased to 92 on June 30, 1940. The reporting by radio of weather observations in the Hurricane Warning Service of the Weather Bureau was expanded, communication trucks being added to the reporting system. At favorably located Coast Guard stations along the coasts of the United States, daily broadcasts of weather and marine information, furnished by the Weather Bureau and the Hydrographic Office, were made by radio-telephone. These broadcasts were primarily for the benefit of small craft of which increasing numbers are being radio-equipped.

*Grand Banks Patrol.*—Incident to the breaking out of war in Europe early in September 1939 and the distress caused to maritime commerce in the North Atlantic, six Coast Guard cutters were employed, in cooperation with the United States Navy, on what was known as the Grand Banks Patrol during the fall of 1939 and early months of 1940.

*Winter cruising.*—During the period December 1, 1939, to March 31, 1940, 15 cutters were designated as a special patrol, pursuant to Executive order, to assist distressed vessels during the season of severe weather on the North Atlantic coast. These cutters cruised 865,556 miles; afforded assistance to 125 vessels; and destroyed 11 derelicts which were a menace to navigation. In the enforcement of Federal maritime laws, 51 vessels were boarded and examined.

*Maritime training.*—The Coast Guard has continued since September 1, 1938, to administer the United States Maritime Service for the United States Maritime Commission. The purpose of the Maritime Service is to assist in the maintenance of a trained and efficient merchant marine personnel by providing an adequate training system for seamen who serve aboard American merchant vessels on the Great Lakes or the high seas.

For licensed officers and experienced men of the merchant marine, an original 3 months' training period with pay is provided, and, after satisfactory completion of this probationary training, the regular en-



rollees who continue to go to sea in the merchant marine become eligible for one month's annual active duty training with pay in addition to 1 month's retainer pay each year. For men without previous seagoing experience, the original probationary period is 9 to 12 months, after which those men who satisfactorily complete the course become eligible for the same benefits in annual active duty training and retainer pay offered other regular enrollees.

The Maritime Service maintained training stations for merchant marine officers at Fort Trumbull, New London, Conn., and Government Island, Alameda, Calif.; and training stations for unlicensed seamen were maintained at Hoffman Island, New York Harbor, and at Alameda. Apprentice seamen without previous sea experience underwent instruction on the training ship *American Seaman* and at training stations established at St. Petersburg, Fla., on November 30, 1939, and at Gallups Island, Boston, Mass., on June 1, 1940.

These facilities have a capacity for approximately 600 licensed officers and 2,400 unlicensed men each year for a 3 months' training course, and for approximately 800 inexperienced unlicensed men for a 9 to 12 months' course.

During the year 6,145 applications for enrollment were received, and from these 3,368 men were enrolled; 2,185 licensed officers and unlicensed men were regularly enrolled after completing the training courses in a satisfactory manner; and from September 1, 1938, to June 30, 1940, a total of 2,868 licensed officers and unlicensed men have been regularly enrolled in the Maritime Service.

On June 30, 1940, 801 enrollees were under training as follows: licensed, deck, 73, engineering 73; unlicensed, deck 127; engineering 148, stewards 106, apprentice seamen 274.

There were on detail from the Coast Guard in the Maritime Service on June 30, 1940, 31 commissioned officers, 42 chief warrant and warrant officers, and 222 enlisted men. Thirty-two licensed enrollees and 282 unlicensed enrollees of the Maritime Service were on active duty in connection with the administration of the Service.

*Coast Guard Reserve.*—The organization of the Coast Guard Reserve—a voluntary, nonmilitary organization of motorboat and yacht owners—established by the act of June 23, 1939, was effected during the year, units being established in 10 of the 13 Coast Guard districts (the Juneau, Honolulu, and San Juan districts being excepted) with an approximate enrollment as of June 30, 1940, of 2,600 Reservists and 2,300 Reserve boats.

The operation of the Reserve has proven a distinct contribution to the promotion of safety of life at sea, to competency in boat operation and safe navigation among vessels of all sizes upon the navigable waters of the United States. Reservists have acted in collaboration with the Coast Guard in safety patrols of regattas, in saving life and property, and, in general, bringing into daily use more modern seagoing knowledge. They were also active in distributing information and giving advice to others relative to safety equipment and operation of boats.

#### *Maritime law enforcement*

The Coast Guard, with its broad authority under the act of June 22, 1936, to make inquiries, examinations, inspections, searches, seizures, and arrests upon the high seas and the navigable waters of the

United States in enforcement of any law of the United States, acts as the maritime law enforcement agency of the Government.

*Customs and antismuggling laws.*—At the principal ports the vessel facilities of the Service are used by the customs and immigration authorities in contacting foreign vessels upon arrival, and in otherwise cooperating with those officials in the conduct of their duties. While during the year there was a complete absence of organized smuggling of alcoholic liquors, it has been necessary to maintain a vigilant surveillance over coastal activities to act as a deterrent against any resumption of such practice. The prevention of the smuggling of narcotics presents a current problem. Coast Guard patrol vessels have continued the practice of contacting well out to sea and trailing vessels suspected of having on board narcotics intended for unlawful traffic. This surveillance, prior to the arrival of a vessel at port for search by the customs officers, prevents the disposition of narcotics off harbor entrances by means of prearranged delivery to speed boats, fishing craft, and aircraft, or by dumping overboard in buoyed packages to be picked up by accomplices. During the year there were 4,199 instances of vessels trailed or kept under surveillance.

In cooperation with the Alcohol Tax Unit of the Internal Revenue Bureau, Coast Guard aircraft located 725 illicit distilleries and assisted in the seizure of 79.

*Navigation laws.*—In the enforcement of the navigation laws 481 regattas were patrolled and 39,450 vessels, including motorboats, were boarded and examined. Of the latter number, 1,300 were reported for penalties and 21 were seized for violations. Although 6,795 more vessels were boarded than during the previous year, the total number of vessels on which violations were found was 554 less. This situation is attributed in a degree to the systematic boarding methods of the Service as well as to the cooperation of yachtsmen and small boat operators in increasing the standard of safety in equipping and operating small craft.

*Neutrality.*—Upon the proclamation of the President of the neutrality of the United States in the European war under date of September 5, 1939, and pursuant to Executive Order No. 8233 of the same date, the Coast Guard assumed a wide field of responsibility with respect to preventing unneutral acts by merchant vessels of the United States or other neutral countries and against the commission of belligerent action by merchant vessels of warring nations within the United States. To give full effectiveness to the strict enforcement of neutrality by the Coast Guard, a systematic and extensive patrol by aircraft, vessels, and coastal stations has been carried out along all the coasts of the United States.

As a part of this control exercised over merchant vessels, the radio apparatus aboard such craft belonging to belligerent nations was inspected and sealed in 4,397 instances up to June 30, 1940, to prevent unneutral communications while within territorial waters of the United States. Also, 613 defensively armed merchant vessels were inspected to insure that they were not operating as auxiliary merchant cruisers or commerce raiders and basing in United States ports in violation of the neutrality law.

In maintaining a strict surveillance over maritime activities in territorial waters and adjacent coastal regions, in protection of neutrality and to provide interested governmental agencies intelligence

concerning shipping, there were 41,611 instances of merchant vessels identified at sea or in ports of the United States, 26,535 vessels sighted or identified at sea, and 94,055 instances of foreign vessels identified in ports of the United States by Coast Guard units.

*Anchorage and movements of vessels.*—Throughout the year Coast Guard officers were detailed as captains of the port at nine ports of the United States in enforcement of the rules and regulations issued by the Secretary of War and the Secretary of Commerce governing the anchorage and movements of vessels, and Coast Guard officers also were enforcing regulations of similar nature in several localities beyond the confines of ports.

Pursuant to the Espionage Act of June 15, 1917, the proclamation of the President of June 27, 1940, and Treasury Department anchorage regulations of June 27, 1940, Coast Guard officers were designated captains of the port at 28 ports throughout the United States, its Territories and possessions to enforce the rules and regulations promulgated by the Secretary of the Treasury and approved by the President governing the anchorage and movements of vessels and to supervise and control the movement, lading, and discharge of explosive or inflammable material or other dangerous cargo.

The control is being exercised at all ports where there is an appreciable amount of marine activity to insure an orderly and well-regulated movement of marine commerce, a systematic arrangement of anchorages for its accommodation, and particularly, through rigid supervision over the movement and handling of explosives, inflammable material, and other dangerous cargoes, to see that every safeguard is provided.

Rules and regulations issued by other agencies of the Government and in effect where captains of the port had been assigned previously were reaffirmed. At the close of the year a study was being made by the Coast Guard for the adoption of uniform rules and regulations applicable to all ports where captains of the port were assigned.

*Whaling Treaty Act enforcement.*—In enforcement of the provisions of the Whaling Treaty Act, giving effect to the convention between the United States and certain other countries for the regulation of whaling, two Coast Guard officers were assigned as inspectors aboard one American factory vessel which operates in the Indian Ocean and Antarctic waters, and officers were assigned also to two land stations, one in Alaska and one on the California coast. Various violations of the act and of other Federal statutes were reported by the inspectors.

*Oil Pollution Act.*—Coast Guard units reported 47 violations by vessels and shore plants of the Oil Pollution Act, which has for its purpose the prevention of contamination of our navigable waters in the interest of conservation of fish life and wild fowl and the prevention of damage to marine property and beaches by oil.

*Patrol in North Pacific waters and Bering Sea.*—The patrol of the North Pacific Ocean, Bering Sea, and waters of southeastern Alaska has for its mission the assistance to persons and vessels in distress; protection of the seal herd, sea otter, walrus, and sea lions; assistance to Alaskan natives; law enforcement generally; and cooperation and assistance to other Government departments. The patrol for the 1939 season, which was in progress at the beginning of the fiscal year 1940, was carried on by 8 vessels, which cruised over a radius of 64,032 miles, assisted 13 vessels, boarded 53 craft, afforded medical and

dental aid to 1,028 persons, and transported 297 persons. The patrol for the season of 1940, in progress on June 30, 1940, comprised 8 vessels.

### *Aviation*

On June 30, 1940, air stations in commission were located at Salem, Mass.; New York, N. Y.; Charleston, S. C.; Miami and St. Petersburg, Fla.; Biloxi, Miss.; San Diego, Calif.; and Port Angeles, Wash.; and an air patrol detachment was located at Cape May, N. J. Fifty-five aircraft were in commission on that date, delivery having been accepted on seven twin-engine long range patrol planes and seven twin-engine intermediate range amphibian planes during the fiscal year. A contract for one twin-engine flying boat was awarded, delivery to be made during the fiscal year 1941.

Construction has progressed satisfactorily on the new air stations at Elizabeth City, N. C., and San Francisco, Calif., which will be placed in operation during the early part of the fiscal year 1941.

Aircraft was employed in law enforcement work on both sea and land in cooperation with other Federal departments, in rescue missions, in promoting safety of life at sea, and in the enforcement of the neutrality laws.

The following statistics for the fiscal year indicate certain phases of such activities:

	<i>Number</i>		<i>Number</i>
Flights .....	4, 801	Persons warned of impending danger .....	1, 466
Miles cruised .....	1, 258, 344	Obstructions to navigation reported .....	9
Area searched (square miles) .....	9, 307, 065	Smuggling vessels located .....	2
Time in flight (hours) .....	13, 231	Illicit distilleries located .....	725
Emergency medical cases transported .....	113	Disabled vessels located .....	76
Persons transported from disabled vessels .....	12	Instances of assistance to other Govern-	
Persons assisted .....	223	ment departments .....	192
Vessels warned of impending danger .....	259	Vessels identified .....	29, 322

### *Communications*

The Coast Guard owns and operates a coastal telephone system, consisting of 1,662 miles of pole lines, 3,152 miles of open wire, metallic circuits, 58 miles of aerial and underground cables, and 690 miles of submarine cables, consisting of 200 separate telephone lines. Most of these lines are connected with central office exchanges of commercial telephone systems, thus affording telephone and telegraph service to units of the Coast Guard and to certain Navy direction finder stations, Weather Bureau offices, and units of other Government agencies in various localities along the coastal waters of the United States.

Coordination of the former Lighthouse Service communications with those of the Coast Guard into a unified system is being carried out as rapidly as possible. Radiotelephone facilities have been installed in additional surfboats, light stations, tenders, and miscellaneous picket boats, materially increasing the efficiency of the emergency radio communication system in the interests of national defense and in the safety of life and property at sea.

The Coast Guard communication system was extended to the San Juan district by the establishment of a primary radio station at San Juan, P. R., and 12 radiotelephone radio stations on the island of Puerto Rico. In the Juneau district, a temporary radio station was established at Ketchikan to improve communication with vessels of the Bering Sea patrol.

*Radio engineering.*—Research and development work was carried on especially with filtering electrical machinery noises; telescopic type antenna masts for installation in small craft, trucks, and other mobile units; and a new intermediate frequency receiver for improving communications on the lower frequencies.

Equipment was modernized by the installation of radio-direction finders in the larger cutters; by the procurement of compact radio-telephone transmitters and of receiving equipment for installation in picket boats and other small craft; and by installation of a completely new and modernized radio equipment in all existing Coast Guard aircraft with the exception of two planes of the PJ-1 and two of the CO-1 types. The predominating requirements and accomplishments were to provide equipment which would satisfy the military needs for the various aircraft, so that they might readily be capable of joint operation with Army and Navy planes, and to provide suitable communication facilities in connection with flight activity over the civil airways. The radio laboratory facilities of the Coast Guard at Fort Hunt, Va., and at Lazaretto Base, Baltimore, Md., have been jointly used throughout the year for both communication and navigational work.

There were in commission on June 30, 1940, 23 shore radio stations and 10 aeronautical radio stations. The Chief Communications Officer continued to represent the Treasury Department on the Interdepartmental Radio Advisory Committee.

### *Personnel and training*

*Personnel strength.*—There were on the active list of the Coast Guard on June 30, 1940, 606 commissioned officers, 427 chief warrant officers, 315 warrant officers, 12,261 enlisted men, 144 cadets, 3 civilian instructors at the Academy, 4,499 civilian field employees, 119 civilians employed on Coast Guard projects for which funds had been provided by the Public Works Administration, 374 civilian employees at Coast Guard headquarters, and 58 Public Works Administration employees engaged on miscellaneous projects. Of the 4,499 civilian field employees, 491 were per diem employees at the Coast Guard Depot, Curtis Bay, Md.

The appreciable increase in personnel during the year is attributable to the consolidation of the former Lighthouse Service with the Coast Guard, an authorized increase in personnel for the enforcement of neutrality, for which appropriations were provided by the Emergency Supplemental Appropriation Act of February 12, 1940, and an increase to meet demands by the Maritime Service.

The First Supplemental National Defense Act of June 26, 1940, authorized and provided funds for 2,500 additional men, who are to be enlisted during the fiscal year 1941, for the purpose of strengthening the Service in national defense requirements.

In accordance with the act of August 5, 1939, providing for the induction of certain civilian employees of the former Lighthouse Service into the Coast Guard in a military status, 665 were inducted as follows: 59 as commissioned officers, 44 as chief warrant officers, 96 as warrant officers, and 466 in enlisted ratings.

*Cadet instruction and Academy activities.*—There were 85 cadets under instruction at the Coast Guard Academy, New London, Conn., on July 1, 1939. During the year 124 cadets were appointed, 45

resigned, and 20 were graduated. On June 30, 1940, 145 cadets were under instruction, including 1 graduate who was not commissioned.

The annual practice cruise of the first and third classes, made during June–August 1939 aboard one cutter, included visits to the Canal Zone and ports in the countries of Colombia, Ecuador, Peru, and Chile. Cadets of the second class had a summer cruise and also short cruises on several cutters.

The Congressional Board of Visitors met at the Academy on May 4, 1940. They reported an excellent state of affairs in the academic instruction, commended the unusually high standard of the curriculum, and recommended improvements in the way of additional buildings to accommodate a larger number of cadets; to provide enlarged facilities for their instruction, better dock facilities, and a replacement for the training schooner *Chase*. The Advisory Committee of the Academy, consisting of distinguished educators appointed by the Secretary of the Treasury to afford advice and counsel upon the curriculum and other academic matters, held meetings at various times throughout the year.

*Recruiting.*—In order to meet the expansion of enlisted personnel and to prepare for future increases which might occur, new recruiting offices were opened at Chicago, Ill.; Detroit, Mich.; St. Louis, Mo.; Mobile, Ala.; Omaha, Nebr.; and Salt Lake City, Utah. Those at San Francisco, Calif., and Boston, Mass., were closed. Twelve recruiting trucks were obtained for traveling recruiting parties in visiting rural districts and small towns and cities in the various recruiting areas. In order to expedite the securing of 2,000 men for neutrality duty for a short period, units of the Coast Guard other than recruiting offices effected original enlistments. No difficulty was experienced in securing desirable applicants for enlistment. Of the 17,077 applicants at recruiting offices during the year, 5,528 were rejected for physical defects, 8,609 for other causes, and 2,940 were enlisted or reenlisted. A total of 4,262 original enlistments were effected, 2,876 at recruiting offices and 1,386 at other units.

*Recruit training.*—The expansion of enlisted personnel and the demand for trained men to perform the increased duties in the enforcement of neutrality and strengthening of national defense necessitated enlarged training facilities. Two temporary training stations were established, one at Port Townsend, Wash., and one at Ellis Island, N. Y. Recruits were also sent to the Coast Guard Depot at Curtis Bay, Md., and the Coast Guard Base at Fort Lauderdale, Fla., for outfitting and training before assignment to duty afloat.

*Specialty training.*—Facilities for training radiomen, yeomen, machinist's mates, gunner's mates, and other specialists were expanded and additional enlisted personnel assigned to trade and service schools operated by the Army, Navy, and Marine Corps. Three enlisted men qualified as aviation pilots after completing the course in flight training at the Naval Air Station, Pensacola, Fla., and seven men were undergoing similar training at the close of the year. The staff of instructors at the Coast Guard Institute at Fort Trumbull, New London, Conn., which provides educational and specialist courses for enlisted men to assist them in preparing for advancement, for employment in civilian life upon separation from the Service, and for more proficiency in their duties, was increased to meet the added demands. Ninety-six enrollees of the Institute were awarded diplomas

from the International Correspondence School, while 31 were awarded diplomas from the Capitol Radio Engineering Institute.

Courses in gasoline, Diesel, and aviation engines and also lathe practice were afforded to groups of enlisted men at the Engine School and Repair Base, Norfolk, Va., where, in addition to receiving instruction, the men reconditioned engines for further use by Coast Guard units.

*Retirement under 20-year act.*—In accordance with the provisions of the act of May 24, 1939, which provided for the retirement annually of a limited number of enlisted men, voluntarily or involuntarily, upon completion of 20 or more years service, 77 men were retired. The operation of this law has had a beneficial effect upon morale, and has contributed to efficiency in the elimination of those lacking the required physical stamina to meet the many arduous duties of the Service.

*Postgraduate instruction.*—Commissioned officer personnel during the year pursued post-graduate courses in marine aeronautical and radio engineering, naval architecture, law, oceanography, meteorology, business administration, and certain other academic subjects in order that the efficiency of the commissioned corps might be increased and at the same time kept abreast of the constant changes in equipment and procedure. During the year 9 commissioned officers completed the flight training course at the Naval Air Station, Pensacola, Fla., and were designated aviators, and 10 were undergoing instruction on June 30, 1940.

*Gunnery and small arms instruction.*—Pursuant to the established practice of maintaining ordnance equipment and gunnery personnel aboard cutters in a state of preparedness and efficiency, there was carried out, in addition to regular maintenance and instruction, a program of short range practice among the larger cutters and a modified target practice among the smaller classes. Long range battle practice was held by 5 cutters, and of 27 cutters equipped for short range practice, 20 participated, 7 being prevented from competing because of the duty missions upon which they were engaged. Of the 108 ordnance-equipped cutters of the 75- to 165-foot class, 102 held target practice. Among the gunnery personnel on vessels carrying 3-inch 50-caliber to 5-inch 51-caliber guns, 50 men qualified as gun pointers, first class, and 22 as gun pointers, second class.

In small arms practice, which is a part of the general training program, 1,064 men qualified as expert riflemen, 1,337 as sharpshooters, 1,294 as marksmen, and 962 as pistol experts. The Coast Guard rifle and pistol team won 3 major matches in national competitions at Camp Perry and many medals in team and individual competitions.

The training of armed civilian personnel of the Treasury Department by Coast Guard instructors was continued throughout the year. Qualifications totaled 6,846 for an average armed force of 5,046, about 68 percent of what might be expected if every man qualified twice a year according to plan.

A gunners' mates school for enlisted men has been established at the Coast Guard Depot, Curtis Bay, Md., augmenting the training facilities already in operation at that place. Modern guns and fire control equipment have been provided so that the men assigned to ordnance duty may be trained in the care and use of this equipment.

Cooperative activities with the Army, Navy, and Marine Corps

have been carried on with the mutual satisfaction and good will which have always characterized such relations.

*Engineering competition.*—Participating in the engineering competition were 32 cutters in class A, and 48 cutters in class B. The performance of the vessels in respect to efficient and economical machinery maintenance and operation is the basis for the award of highest efficiency. The competition promotes a spirit of friendly rivalry and contributes to high standards among the engineering personnel and in the operation of machinery.

#### *Floating equipment*

*Cutters, picketboats, etc.*—On March 25, 1940, the practice was inaugurated of classifying Coast Guard vessels by two groups—cutters and picketboats—excluding auxiliary craft, lightships, and ship and station boats. On June 30, 1940, vessels of the following types were in commission: Cutters, 267, viz: 327-foot class, 7; 250-foot class, 10; 240-foot class, 4; 165-foot class, 23; miscellaneous class, 9; 125-foot class, 32; 100-foot class, 1; tug class, 13; tender class, 66; harbor class, 39; 80-foot class, 9; 78-foot class, 6; 75-foot class, 46; 72-foot class, 2; picketboats, 34-foot to 65-foot class, 199; auxiliary craft, which includes maritime training, repair, freight, and cable-laying vessels, 11; lightships, including 9 relief lightships, 39; and ship and station boats, 2,888, embracing craft assigned to ships, Coast Guard stations, and Maritime Service training stations, and including 161 motor lifeboats, 196 motor surfboats, and 479 pulling surfboats designed and maintained especially for rescue missions.

Two 110-foot class cutters, of all-welded construction and especially designed for icebreaking, and one tender class cutter were placed in commission. One tender class cutter, designed for deep sea service, was under construction at the close of the year, and a contract was awarded for the construction of two additional tender class cutters for duty on the western rivers.

In addition to the small boat building program at the Coast Guard Depot, the following boats were under construction on outside contracts: 6 38-foot cabin picket-boats; 12 30-foot rescue boats, 3 of which are of special design for aviation crash boat service; 2 26-foot motorboats; 2 24-foot motor launches, and 2 whaleboats. There were constructed under contract for the Maritime Service 16 26-foot drill boats and 10 19-foot sailboats; and a contract for 20 additional drill boats was awarded.

#### *Stations, bases, repair depot, etc.*

On June 30, 1940, there were 195 fully manned lifeboat stations, including three houses of refuge in a reduced complement status; 63 inactive lifeboat stations having no crews but being used as boat-houses, lookouts, and for other miscellaneous purposes; 33 bases, 30 of which were former Lighthouse Service depots; 16 servicing bases for maintenance of aids to navigation; and 6,379 minor light structures and 1,830 major light structures, 508 of which were resident keeper light stations. A reorganization of lifeboat, and light stations, bases, etc., was in progress on June 30, with the purpose of effecting consolidations. Numerous projects were completed in the station rebuilding program.



*Repair depot.*—The Repair Depot at Curtis Bay, Md., is maintained for repairing and altering cutters, constructing the small standard life-saving boats of the Service, and manufacturing parts and small items of equipment for the Service in general. There were constructed during the year 18 motor lifeboats, 16 motor surfboats, 33 pulling surfboats, 19 motor launches, and 15 dinghies. In addition to the above, a 40-foot steel lifeboat of all-welded construction was completed for experimental purposes. Two patrol boats were re-engined and reconditioned, and several cutters were extensively overhauled.

#### *Awards of lifesaving medals*

The Secretary of the Treasury, under the provisions of law, awarded during the year 1 gold and 39 silver medals of honor, and 1 silver bar, in recognition of heroism or bravery exhibited in rescue or attempted rescue of persons from drowning in waters over which the United States has jurisdiction, or upon an American vessel.

#### *Legislation and Executive authorizations*

Various laws affecting the administration and organization of the Coast Guard were enacted by the Congress during the fiscal year:

Public No. 167, July 12, 1939, authorized the Secretary of the Treasury to establish a Coast Guard station at or near Monterey, Calif.

Public No. 183, July 15, 1939, provided for an increase in the membership of the Congressional Board of Visitors to the Coast Guard Academy, and for the appointment of members vice those unable to attend.

Public No. 239, July 27, 1939, authorized the acquisition of land for a depot at or in the vicinity of St. Louis, Mo.; the purchase of a site for a servicing base at Atlantic City, N. J.; and the transfer of land from the War Department for enlargement of the depot reservation on Yerba Buena Island, Calif.

Public No. 247, July 31, 1939, permits retired officers and enlisted men to hold civil office in any Territory of the United States.

Public No. 258, August 4, 1939, authorized the Commandant to detail personnel for duty in connection with maritime instruction and training by the several States, Territories, District of Columbia, and Puerto Rico, and by the United States when requested by the United States Maritime Commission.

Public No. 291, August 5, 1939, perfected the consolidation of the former Lighthouse Service with the Coast Guard by authorizing the commissioning, appointment, and enlistment in the Coast Guard of certain officers and employees of the Lighthouse Service.

Public No. 292, August 5, 1939, abolished the grades of district commander and constructor and provided for the transfer of officers in such grades to the line of the Coast Guard.

Public No. 329, August 7, 1939, authorized the establishment of a Coast Guard station at or near Wrightsville Beach, N. C.

Public No. 370, August 10, 1939, provided for the retirement, under certain conditions, prior to July 1, 1940, of certain personnel of the former Lighthouse Service upon reaching the age of 64, or whose positions were abolished.

Public No. 556, June 6, 1940, provided for the procedure to govern the selection of officers for voluntary retirement, who have had 30 or more years service and the retirement of those who have been placed out of line of promotion; and also for recommending lieutenant commanders to be placed out of line of promotion.

Public No. 557, June 6, 1940, authorized the acquisition of land to enlarge the depot at Seattle, Wash., and the establishment of a servicing base at or near Chattanooga, Tenn.

Public No. 564, June 6, 1940, amended and clarified certain acts pertaining to the Coast Guard in relation to rank upon retirement of Commandant, Assistant Commandant, and Engineer-in-Chief; to the duties of the Assistant Commandant; to the discontinuance and re-establishment of stations, light stations, and houses of refuge; to the reimbursement for operating expenses and for damage repairs to motorboats and yachts of the Coast Guard Reserve while in the service of the Coast Guard; and provided for extension of correspondence courses to members of the Coast Guard Reserve, for ration allowances and commutation thereof, and for the disposition of remains of deceased officers, enlisted men, and civilian personnel.

Public No. 671, June 28, 1940, applicable alike to the Navy and Coast Guard, provided for expediting contracts in the interest of national defense, prescribed working hours for civilian employees, provided overtime compensation under certain conditions, and provided for removal from office of civil service employees when warranted in the interest of national security.

Executive Order No. 8254, of September 18, 1939, authorized increases in the personnel and facilities of the Coast Guard to meet conditions arising with respect to enforcement of neutrality and the strengthening of national defense.

Proclamation No. 2412, of June 27, 1940, authorized the Secretary of the Treasury to exercise control of vessels in territorial waters of the United States.

*Funds available, obligations, and balances*

The following table shows the amounts available for the Coast Guard for the fiscal year 1940. The amounts of obligations and unobligated balances are also shown.

*Available funds, obligations, and unobligated balances, fiscal year 1940*

Source of funds	Appropriated or allotted	Obligated	Unobligated balance
<b>Appropriations:</b>			
Salaries, Office of Coast Guard, 1940.....	\$572,701	\$565,058	\$7,643
Pay and allowances, 1940.....	21,075,937	21,028,578	47,359
Fuel and water, 1940.....	1,520,000	1,514,291	5,709
Outfits, 1940.....	2,362,188	2,352,541	9,647
Rebuilding and repairing stations, etc., 1940.....	694,000	687,529	6,471
Communication lines, 1940.....	259,400	257,841	1,559
Civilian employees, 1940.....	206,750	199,788	6,962
Contingent expenses, 1940.....	135,800	131,298	4,502
Repairs to vessels, 1940.....	2,240,000	2,236,216	3,784
Repairs to aircraft, 1940.....	513,000	506,086	6,914
Additional airplanes, 1939-40.....	17,187	12,422	4,765
Additional airplanes, 1940-41.....	477,000	453,754	23,246
Coast Guard air station, Elizabeth City, N. C., 1939-40.....	33,500	32,389	1,111
Coast Guard air station, San Francisco, 1939-40.....	34,521	32,705	1,816
Repairs to vessels, 1939-40.....	184	130	54
Outfits, 1939-40.....	98,329	97,586	743
Rebuilding and repairing stations, etc., 1939-40.....	1,287,060	1,106,533	180,527
Communication lines, 1939-40.....	63,400	63,400	

*Available funds, obligations, unobligated balances, fiscal year 1940—Continued*

Source of funds	Appropriated or allotted	Obligated	Unobligated balance
<b>Appropriations—Continued.</b>			
General expenses, L. H. S., Coast Guard, 1940.....	\$4, 441, 960	\$4, 407, 382	\$34, 578
Salaries, keepers of L. H., Coast Guard, 1940.....	1, 890, 000	1, 817, 270	72, 730
Salaries, L. H. vessels, Coast Guard, 1940.....	2, 432, 000	2, 336, 911	95, 089
Salaries, L. H., Coast Guard, 1940.....	754, 600	723, 443	31, 157
Retired pay, L. H. S., Coast Guard, 1940.....	830, 000	802, 540	27, 460
Aids to navigation, L. H. S., Coast Guard, 1940.....	1, 314	1, 008	306
Vessels for L. H. S., Coast Guard Emergency Construc- tion Act, July 21, 1932.....	11, 745	9, 824	1, 921
Aids to navigation, L. H. S., Coast Guard Emergency Construction Act, July 21, 1932.....	26, 149	16, 595	9, 554
Special projects, vessels, L. H. S., Coast Guard.....	1, 587, 350	855, 736	731, 614
Vessels for L. H. S., Coast Guard.....	15, 615	361	15, 254
Special projects, L. H. S., Coast Guard.....	42, 838	28, 466	14, 372
Special projects, aid to navigation, L. H. S., Coast Guard.....	2, 328, 740	740, 559	1, 588, 181
Total.....	45, 953, 268	43, 018, 240	2, 935, 028
<b>Other available funds:</b>			
Public Works Administration, act of 1938 (allotment to Treasury, lighthouses).....	453, 950	378, 735	75, 215
Foreign service pay adjustment, appreciation of foreign currencies (Treasury), 1940.....	500	31	469
Public Works Administration, act of 1938 (allotment to Treasury, Coast Guard).....	1, 312, 924	1, 268, 252	44, 672
National Industrial Recovery, Treasury, lighthouses.....	17, 805	17, 737	68
Working fund, Treasury, Coast Guard, 1940.....	27, 500	25, 500	2, 000
Working fund, Treasury, Coast Guard, training of per- sonnel (construction fund, U. S. Maritime Commission). Golden Gate International Exposition (transfer to Treas- ury, Coast Guard).....	3, 814, 249	3, 405, 051	409, 198
Working fund, Treasury, Coast Guard.....	4, 739	3, 389	1, 350
Emergency relief, Treasury, Coast Guard, Federal non- construction projects (transfer from W. P. A.).....	963	963	-----
Emergency relief, Treasury, Coast Guard, general ad- ministrative expenses (transfer from W. P. A.).....	70, 712	57, 879	12, 833
Emergency relief, Treasury, Coast Guard, (transfer from W. P. A. 1938-40).....	2, 489	2, 485	4
Emergency relief, Treasury, Coast Guard, (transfer from W. P. A. 1938-40).....	51, 290	46, 372	4, 918
Total.....	5, 757, 121	5, 206, 394	550, 727
Grand total.....	51, 710, 389	48, 224, 634	3, 485, 755

**Review of activities since 1933***Administrative organization*

The repeal of the eighteenth amendment in 1933 changed conditions with regard to the smuggling of liquor into the United States, which resulted in drastic reductions in the appropriations for the Coast Guard, with consequent reduction in vessels, bases, and personnel. The Service, which had been expanded from 1926 to 1932, was faced with the problem of reorganization and readjustment to carry on within its limited funds.

A reorganization of the Service was completed in 1933, providing for a rearrangement of Coast Guard districts and divisions and making other changes so as to definitely fix authority and responsibility in any section along the coast and to permit greater flexibility and coordination of the forces of the Coast Guard. As a result of this reorganization the efficiency of the Service was markedly increased, and the estimates for the fiscal year 1934 were reduced by over a million dollars. Later, in 1937, the efficiency of the Coast Guard stations was increased through the consolidation and elimination of certain units and by the improvement and modernization of the remaining units. The overlapping areas of field work of the civil engineering force were made to conform with those of the general administrative units in which they were stationed, effecting coordination and better administration in

the prosecution of the construction and repair projects throughout the Service.

The consolidation of the former Lighthouse Service with the Coast Guard on July 1, 1939, brought together two of the oldest agencies of the Government, both contributing to safety of life at sea. This development made necessary a further reorganization in the Coast Guard to embrace all combined activities in a coordinated and efficient system of administrative control and direction.

### *National defense*

Constituting a part of the military forces of the United States, the Coast Guard since 1933 has been giving constant attention to preparedness plans, in collaboration with the Navy under which it operates in time of war. Improvements in armament and fire control equipment of the vessels have been made simultaneously with latest developments, and a carefully planned system of small-arms training for personnel, gunnery exercises by vessels, and participation in Army and Navy maneuvers and problems have been attended by increased efficiency of the Service.

### *Promoting safety of marine commerce and of life and property at sea*

While the Coast Guard carries on the duty of rendering assistance to persons and property in peril at sea, it is equally concerned in measures and policies designed to prevent disasters occurring at sea. Therefore, when the United States Maritime Service was established pursuant to the Merchant Marine Act of June 23, 1938 (52 Stat. 953), the Coast Guard was selected by the Maritime Commission as the organization best fitted for the administration of the Maritime Service, the function of which is to assist in the maintenance of a trained and efficient personnel by providing an adequate training system, making available facilities for instruction, and contributing other benefits to the seamen who serve the seagoing merchant fleet. This represents the first time in our history that the Federal Government embarked upon the duty of carrying out a systematic program of training for the licensed and unlicensed personnel of the merchant marine, and never before has such adequate consideration been given to the welfare of the men of the merchant fleet. Since undertaking the administration of the Maritime Service in September 1938 more than 900 licensed and 3,800 unlicensed personnel of the merchant marine have been enrolled, instruction being given at the training stations at Boston, Mass.; New London, Conn.; New York, N. Y.; San Francisco, Calif.; and aboard the 10,000-ton training ship *American Seaman* and the sail vessel *Joseph Conrad* stationed at St. Petersburg, Fla. While originally the training was confined to men who had previous service in the merchant marine, the program has been broadened recently to provide training for men without previous sea experience, selected from the membership of the Civilian Conservation Corps.

The act of Congress approved June 23, 1939 (53 Stat. 854), creating the Coast Guard Reserve, a voluntary nonmilitary organization, was designed to increase safety at sea and on navigable waters through training and instruction and by securing cooperation of yachtsmen and other small boat owners.

During the past few years the facilities of the Coast Guard, employed in cooperation with the Interior Department, have served in the colonization by the United States of Canton, Baker, Howland, Enderbury, and Jarvis Islands in the mid-Pacific. The progress made by the Service in the modernization of its cutters and their equipment especially fitted them for the extended cruises involved in this undertaking, particularly in connection with trans-oceanic air commerce.

While the problem of icebreaking in channels and harbors during the winter season, especially along the North Atlantic coast, has been one of long standing, present-day dependence upon the uninterrupted flow of commodities transported by water, especially fuel oil, has necessitated the Coast Guard giving particular attention to alleviating the economic loss and hardship attendant upon ice-locked channels and ports. As a result, a number of cutters and harbor craft constructed since 1933 have embodied structural features making them adapted for icebreaking and permitting a widening field of service by the Coast Guard in such type of operations. Under an Executive order dated December 21, 1936, the Coast Guard was directed to assist in keeping open to navigation by means of icebreaking operations, insofar as practicable and as the exigencies may require, channels and harbors in accordance with the reasonable demands of commerce, thus making such assistance a duty of the Coast Guard.

The inauguration of radiotelephone broadcasts of weather forecasts, storm warnings, hydrographic information, and notices to mariners has aided materially in the promotion of safety of life at sea. These broadcasts are made by Coast Guard stations advantageously located along the Atlantic, Gulf, and Pacific coasts and on the Great Lakes. With trans-oceanic air commerce dependent for its safety, in a measure, upon reliable weather data, increasing responsibility has been assumed by the Service in furnishing meteorological data to the Weather Bureau from Coast Guard vessels at sea. In 1940 the Coast Guard, in cooperation with the Weather Bureau, established an Atlantic Weather Observation Service, the cutters occupying certain stations between Bermuda and the Azores, particularly for the protection of United States-Europe air commerce.

A new 30-caliber shoulder line-throwing gun and equipment was perfected in 1935, and has been supplied to all Service units which would be called upon for rescue or assistance work.

### *Maritime law enforcement*

Since 1933 several laws have been enacted which have resulted in a great strengthening and broadening of the legal powers of the Coast Guard and extended its jurisdiction and scope of operations to keep pace with the growing interest and concern of the Federal Government in all phases of maritime law enforcement and safety of life at sea. Among these are the Antismuggling Act of August 5, 1935 (49 Stat. 517); the act of June 22, 1936, to define the jurisdiction of the Coast Guard (49 Stat. 1820); the Safety of Sea Act of June 25, 1936 (49 Stat. 1922), which provides for the establishment of a patrol service in the North Atlantic in the neighborhood of ice and derelicts; the Whaling Treaty Act of May 1, 1936 (49 Stat. 1246), under which the Coast Guard is specifically designated as one of the enforcement agencies in connection with the conservation of whales; and the North

Pacific Halibut Act of June 28, 1937 (50 Stat. 325), which provides for the protection of the North Pacific halibut fishery.

Armed with the powers derived from the Antismuggling Act of August 5, 1935, the Coast Guard was able to cope so effectively against the liquor smuggling fleet that by June 1936 organized smuggling by sea was practically completely dispersed.

Prior to the enactment of the act of June 22, 1936, to define the jurisdiction of the Coast Guard, the Service carried out several aspects of Federal law enforcement functions without specific statutory authority, acting according to custom, by inference, or by request of some other Federal agency lacking facilities to undertake the task itself. Passage of this act definitely made the Coast Guard the Federal maritime police force charged with the enforcement of all Federal laws on board any vessel, subject to the jurisdiction, or to the operation of any law, of the United States, upon the high seas and the navigable waters of the United States, its Territories and possessions, except the Philippine Islands, and as such it is deemed to be acting as agents of the particular executive department or independent establishment charged with the administration of the particular law.

By intensifying and fostering coordination with other Federal and State law enforcement agencies and particularly Treasury agencies, much progress has been made in checking and detecting violations of law. Special courses of instruction, to meet developments of new legislation and the complex law enforcement problems, were instituted for the benefit of Coast Guard personnel to fit them better to act as enforcement officers while acting independently or in cooperation with agencies of other departments or bureaus.

### *Aviation*

In 1933 Coast Guard aviation was limited to three air stations and 12 pilots. At present there are eight air stations and one air patrol detachment in commission; 2 new air stations are nearing completion; the number of aviators and aviation pilots totals 66; and 52 aircraft were in commission on June 30, 1940. The Service has given particular attention to the development and perfection of flying boats, the present craft being capable of flying to sea for a distance of approximately 800 miles on rescue and patrol missions and of transporting 6 persons upon stretchers. The use of aircraft has grown from its experimental stage in Service operations to a point where it is now an established facility in carrying forward the Service law enforcement work both at sea and upon land, in rescue missions, and in promoting safety of life at sea in dissemination of hurricane warnings to vessels not equipped with radio, in searching for overdue craft, in observing menaces to navigation, and locating distressed mariners following storms. Aircraft facilities are also provided aboard the latest type of Coast Guard cutters. In 1934 all flying activities under the jurisdiction of the Treasury Department were consolidated with and placed under the supervision of the Coast Guard.

### *Personnel and training*

Since 1933 the Coast Guard has taken advantage of every opportunity to improve the standards of Service personnel. This has been brought about by affording additional opportunities to personnel to pursue certain courses of instruction in academic and professional

subjects; by the enactment of the act of May 24, 1939 (53 Stat. 755), permitting retirement of certain groups of enlisted men upon the completion of 20 or more years service; by the enactment of the act of June 6, 1940 (Public No. 556), permitting the selective retirement of commissioned officers; by new or renovated barracks and living quarters for personnel; and by certain improvements in administration. Of far-reaching effect in promoting efficient administration was the merging into the line of the Coast Guard, pursuant to the act of August 5, 1939 (53 Stat. 1217), those officers who had been carried previously in the military grades of district commander and constructor. This had the effect of eliminating two separate divisions in grades of the commissioned corps and bringing the officers formerly in such status into united grade relationship with the officers of the line.

Certain advancements have been made at the Coast Guard Academy, New London, Conn., the source from which commissioned officers of the Service are obtained. Five professors and one additional civilian instructor have been added to the instruction staff, and additional courses of instruction have been instituted in order to cover the additional duties assumed by the Coast Guard in the enforcement of maritime laws, training of merchant marine personnel, and maintenance of aids to navigation. An Academy Advisory Committee, composed of distinguished educators who are members of the faculties of outstanding universities, appointed pursuant to the act of April 16, 1937 (50 Stat. 66), is giving its constant attention to the adequacy and improvement of the Academy curriculum, and annually since 1938 a Board of Visitors, composed of Members of Congress, has visited the Academy for inspection and recommendations.

The facilities of the Coast Guard Institute at New London have been extended so as to afford officers and men of the Coast Guard, Maritime Service, and Coast Guard Reserve an opportunity to pursue courses of study in academic and professional subjects. Trade schools have been established for the training of enlisted men in various specialties, and officers are now afforded the opportunity to pursue postgraduate courses at various colleges and universities in the advancement of their professional training.

Medical facilities for the officers and men and their families have been broadened through the enactment of the act of July 30, 1937 (50 Stat. 548), and motorized clinics have been provided by the Public Health Service for affording dental care and treatment to enlisted men at isolated stations. A welfare section has been established at headquarters, the primary duty of which is to look after the well-being of the personnel, provide recreational facilities, and to conduct a continuous study in order to improve conditions insofar as personnel are concerned.

The Coast Guard, with its disciplined and military trained personnel, was designated by the Secretary of the Treasury in 1934 to conduct a program of training in small arms for the civilian personnel of the Treasury Department who carry firearms in the performance of their official duties. Instruction has been given annually to more than 5,000 men serving the various bureaus of the Treasury Department throughout the United States. This training assures adequate service from those who are entrusted with the guarding of Federal property and personnel.

*Coast Guard facilities*

The facilities of the Service have been improved, augmented, and modernized to efficiently meet the wide field of public service within the sphere of Coast Guard operations and cognizance. Major improvements were made to 147 Coast Guard lifeboat stations and four new stations were constructed. Ten new air stations and six new radio stations greatly contribute to the high efficiency of these branches of the Service. New buildings were constructed at the Coast Guard Academy and Fort Trumbull Training Station, New London, Conn., and at the Coast Guard Depot, Curtis Bay, Md., where Service vessels are repaired.

New communication facilities have been provided for ship, shore, and aircraft use which include over 600 new radio transmitters, 900 radio receivers, and 146 radio direction finders. Over 200 miles of additional telephone lines and cables were constructed and over 350 miles of new circuits were added to existing pole lines. A radio loud speaker system has been developed for use on aircraft to warn small vessels of approaching hurricanes.

Since 1933 the Coast Guard fleet has been strengthened by the construction of 12 cruising cutters, 18 harbor cutters especially constructed for ice-breaking, 21 patrol cutters, and 20 tenders for servicing lightships and isolated light stations. The 1,698 small boats which were constructed consisted of 91 lifeboats, 224 rescue boats, and 1,383 miscellaneous craft. Major repairs and alterations were made to 127 vessels which consisted of improved living facilities, the replacement of gasoline engines with approximately 15,000 horsepower of Diesel engines to effect economy of operation and reduce fire hazard, the installation of more efficient electric generating sets, and the provision of fresh water for cooling internal combustion engines in place of salt water to prevent rapid deterioration of engines. Modernization of small boats has required the purchase of approximately 60,000 horsepower of light-weight high speed gasoline engines.

Aids to navigation have been improved by the construction of new light stations and buoys and by major repairs and alterations to existing facilities. One new lightship was constructed and 7 new major light stations were constructed on the Great Lakes; 4 of these light stations replaced lightships, thus providing stationary aids to navigation at a much less maintenance cost; also 37 new radio beacons were constructed. A large number of lights using acetylene gas were changed to be lighted by electricity, and arranged to be controlled by light beam and sound operated mechanism. River and harbor improvements during this period have required a large part of the 6,286 new aids to navigation to mark new and improved channels. Improvements have been made to existing facilities by the installation of 160 fog signal air compressors, 240 electric generator sets, 175 improved-type fog signal units, and 240 main power electric batteries. Improved signal timing equipment, radio remote control units, radiophone calling devices, visual direction finder indicators, and radio beam transmitters have been improved and developed and installed in the larger buoys.

New buildings were constructed at 8 repair bases for servicing aids to navigation and 6 new servicing bases were constructed on the Mississippi River and its tributaries. A new radio laboratory was constructed at Baltimore, Md., where radio equipment and automatic control devices are developed and repaired. Six major light stations



in Alaska were completely rebuilt and new dwellings to accommodate the families of 30 lighthouse keepers were constructed at other light stations.

## BUREAU OF THE COMPTROLLER OF THE CURRENCY

### Activities during the fiscal year 1940

The Bureau of the Comptroller of the Currency is responsible for the execution of all laws relating to the supervision of national banking associations and all banks and building and loan associations in the District of Columbia. The Bureau is also responsible for the liquidation of suspended national banks placed in charge of receivers. Under the Emergency Banking Act of March 9, 1933, the Comptroller of the Currency is required to approve the issuance and retirement of preferred stock of national banking associations. Other duties include those incident to the formation and chartering of new national banking associations, the establishment of branch banks, the consolidation of banks, and the conversion of State banks into national banks.

### *Changes in the condition of active national banks*

The total assets of the 5,170 active national banks on June 29, 1940, amounted to \$36,885 millions, an increase of \$3,704 millions since June 30, 1939, when \$33,181 millions was reported by 5,209 banks. The deposits of the active banks in 1940 totaled \$33,074 millions, which was \$3,605 millions more than in 1939. The total assets and total deposits in 1940 were greater than on any previous call date in the history of the National Banking System. The loans and investments totaled \$22,085 millions, representing an increase of \$958 millions during the year.

The assets and liabilities of active national banks on the date of each report from June 30, 1939, to June 29, 1940, are shown in the following statement:

*Abstract of reports of condition of active national banks on the date of each report from June 30, 1939, to June 29, 1940*

[In thousands of dollars]

	June 30, 1939 (5,209 banks)	Oct. 2, 1939 (5,202 banks)	Dec. 30, 1939 (5,193 banks)	Mar. 26, 1940 (5,184 banks)	June 29, 1940 (5,170 banks)
<b>ASSETS</b>					
Loans and discounts, including overdrafts.....	8,573,703	8,764,196	9,043,632	9,060,292	9,179,227
U. S. Government securities, direct obligations.....	6,899,885	6,828,512	7,117,420	7,079,569	7,219,890
Obligations guaranteed by U. S. Government.....	1,869,844	1,921,999	1,956,515	1,891,697	1,891,336
Obligations of States and political subdivisions.....	1,693,684	1,793,798	1,784,899	1,920,115	1,928,352
Other bonds, notes, and debentures.....	1,864,354	1,801,936	1,731,837	1,678,163	1,648,245
Corporate stocks, including stock of Federal Reserve Banks.....	225,119	224,704	220,905	217,894	217,452
<i>Total loans and investments.....</i>	<i>21,126,589</i>	<i>21,355,145</i>	<i>21,855,208</i>	<i>21,847,780</i>	<i>22,084,502</i>
Cash, balances with other banks, including reserve balances, and cash items in process of collection.....	11,074,806	12,374,891	12,503,613	12,935,818	13,877,104
Bank premises owned, furniture and fixtures.....	609,146	607,715	600,296	599,694	597,251
Real estate owned other than bank premises.....	141,239	137,591	131,691	127,671	119,515

<sup>1</sup> 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 date of each report from June 30, 1939, to June 29, 1940—Continued*

[In thousands of dollars]

	June 30, 1939 (5,209 banks)	Oct. 2, 1939 (5,202 banks)	Dec. 30, 1939 (5,193 banks)	Mar. 26, 1940 (5,184 banks)	June 29, 1940 (5,170 banks)
<b>ASSETS—Continued</b>					
Investments and other assets indirectly representing bank premises or other real estate.....	70, 417	69, 218	65, 551	66, 980	65, 392
Customers' liability on acceptances outstanding.....	51, 656	42, 291	55, 845	52, 121	42, 339
Interest, commissions, rent, and other income earned or accrued but not collected.....	60, 552	65, 496	58, 033	63, 699	58, 672
Other assets.....	46, 173	52, 329	49, 020	42, 944	40, 305
<b>Total assets.....</b>	<b>33, 180, 578</b>	<b>34, 684, 676</b>	<b>35, 319, 257</b>	<b>35, 736, 657</b>	<b>36, 885, 080</b>
<b>LIABILITIES</b>					
Demand deposits of individuals, partnerships, and corporations.....	13, 643, 678	14, 633, 038	14, 940, 600	15, 136, 162	15, 976, 786
Time deposits of individuals, partnerships, and corporations.....	7, 665, 426	7, 673, 370	7, 717, 408	7, 792, 009	7, 875, 792
Deposits of U. S. Government, including postal savings.....	543, 258	531, 902	589, 190	572, 253	564, 997
Deposits of States and political subdivisions.....	2, 290, 992	2, 095, 159	2, 080, 992	2, 138, 403	2, 270, 856
Deposits of banks.....	4, 882, 437	5, 681, 162	5, 899, 785	6, 031, 089	6, 084, 051
Other deposits (certified and cashiers' checks, etc.).....	443, 678	366, 062	385, 017	326, 352	301, 925
<b>Total deposits.....</b>	<b>29, 469, 469</b>	<b>30, 980, 693</b>	<b>31, 612, 992</b>	<b>31, 996, 268</b>	<b>33, 074, 407</b>
Bills payable, rediscounts, and other liabilities for borrowed money.....	3, 540	2, 997	2, 882	1, 794	2, 910
Mortgages or other liens on bank premises and other real estate.....	279	140	120	124	117
Acceptances executed by or for account of reporting banks and outstanding.....	57, 636	51, 812	64, 175	58, 328	50, 641
Interest, discount, rent, and other income collected but not earned.....	35, 273	37, 084	37, 709	40, 775	41, 376
Interest, taxes, and other expenses accrued and unpaid.....	45, 978	55, 557	41, 031	54, 143	49, 741
Other liabilities.....	178, 891	136, 620	155, 230	147, 734	189, 447
<b>Total liabilities.....</b>	<b>29, 791, 066</b>	<b>31, 264, 903</b>	<b>31, 914, 139</b>	<b>32, 299, 166</b>	<b>33, 408, 639</b>
<b>CAPITAL ACCOUNTS</b>					
Capital stock (see memoranda below).....	1, 562, 956	1, 559, 411	1, 532, 903	1, 524, 973	1, 534, 649
Surplus.....	1, 170, 822	1, 181, 016	1, 216, 222	1, 225, 648	1, 249, 961
Undivided profits.....	449, 352	467, 404	445, 403	475, 013	468, 203
Reserves (see memoranda below).....	206, 382	211, 942	210, 590	211, 857	223, 628
<b>Total capital accounts.....</b>	<b>3, 389, 512</b>	<b>3, 419, 773</b>	<b>3, 405, 118</b>	<b>3, 437, 491</b>	<b>3, 476, 441</b>
<b>Total liabilities and capital accounts..</b>	<b>33, 180, 578</b>	<b>34, 684, 676</b>	<b>35, 319, 257</b>	<b>35, 736, 657</b>	<b>36, 885, 080</b>
<b>MEMORANDA</b>					
Par value of capital stock:					
Class A preferred stock.....	1 228, 309	221, 240	194, 001	185, 551	193, 904
Class B preferred stock.....	1 18, 264	17, 777	17, 732	15, 273	14, 859
Common stock.....	1, 319, 430	1, 322, 897	1, 323, 694	1, 326, 593	1, 328, 180
<b>Total.....</b>	<b>1, 566, 003</b>	<b>1, 561, 923</b>	<b>1, 535, 427</b>	<b>1, 527, 417</b>	<b>1, 536, 943</b>
Retirable value of preferred capital stock:					
Class A preferred stock.....	1 259, 738	253, 989	226, 662	218, 174	245, 165
Class B preferred stock.....	1 20, 255	19, 780	19, 755	17, 343	17, 144
<b>Total.....</b>	<b>279, 993</b>	<b>273, 769</b>	<b>246, 417</b>	<b>235, 517</b>	<b>262, 309</b>
Reserves:					
Reserve for dividends payable in common stock.....	5, 549		6, 037		5, 456
Reserve for other undeclared dividends.....	9, 687	211, 942	9, 006	211, 857	9, 116
Retirement account for preferred stock.....	15, 935		17, 228		19, 581
Reserves for contingencies, etc.....	175, 211		178, 319		189, 475
<b>Total.....</b>	<b>206, 382</b>	<b>211, 942</b>	<b>210, 590</b>	<b>211, 857</b>	<b>223, 628</b>

<sup>1</sup> Revised.

*Abstract of reports of condition of active national banks on the date of each report from June 30, 1939, to June 29, 1940—Continued*

[In thousands of dollars]

	June 30, 1939 (5,209 banks)	Oct. 2, 1939 (5,202 banks)	Dec. 30, 1939 (5,193 banks)	Mar. 26, 1940 (5,184 banks)	June 29, 1940 (5,170 banks)
<b>MEMORANDA—Continued</b>					
Pledged assets and securities loaned:					
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities.....	2,192,832	2,110,911	2,297,683	2,311,063	2,397,702
Other assets pledged to secure deposits and other liabilities, including notes and bills rediscounted and securities sold under repurchase agreement.....	579,147	608,578	605,760	615,722	593,565
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities.....	93,378	94,183	93,789	94,538	93,990
Securities loaned.....	5,998	13,177	22,794	7,290	7,929
<b>Total.....</b>	<b>2,871,355</b>	<b>2,826,849</b>	<b>3,020,026</b>	<b>3,028,613</b>	<b>3,093,186</b>
Secured liabilities:					
Deposits secured by pledged assets pursuant to requirements of law.....	2,321,687	2,226,906	2,405,791	2,448,056	2,522,681
Borrowings secured by pledged assets, including rediscounts and repurchase agreements.....	2,915	2,465	2,373	1,550	2,553
Other liabilities secured by pledged assets.....	967	950	975	219	492
<b>Total.....</b>	<b>2,325,569</b>	<b>2,230,321</b>	<b>2,409,139</b>	<b>2,449,825</b>	<b>2,525,726</b>

*Summary of changes in the National Banking System*

The authorized capital stock of the 5,174 national banks in existence on June 30, 1940, consisted of common capital stock aggregating \$1,329 millions, an increase during the year of \$8 millions, and preferred capital stock aggregating \$210 millions, a decrease during the year of \$37 millions. The total net decrease of capital stock was \$29 millions. During the year charters were issued to 13 national banking associations, which had common capital stock aggregating \$2 millions and preferred capital stock of over half a million dollars. There was a net decrease of 43 in the number of national banks in the system during the year by reason of voluntary liquidations and consolidations under the act of November 7, 1918, as amended.

Changes in the number and capital stock of national banks during the fiscal year 1940 are shown in the following summary:

*Organization, capital stock changes, and liquidations of national banks,  
fiscal year 1940*

	Number of banks	Capital stock	
		Common	Preferred
Charters granted.....	9	\$1,800,000	-----
Increase of preferred capital stock:	4	420,000	\$637,000
23 banks, by issues of new preferred capital stock.....			13,745,000
2 banks, by consolidation under act of Nov. 7, 1918, as amended.....			150,000
Increase of common capital stock:			-----
45 banks, by regular increases.....		3,731,250	
739 banks, by common capital stock dividends.....		10,396,484	
1 bank, by conversion of preferred capital stock.....		75,000	
3 banks, by consolidation under act of Nov. 7, 1918, as amended.....		110,000	
Total increases.....	13	16,532,734	14,532,000
Voluntary liquidations.....	51	3,481,450	1,630,300
Decreases of capital stock:			-----
35 banks, by reduction of common capital stock.....		4,965,550	
1,081 banks, by retirement of preferred capital stock.....			49,057,971
6 banks, by decrease of par value of preferred capital stock.....			561,750
1 bank, by reduction of preferred capital stock.....			100,000
Closed under consolidation under act of Nov. 7, 1918, as amended, and capital stock decreases incident thereto.....	5	332,500	250,000
Total decreases.....	56	8,779,500	51,600,521
Net changes during the year.....	-43	+7,753,234	-37,068,521
Charters in force June 30, 1939.....	5,217	1,320,790,569	247,161,045
Charters in force June 30, 1940.....	<sup>1</sup> 5,174	1,328,543,803	210,092,524

<sup>1</sup> This figure differs from that shown in the table on p. 259. Banks that have discontinued business although not in formal liquidation do not submit reports of condition but are included in this table.

### *Administration of unlicensed national banks*

During the fiscal year 1940, liquidating dividends amounting to \$19 millions were paid by receivers and trustees for waiving creditors of banks unlicensed on March 16, 1933, the close of the banking holiday. As of June 30, 1940, a total of 87 percent of the aggregate unsecured liabilities of these banks on March 16, 1933, had been released; 750 banks released 100 percent of unsecured liabilities. A summary with respect to the administration of all unlicensed national banks since March 16, 1933, is shown on page 265.

### Review of activities since 1933

During the period from March 6, 1933, to June 30, 1940, the Office of the Comptroller of the Currency, in addition to its regular work of examining and supervising approximately 5,000 active national banks, was concerned with (1) the reopening of the banks following the bank holiday; (2) the reorganization of those banks that were unable to reopen and continue business after the bank holiday; (3) the liquidation of national banks placed in receivership; and (4) the strengthening of the capital structure of the open national banks.

### *Bank holiday*

During February and the first days of March 1933, banking difficulties had become acute in many parts of the country. On February 14, the Governor of Michigan issued a proclamation which closed all banks

in that State. By March 4, banks in practically all States were either closed or were operating under restrictions as a result of proclamations made by the Governors. In the Nation's financial centers, New York City and Chicago, banks and such financial institutions as the New York Stock Exchange and the Chicago Board of Trade were closed.

In order to place all banks on a uniform basis of restricted operations, the President proclaimed a four-day bank holiday on the morning of March 6, 1933.

### *Reopening of banks*

On March 9, 1933, the President requested Congress to enact immediately legislation giving the Executive branch of the Government control over the banks for the protection of depositors and further authority necessary for the reorganization and reopening of banks.

In accordance with this request, Congress passed, without a dissenting vote, an act known as the Emergency Banking Act, which was approved on March 9. On the same day, immediately subsequent to the passage of this act, and in accordance with authority extended thereby, the President issued a proclamation continuing in full force and effect the regulations and orders incorporated in his proclamation of March 6. The bank holiday was thereby extended indefinitely.

On March 11, 1933, the President announced that a definite program had been adopted for the reopening of banks, and that in accordance therewith banks throughout the country would be reopened progressively on March 13, 14, and 15. The plan of reopening provided that the Federal Reserve Banks would issue licenses for the Secretary of the Treasury to eligible national and State bank members of the Federal Reserve System located in each of the twelve Federal Reserve Bank cities to open on Monday, March 13; to eligible banks located in the 250 cities having active, recognized clearing-house associations to open Tuesday, March 14; and to all eligible banks located elsewhere to open Wednesday, March 15. State banks which were not members of the Federal Reserve System were to be reopened by the appropriate State supervisory authorities.

Under this plan for reopening the banks, 5,077 member banks with deposits of more than \$25 billions as of December 31, 1932 (nearly 90 percent of the deposits of all member banks on that date according to the call reports of their condition), were licensed to reopen during the three days, March 13, 14, and 15. Of these, 4,510 were national banks with deposits (as of December 31, 1932) of approximately \$16 billions. The number of non-member banks (exclusive of mutual savings banks) authorized by March 29 to resume operations on an unrestricted basis was about 6,800, and by April 12 this number had grown to 7,394 and their deposits of about \$5 billions (as of December 31, 1932) represented about 75 percent of the deposits of all such non-member banks.

Of the 1,632 member banks which were not licensed to reopen by March 15, 1933, 1,407 were national banks. Of these, 292 national banks were subsequently licensed and were reopened after capital corrections had been made. The remaining 1,115 national banks were either reorganized, placed in voluntary liquidation, or placed in receivership. The relative position of these banks in the national banking system can be drawn from the following table which compares selected balance sheet items for the 4,902 licensed banks operating on June 30, 1933 (the first date after the bank holiday for which asset

and liability figures are available), with similar items for the unlicensed national banks on March 16, 1933.

*Balance sheet items for licensed and unlicensed national banks*

[Dollars in millions]

	Licensed banks, June 30, 1933	Unlicensed banks, March 16, 1933
Number of banks.....	4,902	1,115
Total assets.....	\$20,856	\$2,273
Total deposits.....	16,774	1,653
Borrowed money.....	127	194
Capital stock.....	1,516	169

*Reorganization of banks that did not reopen after the bank holiday*

By March 16, 1933, it was found that 1,407 national banks throughout the country and 10 non-national banks located in the District of Columbia (under the supervision of the Comptroller of the Currency), with deposits aggregating \$1,972 millions, could not be licensed until further corrective action had been taken. In order to administer these banks in a manner to avoid giving any depositor preference the Comptroller, under authority granted by title II (Bank Conservation Act) of the Emergency Banking Act, placed 1,105 of these banks in conservatorship; the remaining 312 banks were reorganized or otherwise disposed of without the appointment of a conservator.

Under the conservatorships, the assets of the banks were held intact until such time as the Comptroller deemed it possible to reopen the bank under a plan of reorganization, or found it advisable to appoint a receiver for the bank. The statutory authority for these reorganizations and the procedure followed was provided in the Bank Conservation Act. Under this statute the Comptroller was empowered to put into effect reorganization plans when assented to by shareholders owning two-thirds of the outstanding capital stock or depositors and other creditors owning 75 percent of the liabilities, or both, provided he was satisfied in each case that the plan of reorganization was fair and equitable as to all concerned and was in the public interest.

The records showing the administration of the 1,417 banks have been segregated into five major groups: First, banks licensed after capital corrections; second, banks placed in voluntary liquidation; third, banks reorganized by a waiver of claims by depositors or creditors and the cooperation of stockholders; fourth, banks reorganized by a court order sale; and fifth, banks placed in receivership because plans for reorganization were disapproved. In the first and second groups the depositors and creditors obtained 100 percent of their claims. In the third group the bank was enabled to make all or a portion of its deposits and claims available through the cooperation of all or some of the depositors or stockholders. In none of these cases was the appointment of a receiver necessary.

In the fourth and fifth groups the Comptroller appointed a receiver to administer the affairs of the closed bank.

The banks in the fourth group were reorganized under a court order sale plan whereby another bank took over a portion of the good

assets of the bank and the remaining assets were liquidated by a receiver appointed by the Comptroller of the Currency.

The banks in the fifth group were placed in receivership following disapproval of plans submitted for reorganization.

The following table summarizes data with respect to these 1,417 banks under the jurisdiction of the Comptroller of the Currency which were not opened by March 16, 1933. These data are classified by the foregoing groups in accordance with the final disposition of the bank. Further data with respect to these banks can be found in the appendix to the annual report of the Comptroller of the Currency.

*Final disposition of national banks (and of non-national banks in the District of Columbia) which were unlicensed on March 16, 1933*

[Dollars in millions]

Final disposition of bank	Number of banks	Capital	Total assets	Total deposits	Total borrowed money	Unsecured liabilities		
						Total amount	Amount released to June 30, 1940	Percent of total released
Licensed after capital correction	292	\$28.6	\$395.5	\$306.8	\$15.0	\$305.6	\$305.6	100.0
Placed in voluntary liquidation	13	.5	2.7	1.3	.4	1.3	1.3	100.0
Reorganized without appointment of a receiver	565	64.1	\$30.5	594.4	77.4	594.6	532.4	89.5
Reorganized by court order	257	82.3	1,219.8	917.0	84.0	882.9	730.2	82.7
Placed in receivership	290	22.9	238.9	152.4	35.8	138.2	99.4	71.9
Total	1,417	198.5	2,687.4	1,972.0	212.6	1,922.7	1,668.9	86.8

<sup>1</sup> As of December 31, 1932, or as reported in conservators' first reports.

NOTE.—Figures have been rounded to nearest tenth of a million and will not necessarily add to totals.

### *National bank receiverships*

During the period November 1, 1932, to June 30, 1940, a total of 1,779 national bank receiverships were administered by the Bureau of the Comptroller of the Currency. The greatest number of insolvent national banks in process of liquidation at any time during the period (and since the establishment of the Bureau in 1863) was 1,568, on July 19, 1934. On June 30, 1940, receiverships numbered 297. Data with respect to the number of receiverships appear in the following statement:

	Number
Receiverships in process November 1, 1932	975
Receiverships established November 1, 1932, to June 30, 1940:	
As a result of bank holiday (fourth and fifth groups mentioned on page 264)	547
Prior to bank holiday or to collect stock assessments	240
Subsequent to bank holiday	17
Total administered during period	1,779
Receiverships completely liquidated and finally closed	1,433
Banks restored to solvency	49
Receiverships in process June 30, 1940	297

In the 1,779 receiverships administered during the period, total collections from assets between November 1, 1932, and October 31, 1939, amounted to \$1,722 millions. Total payments to all creditors amounted to \$1,558 millions, of which dividends to secured and unsecured creditors amounted to \$1,020 millions. The remaining payments consisted of payments of preferred claims and offsets.

Liquidation expenses amounted to \$114 millions or less than 7 percent of the total collections including offsets. Further data with respect to these receiverships are shown in the following table:

*Results of liquidation of 1,779 receiverships between November 1, 1932, and October 31, 1939*

[Dollars in millions]

	Amount
<b>Collections:</b>	
Cash balances in hands of Comptroller and receivers at beginning of period.....	\$48.9
Collections from assets.....	1,416.9
Collections from stock assessments.....	95.6
Earnings collected (interest, premiums, rents, etc.).....	81.2
Offsets allowed and settled (against assets).....	128.5
Increase in unpaid balance of Reconstruction Finance Corporation loans.....	117.7
Increase in unpaid balance of bank loans.....	37.1
<b>Total.....</b>	<b>1,926.0</b>
<b>Disposition of collections:</b>	
Dividends paid by receivers to unsecured creditors.....	787.9
Dividends paid by receivers to secured creditors.....	21.4
Distributions by conservators to unsecured creditors.....	208.9
Distributions by conservators to secured creditors.....	1.3
Payments to secured and preferred creditors.....	410.2
Offsets allowed and settled (against liabilities).....	128.5
Disbursements for the protection of assets.....	46.7
Payments of receivers' salaries, legal and other expenses.....	102.6
Payments of conservators' salaries, legal and other expenses.....	11.5
Amounts returned to shareholders in cash.....	1.8
Decrease in unpaid balance of Reconstruction Finance Corporation loans.....	127.4
Decrease in unpaid balance of bank loans.....	35.8
Cash balances in hands of Comptroller and receivers at end of period.....	41.9
<b>Total.....</b>	<b>1,926.0</b>
Losses on assets compounded or sold under order of court.....	529.3
Book value of assets returned to shareholders' agents.....	18.2
Amount of assessments upon shareholders.....	142.8
Average percentage of total expenses of liquidation to total collections including offsets allowed.....	6.6%

NOTE.—Figures have been rounded to nearest tenth of a million and will not necessarily add to totals.

Of the 1,433 receiverships finally liquidated and closed between November 1, 1932, and June 30, 1940, 1,363 cases had been closed by October 31, 1939. Total payments to all creditors in these cases amounted to \$647 millions. Other data with respect to these receiverships are shown in the following table:



*Results of liquidation of 1,363 receiverships finally closed between November 1, 1932, and October 31, 1939*

[Dollars in millions]

	Amount
Total assets taken charge of by receivers.....	\$975.3
Disposition of assets:	
Collections from assets.....	550.5
Offsets allowed and settled (against assets).....	57.7
Losses on assets compounded or sold under order of court.....	348.8
Book value of assets returned to shareholders' agents.....	18.4
Book value of remaining assets.....	0
Total.....	975.3
Collections:	
Collections from assets as above.....	550.5
Collections from stock assessments.....	56.3
Earnings collected (interest, premiums, rents, etc.).....	36.6
Offsets allowed and settled (against assets).....	57.7
Unpaid balance Reconstruction Finance Corporation loans.....	0
Total.....	701.0
Disposition of collections:	
Dividends paid by receivers to unsecured creditors.....	319.5
Dividends paid by receivers to secured creditors.....	21.1
Distributions by conservators to unsecured creditors.....	51.5
Distributions by conservators to secured creditors.....	5
Payments to secured and preferred creditors.....	197.1
Offsets allowed and settled (against liabilities).....	57.7
Unrecovered disbursements for the protection of assets.....	3.7
Payments of receivers' salaries, legal and other expenses.....	45.2
Payments of conservators' salaries, legal and other expenses.....	3.1
Amounts returned to shareholders in cash.....	1.7
Total.....	701.0
Capital stock at date of failure.....	109.2
United States bonds held at failure to secure circulating notes.....	52.4
United States bonds held to secure circulation, sold and circulation redeemed.....	52.4
Circulation outstanding at date of failure.....	51.2
Amount of assessments upon shareholders.....	101.8
Total deposits at date of failure.....	609.0
Borrowed money (bills payable, rediscounts, etc., at date of failure).....	164.3
Additional liabilities established subsequent to date of failure.....	22.7
Claims proved (secured and unsecured).....	566.3
Average percentage of dividends paid to claims proved.....	69.3%
Average percentage of deposits paid.....	78.3%
Average percentage of total payments to total liabilities.....	31.3%
Average percentage of total expenses of liquidation to total collections including offsets allowed.....	7.4%
Average period required to complete liquidation (exclusive of stock assessment and restored to solvency banks).....	5 years 6 months

NOTE.—Figures have been rounded to nearest tenth of a million and will not necessarily add to totals.

The earnings of the 1,363 receiverships terminated between 1932 and 1939 are not available. With respect to the 1,294 receiverships terminated between October 31, 1933, and October 31, 1939, however, total earnings amounted to \$37 millions, or 74 percent of the total cost of liquidation of such receiverships.

Under legislation making it possible for receivers to borrow from the Reconstruction Finance Corporation and other sources upon the security of trust assets, receivers had obtained by October 31, 1939, a total of 2,321 loans from the Reconstruction Finance Corporation in the amount of \$395 millions for the benefit of 1,125 receiverships. On that date, however, only 13 of these loans remained unpaid and the balances due amounted to \$1,786,000. Similar loans in the amount of \$95 millions had been obtained from 45 lending banks for the benefit of 94 receiverships, and on October 31, 1939, only 6 of these loans remained unpaid and the balances totaled \$856,000.

*Strengthening the capital structure of the banks*

The rehabilitation of the national banking system following the bank holiday laid considerable emphasis on the strengthening of the capital structure of the various banks. This program was carried out in the first instance through the subscription to preferred stock of the banks by the Reconstruction Finance Corporation in accordance with section 304 of the Emergency Banking Act of 1933. This section provides, in part, that if in the opinion of the Secretary of the Treasury any bank or trust company is in need of funds for capital purposes either in connection with the organization or reorganization of such bank or trust company, he may, with the approval of the President, request the Reconstruction Finance Corporation to subscribe for preferred stock in such bank or trust company, or make loans secured by such stock as collateral, and the Reconstruction Finance Corporation may comply with such request. Between March 9, 1933, and June 30, 1940, in pursuance of this program, the Reconstruction Finance Corporation, at the request of the Secretary of the Treasury, disbursed approximately \$573 millions in loans on and purchases of preferred stock of national banks. Of this total disbursement, \$450 millions was made prior to June 30, 1935.

Local stockholders also assisted in the capital strengthening program through purchases of both preferred and common stock. In the aggregate the Bureau of the Comptroller of the Currency authorized preferred stock increases in capital in 1,870 banks and preferred stock issuance in 420 newly organized banks. As of June 30, 1940, preferred stock was still outstanding in 1,517 banks as is shown in the following table:

Preferred capital stock authorized for national banks under the act of March 9, 1933, as amended, during the period from March 9, 1933, to June 30, 1940; and outstanding in associations in existence as of June 30, 1940

States	Authorized						Outstanding in banks in existence, June 30, 1940		
	Increases of capital		Newly organized banks		Total		Number of banks	Amount (par value)	Amount (retirable value)
	Number of banks	Amount	Number of banks	Amount	Number of banks	Amount			
Alabama	23	\$11,085,000	4	\$225,000	27	\$11,310,000	10	\$4,404,800	\$4,504,800
Alaska	1	37,500			1	37,500			
Arizona	2	300,000	1	1,240,000	3	1,540,000	1	1,196,600	1,196,600
Arkansas	18	1,562,250	6	200,000	24	1,762,250	13	896,635	934,600
California	56	41,775,000	8	780,000	64	42,555,000	35	31,269,208	61,149,208
Colorado	25	3,697,500	9	550,000	34	4,247,500	20	1,223,800	1,223,800
Connecticut	21	5,636,900	1	200,000	22	5,836,900	17	4,231,132	4,776,632
Delaware	5	195,000			5	195,000	4	86,000	136,000
District of Columbia	2	1,650,000			2	1,650,000	1	1,000,000	1,000,000
Florida	11	1,250,000	4	200,000	15	1,450,000	9	349,000	349,000
Georgia	12	1,517,500	6	205,000	18	1,722,500	12	826,250	826,250
Idaho	9	1,095,000			9	1,095,000	7	764,100	764,100
Illinois	114	84,577,750	35	1,670,000	149	86,247,750	107	5,979,745	6,029,745
Indiana	47	6,212,900	16	3,620,000	63	9,832,900	39	4,426,620	4,426,620
Iowa	31	5,970,000	21	775,000	52	6,745,000	32	2,556,450	2,556,450
Kansas	42	2,174,500	5	270,000	47	2,444,500	31	1,308,000	1,308,000
Kentucky	28	2,995,000	7	1,355,000	35	4,350,000	15	2,247,050	2,259,550
Louisiana	4	500,000	11	3,900,000	15	4,400,000	13	3,216,500	3,216,500
Maine	17	3,410,000	7	625,000	24	4,035,000	16	1,354,105	1,488,280
Maryland	26	3,244,000	2	1,075,000	28	4,319,000	19	2,506,000	2,785,666
Massachusetts	49	13,993,700	4	260,000	53	14,253,700	30	4,981,300	5,736,800
Michigan	24	3,815,600	31	17,034,000	55	20,849,600	42	14,126,601	14,136,601
Minnesota	92	13,536,500	7	225,000	99	13,761,500	51	4,326,097	5,114,097
Mississippi	13	2,525,000	2	230,000	15	2,755,000	13	1,621,940	1,621,940
Missouri	29	7,377,500	5	1,792,500	34	9,170,000	23	2,352,800	2,414,451
Montana	19	1,506,000	1	25,000	20	1,531,000	10	282,980	282,980
Nebraska	42	5,460,000	9	410,000	51	5,870,000	31	1,541,950	1,541,950
Nevada	3	175,000			3	175,000	1	12,500	12,500
New Hampshire	12	1,563,000	2	50,000	14	1,613,000	10	865,500	875,500
New Jersey	147	35,900,000	9	395,000	156	36,295,000	126	22,477,545	31,109,292
New Mexico	6	170,000	2	300,000	8	470,000	5	293,400	293,400
New York	272	142,493,500	7	740,000	279	143,233,500	195	20,548,861	27,375,390
North Carolina	11	1,100,000	9	955,000	20	2,055,000	11	387,500	387,500
North Dakota	28	2,237,500	3	203,000	31	2,440,500	17	735,900	735,900
Ohio	71	31,420,500	23	1,247,000	94	32,667,500	66	14,299,236	18,161,236
Oklahoma	31	6,550,000	9	4,380,000	40	10,930,000	21	1,333,794	1,333,794
Oregon	15	775,000	5	150,000	20	925,000	5	140,300	140,300

*Preferred capital stock authorized for national banks under the act of March 9, 1933, as amended, during the period from March 9, 1933, to June 30, 1940; and outstanding in associations in existence as of June 30, 1940—Continued*

States	Authorized						Outstanding in banks in existence, June 30, 1940		
	Increases of capital		Newly organized banks		Total		Number of banks	Amount (par value)	Amount (retirable value)
	Number of banks	Amount	Number of banks	Amount	Number of banks	Amount			
Pennsylvania.....	187	\$21,967,250	51	\$4,347,300	238	\$26,314,550	187	\$15,440,527	\$15,736,152
Rhode Island.....	2	800,000	1	100,000	3	900,000	3	396,065	396,065
South Carolina.....	4	1,390,000	3	170,000	7	1,560,000	3	934,500	934,500
South Dakota.....	32	2,983,000	2	80,000	34	3,063,000	18	1,445,850	1,445,850
Tennessee.....	24	7,587,500	3	475,000	27	8,062,500	20	5,626,825	5,626,825
Texas.....	102	20,211,250	47	3,227,500	149	23,438,750	98	9,652,625	10,307,915
Utah.....	9	1,575,000			9	1,575,000	6	750,000	750,000
Vermont.....	11	1,420,000	5	150,000	16	1,570,000	11	678,808	783,108
Virginia.....	33	3,863,000	7	575,000	40	4,438,000	22	1,201,775	1,201,775
Virgin Islands.....			1	125,000	1	125,000	1	120,000	120,000
Washington.....	22	3,370,000	3	95,000	25	3,465,000	13	2,063,200	2,063,200
West Virginia.....	30	3,915,000	11	520,000	41	4,435,000	29	1,317,250	1,331,350
Wisconsin.....	47	15,272,500	14	710,000	61	15,982,500	42	9,839,900	9,839,900
Wyoming.....	9	815,000	1	25,000	10	840,000	6	405,000	405,000
Total.....	1,870	534,654,100	420	55,886,300	2,290	590,540,400	1,517	210,092,524	263,647,072

The improvement in the total capital position of national banks since 1933 is shown in the table below, which presents for selected dates the aggregate capital funds of all national banks. To allow the figures to be compared directly, the capital funds as of December 31, 1932, are shown for only those 4,510 national banks which reopened at the end of the bank holiday. During the period covered, the capital funds of national banks (starting with only those banks which reopened at the end of the holiday) increased by \$600 millions.

*Capital funds of national banks*

[Dollars in millions]

End of month	Number of banks	Total capital, surplus, undivided profits, and reserves	End of month	Number of banks	Total capital, surplus, undivided profits, and reserves
December 1932.....	4,510	\$2,876	June 1937.....	5,299	\$3,212
June 1933.....	4,902	2,857	June 1938.....	5,248	3,274
June 1934.....	5,422	3,001	June 1939.....	5,209	3,390
June 1935.....	5,431	3,086	June 1940.....	5,170	3,476
June 1936.....	5,374	3,166			

<sup>1</sup> Includes only those banks that reopened at the end of the bank holiday.

*Changes in the condition of all active banks*

The Federal law requires that the Comptroller of the Currency assemble and publish annual figures on the assets and liabilities of all banks in the United States. On June 30, 1940, there were 5,170 national banks, 9,239 State commercial banks, 551 mutual savings banks, and 57 private banks, for which figures were assembled by the Comptroller. The tables that follow show the assets and liabilities of all active banks in the United States, by classes of banks, on each June 30 between 1932 and 1940.

Although earnings figures for all active banks in the country are not available, such figures are available for all national banks. These appear in the table on page 278, which shows earnings, expenses, and dividends of national banks for the years ended June 30, 1933 to 1940.

## Assets and liabilities of all active banks in the United States and possessions, June 30, 1932 to 1940

(Dollars in millions)

	1932	1933	1934	1935	1936	1937	1938	1939	1940
Number of banks.....	19,163	14,624	15,894	16,053	15,803	15,580	15,341	15,146	15,017
<b>ASSETS</b>									
Loans and discounts, including overdrafts.....	\$28,089.9	\$22,387.8	\$21,431.1	\$20,419.2	\$20,839.2	\$22,698.2	\$21,311.1	\$21,516.3	\$22,557.6
U. S. Government securities, direct obligations.....	6,455.6	7,796.0	10,995.7	12,201.6	14,840.2	14,569.0	14,083.1	15,223.3	15,734.7
Securities fully guaranteed by U. S. Government.....			667.6	2,082.5	2,518.0	2,399.5	2,691.2	3,567.5	3,975.8
Other bonds, stocks, and securities.....	11,767.6	10,134.7	9,626.2	9,933.1	10,501.3	10,305.6	9,571.2	9,595.0	9,364.4
Cash in vault.....	791.6	672.5	714.0	784.6	1,018.9	958.3	1,044.3	1,042.4	1,148.6
Balances with other banks, including reserve balances and cash items in process of collection.....	6,576.1	7,092.2	9,501.8	11,613.0	14,103.4	14,670.3	16,426.4	19,584.1	24,535.3
Other assets.....	3,509.3	3,210.7	3,221.2	3,352.9	3,367.2	3,323.9	3,150.4	3,072.7	2,897.2
Total assets.....	57,190.1	51,293.9	56,157.6	60,386.9	67,188.2	68,924.8	68,277.7	73,601.3	80,213.6
<b>LIABILITIES</b>									
Deposits of individuals, partnerships, and corporations:									
Demand.....	14,875.3	14,001.8	15,538.1	18,910.1	22,464.6	23,698.6	22,911.4	25,688.9	29,982.0
Time.....	23,704.5	20,245.6	21,397.3	22,418.9	23,446.7	24,571.7	24,658.1	25,137.5	25,836.4
U. S. Government and postal savings deposits.....	1,077.5	1,637.9	2,407.7	1,198.8	1,346.1	806.8	717.2	807.0	883.4
Deposits of States and political subdivisions.....	1,901.8	1,603.6	2,378.2	3,001.5	3,342.8	3,579.3	3,534.5	3,784.2	3,713.6
Deposits of banks.....	3,285.9	3,364.9	4,518.4	5,563.4	6,805.8	6,351.3	6,838.2	8,242.5	10,213.2
Other deposits (certified and cashiers' checks, etc.).....	595.3	679.7	384.3	493.4	833.8	814.7	720.2	856.6	534.8
Total deposits.....	45,390.3	41,533.5	46,625.0	51,586.1	58,339.8	59,822.4	59,379.6	64,676.7	71,153.4
National bank circulation.....	652.2	730.4	698.3	222.1					
Bills payable and rediscounts.....	1,297.3	530.7	203.0	71.8	47.4	55.8	42.5	26.7	27.0
Other liabilities.....	1,311.8	1,114.0	778.5	671.2	829.9	810.1	673.7	703.7	708.1
Total liabilities.....	48,651.6	43,908.6	48,304.8	52,551.2	59,217.1	60,688.3	60,095.8	65,307.1	71,888.5
<b>CAPITAL ACCOUNTS</b>									
Capital notes and debentures <sup>1</sup> .....			322.5	274.7	244.7	185.0	164.1	150.5	128.2
Preferred stock.....			541.3	711.1	633.7	472.2	447.1	420.6	367.9
Common stock.....	3,317.9	2,899.6	2,695.1	2,619.6	2,542.8	2,593.5	2,593.5	2,589.0	2,595.7
Surplus.....	4,058.0	3,371.3	3,174.7	3,093.6	3,408.4	3,700.5	3,611.6	3,551.7	3,492.3
Undivided profits and reserves.....	1,162.6	1,114.4	1,119.2	1,136.7	1,141.5	1,285.3	1,365.6	1,382.4	1,741.0
Total capital accounts.....	8,538.5	7,385.3	7,852.8	7,835.7	7,971.1	8,236.5	8,181.9	8,294.2	8,325.1
Total liabilities and capital accounts.....	57,190.1	51,293.9	56,157.6	60,386.9	67,188.2	68,924.8	68,277.7	73,601.3	80,213.6

<sup>1</sup> Licensed banks; i. e., those operating on an unrestricted basis.<sup>2</sup> For banks other than national.

*Assets and liabilities of active national banks, June 30, 1932 to 1940*

[Dollars in millions]

	1932	1933	1934	1935	1936	1937	1938	1939	1940
Number of banks.....	6, 150	4, 902	5, 422	5, 431	5, 374	5, 299	5, 248	5, 209	5, 170
<b>ASSETS</b>									
Loans and discounts, including overdrafts.....	\$10, 286.4	\$8, 119.7	\$7, 697.7	\$7, 368.7	\$7, 763.4	\$8, 812.9	\$8, 334.6	\$8, 573.7	\$9, 179.2
U. S. Government securities, direct obligations.....	3, 352.7	4, 031.6	5, 645.8	6, 077.7	7, 073.0	6, 902.5	6, 510.4	6, 899.9	7, 219.9
Securities fully guaranteed by U. S. Government.....	3, 843.9	3, 340.1	3, 344.9	1, 095.3	1, 374.4	1, 316.7	1, 477.4	1, 869.8	1, 891.3
Other bonds, stocks, and securities.....	338.4	288.5	352.4	3, 543.4	4, 035.2	3, 903.1	3, 656.5	3, 783.2	3, 794.1
Cash in vault.....				405.5	531.6	444.6	528.3	530.6	582.3
Balances with other banks, including reserve balances and cash items in process of collection.....	3, 147.5	3, 830.4	5, 344.6	6, 462.7	7, 849.7	7, 933.2	8, 922.3	10, 544.2	13, 294.8
Other assets.....	1, 391.6	1, 245.3	1, 156.9	1, 103.2	1, 069.4	1, 015.8	948.1	979.2	923.5
Total assets.....	22, 360.5	20, 855.6	23, 900.2	26, 056.5	29, 696.7	30, 328.8	30, 377.6	33, 180.6	36, 885.1
<b>LIABILITIES</b>									
Deposits of individuals, partnerships, and corporations:									
Demand.....	6, 934.7	7, 035.7	8, 041.6	9, 674.9	11, 665.9	12, 430.2	12, 138.1	13, 643.7	15, 976.8
Time.....	6, 523.5	5, 354.0	6, 075.6	6, 646.9	7, 074.6	7, 469.8	7, 548.9	7, 665.4	7, 875.8
U. S. Government and postal savings deposits.....	663.6	1, 024.4	1, 330.5	679.7	829.9	467.8	467.3	543.3	565.0
Deposits of States and political subdivisions.....	1, 253.9	1, 089.4	1, 499.0	1, 845.3	2, 108.5	2, 203.5	2, 106.3	2, 291.0	2, 270.9
Deposits of banks.....	1, 814.7	2, 000.7	2, 767.8	3, 410.7	4, 168.0	3, 790.6	4, 211.1	4, 382.4	6, 084.0
Other deposits (certified and cashiers' checks, etc.).....	270.5	269.9	218.1	260.7	353.6	404.0	344.2	443.7	301.9
Total deposits.....	17, 480.9	16, 774.1	19, 932.9	22, 518.2	26, 800.5	26, 765.9	26, 815.9	29, 469.5	33, 074.4
National bank circulation.....	652.2	730.4	698.3	222.1					
Bills payable and rediscounts.....	546.4	127.1	20.1	8.9	3.7	9.2	9.6	3.5	2.9
Other liabilities.....	421.2	367.4	248.1	220.9	326.8	341.5	278.3	318.1	331.3
Total liabilities.....	19, 080.7	17, 999.0	20, 899.1	22, 970.1	26, 531.0	27, 116.6	27, 103.8	29, 791.1	33, 408.6
<b>CAPITAL ACCOUNTS</b>									
Preferred stock.....		53.8	412.1	525.1	443.5	299.0	266.1	246.5	208.8
Common stock.....	1, 569.0	1, 461.9	1, 325.8	1, 284.4	1, 247.8	1, 283.1	1, 306.8	1, 316.4	1, 325.9
Surplus.....	1, 239.4	940.6	854.1	831.9	973.4	1, 073.2	1, 118.4	1, 170.8	1, 250.0
Undivided profits and reserves.....	451.4	400.3	409.1	445.0	501.0	556.9	582.5	655.8	691.8
Total capital accounts.....	3, 279.8	2, 856.6	3, 001.1	3, 086.4	3, 165.7	3, 212.2	3, 273.8	3, 389.5	3, 476.5
Total liabilities and capital accounts.....	22, 360.5	20, 855.6	23, 900.2	26, 056.5	29, 696.7	30, 328.8	30, 377.6	33, 180.6	36, 885.1
Retirable value of preferred stock.....		61.3	426.9	534.2	457.4	318.9	286.0	280.0	262.3

<sup>1</sup> Licensed banks; i. e., those operating on an unrestricted basis.

Assets and liabilities of all active banks other than national, June 30, 1932 to 1940<sup>1</sup>

[Dollars in millions]

	1932	1933	1934	1935	1936	1937	1938	1939	1940
Number of banks.....	13, 013	<sup>2</sup> 9, 722	<sup>2</sup> 10, 472	10, 622	10, 429	10, 281	10, 093	9, 937	9, 847
<b>ASSETS</b>									
Loans and discounts, including overdrafts.....	\$17, 803. 5	\$14, 268. 1	\$13, 733. 4	\$13, 050. 5	\$13, 075. 8	\$13, 885. 3	\$12, 976. 5	\$12, 942. 6	\$13, 378. 4
U. S. Government securities, direct obligations.....			5, 349. 9	6, 123. 9	7, 767. 2	7, 666. 5	7, 572. 7	8, 323. 4	8, 514. 8
Securities fully guaranteed by U. S. Government.....	3, 102. 9	3, 764. 4	309. 7	987. 2	1, 143. 6	1, 082. 8	1, 213. 8	1, 697. 7	2, 084. 5
Other bonds, stocks, and securities.....	7, 923. 7	6, 794. 6	6, 281. 3	6, 389. 7	6, 466. 1	6, 402. 5	5, 914. 7	5, 811. 8	5, 570. 3
Cash in vault.....	453. 2	384. 0	361. 6	379. 1	487. 3	513. 7	516. 0	511. 8	566. 3
Balances with other banks, including reserve balances and cash items in process of collection.....	3, 428. 6	3, 261. 8	4, 157. 2	5, 150. 3	6, 253. 7	6, 737. 1	7, 504. 1	9, 039. 9	11, 240. 5
Other assets.....	2, 117. 7	1, 965. 4	2, 064. 3	2, 249. 7	2, 297. 8	2, 308. 1	2, 202. 3	2, 093. 5	1, 973. 7
Total assets.....	34, 829. 6	30, 438. 3	32, 257. 4	34, 330. 4	37, 491. 5	38, 596. 0	37, 900. 1	40, 420. 7	43, 328. 5
<b>LIABILITIES</b>									
Deposits of individuals, partnerships, and corporations:									
Demand.....	7, 940. 6	6, 966. 1	7, 496. 5	9, 235. 2	10, 798. 7	11, 268. 4	10, 773. 3	12, 045. 2	14, 005. 2
Time.....	17, 181. 0	14, 891. 6	15, 321. 7	15, 772. 0	16, 372. 1	17, 101. 9	17, 109. 2	17, 472. 1	17, 950. 6
U. S. Government and postal savings deposits.....	413. 9	613. 5	1, 077. 2	519. 1	516. 2	339. 0	249. 9	323. 7	318. 4
Deposits of States and political subdivisions.....	647. 9	514. 2	880. 2	1, 156. 2	1, 234. 3	1, 375. 8	1, 428. 2	1, 493. 2	1, 442. 7
Deposits of banks.....	1, 421. 2	1, 364. 2	1, 750. 6	2, 152. 7	2, 737. 8	2, 560. 7	2, 627. 1	3, 360. 1	4, 129. 2
Other deposits (certified and cashiers' checks, etc.).....	324. 8	409. 8	166. 2	232. 7	480. 2	410. 7	376. 0	412. 9	232. 9
Total deposits.....	27, 929. 4	24, 759. 4	26, 692. 4	29, 067. 9	32, 139. 3	35, 056. 5	32, 568. 7	35, 107. 2	38, 079. 0
Bills payable and rediscounts.....	750. 9	403. 6	182. 9	62. 9	43. 7	46. 6	32. 9	23. 2	24. 1
Other liabilities.....	890. 6	746. 6	530. 4	450. 3	503. 1	468. 6	395. 4	385. 6	376. 8
Total liabilities.....	29, 570. 9	25, 909. 6	27, 405. 7	29, 581. 1	32, 686. 1	33, 571. 7	32, 992. 0	35, 516. 0	38, 479. 9
<b>CAPITAL ACCOUNTS</b>									
Capital notes and debentures.....			322. 5	274. 7	244. 7	185. 0	164. 1	150. 5	128. 2
Preferred stock.....			129. 2	186. 0	190. 2	173. 2	181. 0	174. 1	159. 1
Common stock.....	1, 748. 9	1, 383. 9	1, 369. 3	1, 335. 2	1, 295. 0	1, 310. 4	1, 286. 7	1, 272. 6	1, 269. 8
Surplus.....	2, 798. 6	2, 430. 7	2, 320. 6	2, 261. 7	2, 435. 0	2, 627. 3	2, 493. 2	2, 380. 9	2, 242. 3
Undivided profits and reserves.....	711. 2	714. 1	710. 1	691. 7	640. 5	728. 4	783. 1	926. 6	1, 049. 2
Total capital accounts.....	5, 258. 7	4, 528. 7	4, 851. 7	4, 749. 3	4, 805. 4	5, 024. 3	4, 908. 1	4, 904. 7	4, 848. 6
Total liabilities and capital accounts.....	34, 829. 6	30, 438. 3	32, 257. 4	34, 330. 4	37, 491. 5	38, 596. 0	37, 900. 1	40, 420. 7	43, 328. 5

<sup>1</sup> Includes State (commercial), mutual savings, and private banks.<sup>2</sup> Licensed banks; i. e., those operating on an unrestricted basis.



*Assets and liabilities of active State (commercial) banks, June 30, 1932 to 1940<sup>1</sup>*

[Dollars in millions]

	1932	1933	1934	1935	1936	1937	1938	1939	1940
Number of banks.....	12, 192	18, 962	19, 658	9, 808	9, 732	9, 632	9, 458	9, 321	9, 239
<b>ASSETS</b>									
Loans and discounts, including overdrafts.....	\$11, 634.4	\$8, 304.2	\$7, 953.6	\$7, 586.8	\$7, 854.3	\$8, 766.1	\$7, 958.4	\$7, 975.8	\$8, 403.5
U. S. Government securities, direct obligations.....	2, 570.7	3, 212.6	4, 176.6	4, 476.5	5, 576.7	5, 155.0	4, 890.6	5, 288.8	5, 869.6
Securities fully guaranteed by U. S. Government.....	4, 248.8	3, 233.2	2, 339.6	791.0	908.3	3, 332.7	913.3	1, 257.0	1, 567.7
Other bonds, stocks, and securities.....	396.0	320.0	3, 008.8	3, 322.5	3, 607.9	3, 501.6	3, 352.8	3, 391.3	3, 394.3
Cash in vault.....	3, 034.8	2, 888.8	3, 607.8	4, 584.7	5, 620.5	6, 108.8	6, 859.4	8, 274.0	10, 291.6
Balances with other banks, including reserve balances and cash items in process of collection.....	1, 755.3	1, 465.5	1, 367.3	1, 349.2	1, 350.4	1, 325.3	1, 269.9	1, 216.3	1, 176.8
Other assets.....	23, 640.0	19, 424.3	20, 659.6	22, 441.1	25, 351.3	26, 146.1	25, 700.0	27, 846.7	31, 193.9
Total assets.....									
<b>LIABILITIES</b>									
Deposits of individuals, partnerships, and corporations:									
Demand.....	7, 919.5	6, 942.3	7, 300.9	8, 911.9	10, 359.7	10, 745.1	10, 372.0	11, 545.0	13, 912.9
Time.....	7, 125.9	5, 171.1	5, 461.9	5, 799.7	6, 278.7	6, 556.8	6, 879.5	7, 013.2	7, 309.1
U. S. Government and postal savings deposits.....	413.7	613.5	1, 077.2	519.1	516.2	339.0	249.9	323.7	318.4
Deposits of States and political subdivisions.....	645.1	512.8	875.9	1, 144.6	1, 228.9	1, 372.5	1, 425.3	1, 490.4	1, 439.9
Deposits of banks.....	1, 420.9	1, 364.0	1, 662.8	2, 071.9	2, 633.4	2, 469.7	2, 552.3	3, 224.5	4, 089.8
Other deposits (certified and cashiers' checks, etc.).....	324.6	409.6	165.9	189.3	479.4	409.7	374.6	412.1	232.0
Total deposits.....	17, 849.7	16, 018.3	16, 544.6	18, 636.5	21, 496.3	22, 192.8	21, 853.6	24, 008.9	27, 302.1
Bills payable and rediscounts.....	732.2	386.5	163.0	51.2	35.2	38.0	28.0	21.2	23.7
Other liabilities.....	861.3	715.5	478.6	386.9	438.8	393.8	338.9	345.7	340.3
Total liabilities.....	19, 443.2	16, 115.3	17, 186.2	19, 074.6	21, 970.3	22, 624.6	22, 220.5	24, 375.8	27, 666.1
<b>CAPITAL ACCOUNTS</b>									
Capital notes and debentures.....			293.8	249.1	226.1	168.0	151.7	140.6	120.2
Preferred stock.....		1, 379.0	129.2	186.0	190.2	173.2	181.0	174.1	159.1
Common stock.....	1, 743.4		1, 313.7	1, 266.2	1, 248.6	1, 266.8	1, 242.6	1, 231.1	1, 260.9
Surplus.....	1, 904.6	1, 373.1	1, 197.9	1, 235.2	1, 270.9	1, 394.6	1, 424.1	1, 318.2	1, 360.0
Undivided profits and reserves.....	548.8	556.9	538.8	430.0	445.2	518.9	480.1	606.9	627.6
Total capital accounts.....	4, 196.8	3, 309.0	3, 473.4	3, 366.5	3, 381.0	3, 521.5	3, 479.5	3, 470.9	3, 527.8
Total liabilities and capital accounts.....	23, 640.0	19, 424.3	20, 659.6	22, 441.1	25, 351.3	26, 146.1	25, 700.0	27, 846.7	31, 193.9

<sup>1</sup> Includes loan and trust companies and stock savings banks.

<sup>2</sup> Licensed banks; i. e., those operating on an unrestricted basis.

## Assets and liabilities of active mutual savings banks, June 30, 1932 to 1940

[Dollars in millions]

	1932	1933	1934	1935	1936	1937	1938	1939	1940
Number of banks.....	594	1 576	1 578	571	566	564	562	552	551
<b>ASSETS</b>									
Loans and discounts, including overdrafts.....	\$6,140.6	\$5,941.0	\$5,647.3	\$5,342.5	\$5,113.6	\$5,010.9	\$4,927.0	\$4,895.4	\$4,926.5
U. S. Government securities, direct obligations.....	530.7	550.3	991.9	1,379.5	1,851.1	2,145.5	2,394.8	2,653.7	2,597.0
Securities fully guaranteed by U. S. Government.....	3,663.9	3,552.9	69.3	189.4	230.9	245.5	289.7	389.7	516.0
Other bonds, stocks, and securities.....	56.0	62.8	3,195.4	2,942.5	2,771.4	2,787.0	2,491.9	2,310.1	2,148.5
Cash in vault.....	56.0	62.8	53.4	46.5	52.2	55.6	59.1	63.7	74.3
Balances with other banks, including reserve balances and cash items in process of collection.....	387.2	365.7	461.0	476.3	492.4	473.5	516.0	636.1	905.1
Other assets.....	355.8	494.4	646.8	795.8	897.4	926.8	893.5	850.1	784.8
Total assets.....	11,134.2	10,967.1	11,065.1	11,172.5	11,409.0	11,644.8	11,572.0	11,798.8	11,952.2
<b>LIABILITIES</b>									
Deposits of individuals, partnerships, and corporations:									
Demand.....	3.2	3.1	2.4	1.8	3.6	3.7	10.6	2.2	2.5
Time.....	10,033.8	9,709.7	9,777.0	9,917.3	10,055.3	10,208.3	10,197.3	10,429.2	10,627.5
U. S. Government and postal savings deposits.....	.2	.02	.03	.01				.001	.001
Deposits of States and political subdivisions.....	1.6	.3	.4	.6	.7	1.1	1.2	1.1	1.1
Deposits of banks.....	.1	.1	.3	.2	.2	.2	.2	.2	.2
Other deposits (certified and cashiers' checks, etc.).....	.1	.1	.01	.04	.1	.1	.1	.1	.1
Total deposits.....	10,039.0	9,713.3	9,780.1	9,919.9	10,059.9	10,218.4	10,209.4	10,432.8	10,631.4
Bills payable and rediscounts.....	17.5	16.3	6.4	4.9	3.5	2.8	3.2	.5	.003
Other liabilities.....	26.3	27.8	15.4	23.0	25.0	24.8	20.2	20.3	24.7
Total liabilities.....	10,082.8	9,757.4	9,801.9	9,947.8	10,088.4	10,241.0	10,232.8	10,453.6	10,656.1
<b>CAPITAL ACCOUNTS</b>									
Capital notes and debentures.....			28.7	25.6	18.6	17.0	12.4	9.9	8.0
Surplus.....	890.0	1,054.3	1,073.1	977.2	1,131.7	1,200.3	1,042.3	1,034.9	868.0
Undivided profits and reserves.....	161.4	155.4	161.4	221.9	170.3	186.5	284.5	300.4	420.1
Total capital accounts.....	1,051.4	1,209.7	1,263.2	1,224.7	1,320.6	1,403.8	1,339.2	1,345.2	1,296.1
Total liabilities and capital accounts.....	11,134.2	10,967.1	11,065.1	11,172.5	11,409.0	11,644.8	11,572.0	11,798.8	11,952.2

1 Licensed banks; i. e., those operating on an unrestricted basis.

*Assets and liabilities of active private banks, June 30, 1932 to 1940*

[Dollars in millions]

	1932	1933	1934	1935	1936	1937	1938	1939	1940
Number of banks.....	227	<sup>1</sup> 184	<sup>1</sup> 236	243	131	85	73	64	57
<b>ASSETS</b>									
Loans and discounts, including overdrafts.....	\$28.5	\$22.9	\$132.5	\$121.2	\$107.9	\$108.3	\$91.1	\$71.4	\$48.4
U. S. Government securities, direct obligations.....	1.5	1.5	181.4	267.9	339.4	366.0	287.3	380.9	48.2
Securities fully guaranteed by U. S. Government.....			.8	6.8	4.4	4.6	10.8	51.0	.8
Other bonds, stocks, and securities.....	11.0	8.5	77.1	124.7	86.8	113.9	70.0	110.4	27.5
Cash in vault.....	1.2	1.2	2.3	2.2	1.9	1.5	1.3	4.6	1.6
Balances with other banks, including cash items in process of collection.....	6.6	7.3	88.4	89.3	140.8	154.8	128.7	129.8	43.8
Other assets.....	6.6	5.5	50.2	104.7	50.0	56.0	38.9	27.1	12.1
Total assets.....	55.4	46.9	532.7	716.8	731.2	805.1	628.1	775.2	182.4
<b>LIABILITIES</b>									
Deposits of individuals, partnerships, and corporations:									
Demand.....	17.9	20.7	193.2	321.5	435.4	519.6	390.7	498.0	89.8
Time.....	21.3	10.8	82.8	55.0	38.1	36.8	32.4	29.7	14.0
U. S. Government and postal savings deposits.....		.002	.02	.006					
Deposits of States and political subdivisions.....	1.2	1.1	3.9	11.0	4.7	2.2	1.7	1.7	1.7
Deposits of banks.....	.2	.1	87.5	80.6	104.2	90.8	74.6	135.4	39.2
Other deposits (certified and cashiers' checks, etc.).....	.1	.1	.3	43.4	.7	.9	1.3	.7	.8
Total deposits.....	40.7	32.8	367.7	511.5	583.1	650.3	500.7	665.5	145.5
Bills payable and rediscounts.....	1.2	.8	13.5	6.8	5.0	5.8	1.7	1.5	.4
Other liabilities.....	3.0	3.3	36.4	40.4	39.3	50.0	36.3	19.6	11.8
Total liabilities.....	44.9	36.9	417.6	558.7	627.4	706.1	538.7	686.6	157.7
<b>CAPITAL ACCOUNTS</b>									
Capital stock.....	5.5	4.9	55.6	69.0	46.4	43.6	44.1	41.5	8.9
Surplus.....	4.0	3.3	49.6	49.3	32.4	32.4	26.8	27.8	14.3
Undivided profits and reserves.....	1.0	1.8	9.9	39.8	25.0	23.0	18.5	19.3	1.5
Total capital accounts.....	10.5	10.0	115.1	158.1	103.8	99.0	89.4	88.6	24.7
Total liabilities and capital accounts.....	55.4	46.9	532.7	716.8	731.2	805.1	628.1	775.2	182.4

<sup>1</sup> Licensed banks; i. e., those operating on an unrestricted basis.

## Earnings, expenses, and dividends of national banks, fiscal years 1933 to 1940

[Dollars in millions]

	1933	1934	1935	1936	1937	1938	1939	1940
Number of banks <sup>1</sup> .....	2 4,002	2 5,422	5,431	5,374	5,299	5,248	5,209	5,170
Average capital funds <sup>2</sup> <sup>4</sup> .....	\$3,156.2	\$2,920.8	\$3,048.5	\$3,123.5	\$3,186.6	\$3,246.9	\$3,331.7	\$3,425.7
Gross earnings:								
Interest and discount on loans.....	473.7	388.1	347.0	342.7	356.7	377.1	377.1	400.0
Interest and dividends on bonds, stocks, and other securities.....	283.6	291.9	323.5	313.7	331.7	313.4	303.7	289.4
Other earnings.....	125.1	126.5	132.6	141.7	158.8	160.1	158.3	169.0
Total.....	882.4	806.5	803.1	798.1	847.2	850.6	839.1	858.4
Expenses:								
Salaries, wages, and fees <sup>5</sup> .....	204.5	202.2	209.2	216.5	233.3	244.6	249.4	255.7
Interest on deposits and borrowed money.....	271.5	182.5	166.1	139.5	131.4	127.4	118.4	109.1
Taxes.....	41.0	43.6	42.0	45.0	54.4	53.8	52.9	59.2
Other expenses.....	149.0	128.7	135.9	150.7	158.7	160.1	156.0	163.7
Total.....	666.0	557.0	553.2	551.7	577.8	585.9	576.7	587.7
Net operating earnings.....	216.4	249.5	249.9	246.4	269.4	264.7	262.4	270.7
Recoveries, profits on securities sold, etc.:								
Recoveries on loans.....	17.1	26.3	32.3	64.1	64.2	38.7	33.4	40.2
Recoveries on bonds, stocks, and other securities.....	51.5	93.6	156.7	143.1	73.2	29.4	35.2	33.4
Profits on securities sold.....	9.9	15.4	9.3	78.8	124.9	76.6	129.8	93.6
All other.....	78.5	135.3	198.3	12.9	17.3	17.0	13.5	15.6
Total.....	294.9	384.8	448.2	545.3	549.0	426.4	474.3	453.5
Total net operating earnings, recoveries, etc.....	511.3	634.3	698.1	791.7	818.4	691.1	736.7	724.2
Losses and depreciation:								
On loans.....	231.4	379.3	188.2	155.0	111.0	66.2	84.9	65.3
On bonds, stocks, and other securities.....	236.6	241.8	136.8	93.3	94.1	103.0	116.3	105.5
On banking house, furniture and fixtures.....	15.9	29.8	22.3	24.4	26.4	24.6	27.4	28.8
Other losses and depreciation.....	29.4	37.5	29.5	30.9	30.9	24.2	20.7	28.2
Total.....	513.3	688.4	376.8	303.6	262.4	218.0	249.3	227.8
Net additions to profits.....	-213.4	-303.6	71.4	241.7	286.6	208.4	225.0	225.7
Dividends <sup>7</sup> .....	99.1	75.8	103.4	125.6	153.5	143.8	137.8	137.5
Net additions to profits to average capital funds.....	Percent -6.92	Percent -10.39	Percent 2.34	Percent 7.74	Percent 8.99	Percent 6.42	Percent 6.75	Percent 6.59
Net additions to profits to net earnings.....	-100.92	-121.68	28.57	98.09	106.38	78.73	85.75	83.37
Expenses to gross earnings.....	75.48	69.06	68.88	69.13	68.20	68.88	68.73	68.47

<sup>1</sup> At end of period.<sup>2</sup> Licensed banks; i. e., those operating on an unrestricted basis.<sup>3</sup> Figures for capital funds are averages of amounts from reports of condition for all calls made in each year and the last call made in the preceding year, i. e., from June to June, inclusive.<sup>4</sup> Represents aggregate of capital stock, surplus, undivided profits, and reserves.<sup>5</sup> Fees included with other expenses prior to June 30, 1936.<sup>6</sup> 6 months ended June 30, 1936.<sup>7</sup> Includes stock dividends of \$50,000 in 1933, \$710,000 in 1934, \$2,243,000 in 1935, \$7,342,000 in 1936, \$30,141,000 in 1937, \$21,853,000 in 1938, \$10,109,000 in 1939, and \$10,715,000 in 1940.

## BUREAU OF CUSTOMS

## Activities during the fiscal year 1940

*Collections*

Customs collections in the fiscal year 1940 turned sharply upward, after two successive years of declining revenues. The total of \$350,-851,561 was 9.2 percent larger than in 1939. Warehouse withdrawals showed the largest increase in duties collected, as indicated in the following table:

*Customs collections<sup>1</sup> and refunds, fiscal years 1939 and 1940*

(On basis of accounts of Bureau of Customs)

Type	1939	1940	Percentage increase or decrease (—)
<b>Collections:</b>			
<b>Duties:</b>			
Consumption entries .....	\$185,652,884	\$190,974,994	2.9
Warehouse withdrawals .....	124,612,662	151,029,141	21.2
Mail entries .....	2,890,832	2,098,094	-27.4
Baggage entries .....	1,009,053	537,533	-46.7
Informal entries .....	794,930	689,326	-13.3
Appraisement entries .....	272,446	143,788	-47.2
Increased and additional duties .....	3,858,257	4,187,897	8.5
Other duties .....	150,057	150,333	.2
<b>Total duties .....</b>	<b>319,241,136</b>	<b>349,811,106</b>	<b>9.6</b>
<b>Miscellaneous:</b>			
Fines and forfeitures .....	1,704,458	722,658	-57.6
Liquidated damages .....	93,120	105,873	13.7
Sale of seizures .....	233,297	49,856	-78.6
Sale of Government property, unclaimed and abandoned merchandise .....	56,992	70,792	24.2
All other customs receipts .....	80,992	91,276	12.7
<b>Total miscellaneous .....</b>	<b>2,168,859</b>	<b>1,040,455</b>	<b>-52.0</b>
<b>Total customs collections .....</b>	<b>321,409,995</b>	<b>350,851,561</b>	<b>9.2</b>
<b>Refunds:</b>			
Excessive duties .....	4,122,800	4,954,275	20.2
Drawback payments .....	11,342,265	14,041,580	23.8
<b>Total refunds .....</b>	<b>15,465,065</b>	<b>18,995,855</b>	<b>22.8</b>

<sup>1</sup> 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.

Despite the total increase in customs collections in 1940, 11 of the 15 schedules of the Tariff Act yielded smaller revenues than during 1939. The four dutiable schedules in which increases occurred were sugar, wool, metals, and beverages. The increased collections under the sugar schedule were due to the suspension from September 13 to December 26, 1939, of the quotas established under the Sugar Act of 1937, and to the assessment of duties at rates in effect prior to the trade agreement with Cuba. The substantial importations at higher duties during this period caused total collections on sugar and its products to be more than 50 percent larger than during 1939.

As the result of increased demand in the United States for foreign wool, revenue collected on wool imports exceeded that for 1939 by 66 percent. Duties collected on sugar and wool were also larger than in 1938. Collections from imports of metals and beverages, on the other hand, although substantially larger than during the previous year, fell below the 1938 total.

Taxes specified in the various revenue acts on imported merchandise, which was free under the Tariff Act of 1930, also yielded slightly larger returns than in 1939, due to increased collections from crude petroleum and copper which more than offset smaller receipts from expressed and extracted oils.

The European war adversely affected customs revenues in the latter part of the fiscal year, causing a decline of almost \$18,000,000 in duties collected on imports from Europe. Particularly large decreases occurred in revenue on merchandise from Germany, Czechoslovakia, and Poland, while smaller declines were recorded in duties on imports from Italy, Greece, the Netherlands, Hungary, Bulgaria, and Denmark. Increased collections on imports from some European countries during the earlier months of the fiscal year, on the other hand, were sufficient to offset the subsequently diminished collections on their merchandise after their export market was curtailed as a result of their involvement in or shipping difficulties resulting from the conflict. This condition explains increases in duties collected on imports from Belgium, Norway, Sweden, and Yugoslavia, in each of which exports to the United States were greatly reduced toward the end of the year.

Although revenues on imports from Europe declined, larger revenues were derived from imports from other areas. By far the largest increase in customs revenue during 1940 came from the products of Cuba, and was due to the suspension of the quota and the consequent increase in the rates of duty on Cuban sugar. Greatly increased revenue also was received from imports from the Union of South Africa, the Netherlands East Indies, Chile, and Uruguay. Heavy receipts of wool from Uruguay and the Union of South Africa accounted for the increased revenues on imports from those regions, and a large increase in direct importations from the Netherlands East Indies offset decreased importations from the mother country and resulted in augmented collections on merchandise from the colonial area.

The majority of the tariff schedules also exhibited the effects of the European conflict. The importance of Germany as the source of imports of chemicals, of Czechoslovakia as the source of leather footwear and gloves, linen goods, earthenware and glassware, and of Poland as the chief source of pork products, accounted to a considerable degree for the reduced revenue from imports of chemicals, earthenware and glassware, agricultural products, and sundries. The decrease in revenues on these and other products, from countries from which direct importations could no longer be received, would have been even greater than they were if warehouse stocks in this country had not been built up prior to the beginning of hostilities, in anticipation of later import difficulties.

The value of dutiable imports and the estimated duties collected are shown for the principal countries for the fiscal years 1939 and 1940 in table 18 on page 677.

It will be observed that the aggregate of duty collections as estimated by tariff schedules is somewhat less than the actual collections reported by collectors of customs. This is in part due to the fact that the computations are necessarily based upon the data reported at the time of original entry and do not take into consideration the increased and additional duties levied as a result of the final determination of the correct quantity by the weighers and gaugers, changes in

classification or rates of duty, or clerical errors found upon liquidation of the entry. Furthermore, the import documents, from which the statistics used in the computation of duties are compiled, do not include baggage, mail, and informal entries on which the duties collected amount to a considerable sum.

Four-fifths of the total duties collected during 1940 were reported by 9 customs districts, and 45 percent of the total by New York alone. A statement of the duties collected for each customs district appears in table 19 on page 678.

### *Volume of business*

In order to present statistics of the volume of customs business which are analogous to collections, the data which follow are limited to the area in which all collections are turned into the Treasury of the United States. Since all customs receipts in the Virgin Islands and all except fines and other minor collections in Puerto Rico are deposited to the credit of those respective governments, none of the data for the former and none except those on seizures for the latter are included below.

*Entries of merchandise.*—There were fewer entries of merchandise in 1940 than during the previous year; the only type of entry which was more numerous than in 1939 was warehouse and rewarehouse entries. The decline in the number of warehouse withdrawals and consumption entries during the year, when there was a substantial increase in the amount of duties collected, was due to the fact that sugar and wool, which were largely responsible for the increased revenues in 1940, were entered in large lots, the revenues per entry being much greater than for most other merchandise. The decline in the number of those types of entries covering commercial importations, therefore, was quite closely parallel to the decline for those tariff schedules under which the individual importations were comparatively small in quantity and in revenue yield. The reduction in tourist travel accounts for the sharp reduction in the number of baggage entries; and the break in communications with many European countries, for the even sharper decline in the number of mail entries. Appraisement entries, which were numerous in 1938 and 1939 as the result of the receipt of a large quantity of the personal effects of European refugees, returned to their normal number. The increase in the number of miscellaneous entries was largely due to the inclusion of drawback notices of intent, which were more numerous in 1940 as the result of the expansion of exports.

The number of entries during the past 2 years is shown in the following table:

*Number of entries of merchandise, fiscal years 1939 and 1940*

Type	1939	1940	Percentage increase or decrease (—)
Consumption entries.....	514, 028	465, 988	—9.3
Warehouse and rewarehouse entries.....	64, 118	68, 469	6.8
Warehouse withdrawals.....	372, 938	360, 039	—3.5
Mail entries.....	590, 976	423, 000	—28.4
Baggage entries.....	710, 005	535, 468	—24.6
Informal entries.....	206, 322	191, 167	—7.3
Appraisement entries.....	<sup>1</sup> 25, 307	16, 721	—33.9
All other.....	<sup>1</sup> 584, 104	620, 648	6.3
Total.....	1, 3, 067, 798	2, 681, 500	—12.6

<sup>1</sup> Revised.

*Vessel, airplane, and highway traffic.*—Most of the different types of vehicles used to transport merchandise and passengers to the United States increased in number. Fewer persons arrived in this country from abroad, however, the number arriving by documented vessels being the smallest since 1932.

The following statement covers the leading classes of traffic for the last 2 years:

*Number of vehicles and persons entering the United States from abroad, fiscal years 1939 and 1940*

Kind of entrant	1939	1940	Percentage increase or decrease (—)
<b>Vehicles:</b>			
Automobiles and busses .....	11, 643, 237	11, 508, 907	—1. 2
Documented vessels .....	1 32, 220	34, 331	6. 6
Undocumented vessels .....	25, 621	29, 946	16. 9
Ferries .....	132, 328	114, 041	—13. 8
Passenger trains .....	33, 427	33, 502	. 2
Aircraft .....	7, 193	8, 359	16. 2
Other vehicles .....	337, 585	438, 964	30. 0
<b>Passengers by:</b>			
Automobiles and busses .....	33, 519, 803	32, 256, 533	—3. 8
Documented vessels .....	1, 019, 313	733, 338	—28. 1
Undocumented vessels .....	104, 166	116, 628	12. 0
Ferries .....	2, 209, 600	2, 042, 528	—7. 6
Passenger trains .....	1, 080, 970	1, 094, 023	1. 2
Aircraft .....	52, 786	78, 542	48. 8
Other vehicles .....	1, 524, 621	1, 633, 277	7. 1
<b>Pedestrians .....</b>	<b>10, 578, 528</b>	<b>10, 597, 458</b>	<b>. 2</b>
<b>Total passengers and pedestrians .....</b>	<b>50, 089, 787</b>	<b>48, 552, 327</b>	<b>—3. 1</b>

<sup>1</sup> Revised.

Airplane traffic on international lines continued its expansion, showing for the ninth consecutive year an increase in the number of planes used. The number of passengers arriving by air from abroad was almost 50 percent greater than during the previous year, and was more than four times as large as in 1932. More than one-half of the airplane passengers who reached the country on international lines arrived in the Florida customs district, most of these at the port of Miami. Large gains over the previous year were also recorded at Seattle, Wash., Burlington, Vt., Newark, N. J., and Brownsville, Tex. The following table shows the number of airplanes and airplane passengers entering the United States during the past 2 fiscal years:



*Number of airplanes and airplane passengers entering the United States, fiscal years  
1939 and 1940*

District	Airplanes		Airplane passengers		Percentage increase or decrease (-)	
	1939	1940	1939	1940	Airplanes	Passen- gers
Northern border:						
Maine.....	61	63	109	131	3.3	20.2
Vermont.....	745	1,107	1,889	6,253	48.6	231.0
St. Lawrence.....	53	47	129	104	-11.3	-19.4
New York.....	805	890	6,591	11,890	10.6	80.4
Rochester.....	19	24	35	45	26.3	28.6
Buffalo.....	226	203	453	444	-10.2	2.5
Michigan.....	104	95	253	158	-42.1	-32.2
Dakota.....	746	742	3,186	3,642	-5	14.3
Washington.....	1,077	1,254	3,287	4,017	16.4	40.5
Other districts.....	67	88	275	584	31.3	112.4
Total.....	3,963	4,513	16,167	27,868	13.9	72.4
Southern border:						
Los Angeles.....	156	185	1,091	1,811	18.6	66.0
San Diego.....	127	105	295	187	-17.3	-36.6
Arizona.....	41	33	53	70	-19.5	32.1
El Paso.....	9	11	14	18	22.2	28.6
Laredo.....	428	503	3,991	6,517	17.5	63.3
Total.....	761	837	5,444	8,603	10.0	58.0
Alaska.....	611	672	2,107	2,212	10.0	5.0
Hawaii.....	38	52	224	340	36.8	51.8
Florida.....	1,820	2,285	28,844	39,519	25.5	37.0
Total.....	2,469	3,009	31,175	42,071	21.9	35.0
Grand total.....	7,193	8,359	52,786	78,542	16.2	48.8

*Neutrality activities.*—The European war caused a large increase in the amount of work performed by customs officers. The export declarations increased sharply as a result of shipments of war supplies to belligerent nations. The number of export declarations reached a total of 4,280,109, compared with 3,816,673 in 1939, an increase of 12 percent, and the value of exports totaled \$3,829,000,000 in 1940, compared with \$2,919,000,000 in the previous year, an increase of 31 percent. Under the Neutrality Act and regulations, customs examination of both the documents and the actual shipments was frequently required in order to prevent the exportation of prohibited commodities. In addition to the increased activity due to the greater volume of exports, outgoing passenger traffic was carefully checked to insure conformance with passport regulations; clearance papers of vessels were examined to insure that all additional requirements were met; and outgoing vessels were frequently searched to prevent them from involving this country in a violation of its neutrality.

*Drawback transactions.*—The number of drawback entries was only slightly smaller than in 1939, while, as a result of the expansion in exports, the amount of drawback paid increased by \$2,699,315. The actual payments corresponded very closely to the total allowed under the various provisions of the Tariff Act of 1930. About 99 percent of the drawback allowed consisted of drawback on exported merchandise manufactured from imported materials, the most important of which were sugar, flaxseed, and copper. The number of notices of intent to export with benefit of drawback during 1940 was 4,378 larger than

during the previous year. A comparison of these transactions during the last 2 years is presented in the table following:

*Drawback transactions, fiscal years 1939 and 1940*

Transaction	1939	1940	Percentage increase or decrease (—)
	<i>Number</i>	<i>Number</i>	
Drawback entries received.....	20,053	19,974	-0.4
Notices of intent:			
Originating in the district.....	240,050	244,428	1.8
Received from other districts.....	107,286	119,400	11.3
Forwarded to other districts for disposition.....	101,406	114,309	12.7
Certificates of manufacture received.....	13,287	12,212	-8.1
Import entries used in drawback liquidation.....	22,676	22,318	-1.6
Certificates of importation issued.....	5,182	5,029	-3.0
Drawback allowed:	<i>Amount</i>	<i>Amount</i>	
Manufactures from imported merchandise.....	\$11,253,013.78	\$13,886,813.71	23.4
Duty paid on merchandise exported from continuous customs custody.....	31,180.70	22,151.37	-29.0
Merchandise which did not conform to sample or specifications and returned to customs custody and exported.....	102,695.80	84,628.14	-17.6
Imported materials used in construction and equipment of vessels built for foreigners.....	\$17.58	-----	-----
Salt used in curing fish.....	11,080.25	4,708.31	-57.5
Total drawback allowed.....	11,398,788.11	13,998,301.53	22.8
Internal revenue refund on account of domestic alcohol.....	163,738.73	183,149.73	11.9
Total.....	11,562,526.84	14,181,451.26	22.7

*Protests and appeals.*—A larger number of protests was filed during 1940 than during 1939, but there were fewer appeals for reappraisal. The following statement shows the progress of this work during the past 2 years:

*Number of protests and appeals, fiscal years 1939 and 1940*

Status	1939 <sup>1</sup>	1940	Percentage increase or decrease (—)
Protests:			
Filed with collectors by importers.....	38,550	41,547	7.8
Allowed by collectors.....	1,470	1,828	24.4
Denied by collectors and forwarded to customs court.....	35,578	40,807	14.7
Appeals for reappraisal filed with collectors.....	5,779	5,332	-7.7

<sup>1</sup> Revised.

*Law enforcement activities*

*Seizures.*—Seizures for violations of the customs laws declined during the year. Most of the important classes of customs seizures contributed to this decline. The reduced passenger traffic was partially reflected in the reduction in the number and value of merchandise seizures, the value of seizures of those types of goods usually brought by tourists being in most cases much smaller than in 1939. However, the value of wearing apparel and luggage, amounting to \$106,149, and the value of jewelry, precious metals and stones, watches and parts, amounting to \$284,569, were greater than during 1939, and represented 10.6 and 28.5 percent, respectively, of the total value of all seized merchandise. More than one-third of the total value of the seized merchandise consisted of colors and dyes seized from commercial importations for failure to comply with the require-

ments of the Tariff Act of 1930 that a plain and complete description of their contents appear on the immediate container and on the invoice. Two unusually large commercial seizures in 1939, one of unmanufactured tobacco valued at \$250,000 and the other of oriental rugs valued at \$123,600, were each sufficient to account for the entire decrease in value of seized merchandise.

The influx of refugees in 1939, many of whom were ignorant of the customs requirements of this country, resulted in a considerable number of seizures of goods which could be readily converted into cash, such as cameras and surgical instruments. The smaller number of such refugees during the past year and a better knowledge of the customs requirements of the United States caused a reduction in the number and value of seizures of this sort.

Narcotic seizures were much fewer in number and smaller in value than in 1939, during which year a number of unusually large narcotic shipments were seized. The quantity of narcotics seized during 1940 was smaller than for any year in the past decade. Customs officers during 1940 seized 1,956 ounces of marihuana and 2,775 ounces of other narcotic drugs, as compared with 1,518 ounces of marihuana and 28,660 ounces of other drugs during the previous year.

The number and principal types of seizures made by the Customs Service and other governmental agencies during the past 2 years are shown on the following table:

*Seizures for violations of the customs laws, fiscal years 1939 and 1940*

Seizure	1939	1940	Percentage increase or decrease (—)
Merchandise:			
Number.....	5,878	5,433	—7.6
Value:			
Jewelry, precious metals and stones, watches and parts.....	\$210,186	\$284,569	35.4
Wearing apparel and luggage.....	67,156	106,149	58.1
Toilet articles and medicine.....	9,023	8,054	—10.7
Textiles and raw wool.....	25,541	16,245	—36.4
Furs—skins and manufactured.....	85,147	56,411	—33.7
Edibles and farm produce.....	4,828	24,771	413.1
Whale oil.....	99,311	20,629	—79.2
House furnishings, excluding rugs.....	67,283	52,190	—22.4
Rugs.....	143,931	1,971	—98.6
Guns and ammunition.....	1,081	747	—30.9
Cameras, binoculars, and ship's instruments.....	90,406	21,842	—75.8
Hardware and sport goods.....	4,615	12,516	171.2
Cigars, cigarettes, and tobacco.....	257,419	5,444	—97.9
Books and stationer's supplies.....	4,304	1,991	—53.7
Prohibited articles.....	4,968	8,628	73.7
Livestock, etc. (excluding horses).....	6,441	6,234	—3.2
Colors, dyes, etc.....	2,166	356,531	16,360.3
Miscellaneous.....	45,788	12,784	—72.1
Total value of merchandise.....	1,129,594	997,706	—11.7
Prohibited articles:			
Obscene, number.....	640	788	23.1
Lottery, number.....	148	194	31.1
Narcotics:			
Number.....	1,008	859	—14.8
Value.....	\$495,940	\$20,857	—95.8
Liquors:			
Number.....	3,773	3,114	—17.5
Quantity (gallons):			
Distilled liquors and wines.....	4,024	2,673	—33.6
Malt.....	157	299	90.4
Alcohol.....	647	660	2.0
Value, all liquors.....	\$43,935	\$26,922	—38.7
Boats, automobiles, airplanes, and horses, value.....	\$203,661	\$208,849	2.5
Grand total:			
Number.....	11,447	10,388	—9.3
Value.....	\$1,873,130	\$1,254,334	—33.0

In addition to the goods which were seized, claims aggregating \$8,467,828 were initiated by the Customs Service against importers in connection with various irregularities and frauds, which either did not necessitate a seizure or were discovered after the goods had gone into consumption.

The following table presents the record of customs seizures classified according to the various agencies which were instrumental in apprehending violators of customs laws:

*Seizures and arrests for violations of customs laws, classified according to agencies participating, fiscal year 1940*

Agency	Seizures								
	Total		Narcotics		Liquor		Lottery and obscene, number	Merchandise	
	Number <sup>1</sup>	Value	Number	Value	Number	Value		Number	Value
Customs Agency Service:									
Investigative Unit.....	662	\$539,231	43	\$4,917	3	\$233	6	610	\$445,732
Enforcement Unit.....	588	75,228	46	2,270	139	10,327	2	401	21,951
Customs Service, exclusive of Agency Service.....	8,837	597,232	683	8,789	2,905	13,825	971	4,278	528,902
Total Customs Service.....	10,087	1,211,691	772	15,976	3,047	24,385	979	5,289	996,585
Immigration Service.....	93	2,430	4	25	47	1,569	1	41	304
Customs Service assisted by other officers.....	71	9,202	18	4,680	18	923	2	33	756
Other Federal and local officers.....	137	31,011	65	176	2	45	-----	70	61
Grand total.....	10,388	1,254,334	859	20,857	3,114	26,922	982	5,433	997,706

Agency	Seizures—Continued									Arrests, number
	Total value boats, automobiles, airplanes, and horses	Boats		Automobiles		Airplanes		Horses		
		Number	Value	Number	Value	Number	Value	Number	Value	
Customs Agency Service:										
Investigative Unit.....	\$88,349	5	\$67,850	62	\$16,836	-----	-----	4	\$3,663	62
Enforcement Unit.....	40,680	17	1,112	119	32,085	3	\$1,300	319	6,183	255
Customs Service, exclusive of Agency Service...	45,716	5	525	137	45,030	-----	-----	11	161	88
Total Customs Service.....	174,745	27	69,487	318	93,951	3	1,300	334	10,007	405
Immigration Service.....	532	-----	-----	7	495	-----	-----	2	37	33
Customs Service assisted by other officers.....	2,843	4	333	14	2,449	-----	-----	5	61	18
Other Federal and local officers.....	30,729	1	25	93	30,684	-----	-----	2	20	38
Grand total .....	208,849	32	69,845	432	127,579	3	1,300	343	10,125	499

<sup>1</sup> Excludes number of boats, automobiles, airplanes, and horses, as they were seized in connection with narcotics, etc., seizures.

In accordance with an order of the Secretary of the Treasury of August 31, 1939, issued under authority of the act approved August 9, 1939, relating to the seizure and forfeiture of vessels, vehicles, and aircraft used to transport narcotic drugs, firearms, and counterfeit

coins, obligations, securities, and paraphernalia, officers engaged in the enforcement of the narcotic and internal revenue laws were authorized to seize such vessels, etc., and to perform such duties with respect to seizures and forfeitures as are imposed upon collectors of customs and appraisers with respect to similar seizures under the customs laws. As the result of this order, only 58 automobiles seized by narcotic agents, valued at \$18,539, were adopted for forfeiture during 1940 by the Customs Service, compared with 188 such automobiles valued at \$66,769 in 1939. Regulations also were issued on September 12, 1939, authorizing Secret Service officers to make seizures in connection with violations of counterfeiting laws; and authorizing collectors of customs to adopt such seizures and to institute forfeiture proceedings; and when forfeitures are perfected otherwise than by court decrees, such seizures shall be either returned to the Secret Service Division for official use or shall be held subject to instructions of the Director of Procurement. After September 12, 1939, 31 automobiles valued at \$10,245, seized by Secret Service officers, were delivered to the Customs Service for forfeiture.

The following table summarizes the number of boats, automobiles, etc., seized for customs violations during the past 2 years:

*Boats, automobiles, airplanes, and horses seized, fiscal years 1939 and 1940*

Seizure	For liquor violations		For narcotic violations		For other violations		Total	
	1939	1940	1939	1940	1939	1940	1939	1940
Boats:								
Number.....	3	1	1		18	31	22	32
Value.....	\$1,317	\$10	\$500		\$678	\$69,835	\$2,495	\$69,845
Automobiles:								
Number.....	57	93	229	82	224	257	510	432
Value.....	\$9,705	\$18,031	\$79,599	\$25,939	\$79,411	\$83,609	\$168,715	\$127,579
Airplanes:								
Number.....					6	3	6	3
Value.....					\$23,900	\$1,300	\$23,900	\$1,300
Horses:								
Number.....	4	2			233	341	237	343
Value.....	\$61	\$68			\$8,490	\$10,057	\$8,551	\$10,125
Total value.....	\$11,083	\$18,109	\$80,099	\$25,939	\$112,479	\$164,801	\$203,661	\$208,849

During the year 257 seized automobiles and trucks were either exported or returned to petitioners because the violations were not sufficiently flagrant to warrant forfeiture. Of the 222 automobiles forfeited, 101 were assigned for official use either to the Customs Service or to some other Government agency, and 121 were sold at public auction.

In the course of their regular duties, customs officers often apprehend violators of laws other than those relating to customs. During the year, 770 seizures were made for other departments and agencies, all but 10 of which were for the Department of Agriculture. There were 299 persons apprehended, of whom 223 were for the Immigration Service. In addition, 6,842 violations of the Department of Agriculture laws were detected.

*Legal proceedings.*—As the result of narcotic seizures, 157 defendants were presented for prosecution. Including the cases pending from

the previous year, those which were concluded resulted in 82 convictions and only 25 acquittals. Prison sentences aggregating over 91 years and fines amounting to \$2,492 were imposed by the court on convicted offenders. In addition, penalties aggregating \$77,416 were assessed against the masters of 77 vessels on which narcotic drugs were found concealed; many of these cases have not yet been concluded, only \$11,561 having been collected from the masters of vessels.

In connection with all seizures, there were 499 arrests, a decrease of 19 during the year. Although there were fewer arrests, there were almost as many convictions as during 1939, and the high ratio of convictions in the number of cases disposed of continued. Of the 577 cases disposed of, 352 convictions were secured, or 61 percent of the total; of the 626 cases disposed of in 1939, 356 convictions were secured, or 57 percent of the total. Prison terms to which customs violators were sentenced aggregated more than 155 years in 1940, compared with 339 years in 1939, while the total amount of fines imposed by the courts was \$51,035 in 1940 and \$72,167 during the previous year.

*Fines, penalties, etc.*—Collections from fines, penalties, liquidated damages, and sales of seizures aggregated \$878,387 in 1940, a decrease of \$1,152,488 from the previous year. Of the 1939 total, however, \$974,572 represented penalties collected in cases which involved the large scale smuggling of illicit liquors prior to the repeal of the eighteenth amendment, while in 1940 there was a single collection of \$7,917 of this type.

Penalties collected for the failure of incoming passengers to declare goods purchased abroad aggregated \$311,630 during the year, a slightly larger amount than in 1939. More than half (\$172,000) of the 1940 total, however, was collected from a single offender. Conspiracy cases, most of which resulted in court fines, irregularities in connection with bonded importations and violations by the masters of vessels, either by failure to manifest imported merchandise or by unlading it without customs supervision, also yielded larger collections than in 1939.

The net proceeds from the sale of seized and forfeited articles was much smaller than in 1939 due to the inclusion in the total for the previous year of the proceeds of a sale of forfeited diamonds by the court, which yielded \$192,479. The net proceeds of seizures sold by the collectors amounted to \$20,944 in 1940 and \$13,751 in 1939, while the proceeds of sales by court order aggregated \$28,912 in 1940 and \$219,546 in 1939.

Included in the sales were 123 automobiles for \$5,534 and 1 boat for \$275, compared with 95 automobiles, 3 boats, and 1 airplane in 1939, which yielded \$4,018, \$141, and \$125, respectively. The following table presents a summary of the amounts collected for the last 2 years in fines, penalties, and forfeitures, and from the sale of seizures, classified according to the type of violation:

*Collections for violations of the customs laws, fiscal years 1939 and 1940*

Violation	1939	1940	Percentage increase or decrease (—)
Undeclared articles in baggage of passengers arriving from abroad.....	\$299, 574. 75	\$311, 629. 84	4. 0
Irregularities in bonded importations (liquidated damages).....	93, 119. 83	105, 872. 46	13. 7
False invoicing, including undervaluation.....	262, 279. 90	237, 631. 30	—9. 4
Liquor.....	987, 772. 75	15, 742. 61	—98. 4
Smuggling (including conspiracy), mostly criminal cases.....	39, 549. 86	44, 414. 77	12. 3
Failure of masters of vessels to make complete manifest of im- ported merchandise.....	13, 137. 58	13, 491. 73	2. 7
Unlading foreign merchandise without customs supervision.....	16, 528. 22	26, 774. 09	62. 0
Narcotic:			
By masters of vessels on which violations occur.....	52, 600. 85	46, 128. 06	—12. 3
Other offenders.....	9, 175. 25	4, 256. 81	—53. 6
Irregularities in mail importations.....	10, 638. 30	2, 800. 57	—73. 7
Failure to report arrival in United States.....	7, 847. 57	5, 209. 14	—33. 6
Miscellaneous.....	5, 353. 42	14, 578. 97	172. 3
Net proceeds from sale of goods seized and forfeited for all violations.....	233, 297. 00	49, 856. 38	—78. 6
Total.....	2, 030, 875. 28	878, 386. 73	—56. 7

*Coordination with other agencies.*—The coordination plan adopted in August 1934, which developed closer cooperation between the Coast Guard, Alcohol Tax and Intelligence Units of the Bureau of Internal Revenue, Bureau of Narcotics, Secret Service, and Customs Service, remained in operation. The continued effectiveness of the law enforcement branches of these agencies, as a result of this coordination, has been most gratifying.

*Tariff administration*

During the year five findings of dumping were issued, seven findings partially revoked, and one finding revoked as of date of issuance. The findings issued applied to wool knitted berets from France (T. D. 50034) and to ribbon fly catchers from the United Kingdom, Japan, Belgium, and Germany (T. D.'s 50035 to 50038). The seven findings partially revoked applied to importations on and after May 11, 1934, but not to importations prior to that date, of safety matches from Finland, Austria, Latvia, the Netherlands, Norway, Poland, and Estonia (T. D. 50169). The finding that was revoked as of date of issuance applied to phosphate rock from Morocco (T. D. 49964).

One order was issued imposing countervailing duty on 93-94 score Cheddar cheese from Canada (T. D. 50093). Several other countervailing duty orders previously issued were supplemented or modified but none was revoked.

Public No. 450, approved April 11, 1940, an act to amend section 33 of the Copyright Act of March 4, 1909, gave the Treasury Department the machinery for discharging its administrative responsibility of preventing the importation of articles prohibited under the Copyright Act. The Bureau of Customs participated in the preparation and presentation to Congress of these amendments.

The quotas provided under the trade agreements with Canada and the United Kingdom were supplemented during the year by provisions in three trade agreements: That with Venezuela set up a quota on crude petroleum and certain petroleum products, effective December 16, 1939; the supplementary trade agreement with Cuba provided a quota on Cuban filler and scrap tobacco, effective January 1, 1940;

and the supplementary trade agreement with Canada provided a quota on black and silver foxes and furs, effective December 1, 1939. An amendment to the Philippine Independence Act established, in addition to the quotas previously in effect, quotas on imports from that country of cigars, scrap and filler tobacco, and pearl or shell buttons, effective January 1, 1940. A proclamation by the President on September 5, 1939, also provided quotas on certain types of unmanufactured cotton and cotton waste, effective for one year after September 20, 1939. A statement of the commodities imported under quota provisions during the quota periods ended in the fiscal years 1939 and 1940 follows:

*Commodities imported under quota provisions during quota periods ended in the fiscal years 1939 and 1940*

Commodity	Quota period	Established quota	Unit of quantity	Total imports within quota limitation	Per cent of quota filled	Date quota filled
Sawed timber and lumber, n. s. p. f., of Douglas fir or Western hemlock.	Cal. year 1938....	250,000,000	Board foot.	172,301,698	68.92	
Cattle, weighing less than 175 pounds each.	.....do.....	51,933	Head..	40,943	78.84	
Cattle, weighing 700 pounds or more each and n. s. p. f.	.....do.....	155,799	...do....	124,920	80.18	
Cows weighing 700 pounds or more each, imported specially for dairy purposes.	.....do.....	20,000	...do....	7,431	37.16	
Cattle weighing less than 200 pounds each.	Cal. year 1939....	100,000	...do....	100,000	100.00	Sept. 12, 1939
Cattle weighing 700 pounds or more each, other than cows imported specially for dairy purposes.	Cal. year.....	225,000	...do....			
	1st quar. 1939.....	60,000	...do....	60,000	100.00	Feb. 2, 1939
	2d quar. 1939:					
	Canada.....	51,720	...do....	50,971	98.55	
	Other countries.....	8,280	...do....	8,280	100.00	Apr. 13, 1939
	3d quar. 1939:					
	Canada.....	51,720	...do....	50,909	98.43	
	Other countries.....	8,280	...do....	7,827	94.53	
	4th quar. 1939:					
	Canada.....	40,350	...do....	35,663	88.38	
	Other countries.....	6,663	...do....	6,663	100.00	Oct. 2, 1939
	1st quar. 1940:					
	Canada.....	51,720	...do....	19,705	38.10	
	Other countries.....	8,280	...do....	8,280	100.00	Jan. 2, 1940
	2d quar. 1940:					
	Canada.....	51,720	...do....	37,512	72.53	
	Other countries.....	8,280	...do....	8,280	100.00	Apr. 1, 1940
Whole milk, fresh or sour.	Cal. year 1939....	3,000,000	Gallon.	7,124	.24	
Cream, fresh or sour	Cal. year.....	1,500,000	...do....			
	1938.....			5,127	.34	
	1939.....			1,527	.10	
Fish, fresh or frozen, filleted, etc., n. s. p. f., cod, haddock, hake, pollock, cusk, and rosefish.	Cal. year 1939....	15,000,000	Pound.	9,892,197	65.95	
White or Irish potatoes, certified seed.	12 mos. from— Dec. 1, 1937.....	45,000,000	...do....	44,726,194	99.39	
	Sept. 15, 1938.....	90,000,000	...do....	59,758,730	66.40	
Other.....	12 mos. from Sept. 15, 1938.....	60,000,000	...do....	1,284,909	2.14	
Red cedar shingles.....	6 mos. from— July 1, 1938.....	864,881	Square.	864,881	100.00	Sept. 28, 1938
	Jan. 1, 1939.....	1,051,168	.....do....	1,051,168	100.00	Apr. 14, 1939



*Commodities imported under quota provisions during quota periods ended in the fiscal years 1939 and 1940—Continued*

Commodity	Quota period	Established quota	Unit of quantity	Total imports within quota limitation	Per cent of quota filled	Date quota filled
Black and silver foxes and furs.	12 mos. from Dec. 1, 1939:					
	Canada.....	1 58,300	Unit....	58,300	100.00	(2)
	Other countries.	1 41,700	...do....	41,700	100.00	(2)
Molasses and sugar sirups, n. s. p. f., containing soluble non-sugar solids equal to more than 6% of total soluble solids.	Cal. year 1939....	1,500,000	Gallon.	1,500,000	100.00	May 31, 1939
Crude petroleum, topped crude petroleum, and fuel oil derived from petroleum including fuel oil known as gas oil.	Dec. 16 to 31, 1939:					
	Venezuela.....	146,588,007	...do....	56,773,649	38.74	
	Netherlands (including overseas territories). Colombia.....	41,387,156	-----	38,650,762	93.40	
	Other countries.	8,155,105	-----			
	Other countries.	7,747,350	-----	7,747,350	100.00	Dec. 22, 1939
Coconut oil from Philippine Islands.	Cal. year.....	448,000,000	Pound.			
	1938.....			363,632,137	81.17	
	1939.....			332,855,240	74.30	
Refined sugar from Philippine Islands.	Cal. year.....	112,000,000	Pound.			
	1938.....			111,998,645	99.99	
	1939.....			111,914,438	99.92	
Unrefined sugar from Philippine Islands.	Cal. year.....	1,792,000,000	Pound.			
	1938.....			1,791,772,550	99.99	
	1939.....			1,784,340,281	99.57	
Yarns, twines, cords, cordage, rope, and cable, tarred or untarred, wholly or in chief value of manilla (abaca) or other hard fiber, from Philippine Islands.	12 mos. from— May 1, 1938... May 1, 1939... }	6,000,000	Pound {	5,818,532 5,889,193	96.98 98.15	

<sup>1</sup> Not to exceed 25% of annual quota during any month.

<sup>2</sup> The annual quotas were filled during first 4 months of 1940.

### *Customs Agency Service*

The investigative unit of the Customs Service, the Customs Agency Service, is charged primarily with the duty of preventing and detecting frauds in customs revenue. This Service conducts all investigations involving fraud or violations of the customs laws, and investigates and reports upon all matters brought to its attention by the Secretary of the Treasury, Department officials, the Commissioner of Customs, collectors, and other customs administrative officers, with respect to undervaluation, drawback, classification, smuggling, personnel, customs procedure, and other related subjects. All seizures of any consequence and all reported or suspected violations, except those of minor importance, come ultimately within its purview, irrespective of who made the seizure or originally discovered the violation. The value and accomplishments of the Agency Service, therefore, cannot be measured satisfactorily by the number of arrests made by its officers or by the number or value of seizures ascribed to them as contrasted with the accomplishments of the other branches of the service. At the close of the year 700 persons were in this Service, a reduction of 141 from the previous year. Following is a partial sum-

mary of its activities during the year, exclusive of seizures, arrests, and actions connected therewith:

	<i>Number</i>
Investigations of violations of customs laws:	
Undervaluation.....	967
Marking violations.....	214
Diamond and jewelry smuggling.....	314
Narcotic smuggling.....	1,248
Other smuggling.....	1,988
Touring permits.....	863
Other investigations:	
Alleged erroneous customs procedure.....	147
Drawback.....	1,464
Classification and market value.....	1,212
Customs bonds to determine solvency and sufficiency.....	145
Applications for customhouse brokers' licenses.....	88
Applications for bonded truckmen's licenses.....	107
Petitions for relief.....	534
Personnel.....	280
Navigation violations.....	351
Pilferage of merchandise.....	163
Foreign, by members of domestic service.....	657
Examinations of customhouse brokers' records.....	224

In addition to the law-enforcement work in which customs agents and patrolmen, as well as other customs officers, participate, other important aspects of the duties of this Service are outlined in the following paragraphs.

*Undervaluation.*—In the investigations of the use of false invoices, false descriptions or valuations of the merchandise, and other practices designed to deprive the Government of its lawful revenue, many violations were discovered and substantial recoveries were effected, but the number of such cases in 1940 was smaller than during the preceding year.

*Drawback investigations.*—The importance of the investigation of the claims of manufacturers desiring to establish a rate of drawback is indicated by the fact that \$14,041,580 was paid as drawback during the year. In addition to the preliminary investigations, frequent examinations are made to determine whether fraud or misrepresentation has existed in connection with drawback payments and claims, to determine whether the company's records are kept in such a manner as to insure that imported materials were actually used in exported products, and to determine whether the products exported with the benefit of drawback were correctly described by the exporter. Several penalties were imposed during the year for the filing of false drawback claims, and several claims for drawback were denied as the result of such investigations.

*Foreign investigations.*—The customs agents in the foreign service, known as Treasury representatives, continued to secure reports regarding foreign values or export values for the use of appraising officers in the United States and, in addition, rendered invaluable service in securing advance information regarding the attempted smuggling of narcotics, jewelry, and other merchandise, which made possible some of the important seizures in this country. Many of the officers stationed in the European area were returned to the United States as the result of the spread of hostilities.

*Enforcement Unit.*—The Enforcement Unit of the Customs Agency Service, established in 1937 to assist in supervising the operations of the customs patrol force, continued to direct and coordinate its activities to insure the maximum of efficiency in light of the ever-changing smugglers' technique. The Enforcement Unit also supervised investigations relating to smuggling matters, including all narcotic investigations abroad and in the United States.

The Unit continued its educational program of familiarizing the personnel of the Customs Service with all aspects of the illicit traffic in narcotic drugs. In line with this program, there was prepared and disseminated each week during the year a Weekly Narcotics Intelligence Bulletin touching on all phases of the illicit traffic in narcotic drugs coming to the notice of the Customs Agency Service during the preceding week. This bulletin was distributed throughout the field services of the Bureau of Customs and the Bureau of Narcotics; additional copies were forwarded each week to certain European narcotic investigative agencies.

The southeastern patrol unit, with headquarters at Jacksonville and officers stationed from North Carolina to New Orleans, was discontinued on December 31, 1939, some of the officers being transferred to other patrol units, and the remainder assigned to the staffs of various collectors of customs.

### *Miscellaneous*

*Appraisalment Unit.*—Due to world conditions, particularly in Europe, appraisalment officers experienced greater difficulty in determining the value of imported merchandise than at any time since the formation of this Unit in September 1937. Wide fluctuations in the valuation of merchandise and the unavailability of foreign records rendered the determination of values unusually difficult. Efforts were continued, however, to create uniformity in the classification and valuation of imported merchandise.

The activities of the Customs Information Exchange, which acts as a clearing house for the Appraisalment Unit, are summarized as follows:

	<i>Number</i>
Appraisers' reports of values or classification received.....	22, 049
Appraisalment appeals reports received.....	3, 636
Changes in value circulated.....	1, 200
Requests for investigation abroad.....	751
Reports received in response to requests for investigation abroad.....	1, 225
Reports of original investigations by Treasury attachés and price lists from American consuls received and circulated.....	3, 942
Difference in classification of merchandise between the various field officers reported to the Bureau of Customs.....	1, 105
Difference in value of merchandise between the various field officers reported to the Bureau of Customs.....	407

*Customs School of Instruction.*—The enrollment in the Customs School of Instruction continued to increase, all customs employees being enrolled in some subject, and two-thirds of them being enrolled for the entire course. Representatives from Chile, Siam, and the Philippines were assisted by the school in their study of the customs law and procedure of the United States.

*Division of Laboratories.*—This Division maintained throughout the year 9 customs laboratories, at which 91,977 samples of merchandise were tested and analyzed, an increase of 7,011 over the previous year. These analyses included 42,035 samples of sugar, 14,970 of ores, metals, etc., 4,751 of textiles, 3,180 of chemicals, 3,137 of fixed oils, fats, etc., and 3,871 of suspected opium and narcotics. The Division prepared and distributed for the use of the chemists new methods of laboratory analysis for 14 commodities and a book containing the approved customs laboratory methods for use in analyzing certain specified commodities. A gauging manual for the information and guidance of all customs officers was prepared and will shortly

be printed. A wool testing laboratory was set up at Boston to determine the clean content of wool by the use of representative samples taken from greasy wool.

*Customs liaison officers.*—This group was established on July 28, 1939, to take over the duties of the Port Examination Commission with respect to securing greater uniformity in the procedure followed by customs officers. The liaison officers, functioning under the immediate direction of the Commissioner of Customs, follow largely the methods used by the Port Examination Commission, but their decisions become effective immediately unless their recommendations are opposed by the collectors of customs, in which case the procedure in question is submitted to the Bureau for decision.

*Traveling auditors.*—There was established on January 8, 1940, in each of the offices of the Comptrollers of Customs a staff of field auditors, authorized to make periodic physical audits of the fiscal activities of the various customs districts. The work of these auditors has already resulted in a marked improvement in the handling of customs funds, especially in speeding up the collection of outstanding accounts and in the payment of refunds. The auditors also make physical inventories of the property in the custody of customs officers and apply to government accounting the auditing principles widely recognized in private business.

*Division of Engineering and Weighing.*—The most important function of this Division is the supervision of weighing and gauging practice and the maintenance of the weighing equipment, since the slightest inaccuracy in the weight determination of such commodities as sugar, wool, metals, tobacco, and cattle results in enormous loss. During the past year provision was made for the installation of cattle weighing scales at Pembina, N. Dak., Noyes, Minn., Laredo and Brownsville, Tex., and Antelope Wells, N. Mex., and contracts awarded for the reconditioning of 46 special Treasury automatic weighing and recording scales which have been in constant use in weighing raw sugars and wool for periods in excess of 14 years. The division collaborated in the preparation of plans for new customhouses and appraisers' stores at San Francisco, Los Angeles, New Orleans, Tampa, Port Everglades, and Houston, and for border stations at Laredo and El Paso, Tex., and assisted in the determination of suitability and in the acquisition of building sites for border stations to be erected in the States of Maine, New Hampshire, Vermont, New York, Minnesota, North Dakota, Montana, Washington, California, Arizona, New Mexico, and Texas.

*Changes in ports and stations.*—During the year a port was established at Muskegon, Mich., which had previously been a customs station, and 3 new stations were established at Winton, Minn., Fargo, N. Dak., and Port Hueneme, Calif. On the other hand, two customs districts, 6 ports of entry, and 3 customs stations were abolished. The district of Iowa was abolished and included in the Chicago district after September 23, 1939; and the Utah-Nevada district was abolished and included in the San Francisco district after February 21, 1940. The ports of entry abolished were those at Des Moines, Iowa, Fort Worth, Tex., Oklahoma City, Okla., Tulsa, Okla., Grand Haven, Mich., and Salt Lake City, Utah, and the stations abolished were those at Muskegon, Mich. (which was made a port), Sparrows Point, Md. (which was consolidated with the port of Baltimore), and Ottawa,

Canada. In addition to these changes, the customs district of Laredo was created to include all of the former customs district of San Antonio, except the port of Corpus Christi, which was transferred to the Galveston customs district.

*Cost of administration.*—The total revenues collected by the Customs Service during the year, including collections for other departments and Puerto Rican collections other than duties, amounted to \$383,279,575 as compared with \$350,422,281 for 1939, or an increase of \$32,857,294 during the year. The expenses increased by \$343,510 to \$21,127,673 in 1940, but, as a result of the increased collections, the cost to collect \$100 was only \$5.51 in 1940 as compared with \$5.93 in 1939.

### Review of activities since 1933

#### *Collections*

Customs collections, after increasing in each successive year from a low of \$251,301,000 in 1933 to a peak of \$488,343,000 in 1937, declined to \$321,410,000 in 1939, but took an upturn in 1940, reaching a total of \$350,852,000. A detailed statement of collections for each of the past eight fiscal years, together with the amounts refunded, follows:

#### *Customs collections<sup>1</sup> and refunds, fiscal years 1933 to 1940*

[On basis of accounts of Bureau of Customs. In thousands of dollars]

Type	1933	1934	1935	1936	1937	1938	1939	1940
<b>Collections:</b>								
<b>Duties:</b>								
Consumption entries.....	\$151,002	\$171,378	\$192,105	\$234,568	\$313,531	\$221,790	\$185,653	\$190,975
Warehouse withdrawals.....	92,094	134,103	145,273	143,379	162,007	124,791	124,613	151,029
Mail entries.....	2,633	2,514	2,609	3,088	3,291	3,298	2,891	2,098
Baggage entries.....	683	752	673	775	998	1,110	1,009	538
Informal entries.....	642	701	897	915	1,054	915	795	689
Appraisement entries.....	185	312	215	231	302	208	272	144
Increased and additional duties.....	3,137	3,164	3,035	3,888	6,062	4,690	3,858	4,188
Other duties.....	125	170	75	98	120	86	150	150
<b>Total duties.....</b>	<b>250,502</b>	<b>313,095</b>	<b>344,942</b>	<b>386,941</b>	<b>487,366</b>	<b>356,889</b>	<b>319,241</b>	<b>349,811</b>
<b>Miscellaneous:</b>								
Fines and forfeitures.....	625	486	1,037	1,309	548	2,229	1,704	723
Liquidated damages.....	24	202	239	285	267	149	93	106
Sale of seizures.....	45	89	170	170	69	161	233	50
Sale of Government property, unclaimed and abandoned merchandise.....	60	133	86	33	36	80	57	71
All other customs receipts.....	47	53	48	46	56	66	81	91
<b>Total miscellaneous.....</b>	<b>799</b>	<b>963</b>	<b>1,580</b>	<b>1,844</b>	<b>976</b>	<b>2,685</b>	<b>2,169</b>	<b>1,040</b>
<b>Total customs collections.....</b>	<b>251,301</b>	<b>314,058</b>	<b>346,522</b>	<b>388,785</b>	<b>488,343</b>	<b>359,574</b>	<b>321,410</b>	<b>350,852</b>
<b>Refunds:</b>								
Excessive duties.....	4,923	5,849	7,062	5,718	4,569	5,220	4,123	4,954
Drawback payments.....	7,591	8,077	13,727	10,023	10,774	11,841	11,342	14,042
<b>Total refunds.....</b>	<b>12,514</b>	<b>13,926</b>	<b>20,790</b>	<b>15,741</b>	<b>15,342</b>	<b>17,062</b>	<b>15,465</b>	<b>18,996</b>

<sup>1</sup> 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.

Duties on consumption entries reached the largest proportion of the total duties collected (64 percent) in 1937 due, in part, to heavy importations of those agricultural commodities of which a shortage existed in this country as a result of the drought.

A large portion of the duties on warehouse withdrawals were derived from sugar, alcoholic beverages, tobacco, and wool. Duties collected

on sugar were limited during most of the period by a quota and declined successively during each year from 1933 to 1939, the increase in 1940 being due chiefly to the temporary removal of the quota and to the return during a portion of 1940 to higher rates of duty. The revenue from duties on tobacco remained at quite a constant level, decreases in rates of duty under the terms of the Cuban and Turkish trade agreements being offset by sufficiently increased importations. Duties on imports of alcoholic beverages increased sharply in 1934 and 1935, the latter being the first full year in which any considerable amount of duties was collected on imported liquors and wines as a result of the repeal of the eighteenth amendment. The increased importations which resulted from reductions in the rates of duty on alcoholic beverages under the terms of the Canadian, Haitian, Cuban, and the United Kingdom trade agreements were sufficient to maintain collections after 1935 at quite a constant level. The variable element in duties on warehouse withdrawals during the past 8 years was largely the result of the fluctuation in imports of wool. All four of these commodities were subject to specific rates of duty and were, therefore, not influenced by price changes.

The following table shows the duties collected on the individual items which were most important as customs sources of revenue:

*Duties collected on leading dutiable commodities, fiscal years 1933 to 1940*

[In thousands of dollars. On basis of reports of collectors]

Fiscal year	Sugar	Agricultural products	Distilled liquors and wines	Tobacco	Unmanufactured wool	Duties on other products	Total duties
1933.....	\$65,019	( <sup>1</sup> )	\$262	( <sup>1</sup> )	\$2,390	\$182,831	\$250,502
1934.....	55,658	( <sup>1</sup> )	24,023	( <sup>1</sup> )	10,931	222,482	313,094
1935.....	53,123	\$74,121	40,943	\$21,636	5,319	149,800	344,942
1936.....	44,321	81,462	37,990	23,437	19,762	179,969	386,941
1937.....	39,187	117,294	44,487	25,529	35,118	225,751	487,366
1938.....	36,880	67,079	39,433	22,859	8,382	182,256	356,889
1939.....	36,085	56,009	31,814	25,709	12,449	157,175	319,241
1940.....	56,108	53,063	35,859	22,634	28,501	153,646	349,811

<sup>1</sup> Included in duties on other products.

*Volume of business*

*Entries of merchandise.*—The total number of entries of merchandise increased continuously from 1933 to 1938, but decreased during 1939 and 1940. The number of entries for each year from 1933 to 1940 is shown in the following table:

*Number of entries of merchandise, fiscal years 1933 to 1940*

Fiscal year	Dutiable consumption entries	Free consumption entries	Warehouse withdrawals	Mail entries	Baggage entries	Informal entries	All other	Total
1933.....	261,255	142,155	199,260	518,429	367,009	135,479	371,988	1,995,575
1934.....	264,355	158,948	257,506	447,452	393,977	146,451	471,725	2,140,414
1935.....	284,405	164,660	323,473	475,445	418,403	188,135	538,528	2,393,049
1936.....	324,014	183,417	379,124	527,261	480,048	206,436	612,654	2,712,954
1937.....	394,838	195,474	382,383	564,546	595,705	244,283	698,232	3,075,461
1938.....	342,784	176,478	382,882	584,764	714,586	234,786	684,896	3,121,176
1939.....	328,963	185,065	372,938	590,976	710,005	206,322	673,529	3,067,798
1940.....	284,120	181,868	360,039	423,000	535,468	191,167	705,838	2,681,500

*Vessel, airplane, and highway traffic.*—The volume of traffic taken as a whole exhibited somewhat smaller variations during the past 8 years than appeared in the number of entries of merchandise. The following table shows the number of each type of vehicle and the number of passengers entering the United States by such vehicles for the fiscal years 1933 to 1940:

*Number of vehicles and persons entering United States from abroad, fiscal years 1933 to 1940*

Fiscal year	Automobiles and busses	Documented vessels	Undocumented vessels	Ferries	Passenger trains	Aircraft	Other vehicles	Total <sup>1</sup>
Vehicles and vessels—								
1933-----	9,608,698	27,731	( <sup>2</sup> )	195,925	39,284	4,801	315,545	-----
1934-----	8,929,186	27,308	( <sup>2</sup> )	188,402	38,420	4,347	308,363	-----
1935-----	9,293,535	28,524	( <sup>2</sup> )	189,918	35,836	4,816	323,952	-----
1936-----	9,992,312	29,601	( <sup>2</sup> )	191,548	34,086	4,588	328,752	-----
1937-----	11,217,252	32,660	( <sup>2</sup> )	201,454	34,607	5,504	408,710	-----
1938-----	11,907,125	31,856	25,805	172,575	34,230	6,219	353,464	-----
1939-----	11,043,237	32,220	25,621	132,328	33,427	7,193	337,585	-----
1940-----	11,508,907	34,331	29,946	114,041	33,502	8,359	438,964	-----
Persons entering by—								
1933-----	25,097,057	795,380	( <sup>2</sup> )	2,852,397	811,301	18,798	1,863,934	40,822,539
1934-----	24,052,731	754,190	( <sup>2</sup> )	2,809,658	905,021	19,624	1,502,368	39,679,452
1935-----	25,604,405	811,547	( <sup>2</sup> )	2,627,032	936,538	27,001	1,548,857	41,730,336
1936-----	27,209,538	898,267	( <sup>2</sup> )	2,685,795	991,351	27,111	1,874,050	44,288,079
1937-----	31,322,255	1,011,387	( <sup>2</sup> )	2,914,288	1,208,448	37,488	1,800,286	49,238,348
1938-----	34,461,503	1,071,896	93,972	2,934,550	1,211,822	44,107	1,732,503	52,887,018
1939-----	33,519,803	1,019,313	104,166	2,209,600	1,080,970	52,786	1,524,621	50,089,787
1940-----	32,256,533	733,338	116,628	2,042,528	1,094,023	78,542	1,633,277	48,562,327

<sup>1</sup> Includes pedestrians, not shown separately.

<sup>2</sup> Included with ferries or with other vehicles.

### *Law enforcement activities*

Decided changes took place during the period from 1933 to 1940 in the number and types of seizures made for the violations of customs laws. Until the repeal of the eighteenth amendment in December 1933, a large number of seizures of liquor were made each year. Attempts to smuggle liquor and alcohol continued during the first 2 years following repeal, but several important seizures of large quantities of distilled liquors and alcohol during 1935 and 1936, together with the extension of the territory into which alcoholic beverages could be legally imported resulted in the almost complete discontinuance of attempts to smuggle this commodity on a commercial scale. The repeal of the eighteenth amendment also exerted a pronounced effect on the number and value of vehicles and vessels seized for liquor violations.

Partly as a result of the greater cooperation between the enforcement branches of the various bureaus of the Treasury, the number of seizures of narcotics increased for each year from 1933 to 1939, with the exception of 1935. The sharper increase during the latter years was due to the classification of seizures of marihuana as narcotic seizures after the Marihuana Tax Act became effective on October 1, 1937. The quantity of narcotics seized since 1933, however, varied considerably from year to year, and in 1940 was less than during any year since 1933.

The smuggling of watch movements gave customs officers considerable difficulty. Two circumstances, however, caused the almost complete discontinuance of this type of smuggling, the repeated seizures of large quantities of smuggled watch movements and the provision in the trade agreement with Switzerland for the symbol marking of legitimate shipments of watch movements. The following table shows the number and value of the various types of seizures during the last 8 years:

*Seizures for violations of the customs laws, fiscal years 1933 to 1940*

Seizure	1933	1934	1935	1936	1937	1938	1939	1940
Merchandise:								
Number of seizures.....	4, 580	3, 057	5, 448	6, 378	6, 994	5, 725	5, 878	5, 433
Value:								
Jewelry and watch parts..	\$301, 918	\$52, 821	\$129, 395	\$154, 301	\$338, 959	\$92, 800	\$210, 186	\$284, 569
Wearing apparel and luggage.....	33, 458	42, 086	33, 458	29, 980	60, 327	74, 699	67, 156	106, 149
Toilet articles and medicine.....	12, 017	6, 313	10, 230	13, 299	10, 624	9, 343	9, 023	8, 054
Textiles.....	7, 942	7, 067	8, 159	29, 440	25, 203	31, 580	25, 541	16, 245
Raw wool.....	1, 711	24, 101	5, 472	30, 297	128, 045	46, 249	85, 147	56, 411
Furs.....	24, 186	14, 147	9, 273	16, 013	50, 349	13, 649	104, 139	45, 400
Edibles and whale oil.....	7, 381	27, 687	15, 827	68, 813	21, 241	24, 843	211, 214	54, 161
Furniture, including china and rugs.....	80, 200	5, 607	6, 406	81, 401	838	757	1, 081	747
Guns and ammunition.....	1, 006	378	1, 257					
Hardware and sport goods.....	10, 667	13, 699	26, 275	6, 774	23, 218	36, 070	95, 021	24, 358
Cigars and cigarettes.....	1, 675	5, 891	4, 615	3, 426	2, 636	2, 939	257, 419	5, 444
Books.....	2, 855	2, 410	1, 865	5, 337	10, 727	2, 080	4, 304	1, 991
Prohibited articles.....	( <sup>1</sup> )	5, 996	5, 884	5, 731	5, 668	6, 211	4, 968	8, 628
Livestock.....	6, 255	4, 559	7, 988	13, 964	7, 662	9, 118	6, 441	6, 234
Miscellaneous.....	4, 044	1, 134	24, 654	54, 188	264, 904	74, 308	47, 954	369, 315
Total value of merchandise.....	495, 315	213, 896	290, 758	431, 964	950, 401	424, 646	1, 129, 594	997, 706
Prohibited articles:								
Obscene, number.....	1, 107	924	672	748	595	638	640	788
Lottery, number.....	17, 346	22, 883	9, 313	3, 953	175	141	148	194
Narcotics:								
Number.....	215	256	239	310	430	684	1, 008	859
Value.....	\$68, 284	\$40, 867	\$65, 664	\$110, 129	\$82, 551	\$46, 037	\$495, 940	\$20, 857
Liquors:								
Number.....	21, 013	11, 721	5, 224	3, 252	2, 430	3, 347	3, 773	3, 114
Quantity (gallons):								
Distilled liquors and wines.....	182, 643	148, 173	23, 273	23, 837	5, 627	3, 803	4, 024	2, 673
Malt.....	51, 641	9, 865	668	231	111	466	157	299
Alcohol.....	173, 810	44, 924	138, 040	101, 604	860	787	647	660
Value:								
Distilled liquors, beer, and wines.....	( <sup>2</sup> )	( <sup>2</sup> )	\$222, 214	\$227, 017	\$29, 692	\$31, 505	\$39, 428	\$22, 557
Alcohol.....	\$893, 757	\$345, 443	1, 417, 973	426, 236	4, 055	6, 252	4, 507	4, 365
Total value of liquors.....	893, 757	345, 443	1, 640, 187	653, 253	33, 747	37, 757	43, 935	26, 922
Boats:								
Liquor violations:								
Number.....	297	102	52	37	7	1	3	1
Value.....	\$654, 786	\$287, 658	\$121, 526	\$174, 956	\$3, 315		\$1, 317	\$10
Narcotic violations:								
Number.....	( <sup>3</sup> )	( <sup>3</sup> )	2		1	1	1	
Value.....	( <sup>3</sup> )	( <sup>3</sup> )	\$410		\$100	\$200	\$500	
Other violations:								
Number.....	99	59	45	37	21	25	18	31
Value.....	\$73, 040	\$36, 620	\$94, 459	\$21, 691	\$10, 251	\$11, 776	\$678	\$69, 835
Automobiles:								
Liquor violations:								
Number.....	945	522	303	139	63	49	57	93
Value.....	\$191, 961	\$109, 836	\$63, 134	\$22, 728	\$7, 837	\$8, 637	\$9, 705	\$18, 031
Narcotic violations:								
Number.....	( <sup>3</sup> )	( <sup>3</sup> )	91	121	114	197	229	82
Value.....	( <sup>3</sup> )	( <sup>3</sup> )	\$27, 304	\$40, 236	\$42, 554	\$76, 453	\$79, 599	\$25, 939
Other violations:								
Number.....	215	264	321	363	350	296	224	257
Value.....	\$48, 235	\$54, 964	\$74, 695	\$113, 624	\$119, 119	\$103, 309	\$79, 411	\$83, 609

<sup>1</sup> Included in miscellaneous.

<sup>2</sup> Not available.

<sup>3</sup> Included in liquor violations.



*Seizures for violations of the customs laws, fiscal years 1933 to 1940—Continued*

Seizure	1933	1934	1935	1936	1937	1938	1939	1940
Airplanes:								
Liquor violations:								
Number.....	14	6	2	1				
Value.....	\$32,135	\$5,700	\$2,850	\$500				
Other violations:								
Number.....	16	8	4	2		1	6	3
Value.....	\$13,151	\$7,300	\$6,450	\$2,400		\$256	\$23,900	\$1,300
Horses:								
Liquor violations:								
Number.....	30	23	25	1	6	3	4	2
Value.....	\$623	\$793	\$818	\$10	\$95	\$68	\$61	\$68
Other violations:								
Number.....	( <sup>a</sup> )	281	493	505	386	259	233	341
Value.....	( <sup>a</sup> )	\$12,415	\$15,455	\$19,477	\$10,648	\$6,959	\$8,490	\$10,057
Total value boats, autos, etc.....	\$1,013,931	\$515,286	\$407,101	\$395,622	\$193,919	\$207,658	\$203,661	\$208,849
Grand total:								
Number <sup>b</sup> .....	44,261	38,841	20,896	14,641	10,624	10,535	11,447	10,388
Value.....	\$2,471,287	\$1,115,492	\$2,403,710	\$1,590,968	\$1,260,618	\$716,098	\$1,873,130	\$1,254,334

<sup>a</sup> Included in livestock.<sup>b</sup> Excludes number of boats, automobiles, airplanes, and horses, as they were seized in connection with narcotic seizures, etc.

*Fines, penalties, etc.*—Penalties collected for customs violations varied considerably during the past 8 years. The large collections for liquor violations in 1936, 1938, and 1939 resulted from violations which originated prior to the repeal of the eighteenth amendment. Aside from these, collections for liquor violations decreased sharply with the repeal of the eighteenth amendment and have remained at a low level during the subsequent years. The largest sources of fines, penalties, and forfeitures were undeclared articles in the baggage of passengers arriving from abroad, fraud, undervaluation or false invoicing in connection with commercial importations, and irregularities in connection with bonded importations, each of which remained rather constant. Collections in the form of fines, penalties, and forfeitures in 1940 were lower than for any other year except 1934.

The following table presents a summary of the amounts collected during the fiscal years 1933 to 1940, inclusive, in fines, penalties, and forfeitures, and from the sale of seizures, classified according to the type of violation:

*Collections for violations of the customs laws, fiscal years 1933 to 1940*

Violations	1933	1934	1935	1936	1937	1938	1939	1940
Undeclared articles in baggage of passengers arriving from abroad.....	\$159,078	\$34,381	\$42,706	\$49,446	\$162,426	\$158,350	\$299,575	\$311,630
Irregularities in bonded importations (liquidated damages).....	23,858	202,268	239,124	285,368	267,430	149,319	93,120	105,872
Fraudulent undervaluation and false invoicing.....	93,186	211,994	334,221	272,139	250,974	481,384	262,280	237,631
Failure of masters of vessels to make complete manifest of imported merchandise.....	36,114	17,154	20,237	26,271	14,744	17,531	13,138	13,492
Unloading foreign merchandise without customs supervision.....	4,776	7,853	7,102	11,065	11,060	14,350	16,528	26,774
Irregularities in mail importations.....	19,963	15,594	14,387	14,807	14,876	16,482	10,638	2,801
Smuggling (including conspiracy).....	13,089	10,068	8,164	31,769	36,731	27,116	39,550	44,415
Liquor.....	137,795	72,411	23,314	876,610	27,247	1,491,722	987,773	15,743
Narcotics.....	2,011	2,253	746	9,521	16,109	12,306	61,776	50,385
Failure to report arrival in United States.....	7,117	4,334	5,713	9,126	8,193	6,574	7,848	5,209
Miscellaneous.....	49,507	5,691	218,824	8,314	5,576	3,490	5,353	14,579
Net proceeds from sale of goods seized and forfeited for all violations.....	101,895	104,043	361,565	170,329	68,587	160,538	233,297	49,856
Total.....	648,389	688,044	1,276,103	1,764,765	883,953	2,539,160	2,030,875	878,387

*Tariff administration*

*Trade agreements.*—The negotiation by the State Department of trade agreements with 21 other nations resulted in a considerable increase in the volume of work performed by customs officers, both in the Bureau and in the field. Representatives of the Bureau actively participated in an advisory capacity throughout the negotiation of each trade agreement concluded. Changes in rates of duty and in classification under the provisions of the various trade agreements necessitated the careful consideration of each item involved by technically qualified officers.

*Antidumping.*—During the past eight years, 14 findings of dumping were issued under the provisions of the Antidumping Act covering various types of commodities imported from several countries, 4 of these findings being issued during 1933, 5 during 1934, and 5 during 1940. During the same period 23 of the existing findings of dumping were revoked, 17 of these on May 31, 1938, as the result of a study conducted by the Bureau of Customs which indicated that these findings, many of which were issued within a few years after the inception of the Antidumping Act, 1921, were no longer effective. In addition to the revocations just mentioned, 7 findings of dumping originally issued in 1931 were revoked on June 13, 1940, with respect to merchandise, covered thereby, entered for consumption or withdrawn from warehouse for consumption on and after May 11, 1934. Of the 61 findings of dumping issued since the statute was promulgated, only 17 findings remained in effect on June 30, 1940, and 7 of these were effective only with respect to merchandise entered for consumption or withdrawn from warehouse for consumption prior to May 11, 1934.

Most of the cases which arose under the provisions of the Antidumping Act were disposed of without definitive action, either as the result of investigations showing that no domestic industry was being injured by reason of the importation of the foreign merchandise in question or as the result of decisions of customs appraising officers that such merchandise was not being imported at so-called dumping prices. These cases arose either through the filing of complaints by interested domestic manufacturers or producers or through the receipt from customs appraising officers of reports indicating the existence of so-called dumping prices.

*Countervailing duty.*—During the past 8 years, 59 declarations imposing countervailing duties and decisions amending, modifying or otherwise affecting such declarations were issued under the authority of section 303 of the Tariff Act of 1930, which provides for the imposition of countervailing duties equal to the amounts of bounties or grants paid or bestowed upon the manufacture or production or export to the United States of foreign merchandise which is dutiable under the Tariff Act. During the same period 37 existing bounty declarations were revoked.

One declaration of bounty, issued on June 4, 1936, covered a small group of German commodities; this was subsequently amended and modified to apply to some of the products included within its terms only if contracts were entered into before July 25, 1936, and to the remaining products only if covered by contracts entered into before August 2, 1936. Another declaration, issued on March 18, 1939,

imposed countervailing duties on and after April 23, 1939, on all dutiable imports from Germany of merchandise which had been acquired through barter transactions; this decision was later amended to embrace merchandise exported from those areas of Europe which came under the control of Germany. Several thousand cases arose under the provisions of the order issued on March 18, 1939, and amendments and extensions thereof, and a large number of these cases were handled by the various collectors of customs under authority given by the Secretary of the Treasury, without reference to the Commissioner of Customs.

*Trade-marks.*—Prior to 1936, trade-marks which could not be recorded under the provisions of section 526 of the Tariff Act of 1930 were not denied entry even though the foreign merchandise bore a trade-mark identical with or similar to a trade-mark owned in the United States and registered under the Trade-Mark Acts of February 20, 1905, and March 19, 1920. In 1936 a radical change was made through an amendment of the trade-mark regulations. The amended regulations accorded substantially the same protection to owners of trade-marks registered under the Trade-Mark Acts of 1905 and 1920 as had been given owners of those trade-marks falling within the scope of section 526 of the Tariff Act. Since 1936 all imported merchandise bearing names or marks which are identical with United States registered and recorded trade-marks (except merchandise produced or sponsored by the owners of the registered United States trade-marks appearing thereon) and imported merchandise bearing names or marks which counterfeit, or are confusingly similar to protected trade-marks, has been denied entry unless imported by or for the account of, or with the written consent of, the trade-mark owners.

*Anti-Smuggling Act.*—Among the provisions of this act, which was approved on August 5, 1935, the following have proved particularly beneficial in the enforcement of the customs laws.

The amendment of section 584 of the Tariff Act of 1930 provided a penalty of \$50 per ounce for unmanifested heroin, morphine, and cocaine, whereas previously the penalty was equal merely to the value of this merchandise. The higher penalty has resulted in the master of a steamship exercising greater diligence in preventing the illicit importation of narcotic drugs.

The amendment of section 3062 of the Revised Statutes permitted the Government to seize automobiles which had been used in connection with the transportation of smuggled merchandise. Prior to the amendment it was necessary for the Government to seize the vehicle at the time it actually contained the smuggled merchandise before forfeiture could be obtained.

The amendment of section 619 of the Tariff Act of 1930 permitted the payment of awards of compensation to informers, who gave information which led to recovery, of violations of the customs statutes as well as the navigation statutes, and also permitted the payment of awards of compensation of one-quarter of the net value of merchandise seized and destroyed. These provisions have enabled the Customs Service to obtain a great deal of information from informers who in the past were aware of the fact that they would obtain no benefits from such information.

*Customs Administrative Act of 1938.*—This act became effective July 25, 1938, and has resulted in the improvement of customs admin-

istrative problems. Among its provisions was that modifying the provisions of the Tariff Act of 1930 regarding the marking of imported merchandise to show the country of origin. Previously, any goods not properly marked were subject to an additional duty of 10 percent unless exported, and had to be marked before leaving customs custody. The amendment discontinued the imposition of additional duty if the merchandise was subsequently marked under customs supervision prior to the liquidation of the entry and also permitted the marking to be accomplished after the articles had been released from continuous customs custody.

### *Changes in organization and procedure*

Several important changes were effected during the past 8 years in customs organization and procedure.

The Customs School of Instruction was established on July 5, 1935, as an aid to a more thorough knowledge of all branches of the Customs Service. The entire course, consisting of 41 subjects, was made available to all officers and employees of the Customs Service and to the personnel of those departments and branches of other services who cooperate with the Customs Service in the discharge of their duties.

The Division of Laboratories, established on April 1, 1936, consolidated under a single head the supervision of all the chemists and analysts in the 9 customs laboratories. The number of samples received and analyzed by the laboratories has increased each succeeding year and, by means of the interchange of information and the standardizing of improved methods of analysis, considerable improvements have been effected in the procedure employed. Laboratory manuals and sampling guides have been prepared and disseminated, and conferences held for the discussion of laboratory problems.

Customs border patrolmen, numbering about 500, were transferred on September 1, 1936, from the jurisdiction of the several collectors of customs to the Customs Agency Service. These patrolmen, most of whom are deployed at strategic seaport and border stations, are engaged in the prevention or detection of smuggling activities. The assembling of all patrolmen under a single authority permitted greater mobility in the personnel of the force and resulted in a marked improvement in its efficiency.

The Appraisement Unit was established on September 1, 1937, in order to promote efficiency and uniformity in the appraisement and classification of imported merchandise. At its inception, 15 of the more important appraising officers were transferred to the new unit, and additional appraising officers were subsequently severed from the administrative control of the collectors of customs and placed under the new unit. In addition, the Customs Information Exchange, which disseminates information of general interest both to appraising officers and to other customs officials, was transferred from the Customs Agency Service to the Appraisement Unit.

### *Cost of administration*

In addition to collections under the customs revenue laws, customs officers collect a substantial amount of revenue for other departments. A statement for each of the past 8 years of the total collections by

customs officers, total expenses of the Customs Service, and of the cost to collect \$100 is listed below:

*Customs collections and expenditures, fiscal years 1933 to 1940*

Fiscal year	Customs receipts <sup>1</sup>	Collections for other departments, bureaus, etc.	Total collections	Expenditures	Cost to collect \$100
1933.....	\$251,300,560	\$2,765,948	\$254,066,508	\$19,135,901	\$7.53
1934.....	314,058,464	9,456,491	323,514,955	17,636,495	5.46
1935.....	346,522,111	17,932,339	364,454,450	19,516,708	5.36
1936.....	388,784,948	23,023,542	411,808,490	20,311,751	4.93
1937.....	488,342,746	35,928,725	524,271,471	20,515,558	3.91
1938.....	359,573,654	32,521,810	392,095,464	20,610,568	5.26
1939.....	321,409,995	29,012,286	350,422,281	20,784,163	5.93
1940.....	350,851,561	32,428,014	383,279,575	21,127,673	5.51

<sup>1</sup> Excludes duties for Puerto Rico but includes other Puerto Rican collections.

## BUREAU OF ENGRAVING AND PRINTING

### Activities during the fiscal year 1940

The deliveries of currency, securities, stamps, and miscellaneous printings by the Bureau during the year amounted to 446,846,250 sheets, an increase of 3,199,163 sheets over the previous year.

A comparative statement of deliveries of finished work in the fiscal years 1939 and 1940 follows:

*Deliveries of finished work, fiscal years 1939 and 1940*

Class	Sheets		Face value. 1940
	1939	1940	
Currency:			
United States notes.....	5,547,000	4,025,000	\$193,260,000
Silver certificates.....	95,113,000	75,975,000	1,666,620,000
Federal Reserve notes.....	10,366,050	8,983,950	1,901,280,000
Specimens.....		40	
Total.....	111,026,050	88,983,990	3,761,160,000
Bonds, notes, bills, certificates, etc:			
Bonds:			
Pre-war.....	2,085	1,340	1,002,400
Treasury.....	665,948	530,163	4,350,626,000
United States savings.....	4,077,000	5,514,000	1,750,725,000
Consolidated Federal farm loan for the Federal land banks.....	31,000	13,700	41,880,000
Farm loan.....	16,700	25,996	21,797,000
Federal Farm Mortgage Corporation.....	6,500	3,550	60,000,000
Home Owners' Loan Corporation.....	1,443,055	62,155	230,850,000
Insular:			
Philippine.....	9,000	1,075	537,500
Puerto Rican.....	6,198	2,841	1,091,500
Notes:			
Treasury.....	159,625	159,195	4,895,000,000
Commodity Credit Corporation.....		65,000	992,000,000
Federal National Mortgage Association.....	56,150		
Reconstruction Finance Corporation.....	120,000	48,000	801,000,000
United States Housing Authority.....	34,500		
Treasury bills.....	19,570	20,482	7,058,172,000
Certificates:			
Cuban silver.....	578,333		
Philippine treasury.....		2,195,600	14,962,000
Debentures:			
Consolidated collateral trust for the Federal intermediate credit banks.....	17,000	16,000	260,000,000
Federal home loan banks consolidated.....	200		
Federal Housing Administration, mutual mortgage insurance fund.....	5,000		

*Deliveries of finished work, fiscal years 1939 and 1940—Continued*

Class	Sheets		Face value, 1940
	1939	1940	
Bonds, notes, bills, certificates, etc.—Continued			
Interim certificates.....	37, 675		
Interim transfer certificates for postal savings bonds.....	2, 000	1, 000	
Specimens:			
Bonds.....	135	571	
Notes.....	44	12	
Debentures.....	32		
Interim certificates.....	6		
Total.....	7, 287, 756	8, 660, 680	\$20,479,643,400
	Sheets		Number of stamps, etc., 1940
	1939	1940	
Stamps:			
Customs.....	250, 000	136, 599	3, 182, 960
Internal revenue:			
United States.....	141, 594, 373	147, 226, 135	13, 280, 660, 070
District of Columbia.....	131, 750	142, 686	28, 537, 200
Federal migratory-bird hunting.....	37, 764		
Philippine.....	217, 450	55, 225	4, 638, 900
Puerto Rican.....	1, 031, 685	1, 244, 096	75, 076, 560
Virgin Islands.....		650	65, 000
Specimens, United States.....	20	18	1, 481
Postage:			
United States.....	147, 233, 097	164, 912, 027	16, 576, 284, 287
United States postage surcharged "Canal Zone".....		12, 200	1, 220, 000
Canal Zone.....	67, 456	164, 851	10, 040, 890
Philippine.....	747, 276	1, 024, 592	85, 580, 508
Specimens, United States.....	195	95	6, 211
Postal savings.....	5, 649	19, 628	1, 962, 830
Specimens.....		4	400
Total.....	291, 316, 715	314, 938, 806	30, 067, 257, 297
Miscellaneous:			
Checks.....	29, 313, 261	27, 501, 995	137, 509, 975
Warrants.....	51, 100	44, 104	205, 011
Commissions.....	132, 386	193, 869	108, 419
Certificates.....	3, 878, 493	4, 202, 281	17, 222, 107
Drafts.....	7, 088	6, 500	13, 000
Transportation requests.....	293, 254	327, 299	1, 636, 495
Nontransferable food order and nontransferable surplus food order stamps.....	38, 229	1, 635, 721	1, 259, 388, 592
Nontransferable cotton order and nontransferable surplus cotton order stamps.....		17, 090	3, 418, 000
Other miscellaneous.....	299, 248	319, 932	6, 460, 087
Specimens.....	3, 105	11, 508	57, 540
Blank paper.....	402	2, 475	
Total.....	34, 016, 566	34, 262, 774	426, 019, 226
Grand total.....	443, 647, 087	446, 846, 250	

<sup>1</sup> Excludes 395,000 fillers.

Dies were engraved for new issues of postage stamps as follows:

Issue	Denomination (cents)
<b>Commemorative, series 1930:</b>	
Three-hundredth Anniversary of the Introduction of Printing in Colonial America.....	3
Fiftieth Anniversary of the Statehood for North and South Dakota, Montana, and Washington.....	3
<b>Commemorative, series 1940:</b>	
Fiftieth Anniversary of the Pan American Union.....	3
Eightieth Anniversary of the Pony Express.....	3
Fiftieth Anniversary of Wyoming Statehood.....	3
Fiftieth Anniversary of Idaho Statehood.....	3
Four-hundredth Anniversary of the Coronado Expedition.....	3
Famous Americans series, 7 groups of 5 denominations each.....	1, 2, 3, 5, 10
Authors: Irving, Cooper, Emerson, Alcott, Clemens.	
Poets: Longfellow, Whittier, Lowell, Whitman, Riley.	
Educators: Mann, Hopkins, Eliot, Willard, Washington.	
Scientists: Audubon, Long, Burbank, Reed, Adams.	
Composers: Foster, Sousa, Herbert, MacDowell, Nevin.	
Artists: Stuart, Whistler, Saint-Gaudens, French, Remington.	
Inventors: Whitney, Morse, McCormick, Howe, Bell.	

Plates were prepared for a number of new issues of securities and miscellaneous jobs, the principal items being Commodity Credit Corporation notes, series D and E; Reconstruction Finance Corporation notes, series S; Home Owners' Loan Corporation bonds, series N; strip stamps for export distilled spirits bottled in bond; reimported American distilled spirits stamps; cotton order and surplus cotton order stamps; and Puerto Rican cigar and cigarette stamps.

New designs and models were made for Tennessee Valley Authority bonds of four denominations; postal savings stamps; documentary, stock transfer, and silver tax stamps, in denominations from 1 cent to \$1,000; and various Puerto Rican bonds and revenue stamps.

Printing orders for revenue stamps for 1940 were abnormally heavy, due to some extent to recent legislation increasing the Federal taxes on cigarettes, tobacco, and other products. Also several large tobacco manufacturers reduced the contents of their packages, and stamps of new denominations were required.

During the year, representatives of this bureau gave demonstrations of the printing of postage stamps at four exhibitions, two of which were held in Washington, D. C., October 10 to 12, 1939, and May 2 to 4, 1940; one at the New York World's Fair, May 11 to 23, 1940; and one at the Golden Gate International Exposition in San Francisco, Calif., May 25, 1940, to continue until the close of the exposition.

At the beginning of the fiscal year there were 5,802 employees on the pay roll, while at the end of the year the number of employees was 5,649, or a decrease of 153 persons, including 68 who were holding indefinite appointments. This decrease was occasioned by the reduction in the printing requirements, particularly with respect to United States currency and Federal Reserve notes.

There was expended during the year for salaries and expenses \$12,142,741.25, a decrease of 10.91 percent under the previous year. The following statement shows the appropriations, reimbursements, and expenditures for the fiscal years 1939 and 1940, respectively:

*Appropriations, reimbursements, and expenditures, fiscal years 1939 and 1940*

	1939	1940	Increase or decrease (—)
Appropriations:			
Salaries and expenses .....	\$9,200,000.00	\$8,450,000.00	—\$750,000.00
Deficiency .....	1,000,000.00	—	—1,000,000.00
Reimbursements to appropriation from other bureaus for work completed <sup>1</sup> .....	3,475,520.83	3,718,888.91	243,368.08
Total .....	13,675,520.83	12,168,888.91	—1,506,631.92
Expenditures, salaries and expenses <sup>2</sup> .....	13,628,942.37	12,142,741.25	—1,486,201.12
Unexpended balance .....	46,578.46	26,147.66	—20,430.80

<sup>1</sup> An additional amount of \$69.75, received from employees for lost identification cards, locker keys, package-booth checks, and badges, was deposited to the credit of the Treasurer of the United States as miscellaneous receipts.

<sup>2</sup> Includes \$11,300 transferred to Bureau of Standards for research work, \$40,000 transferred to salaries and expenses, guard force, Treasury Department, for service rendered in connection with the protection of currency, bonds, stamps, and other papers of value, in each of the fiscal years 1939 and 1940, and \$388,529.46 and \$374,718.79 transferred to retirement fund in the fiscal years 1939 and 1940, respectively.

## Review of activities since 1933

The following statement shows the deliveries of finished work by the Bureau for the fiscal years 1933 to 1940:

*Deliveries of finished work, fiscal years 1933 to 1940*

[Expressed in single subjects]

Fiscal year	Currency	Bonds, notes, and certificates	Internal revenue and customs stamps
1933.....	957,999,426	10,625,580	8,374,390,793
1934.....	653,528,652	11,628,656	9,562,435,380
1935.....	659,692,308	29,584,512	10,675,415,410
1936.....	930,376,800	58,960,794	11,208,847,190
1937.....	960,190,200	18,322,176	12,601,847,730
1938.....	1,086,379,200	18,559,333	12,218,374,982
1939.....	1,332,312,600	13,975,546	12,791,225,362
1940.....	1,067,807,880	17,738,392	13,392,162,171
Total.....	7,648,287,066	179,425,039	90,824,796,018

Fiscal year	Postage and postal savings stamps	Checks, warrants, etc.	Total
1933.....	12,507,917,806	72,767,041	21,923,700,646
1934.....	11,855,830,740	144,753,745	22,228,177,173
1935.....	13,924,561,459	105,553,853	25,394,807,542
1936.....	14,011,892,997	186,356,656	26,396,434,437
1937.....	15,332,942,626	173,278,939	29,086,678,671
1938.....	15,217,573,068	138,549,767	28,679,466,400
1939.....	15,286,239,831	171,762,011	29,595,515,350
1940.....	16,675,095,126	426,414,226	31,579,217,795
Total.....	114,812,053,653	1,419,436,238	214,883,998,014

On March 9, 1933, the date of the enactment of legislation to provide relief in the banking emergency, this Bureau was directed to proceed with the production of 15,524,000 sheets of new Federal Reserve Bank notes. As there was not sufficient time to engrave new dies and make plates for the printing of this new currency, the national bank currency stock already in production was used. A stock of notes for each Federal Reserve Bank was prepared by overprinting the name of the bank, the bank symbol letters, and the facsimile signatures of two of its officers. Rush orders were also received for over 5,000,000 sheets of the standard Federal Reserve notes. Additional storage vaults had to be provided and numerous changes had to be made in operating methods to expedite the handling and processing of the work.

The first shipment of the new notes was delivered at the Federal Reserve Bank of New York on March 11, 1933. From that date to June 30, 1933, deliveries of currency to all Federal Reserve Banks amounted to \$2,547,480,000 in Federal Reserve notes and \$319,340,000 in Federal Reserve Bank notes. The urgent demand subsided in a short time, and deliveries of Federal Reserve Bank notes were soon discontinued.

In 1934 designs were prepared and approved for a new issue of Federal Reserve notes. These notes, designated as series 1934, differed from the previous issue in that the gold redemption clause was eliminated. Deliveries of the new notes, in denominations from \$5 to \$1,000, were made during the succeeding year.



A new issue of silver certificates, in denominations of \$1, \$5, \$10, \$20, and \$100, was authorized in 1934. These certificates differed from those previously issued in that a change was made in the certification as to the security back of these notes and in the text appearing on the face, the seal which formerly appeared to the left of the portrait was placed on the right side, and a large numeral designating the denomination was printed where the seal was formerly located.

In the latter part of 1935 a new design for the \$1 silver certificate was adopted. Production of these certificates, designated as series 1935, was begun in the following year. The design of the back of this certificate presents the obverse and reverse of the Great Seal of the United States. The face shows only minor changes, but its production embodies a new process whereby the signatures of certifying officers and the number and seal are overprinted on the certificates in one operation. Formerly, the signatures were engraved in the faceplate, thereby necessitating the making of new plates and causing considerable delay in the production of the certificates whenever there was a change in certifying officers. To conform to the established color scheme providing for the printing of signatures in black and the seal and serial number in blue, it was necessary to convert the numbering and sealing presses from single color to bi-color machines. This task was accomplished gradually, and at the present time all \$1 silver certificates are completed in this manner.

The first foreign currency ever produced in this Bureau was printed during 1935 for the Republic of Cuba. This order, printed under authority of the State Department, amounted to approximately 500,000 sheets. The paper, manufactured by the same contractor who furnishes paper to the United States Government, differs from the paper for United States currency in that it contains red silk fibers only, whereas the paper for United States currency contains red and blue silk fibers. The Cuban certificates involve an additional printing operation—a plate printed tint on the face. Further orders for Cuban currency were printed from time to time, as were numerous orders for currency for the Philippine Islands.

The financing operations of the Treasury Department and of many of the newly created Federal agencies and other activities occasioned by the passage of legislation by the Congress required the preparation of various types of bonds and other forms of securities. The most outstanding issues included Treasury bonds and notes, United States savings bonds, registered adjusted service bonds, Home Owners' Loan Corporation bonds, and Federal Farm Mortgage Corporation bonds. Practically all of these security issues were rush jobs and, in most instances, it was necessary to make new designs and models and prepare engraved dies and plates before actual printing could be begun.

Printing orders were received during 1934 for 6,000,000 Home Owners' Loan Corporation bonds and 4,000,000 Federal Farm Mortgage Corporation bonds. In order to meet the delivery schedules submitted by the issuing offices, at certain periods of the year 75 percent of the presses were used for printing these bonds.

A new type of security, the United States savings bonds, was ordered by the Department in 1935 in denominations of \$25, \$50, \$100, \$500, and \$1,000. A great amount of original engraving was necessary in connection with the manufacture of the dies and plates for these bonds,

but deliveries commenced within a month after the initial order was received. Provision was made on the face of the bond for the insertion of the name and address of the purchaser and the date of sale. A perforated original stub was attached to each bond and a duplicate stub was affixed for record purposes. There have been four issues of these bonds, and the total number delivered to June 30, 1940, aggregated over 20,000,000 bonds.

In 1933, following the passage of legislation modifying the Prohibition Act, large orders were received requiring the engraving and printing of special tax stamps for breweries and dealers. Twenty-one varieties of stamps for fermented liquor and wine were prepared. The repeal of the eighteenth amendment to the Constitution revived the issue of a number of liquor stamps which had been discontinued during the prohibition period. In some cases it was found expedient to change the size of the stamps, which made it impossible to use the old rolls and dies still held in storage.

In 1934 a rush order was received for 16,000,000 sheets of distilled spirits bottle strip stamps for the collection districts. These stamps were plate printed in sheets of 50 subjects, ranging in denominations from  $\frac{1}{2}$  pint to 1 gallon. The following year, as a protection against illegal use, a serial number was overprinted on each stamp. To accommodate this additional printing the size of the stamp was enlarged and arranged in sheets of 42 subjects. Later, a less than  $\frac{1}{2}$ -pint denomination was printed without numbers.

The printing requirements for bottle strip stamps continued to increase each year until the quantity ordered for the fiscal year 1940 was 1,326,144,000 stamps. In addition to the liquor stamps printed for the United States Government, a special issue was ordered by the District of Columbia for local tax purposes.

One of the largest emergency jobs undertaken by this Bureau was the Civil Works Administration checks. The printing of these checks was started in the latter part of November 1933, and deliveries were rushed to all disbursing officers in the country for use during the first week in December. Delivery requirements continued at the rate of approximately 4,000,000 checks a week until the spring of 1934, when a gradual decline in orders took place. After May 1, 1934, no further shipments were made.

In 1935, orders were received for the printing of checks for the Emergency Relief Administration. Although the quantity required per week was approximately one-half of the number required for the Civil Works Administration during the preceding year, the job was more complicated due to the fact that emergency relief checks were drawn on the Treasurer of the United States, through the Federal Reserve Banks in the respective districts, and it was, therefore, necessary to make plates and prepare a stock of checks for each of the 12 Federal Reserve districts. The quantity ordered increased each year until in 1940 the total requirements aggregated 60,000,000 checks.

During the years 1933 to 1940, 145 new designs and models for various denominations of United States postage stamps were prepared and approved. A great number of these were commemorative issues, while others were new series of regular postage stamps superseding certain previous designs. Among the large issues of stamps

were the National Park series of 1934, the Army and Navy series of 1937, and the Famous Americans stamps of 1940.

Deliveries of stamps to meet the requirements of the Post Office Department have increased steadily each year. The quantity of postage stamps printed and delivered in 1940 amounted to approximately 17,000,000,000 stamps.

The initial schedule for food order stamps (orange) and surplus food order stamps (blue) was received in 1939. During that year orders were received for over 60,000,000 stamps, or nearly 2,000,000 books, and required that the stamps be gummed, perforated, and assembled in 13 different series of books, according to the quantity or combination of stamps per book. These stamps were first printed from 96-subject plates on flatbed power presses. Later on, 200-subject plates were made for power presses and finally, with the avalanche of orders, 200-subject curved plates were prepared for use on rotary presses. Orders for these stamps increased in 1940, when the food stamp program spread to a greater number of cities. Deliveries for that fiscal year aggregated 259,783,592 stamps, comprising 8,313,403 books.

In the latter part of January 1940, the first order was received for the production of cotton order stamps (green) and surplus cotton order stamps (brown). These stamps were required to be gummed, perforated, and assembled in 9 different combinations of books. Production was begun as soon as engraved plates could be prepared and the amount delivered to June 30, 1940, was 3,418,000 stamps, or 134,002 books. The stamps were printed on rotary presses, 200 subjects on each plate.

Numerous developments and improvements were accomplished in connection with the processing methods and in the design and construction of machinery and equipment employed in the production of currency securities, etc. The most important items include the following: The designing and installation of photo electric cell equipment on rotary postage stamp perforators; the redesigning and rebuilding of currency wetting machines, and the development of a new method for the wetting of currency paper; the designing and construction of new machines for sizing currency, providing for automatic temperature control of the sizing solution and of the drying units; the installation of new presses for plating securities, and the relocation of the plating activities within the sizing room; the conversion of numbering, sealing, and separating presses from single color to two-color machines, to permit the printing of signatures of certifying officers; the installation of sound and vibration absorption material to isolate the machines from their foundations; the designing of new semiautomatic banding machines for welding the steel tapes encircling the packages of currency; the designing and installation of a research laboratory for testing materials used in the manufacture of the various classes of work; the installation of improved lighting and ventilating facilities in all work rooms; and the construction of a new power substation.

The new annex building, authorized by Congress on August 12, 1935, was ready for occupancy in the early part of 1938. The annex contains 840,967 square feet of floor space, of which approximately two-thirds is occupied by Bureau activities and the remainder by other divisions of the Treasury Department.

To facilitate the travel of employees and the transportation of materials, tunnels connect the main building with the annex and the annex with a receiving platform adjoining the railroad yards.

The passage in 1934 of the 40-hour week law for mechanics reduced the working hours of 769 employees of this Bureau from 44 to 40 hours a week. The remainder of the employees, 3,289, were not affected by the act. This presented a confusing situation with one group of employees engaged on a basis of 40 hours a week, while another group employed upon the same job was required to work 44 hours a week. This condition, however, was remedied on July 1, 1936, by legislation which placed all employees on the basis of a 40-hour week.

Effective May 1, 1937, the mechanics and their helpers, employees not under the Classification Act, were granted a 15 percent increase in compensation for night work to conform with the practice established in another Government organization.

The gradual diminishing of the plate printing force because of retirements made it advisable to appoint a limited number of young men to learn the art of plate printing. During the latter part of 1938, 32 apprentices were appointed, the first group since 1918. Three additional apprentices were taken on in the fiscal year 1939, making a total of 35 serving in this capacity.

At the beginning of the fiscal year 1933, when the printing program was small in volume, the problem of overemployment confronted the Bureau, as was the case during the previous 5 years. A system of furlough was then in effect, and continued until March 1, 1935. Beginning in the last quarter of the fiscal year 1935, the work steadily increased and kept the entire force operating on a full time basis. In this period the personnel was increased from 4,139 employees in 1935 to 5,649 at the close of the fiscal year 1940.

#### COMMITTEE ON ENROLLMENT AND DISBARMENT

The Committee on Enrollment and Disbarment is an administrative and judicial body. It has charge of the enrollment of attorneys and agents for practice before the Treasury Department and conducts hearings in disbarment proceedings. An attorney, not a member of the committee, represents the Government before the committee. All complaints are filed with the attorney for the Government, who institutes proceedings in disbarment or suspension if the charges warrant such action. The committee also issues licenses to custom-house brokers and makes findings of fact and recommendations to the Secretary in proceedings for the revocation or suspension of such licenses.

The following statement summarizes the work of the committee for the year 1940:

	<i>Number</i>
Attorneys and agents:	
Applications for enrollment approved.....	2,638
Applications for enrollment disapproved.....	28
Applications withdrawn on advice of committee.....	127
Formal hearings on applications.....	2
Complaints against enrolled persons:	
Pending July 1, 1939.....	40
Filed during the year.....	26
	66
Disposed of:	
Disbarred.....	10
Stricken from the rolls in the course of disbarment proceedings.....	4
Suspension.....	1
Reprimands.....	2
Dismissed.....	8
	25
Pending June 30, 1940.....	41
Charges made, names stricken from the rolls.....	8
Cases of minor infractions of the regulations in which enrollees were given an opportunity to show cause why proceedings should not be instituted.....	15
Customhouse brokers:	
Applications for licenses approved.....	44
Applications withdrawn.....	6
Licenses canceled.....	17
Reprimands.....	2

Since the organization in 1921 of the Committee on Enrollment and Disbarment, 56,885 applications for enrollment have been approved and 740 disapproved. Two hundred and twelve practitioners have been disbarred from further practice before the Treasury Department, 134 have been suspended from practice for various periods, and 174 have been reprimanded.

## FEDERAL ALCOHOL ADMINISTRATION

### Activities during the fiscal year 1940

The Federal Alcohol Administration was abolished effective June 30, 1940, in accordance with the terms of Reorganization Plan No. III, and its functions were transferred to the Bureau of Internal Revenue to be administered by the Alcohol Tax Unit.

The Administration was charged with administering the provisions of the Federal Alcohol Administration Act. Its activities involved the prevention of certain unfair trade practices on the part of alcoholic beverage producers, importers, and wholesalers, such as exclusive retail outlets, so-called tied-house relationships, commercial bribery, consignment sales, false and misleading labeling and advertising, bulk disposition of distilled spirits, and interlocking directorates in the distilling and rectifying fields. The Federal Alcohol Administration Act requires that all producers (other than brewers), importers, and wholesale distributors of alcoholic beverages secure permits, issued by the Administration, which are conditioned upon compliance with the provisions of the act, the twenty-first amendment and its enabling statutes, and all other Federal alcoholic beverage laws.

Applications for permits on the part of persons entering businesses specified in the act, applications for label approval or exemption to cover new labels or changes in existing labels, and proposals involving amendments to the regulations were received in substantial number and, after consideration, appropriate action was taken.

*Permit Division*

The number of basic permits outstanding increased from 15,290 to 15,539 during the year, 1,916 permits having been granted and 1,667 having been terminated. In addition to the activities involved in connection with issuance and termination, 1,197 basic permits were amended during the year, involving principally changes in corporate and trade names and changes in location of plants of businesses covered by basic permits.

The activities of the Permit Division for the year are summarized in the following statement:

*Permit activities, fiscal year 1940*

	Dis- tillers	Recti- fiers	Im- porters	Wine produc- ers and blenders	Ware- housing and bottling <sup>1</sup>	Whole- salers	Total
Applications for permits:							
Pending July 1, 1939.....	9	6	20	16	1	168	220
Received.....	63	62	153	144	5	1,605	2,032
Total to be disposed of.....	72	68	173	160	6	1,773	2,252
Withdrawn.....	4	6	8	16	1	91	126
Incomplete, closed.....	5	3	0	2	0	26	36
Denials after hearing.....	0	0	0	0	0	6	6
Denials in default of request for hearing.....	0	0	0	2	0	6	8
Permits issued after hearing.....	0	0	1	0	0	3	4
Permits issued under regular pro- cedure.....	55	51	147	129	4	1,526	1,912
Total disposed of.....	64	60	156	149	5	1,658	2,092
Pending June 30, 1940.....	8	8	17	11	1	115	160
Permits:							
In effect July 1, 1939.....	416	352	1,032	1,346	49	12,095	15,290
Issued.....	55	51	148	129	4	1,529	1,916
Canceled.....	52	41	127	118	9	611	958
Automatically terminated.....	28	18	51	47	0	511	655
Revoked.....	3	2	8	32	0	9	54
In effect June 30, 1940.....	<sup>2</sup> 388	342	994	1,278	44	12,493	15,539

<sup>1</sup> Warehousing and bottling permits issued to proprietors of bonded warehouses only. Such permits are held also by all distillers and rectifiers.

<sup>2</sup> Of the 388 distillers' basic permits, 88 merely authorize the operation under lease of existing distilleries, and the remaining 300 permits cover actual authorized distilling plants.

*Label Examination Division*

The Federal Alcohol Administration Act provides that no bottler or importer shall bottle or remove from customs custody for beverage consumption distilled spirits, wine, or malt beverages, unless the bottler or importer, upon application to the Administrator, has obtained and has in his possession a certificate of label approval, or a certificate of exemption which may be issued upon a satisfactory showing that the distilled spirits, wine, and malt beverages are not to be introduced in interstate and foreign commerce.

As compared with the preceding year, there was a slight decrease in the number of both domestic and imported label applications filed. However, the label work in general continued heavy and a total of 82,812 applications were acted upon. This figure does not include many thousands of labels submitted in unfinished form for informal comment in advance of actual printing and filing for final approval.

The following table shows the activities of the Label Examination Division for the year:

*Label activities, fiscal year 1940*

	Distilled spirits	Wine	Malt beverages	Total
Domestic				
Certificates of approval issued.....	34,456	25,758	803	61,017
Applications for certificates of approval disapproved.....	2,594	3,944	73	6,611
Certificates of exemption issued.....	4,832	67	(1)	4,899
Total.....	41,882	29,769	876	72,527
Imported				
Certificates of approval issued.....	2,072	6,416	64	8,552
Certificates of limited approval issued <sup>2</sup> .....	103	328	-----	431
Applications disapproved.....	421	874	7	1,302
Total.....	2,596	7,618	71	10,285
Grand total.....	44,478	37,387	947	82,812

<sup>1</sup> The regulations do not provide for the issuance of certificates of exemption from label approval for malt beverages.

<sup>2</sup> The certificates of limited approval were issued for labels of distilled spirits and wine entered into customs custody prior to the effective dates of the regulations. These certificates were issued for labels not in exact conformity with the regulations, but only if such labels contained all the mandatory information required and did not include any information considered false or misleading.

*Statistics and Reports Division*

Monthly reports of operations were required from distillers, rectifiers, and importers, and from proprietors of internal revenue and customs bonded warehouses holding warehousing and bottling basic permits. The Statistics and Reports Division supervised the proper filing of these reports and compiled the information contained therein, which was disseminated from time to time in the form of releases to members of the industry and others.

*Enforcement Division*

During the year the Enforcement Division conducted 2,486 investigations, of which 615 were made at the request of the Permit Division and involved inquiries into the personnel of permit applicants; 26 were undertaken in connection with cases involving possible annulment of permits which the Administration had reason to believe might have been issued on the basis of erroneous statements in applications, representing a substantial increase in this line of activity over the previous year; and 1,845 were investigations of alleged violations of the restrictive provisions of the act.

In connection with the enforcement of the advertising regulations, the Division reviewed 72,502 advertisements appearing in 24,219 publications, representing a slight increase over similar activities for the preceding year, and took appropriate action on 4,755 which involved various types of irregularities. There were 1,077 calls made by advertising field men on members of the industry for the purpose of reviewing local advertising media, and 3,970 advertisements were reviewed during these calls. In addition, 1,084 conferences were held

with industry members, attorneys, or advertising agents for the purpose of reviewing and commenting on proposed advertising copy, and 3,288 proposed advertisements or advertising campaigns were reviewed at these conferences.

### *Legal Division*

The Legal Division acted as legal adviser to the Administrator in all matters pertaining to the Administration's activities, in the holding of industry hearings, in the drafting of regulations under the Federal Alcohol Administration Act, and in rendering interpretations thereof and of the statute. The Division prosecuted on behalf of the Administration all charges against permittees involving violations of the conditions of their permits and assisted in the defense of cases involving litigation brought against the Administration or in its behalf. It prepared or reviewed all correspondence of a legal nature and prepared all rulings and orders of the Administrator.

The Legal Division conducted all proceedings against permittees in matters relating to applications for basic permits and to violations of the act or regulations. The Administration's hearing officers held hearings from time to time throughout the country and made findings of fact and recommendations to the Administrator on the cases under consideration. When exceptions to these findings of fact were filed, such exceptions were argued and presented to the Administrator on behalf of the Administration.

The proceedings before the Legal Division during the fiscal year are summarized as follows:

	<i>Number</i>
Proceedings on applications for permits:	
Notices of contemplated denial of basic permit applications.....	21
Orders denying applications for basic permits <sup>1</sup> .....	13
Orders granting applications for basic permits <sup>1</sup> .....	3
Orders dismissing proceedings on applications <sup>1</sup> .....	10
Proceedings pending.....	8
Proceedings for suspension of permits:	
Orders instituting suspension proceedings.....	21
Orders suspending permit or dismissing proceedings <sup>1</sup> .....	18
Proceedings pending.....	9
Proceedings for revocation of permits:	
Orders instituting revocation proceedings.....	51
Orders dismissing proceedings on cancelation of permit or revoking permit <sup>1</sup> .....	77
Proceedings pending.....	6
Proceedings for annulment of permits:	
Orders instituting annulment proceedings.....	7
Orders dismissing proceedings on cancelation of permit or annulling permit <sup>1</sup> .....	4
Proceedings pending.....	4
Proceeding to show cause: Order to show cause why permit should not be adjudicated as having terminated as a matter of law.....	1
Offers in compromise:	
Offers received.....	854
Offers approved by the Attorney General <sup>2</sup> .....	742
Offers pending approval of the Attorney General.....	112
Cases before Federal courts:	
Cases in United States District Courts.....	1
Cases in United States Courts of Appeal.....	4
Cases in United States Supreme Court (petition for certiorari).....	1
Cases referred to the Attorney General for prosecution.....	7
Cases pending.....	6
Interlocking directorates: Applications received and acted upon.....	49

<sup>1</sup> Includes orders in a number of proceedings closed during the fiscal year but instituted prior thereto.

<sup>2</sup> Does not include 257 offers approved by the Attorney General during the fiscal year but submitted prior thereto.

During the year three public hearings were held for the consideration of proposed amendments to the Administration's labeling and advertising regulations. In view of the fact that the consideration of wine and brandy problems is of primary interest to producers in California, it was necessary to hold sessions of two of these hearings



both in San Francisco and in Washington. The Legal Division assisted in the conduct of these hearings, in addition to studying the proposals considered thereat, drafting the notices of hearing, analyzing and summarizing the testimony, and preparing proposed changes in the regulations.

#### Review of activities since September 24, 1935

The Federal Alcohol Administration was created as a division of the Treasury Department under the Federal Alcohol Administration Act, approved August 29, 1935. This act abolished the Federal Alcohol Control Administration, which had been established by Executive order under the provisions of title I of the National Industrial Recovery Act, and transferred all papers, records, and property to the Administrator of the Federal Alcohol Administration, effective on the date the Administrator first appointed took office. The Administrator took office on September 24, 1935.

The broad purpose for which the Federal Alcohol Administration Act was passed was the regulation of the conduct of the legitimate liquor industry in such manner that the abuses traditionally associated with the liquor traffic might be minimized and the interests of the consuming public adequately protected.

On June 26, 1936, the President approved the Liquor Tax Administration Act, title V of which made the Federal Alcohol Administration an independent agency, abolished the office of Administrator, and provided that the Administration should be composed of three members to be appointed by the President by and with the advice and consent of the Senate, these provisions to be effective when a majority of the members took office. This requirement was not complied with prior to the transfer of the Administration to the Bureau of Internal Revenue.

Between September 24, 1935, and the end of the calendar year 1936, the work of the Federal Alcohol Administration was chiefly of a preparatory nature. During this period permits required by the statute were issued, effective November 23, 1935, to the various classes of industry members, except the alcoholic beverage wholesalers, for whom the effective date of the permits was extended from March 1, 1936, to July 1, 1936, in accordance with the public resolution approved February 29, 1936.

In addition, all labels used by bottlers of distilled spirits, wine, and malt beverages were required to be submitted for examination and approval by the Administration, or exemption from approval in the case of labels intended solely for intrastate use. The act of August 29, 1935, provided that a certificate of label approval should be required covering each label used after March 1, 1936. This date was later extended to August 15, 1936, for distilled spirits, and to December 15, 1936, for wine and malt beverages. The last of this work was completed by December 15, 1936.

During this time the Administration was also working on the drafting of regulations required to give effect to the statute. Seven sets of regulations, the most important of which were those governing the labeling and advertising of distilled spirits, wines, and malt beverages

in accordance with the standards established in section 5, subsections (e) and (f), of the act, were promulgated and made effective. Only one set of regulations, that required to give effect to section 5 (b) (6) governing the extension of credit to retailers, was not issued until later, November 9, 1938.

At the beginning of the calendar year 1937 attention was given primarily to the administration of the restrictive provisions of the act. While the inspection of labels and the issuance of certificates of approval and exemption and the issuance and amendment of basic permits continued on a substantial scale, the Administration's attention was devoted largely to the enforcement of the trade practice provisions of the act, the control of labeling and advertising, the protection of dry and monopoly States in accordance with the purposes of the second clause of the twenty-first amendment, the examination of interlocking directorates in the distilling and rectifying fields, the annulment of permits fraudulently obtained, and various other activities required by the statute. While the Administration was handicapped by the lack of an adequate staff of field investigators, substantial progress was made.

A number of the cases resulting from the Administration's enforcement activities were taken to court and the constitutionality of the statute received judicial confirmation. In the case of the Atlanta Beer Distributing Co., Inc., the Supreme Court refused to review the decision of the lower court, upholding the Administrator in the exercise of his discretion in refusing a permit to an applicant who had not been convicted within the statutory period, but who had a record indicating that he might not conduct operations in conformity with the law. The Supreme Court of the United States also refused to review the decision of the Circuit Court of Appeals in the Arrow Distilleries case, upholding the constitutionality of the Federal Alcohol Administration Act in requiring a permit system applicable to all interstate producers and shippers of alcoholic beverages. In the case of William Jameson and Co., Inc., against the Secretary of the Treasury and the Administrator of the Federal Alcohol Administration, the Supreme Court of the United States upheld the right of the Federal Government to regulate the importation of alcoholic beverages into the United States since the twenty-first amendment.

The following statistics reflect the activities of the Administration for the fiscal years 1936 through 1940:

*Permit activities of the Federal Alcohol Administration, fiscal years 1936 to 1940*

	1936	1937 <sup>1</sup>	1938 <sup>1</sup>	1939	1940
Applications for permits:					
Pending at beginning of year.....	(*)	409	418	208	220
Received.....	13,421	3,310	2,691	2,223	2,032
Total to be disposed of.....	13,421	3,719	3,109	2,431	2,252
Withdrawn.....	163	308	209	114	126
Incomplete, closed.....	2	8	44	45	36
Denials after hearing.....	2	22	4	4	6
Denials in default of request for hearing.....	33	47	9	10	8
Permits issued after hearing.....	12	61	2	6	4
Permits issued under regular procedure.....	12,802	2,855	2,633	2,032	1,912
Total disposed of.....	13,012	3,301	2,901	2,211	2,092
Pending at end of year.....	409	418	208	220	160
Permits:					
In effect at beginning of year.....		12,531	14,267	15,209	15,290
Issued.....	12,726	2,916	2,635	2,038	1,916
Canceled.....	195	1,180	1,681	1,504	958
Automatically terminated.....	(*)	(*)	(*)	382	655
Revoked.....	(*)	(*)	12	71	54
In effect at end of year.....	12,531	14,267	15,209	15,290	15,539
Distillers:					
Plants.....	376	402	354	321	300
Lessees.....	88	97	87	95	88
Rectifiers.....	435	404	379	352	342
Importers.....	987	1,073	1,059	1,032	994
Wine producers and blenders.....	1,332	1,457	1,521	1,346	1,278
Warehousing and bottling <sup>2</sup> .....	45	48	50	49	44
Wholesalers.....	9,268	10,786	11,759	12,095	12,493
Total.....	12,531	14,267	15,209	15,290	15,539

\*No record.

<sup>1</sup> Does not include 1,000 applications received in 1937 for amendment of permits, and 1,208 amendments made for permits in 1938.<sup>2</sup> Warehousing and bottling permits issued to proprietors of bonded warehouses only. Such permits are held also by distillers and rectifiers.*Label activities of the Federal Alcohol Administration, fiscal years 1936 to 1940*

	1936 <sup>1</sup>	1937	1938	1939	1940
Certificates of approval issued:					
Domestic:					
Distilled spirits.....	(*)	70,632	45,559	43,824	34,456
Wine.....	(*)	47,038	45,544	26,324	25,758
Malt beverages.....	(*)	1,701	1,020	796	803
Total.....	11,065	119,371	92,123	70,944	61,017
Imported:					
Distilled spirits.....	(*)	9,056	3,052	3,336	2,072
Wine.....	(*)	9,660	9,449	8,848	6,416
Malt beverages.....	(*)	178	134	210	64
Total.....	1,465	18,894	12,635	12,394	8,552
Grand total.....	12,530	138,265	104,758	83,338	69,569
Applications disapproved.....	15,307	52,108	11,106	10,200	7,913
Certificates of exemption issued <sup>2</sup> .....	(*)	18,677	9,159	5,749	4,899
Certificates of limited approval issued <sup>3</sup> .....	1,268	8,096	575	685	431

\*No record.

<sup>1</sup> There were filed 39,470 applications for approval of labels for domestically bottled distilled spirits, 4,981 applications for approval of labels for distilled spirits imported in bottles, and 1,898 applications for exemption from label approvals for distilled spirits. No action was taken on 16,543 applications for certificates of label approval received for wine, inasmuch as the effective date of the provisions respecting labels for wine was extended to December 15, 1936.<sup>2</sup> Regulations do not provide for issuance of certificates of exemption for malt beverages.<sup>3</sup> Issued only for labels of distilled spirits and wine entered into customs custody prior to the effective dates of the regulations. The labels so exempted, however, contained all the mandatory information required and did not include any information considered false or misleading.

*Enforcement activities of the Federal Alcohol Administration, fiscal years 1936 to 1940*

	1936	1937	1938 <sup>1</sup>	1939	1940
Investigations:					
Permit applicants.....	774	1,040	551	706	615
Alleged violations.....	179	2,459	2,507	1,985	1,845
Total.....	953	3,499	3,058	2,691	2,460
Advertising:					
Advertisements reviewed.....	(*)	200,000	158,824	77,862	79,760
Proposed advertising copy reviewed.....	(*)	(*)	(*)	3,068	(*)
Radio advertising reviewed.....	(*)	(*)	(*)	(*)	1,400
Field investigations on advertising irregularities.....	(*)	74	114	(*)	(*)
Action taken on violations or irregularities.....	178	2,937	2,260	5,811	1,214
Offers in compromise secured and referred to Legal Division...	2	1,080	1,508	997	854

\*No record.

<sup>1</sup> There were 6,987 proposed advertisements reviewed in Washington and 1,889 in the field, resulting in the revision of 1,353 advertisements which did not comply with the regulations.*Legal activities of the Federal Alcohol Administration, fiscal years 1937 to 1940*

	1937 <sup>1</sup>	1938	1939	1940
Proceedings on applications for permits:				
Notice of contemplated denial of permit.....	58	34	30	21
Orders denying permit.....	69	10	18	13
Orders granting permit.....	67	10	10	3
Orders dismissing proceedings on applications.....	28	13	6	10
Proceedings pending.....	4	9	6	8
Proceedings on suspension of permits:				
Orders instituting suspension proceedings.....	96	34	31	21
Orders suspending permit or dismissing proceedings.....	(*)	88	44	18
Proceedings pending.....	68	15	5	9
Proceedings on revocation of permits:				
Orders instituting revocation proceedings.....	(*)	122	104	51
Orders dismissing proceedings on cancelation or revocation of permit.....	(*)	86	122	77
Proceedings pending.....	(*)	36	17	6
Proceedings on annulment of permits:				
Orders instituting annulment proceedings.....	3	3	2	7
Orders dismissing proceedings on cancelation of permit.....	3	(*)	3	4
Proceedings pending.....	(*)	3	1	4
Orders to show cause:				
Why permit should not be terminated as a matter of law.....	(*)	(*)	1	1
Why certificate of labels approved should not be canceled.....	(*)	(*)	1	(*)
Offers in compromise:				
Received.....	1,080	1,508	997	854
Approved by Attorney General.....	878	1,211	739	742
Pending approval by Attorney General.....	202	297	173	112
Cases pending before Federal Courts:				
In United States District Courts.....	3	4	3	1
In United States Supreme Court.....	(*)	1	2	1
Referred to Attorney General for prosecution.....	5	7	5	7
In Circuit Court of Appeals.....	(*)	(*)	(*)	(*)
In United States Court of Appeals.....	(*)	(*)	(*)	(*)
Pending.....	(*)	7	6	6
Cases on interlocking directorates received and acted upon.....	(*)	20	42	49

\*No record.

<sup>1</sup> No record prior to 1937.<sup>2</sup> Petition for certiorari.**FOREIGN FUNDS CONTROL**

The Foreign Funds Control was established in the Office of the Secretary to administer the functions prescribed in Executive Order No. 8389, of April 10, 1940, as amended. Applications to engage in any of the transactions designated in the Executive order are executed under oath before an officer authorized to administer oaths and are filed in duplicate with the Federal Reserve Bank of the district or the

Governor or High Commissioner of the Territory or possession of the United States in which the applicant resides or has his principal place of business or principal office or agency. If the applicant has no legal residence or principal place of business or principal office or agency in a Federal Reserve district or a Territory or possession of the United States, applications may be filed with the Federal Reserve Bank of New York. Such applications are forwarded to the Treasury Department by the Federal Reserve Bank or other agency with which they are filed, and the applicant receives through the same channel the license as granted, or is informed of the denial thereof.

Pursuant to Executive Order No. 8389, as amended, general rulings and general licenses (of which general licenses several have been subsequently revoked) were issued by the Secretary of the Treasury.

Between April 11 and June 30, 1940, the Control acted upon 16,088 applications, approving 15,152, denying 719, and taking other action on 217.

A discussion of foreign funds control will be found on page 161.

## BUREAU OF INTERNAL REVENUE<sup>1</sup>

### Activities during the fiscal year 1940

#### *General*

*Internal revenue collections.*—During the fiscal year 1940 internal revenue collections totaled \$5,340 millions, an increase over collections for the fiscal year 1939 of \$159 millions. The total amount collected included back income taxes of \$253 millions, which is approximately \$2 millions more than back income tax collections for 1939. The increase in total collections is attributable chiefly to increases in miscellaneous internal revenue collections and employment taxes.

Miscellaneous internal revenue collections amounted to \$2,377 millions, which is an increase of \$121 millions over collections for 1939. The largest increases were as follows: Capital stock tax, \$6 millions; liquor taxes, \$36 millions; tobacco taxes, \$28 millions; and manufacturers' excise taxes, \$50 millions. There was a decrease of floor stocks tax on liquor of \$5 millions; a decrease in tax from the sale of documentary stamps of \$2 millions, and relatively small decreases on other miscellaneous taxes.

Employment tax collections totaled \$834 millions, an increase of \$93 millions over the preceding year. Total collections under the Federal Insurance Contributions Act (formerly title VIII of the Social Security Act) were \$605 millions; collections under the Federal Unemployment Tax Act (formerly title IX of the Social Security Act), \$106 millions, and collections of carriers taxes, \$122 millions.

Total collections of internal revenue during the fiscal years 1939 and 1940 are shown in the following summary, classified according to the administrative organization responsible for the tax. A detailed statement of collections appears in table 11, page 662 of this report.

<sup>1</sup> More detailed information concerning the activities of the Bureau of Internal Revenue will be found in the annual report of the Commissioner of Internal Revenue.

*Summary of internal revenue collections, fiscal years 1939 and 1940*

[On basis of reports of collections, see p. 584]

Administrative Unit	1939	1940	Increase or decrease (—)
Income Tax Unit <sup>1</sup> .....	\$2, 185, 115, 599. 09	\$2, 129, 609, 307. 07	—\$55, 506, 292. 02
Alcohol Tax Unit.....	587, 799, 700. 68	624, 253, 156. 11	36, 453, 455. 43
Miscellaneous Tax Unit.....	1, 668, 229, 787. 75	1, 753, 068, 908. 09	84, 839, 120. 34
Accounts and Collections Unit (employment tax activities).....	740, 428, 865. 06	833, 520, 975. 51	93, 092, 110. 45
Total collections.....	5, 181, 573, 952. 58	5, 340, 452, 346. 78	158, 878, 394. 20

<sup>1</sup> Includes collections from the repealed tax on dividends and the tax on unjust enrichment.

*Refunds, drawbacks, and stamp redemptions.*—During the year refunds of tax collections, together with interest, were made from the following appropriations:

Refunding internal revenue collections, 1939 and prior years.....	\$133, 674. 07
Refunding internal revenue collections, 1940 and prior years.....	65, 093, 064. 16
Refunds and payments of processing and related taxes, 1939 and 1940.....	11, 503, 970. 56
Total, interest included.....	76, 730, 708. 79

The following is a summary of the refunds, showing the number of schedules and claims, the amount of refunds and repayments allowed, and the total amount refunded, including interest, on each class of tax during the fiscal year 1940, with a comparison of the totals for the fiscal year 1939:

*Number of schedules and claims, amount of refunds and repayments, and total refunds, repayments, and interest, by class of tax, fiscal year 1940, and totals for 1939*

Class of tax	Number of schedules	Number of claims	Amount of refunds and repayments	Total refunds, repayments, and interest
Bituminous coal.....	15	103	\$6, 168. 42	\$6, 567. 92
Capital stock.....	76	2, 131	336, 420. 15	381, 857. 55
Carriers.....	100	131	9, 746. 88	10, 216. 61
Distilled spirits.....	187	5, 902	640, 092. 80	641, 275. 23
Distilled spirits stamps redeemed.....	110	2, 112	53, 634. 88	54, 232. 68
Distilled spirits drawbacks (244 certificates).....		640	177, 189. 48	177, 189. 48
Estate.....	1, 070	1, 582	4, 611, 167. 33	5, 491, 476. 11
Gift.....	346	421	2, 957, 361. 63	3, 498, 569. 60
Income.....	6, 667	132, 532	36, 866, 443. 92	46, 022, 031. 85
Miscellaneous.....	56	462	524, 765. 77	585, 298. 30
Miscellaneous stamps redeemed.....	60	1, 984	196, 695. 73	215, 588. 17
Narcotics.....	26	127	205. 31	205. 31
Narcotic stamps redeemed.....	29	57	218. 43	218. 43
Sales.....	110	1, 105	1, 968, 721. 19	2, 165, 637. 45
Silver stamps redeemed.....	2	2	55. 00	55. 00
Federal Insurance Contributions Act.....	1, 587	5, 665	493, 647. 64	546, 219. 77
Federal Unemployment Tax Act.....	1, 976	14, 972	1, 853, 150. 20	1, 909, 393. 72
Sugar.....	71	1, 537	1, 683, 115. 97	1, 683, 636. 96
Tobacco.....	7	9	546. 91	573. 94
Tobacco stamps redeemed.....	24	1, 985	1, 832, 670. 38	1, 832, 670. 38
Tobacco drawbacks.....	8	17	3, 823. 77	3, 823. 77
Total income and miscellaneous internal revenue.....	12, 527	173, 476	54, 215, 841. 79	65, 226, 738. 23
Agricultural adjustment.....	3, 177	49, 027	10, 085, 660. 54	11, 503, 970. 56
Grand total, fiscal year 1940.....	15, 704	222, 503	64, 301, 502. 33	<sup>1</sup> 76, 730, 708. 79
Fiscal year 1939:				
Income and miscellaneous internal revenue.....	9, 877	180, 518	33, 114, 948. 10	39, 078, 264. 45
Agricultural adjustment.....	5, 427	84, 773	11, 760, 220. 81	12, 293, 817. 96
Grand total, fiscal year 1939.....	15, 304	265, 291	44, 875, 168. 91	<sup>1</sup> 51, 372, 082. 41

<sup>1</sup> Excludes refunds from the trust fund set up for Philippine coconut oil tax collections, \$91,359.66 covering 700 claims for 1939 and \$175,292.66 covering 451 claims for 1940.

NOTE.—The figures in this table will not agree with those given in later sections of this report for the reason that the amounts shown in the later sections relate to claims disposed of by the units, whereas this table shows the actual payments made.

If the tax refunds made during the fiscal year 1940 on account of erroneous or illegal collections of internal revenue and agricultural adjustment taxes and payments for export drawbacks and redemption of stamps, amounting to \$76,906,001, were deducted from the gross collections of \$5,340,452,346, the net collection for the fiscal year 1940 would be \$5,263,546,345. The gross collections, however, are used for comparative purposes in these reports.

*Additional assessments.*—The additional assessments resulting from office audits and field investigations made during the fiscal years 1939 and 1940 were as follows:

*Additional assessments, fiscal years 1939 and 1940, by class of tax*

Class of tax	1939	1940
Income <sup>1</sup> .....	\$279, 487, 977. 51	\$291, 198, 664. 00
Miscellaneous internal revenue:		
Estate.....	59, 014, 649. 49	52, 350, 045. 30
Gift.....	5, 247, 767. 42	6, 354, 319. 72
Capital stock.....	1, 302, 784. 84	1, 732, 327. 10
Sales.....	8, 479, 047. 99	4, 561, 082. 62
Liquors.....	3, 519, 941. 10	3, 854, 693. 05
Miscellaneous.....	19, 183, 519. 80	7, 943, 709. 74
Tobacco.....	344, 588. 19	122, 703. 57
Coal.....	312, 564. 31	424, 504. 29
Silver.....	18, 947. 86	26, 925. 90
Sugar.....	4, 935. 83	197, 251. 35
Total miscellaneous internal revenue.....	97, 428, 746. 83	77, 567, 562. 64
Employment taxes.....	26, 902, 431. 93	25, 143, 458. 86
Grand total.....	403, 819, 156. 27	393, 909, 685. 50

<sup>1</sup> Includes assessments of \$28,929,903.37 for 1939 and \$28,727,135.00 for 1940 made under the jeopardy provisions of section 279 of the Revenue Act of 1926 and section 273 of subsequent revenue acts.

*Cost of administration.*—For the fiscal year 1940, \$59,877,500 was appropriated for salaries and expenses in connection with the assessment and collection of internal revenue taxes and the administration of the internal revenue laws. The expenditures and obligations against this appropriation were \$59,675,518, leaving an unexpended balance of \$201,982. The expenditures do not include amounts expended for refunding taxes illegally or erroneously collected and for redeeming stamps. The cost of collecting a total of \$5,340,452,347 during the year was \$1.12 per \$100, compared with \$1.13 for 1939.

The amount of \$4,250,000 was appropriated for the fiscal year 1940 for salaries and administrative expenses in connection with making refunds authorized by titles IV and VII of the Revenue Act of 1936. The amount expended and obligated from this fund amounted to \$3,635,549, leaving an unexpended balance of \$614,451.

### *Income Tax Unit*

*General functions.*—The Income Tax Unit is charged with the administration of the internal revenue laws with reference to taxes on income, excess profits of corporations, excess profits on Army, Navy, and National Defense Act contracts, unjust enrichment tax, and refunds of certain processing taxes. The administration includes interpretative instructions and rulings regarding the provisions of the revenue laws relating to such taxes and the verification and adjustment of the returns through audits and field investigations for the purpose of

securing the correct determination of tax liabilities as required by law.<sup>1</sup>

*Number of returns filed.*—The number of all types of income tax returns filed during the fiscal year 1940 on which tax was assessed was 4,324,275, compared with 3,439,041 returns filed in 1939,<sup>2</sup> an increase of 885,234, or nearly 26 percent. In addition, 4,664,137 taxpayers filed returns during the fiscal year 1940, showing no income subject to tax, compared with 4,132,642 such returns for the preceding fiscal year. The total number of income tax returns filed by individuals was 7,840,079, which is larger than the number filed in any previous fiscal year in which substantially similar filing requirements existed. Included for the first time were returns of many employees of State and local governments who, under the Public Salary Act of 1939, filed Federal income returns in 1940.

*Examination of income tax returns by the Washington office.*—As of June 30, 1940, substantially all the returns filed within the fiscal year by taxpayers had been transmitted to the Washington office of the Income Tax Unit, and all except 747,198 of these returns were accepted as filed. The returns not accepted as filed are transmitted to the field offices of the Income Tax Unit for further consideration, and, in the main, this represents the work load of the field offices for the fiscal year 1941. Prior to shipment of these returns to the field offices various information-at-the-source forms and other documents bearing upon the audit of these returns are attached for use in the investigation work of these offices. There were filed during the fiscal year approximately 21,350,000 information-at-the-source forms showing income payments.

*Investigations and adjustments of returns by the field offices.*—The number of income tax returns, including partnership and fiduciary returns, investigated during the year was 424,072, as compared with 490,673 for the previous year.<sup>3</sup> The decrease in the number of investigations resulted in part from the reassignment of some of the examining personnel to other duties, particularly to the conduct of conferences with taxpayers for the purpose of reducing the pending balance of old cases transferred from the Bureau to field offices in the previous fiscal year. The resulting reduction in disputed tax adjustments pending and the increase in assessments of deficiency taxes are discussed below.

*Inventory of returns in the field offices.*—The number of open income tax returns on hand in the field offices as of June 30, 1940, was 406,616 compared with 455,256 for June 30, 1939, a net reduction during the year of 48,640, or over 10 percent. Of the total number pending June 30, 1940, only 55,429 represented prior years' work (1937 and prior tax years), a reduction of over 15 percent from the corresponding number pending at the end of the previous fiscal year. The ratio of prior year's work to current year's work declined from 17 percent on June 30, 1939, to 16 percent on June 30, 1940.

*Unagreed adjustments pending.*—The number of returns involving unassessed back taxes was materially reduced during the year, continuing the progress made in the preceding year. The number of

<sup>1</sup> Returns on Form 1040-A, individual income tax returns for net incomes of not more than \$5,000 derived chiefly from salaries, wages, dividends, interest, and annuities, and Form 1040-C, individual income tax returns of departing aliens, are audited by collectors of internal revenue and not by the Income Tax Unit.

<sup>2</sup> Includes in each fiscal year the delinquent returns filed during that year relating to prior years.

<sup>3</sup> These figures include all returns for which the examiner's report has been submitted.



examined income tax returns involving adjustments not agreed to by the taxpayers and pending action by the Bureau and its field offices on June 30, 1940, was 31,507,\* compared with 45,033\* adjusted returns pending without taxpayers' agreement on June 30, 1939, a decrease of 13,526.

*Revenue results of audit and investigations.*—The total additional assessments made during the fiscal year was \$284,442,733. Excluding jeopardy and duplicate items, the amount was \$242,856,510, which was the largest for any fiscal year since 1929.

*Stage at which additional tax was assessed.*—During the year further progress was made in settling cases of proposed additional tax liability by agreements with taxpayers, without issuing formal notices of deficiency which are otherwise required by law as a basis for assessment, and from which taxpayers may appeal to the Board of Tax Appeals. Of the total number of 213,339 returns on which regular additional assessments (including duplicate-regular) were made, 199,044, or over 93 percent were by agreement with the taxpayers without the necessity of a statutory notice. Of the total regular additional tax (including duplicate-regular) assessed aggregating \$211,475,370, the amount assessed by agreement was \$165,810,823, or over 78 percent.

The stages at which the additional assessments were made in the fiscal years 1939 and 1940 follow:

*Number and amount of additional income tax assessments made during the fiscal years 1939 and 1940, by stages at which assessment was made*

Stage at which additional assessment was made	Returns		Additional tax		Interest	Penalty	Total
	Number	Per- cent of total	Amount	Per- cent of total			
	Fiscal year 1940						
On agreements executed prior to mail- ing of 90-day letter.....	199,044	93	\$165,810,823	78	\$25,386,376	\$1,259,158	\$192,456,357
Default or agreement after issuance of 90-day letter.....	10,522	5	12,714,788	6	2,500,731	\$21,881	16,037,400
In appealed cases after trial on the merits and decision by the Board of Tax Appeals, or upon stipulation before the Board of cases settled by Technical Staff and/or Chief Counsel.....	3,773	2	32,949,759	16	13,314,964	900,490	47,165,213
Total <sup>1</sup> .....	213,339	100	211,475,370	100	41,202,071	2,981,529	255,658,970
Jeopardy provisions of the Code. ....	1,568	-----	19,676,342	-----	4,307,076	4,800,345	28,783,763
Grand total.....	214,907	-----	231,151,712	-----	45,509,147	7,781,874	284,442,733

<sup>1</sup> Including duplicate assessments involving 542 returns, \$11,132,999 of additional tax, \$1,570,829 of interest, and \$98,632 of penalties.

\*Includes 5,273 income tax returns, on which statutory notices had not been issued, which were pending before the field offices of the Technical Staff as of June 30, 1940, and 4,950 such returns as of June 30, 1939.

*Number and amount of additional income tax assessments made during the fiscal years 1939 and 1940, by stages at which assessment was made—Continued*

Stage at which additional assessment was made	Returns		Additional tax		Interest	Penalty	Total
	Num- ber	Per- cent of total	Amount	Per- cent of total			
	Fiscal year 1939						
On agreements executed prior to mail- ing of 90-day letter.....	226, 216	94	\$144, 506, 648	73	\$20, 443, 922	\$643, 655	\$165, 594, 225
Default or agreement after issuance of 90-day letter.....	10, 840	4	17, 767, 854	9	3, 738, 315	1, 063, 206	22, 569, 375
In appealed cases after trial on the merits and decision by the Board of Tax Appeals, or upon stipulation before the Board of cases settled by Technical Staff and/or Chief Counsel.....	4, 115	2	35, 381, 557	18	15, 929, 300	368, 692	51, 679, 549
Total <sup>1</sup> .....	241, 171	100	197, 656, 059	100	40, 111, 537	2, 075, 553	239, 843, 149
Jeopardy provisions of the Code.....	1, 904		20, 301, 347		5, 059, 731	3, 568, 826	28, 929, 904
Grand total.....	243, 075		217, 957, 406		45, 171, 268	5, 644, 379	268, 773, 053

<sup>2</sup> Including duplicate assessments involving 854 returns, \$2,377,633 of additional tax, \$1,009,318 of interest, and \$191,960 of penalties.

*Refunds, abatements, and credits.*—The number of income tax cases which involved refunds or credits of tax or interest to taxpayers or abatement of tax, audited and closed by the Income Tax Unit during 1940 was 81,711, compared with 76,834 during 1939, an increase of 4,877, or over 6 percent. Of the total of 81,711 overassessments for 1940, 38,771 were made to taxpayers without the necessity for filing claims. This compares with 41,930 in the previous year.

Of the overassessments settled by the Income Tax Unit in 1940, 71,648 represented refunds or credits of tax or interest involving \$55,810,102, compared with 58,442 involving \$38,020,839 in 1939.

The amount involved in overassessments of all types for 1940 represented by refunds, credits, interest, and abatements for income tax cases audited in the collectors' offices as well as by the Income Tax Unit was \$185,936,641, compared with \$90,601,200 the previous year.

The following table shows the number of certificates of overassessment issued and claims disposed of during the fiscal years 1939 and 1940 by the Income Tax Unit.

*Number of certificates of overassessment issued and claims disposed of, fiscal years 1939 and 1940*

	1939	1940
<b>Allowances:</b>		
Certificates of overassessment issued when no claims had been filed.....	41, 930	38, 771
Claim allowed in full or in part.....	34, 904	42, 940
Total allowances.....	76, 834	81, 711
<b>Status of claims:</b>		
Pending at beginning of year.....	32, 415	40, 140
Filed during year (new claims).....	51, 925	53, 080
Total to be disposed of.....	84, 340	93, 220
Allowed in full or in part.....	34, 904	42, 940
Rejected.....	9, 296	16, 775
Total disposed of.....	44, 200	59, 715
Pending at end of year.....	40, 140	33, 505

There were also allowed 30,950 collectors' claims, of which 14,364 recommended abatements or credits and 16,586 recommended refunds. These claims were largely multiple item claims or claims for refund to numbers of taxpayers, and involved 27,648 items for abatement or credit and 72,777 items for refund.

The following table shows the amount involved in tax overassessments settled during the years 1939 and 1940 resulting from audit of income tax returns, including cases settled by the collectors' offices as well as the Income Tax Unit.

*Amounts of overassessment by method of settlement, and interest allowed on all income tax cases closed, fiscal years 1939 and 1940*

	1939	1940
Overassessments settled by—		
Abatement:		
Regular.....	\$33,909,690	\$98,764,513
Duplicate.....	16,663,843	29,527,955
Credit.....	12,347,755	11,711,124
Refund.....	22,772,014	36,824,426
Total.....	85,693,302	176,828,018
Interest.....	4,907,898	9,108,623
Grand total.....	90,601,200	185,936,641

The amount involved in claims filed during 1940 was \$156,272,676 compared with \$117,408,145 the preceding year. Of the claims disposed of during the year, the amount rejected totaled \$143,847,884, compared with \$85,236,575 the preceding year.

### *Miscellaneous Tax Unit.*

The work of the Miscellaneous Tax Unit relates to the administration of all internal revenue taxes except the income and excess-profits taxes, the taxes applicable to alcoholic beverages, and those relating to employment. Detailed statements concerning the particular taxes administered in the several divisions of the Miscellaneous Tax Unit are set forth below under the appropriate caption.

The collections of miscellaneous taxes for the fiscal year 1940 amounted to \$1,753,068,908, an increase of \$84,839,120 as compared with collections for the preceding year.

*Estate Tax Division.*—Collections of estate tax during 1940 amounted to \$330,886,049, which is a decrease of \$1,393,564 as compared with the collections for the preceding year. Collections of gift tax amounted to \$29,185,118, representing an increase of \$749,521 over the collections for the preceding year.

The assessment and collection of additional taxes amounting to \$14,410,452 proposed in 321 estate tax and gift tax cases were deferred pending the adjudication of appeals filed with the United States Board of Tax Appeals.

There were 18,908 estate tax returns and 14,435 gift tax returns filed during the year.

As a result of Bureau and field investigations and audits deficiencies in tax amounting to \$47,874,115 were assessed in estate tax cases and \$5,693,999 in gift tax cases.

The following table presents a summary of the estate tax and gift tax cases received and audited in the Bureau:

*Number of estate tax and gift tax returns received and audited, fiscal years 1939 and 1940*

Returns in Bureau	Estate tax		Gift tax	
	1939	1940	1939	1940
On hand at beginning of year.....	12,878	14,173	5,094	4,814
Received.....	18,265	18,908	13,614	14,435
Total to be disposed of.....	31,143	33,081	18,708	19,249
Disposed of.....	16,970	20,174	13,894	13,657
On hand at end of year.....	14,173	12,907	4,814	5,592

<sup>1</sup> Does not include any cases in which field investigations were made. There were filed with the Bureau 801 reports reflecting the field settlement of gift tax cases; post-audit reviews were made in 804 cases, and on June 30, 1940, there remained 26 cases on hand awaiting the Bureau post-audit review.

Refunds of \$8,997,204, including interest, were made in 2,003 estate tax and gift tax cases. This amount includes \$3,612,654 refunded as a result of court decisions.

The following table sets forth a summary of the action taken in connection with estate tax and gift tax claims received and disposed of during the year:

*Estate tax and gift tax claims received and disposed of, fiscal year 1940*

Claims	Estate tax claims				Gift tax claims			
	Refund		Abatement		Refund		Abatement	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Claims filed:								
On hand July 1, 1939..	435	\$6,718,066.46	6	\$2,456.38	177	\$13,712,713.40	.....	.....
Received.....	793	11,516,535.55	320	4,018,176.34	393	3,649,078.91	68	\$57,521.55
Reopened.....	49	1,064,795.12	.....	.....	34	190,725.11	.....	.....
Total to be disposed of.....	1,277	19,299,397.13	326	4,020,632.72	604	17,552,517.42	68	57,521.55
Allowed.....	565	2,597,980.63	294	3,976,938.54	219	2,698,000.60	63	18,622.49
Rejected.....	275	4,632,863.79	4	1,541.47	208	11,010,562.41	.....	.....
Total disposed of..	840	7,230,844.42	298	3,978,480.01	427	13,708,563.01	63	18,622.49
On hand June 30, 1940.....	437	12,068,552.71	28	42,152.71	177	3,843,954.41	5	38,899.06
No claims filed, overassessments allowed.....	1,017	2,015,380.08	346	3,879,125.51	202	264,325.96	44	112,783.16
Interest allowed.....	.....	880,308.78	.....	.....	.....	541,207.97	.....	.....
Total allowed, including interest..	1,582	5,493,669.49	640	7,856,064.05	421	3,503,534.53	107	131,405.65

NOTE.—Tax of \$98,723 was abated as uncollectible in 17 estate tax cases in addition to the figures shown above.

*Tobacco Division.*—Collections of tobacco taxes for 1940 amounted to \$608,518,444, the largest annual collections from this source since these taxes were first imposed, and an increase of \$28,359,238 over the collections for the preceding year. Of the total, \$533,042,544 was collected on small cigarettes.

A detailed comparison of the tobacco taxes collected during the fiscal years 1939 and 1940 is shown in table 11, page 662 of this report.

*Sales Tax Division.*—Collections of taxes administered by the Sales Tax Division amounted to \$583,595,403, an increase of \$48,855,804 as compared with collections for the preceding year. The increase in collections is reflected principally in the manufacturers' excise taxes, the taxes on electrical energy, telegraph, telephone, cable, and radio communications and facilities, and admissions.

A summary of the collections of the taxes administered by the Sales Tax Division for the years 1939 and 1940 follows. A more detailed comparison of the collections is shown in table 11, page 662.

*Summary of taxes collected by the Sales Tax Division, fiscal years 1939 and 1940*

Source of taxes	1939	1940	Increase or decrease (—)
Stamps.....	<sup>1</sup> \$41,082,839.42	\$38,681,345.32	—\$2,401,494.10
Manufacturers' excise (title IV, Revenue Act of 1932, as amended, and subtitle C, chapter 29, Internal Revenue Code, as amended).....	356,965,318.61	404,298,499.35	47,333,180.74
Electrical energy.....	39,859,173.55	42,338,501.94	2,479,328.39
Pistols and revolvers.....	66,511.36	89,508.54	22,997.18
Total manufacturers' excise.....	396,891,003.52	446,726,509.83	49,835,506.31
Miscellaneous.....	<sup>2</sup> 96,669,461.63	97,685,225.57	1,015,763.94
Repealed.....	96,294.55	502,322.11	406,027.56
Total.....	534,739,599.12	583,595,402.83	48,855,803.71

<sup>1</sup> Includes \$261,772.52 tax on silver bullion, sales and transfers.

<sup>2</sup> Includes \$3,317,259.01 tax on bituminous coal.

The claims for refund and abatement of the taxes and for the redemption of stamps, received and disposed of in the Sales Tax Division during the years 1939 and 1940, are shown in the following table.

*Claims for refund and abatement of taxes and for redemption of stamps received and disposed of, fiscal years 1939 and 1940*

Claims	1939	1940
	<i>Number</i>	<i>Number</i>
On hand at beginning of year.....	1,781	<sup>1</sup> 2,664
Received or reopened.....	10,574	9,821
Total to be disposed of.....	12,355	12,485
Allowed.....	8,357	8,466
Rejected.....	1,467	1,996
Total disposed of.....	9,824	10,462
On hand at end of year.....	2,531	2,023
	<i>Amount</i>	<i>Amount</i>
Allowed.....	\$5,228,940.35	\$8,164,587.56

<sup>1</sup> Includes 133 claims which were transferred from Bituminous Coal and Silver Tax Division to Sales Tax Division on July 1, 1939.

During the current year 8,643 field reports and 439,292 sales tax returns were examined in the Bureau. Assessments totaling \$1,109,316,701, representing 990,074 items, were approved on the 2,503 miscellaneous assessment lists, which included original and additional assessments of all miscellaneous taxes.

The Sales Tax Division completes assessments, schedules claims and overassessments, and passes on offers in compromise not only for this Division but also for the Estate Tax, Tobacco, and Capital Stock Tax Divisions, as well as for the Processing Tax Division with respect to the tax on manufactured sugar.

The number and amount of offers in compromise submitted in settlement of liabilities incurred in connection with the various miscellaneous taxes and the number and amount disposed of during the year are shown in the following table:

*Offers in compromise received and disposed of by the Sales Tax Division, fiscal years 1939 and 1940*

Offers in compromise	1939		1940	
	Number	Amount	Number	Amount
On hand beginning of year .....	580	\$3,447,324.50	553	\$463,036.24
Received during year .....	6,610	924,779.82	6,206	994,286.59
Total to be disposed of .....	7,190	4,372,104.32	6,759	1,457,322.83
Accepted .....	6,334	390,072.74	5,971	744,904.53
Rejected .....	262	3,496,508.72	234	89,397.31
Withdrawn .....	41	22,486.62	36	12,158.17
Total disposed of .....	6,637	3,909,068.08	6,241	846,460.01
On hand at end of year .....	553	463,036.24	518	610,862.82

*Capital Stock Tax Division.*—Collections from the capital stock tax during the year amounted to \$132,738,537, an increase of \$5,535,528 as compared with collections for the preceding year.

A total of 530,584 returns were filed by domestic and foreign corporations during the year. As a result of the review and audit of capital stock tax returns during the year, 16,457 assessments were made, involving tax in the amount of \$1,732,327.

The claims for refund and abatement of capital stock taxes, penalties, and interest, received and adjusted in the Capital Stock Tax Division, are shown in the following table:

*Claims for refund and abatement received and disposed of by the Capital Stock Tax Division, fiscal years 1939 and 1940*

Claims	1939	1940
	<i>Number</i>	<i>Number</i>
On hand at beginning of year .....	1,532	704
Received and reopened .....	40,249	22,239
Total to be disposed of .....	41,781	22,943
Allowed .....	5,049	4,129
Rejected .....	36,028	17,573
Total disposed of .....	41,077	21,702
On hand at end of year .....	704	1,241
	<i>Amount</i>	<i>Amount</i>
Allowed .....	\$690,335.96	\$604,737.93

*Processing Tax Division.*—The Processing Tax Division is concerned with the administration of the tax imposed on manufactured sugar under Chapter 32 of the Internal Revenue Code, and the adjustment

of the several types of claims arising as the result of the invalidation of the Agricultural Adjustment Act and the repeal of related legislation.

There were 1,927 returns filed during the year by manufacturers subject to the tax on manufactured sugar, and the total collections of tax from this source amounted to \$68,145,358, an increase of \$2,731,300 over collections for the prior year.

The following tables show the claims received and disposed of during the year:

*Claims for refund of processing and related taxes received and disposed of by the Processing Tax Division, fiscal year 1940*

Claims	Revenue Act of 1936				Cotton Ginning, Tobacco, and Potato Acts		Total	
	Sections 601 and 602		Title VII					
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
On hand July 1, 1939.....	104	\$2,927,961.46	2,708	\$14,924,283.73	8,023	\$323,024.24	10,835	\$18,175,269.43
Received.....	1,029	2,216,763.13	10,678	185,383,354.87	34,287	1,427,683.42	45,994	189,027,801.42
Reopened.....	1,419	1,573,788.72	1,856	3,067,586.24	666	23,928.79	3,935	4,665,303.75
Total to be dis- posed of.....	2,552	6,718,513.31	15,242	203,375,224.84	42,970	1,774,636.45	60,764	211,868,374.60
Allowed.....	1,267	2,264,647.20	9,035	2,838,529.94	34,652	865,670.61	44,954	5,968,847.75
Rejected.....	943	2,850,582.87	3,165	19,540,742.18	7,307	881,488.82	11,415	23,272,813.87
Transferred to In- come Tax Unit.....			723	171,479,840.89			723	171,479,840.89
Total disposed of.....	2,210	5,115,230.07	12,923	193,859,113.01	41,959	1,747,159.43	57,092	200,721,502.51
On hand June 30, 1940.....	342	1,603,283.24	2,319	9,516,111.83	1,011	27,477.02	3,672	11,146,872.09

*Sugar tax claims received and disposed of by the Processing Tax Division, fiscal year 1940*

Claims	Export		Overpayment and livestock feed		Abatement		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
On hand July 1, 1939.....	96	\$67,773.40	3	\$37.48	1	\$280.07	100	\$68,090.95
Received.....	1,614	2,048,262.77	38	150,268.59	22	83,367.71	1,674	2,281,899.07
Reopened.....	7	249.43			4	31,413.55	11	31,662.98
Total to be disposed of.....	1,717	2,116,285.60	41	150,306.07	27	115,061.33	1,785	2,381,653.00
Allowed.....	1,621	2,080,087.79	22	14,392.57	22	112,692.29	1,665	2,207,172.65
Rejected.....	54	25,531.17	14	129,431.59	5	2,369.04	73	157,331.80
Total disposed of.....	1,675	2,105,618.96	36	143,824.16	27	115,061.33	1,738	2,364,504.45
On hand June 30, 1940.....	42	10,666.64	5	6,481.91			47	17,148.55

*Alcohol Tax Unit*

Collections from the liquor taxes amounted to \$624,253,156 in 1940, an increase of \$36,453,455 over the previous year. Collections during 1940 were 29.2 percent greater than 1919, the peak pre-

prohibition year for liquor collections, and were 5 percent greater than 1937, the year which heretofore had marked the peak of collections since prohibition. Details of these collections will be found in the table on page 662.

On June 30, 1940, the following producers and distributors of alcohol and alcoholic beverages and users of tax-free alcohol were under the supervision of the Alcohol Tax Unit:

Distilleries:	Number
Alcohol.....	38
Brandy.....	127
All other.....	124
Bonded warehouses:	
Alcohol.....	61
Internal revenue.....	283
Wineries.....	1,036
Bonded wine storerooms.....	98
Breweries.....	580
Rectifying plants.....	250
Wholesale liquor dealers.....	5,531
Wholesale malt liquor dealers.....	10,597
Denaturing plants.....	37
Bonded dealers in specially denatured alcohol.....	52
Bonded manufacturers using specially denatured alcohol.....	4,193
Hospitals, laboratories, and educational institutions using tax-free alcohol.....	6,482

During the year a number of regulations were revised and several new regulations issued. No general revision of regulations of this Unit had been made since the repeal of the eighteenth amendment.

*Enforcement Division.*—The activities of the Enforcement Division include the investigation, detection, and prevention of willful and fraudulent violations of the internal revenue laws relating to distilled spirits, wines, and fermented malt liquors.

During the year, 10,663 stills were seized, having an aggregate mash capacity<sup>1</sup> of 1,653,775 gallons, and in connection therewith 6,480,240 gallons of mash were seized and destroyed. Investigators also seized 264,594 gallons of spirits and 4,523 automobiles and trucks. The total appraised value of the property seized amounted to \$2,042,851. A total of 25,638 persons was arrested for Federal liquor law violations. Compared with the previous fiscal year, still seizures decreased 11.6 percent, mash seizures decreased 19.8 percent, and arrests decreased 11.1 percent. These decreases applied generally throughout the country and are in contrast to the increases reported in the previous year.

Many arrests and seizures were made in combating the introduction of tax-paid liquors into the dry States of Kansas and Oklahoma in violation of the Liquor Enforcement Act of 1936. The Unit's participation followed the passage of enabling legislation by these States.

*Field Inspection Division.*—This Division plans, coordinates, and supervises the permissive functions in the field offices of the fifteen field districts. Technically trained field inspectors, directed by this Division, make frequent examinations of the field offices to determine whether the law, regulations, established policy, and procedure are being followed properly; recommend methods for greater efficiency and economy in the conduct of the work; determine the adequacy and efficiency of the personnel and suitability of space and equipment; make recommendations relative to the judicious expenditure of public funds; and confer with District Supervisors on problems of organization, management, and service.

<sup>1</sup> Represents the cubic capacity of still pots and cookers. Column stills which operate without a still not or cooker are not reflected in this total. The size of illicit stills is reflected more properly by the mash facilities. The cubic measurement of the mash fermenters of all the illicit stills seized during the fiscal year was 9,252,833 gallons.



The Division maintains general supervision over the activities of inspectors and storekeeper-gaugers in the field districts and provides for the general instruction of these groups. A total of 64,197 inspections of plants and permittees was made during the year by general inspectors in the supervisory districts. All inspections of retail dealers were conducted by junior inspectors, due to the fact that the W. P. A. inspection projects were discontinued prior to the beginning of the fiscal year. The following comparative statement shows the results accomplished by junior inspectors during the fiscal years 1939 and 1940:

	1939	1940
Number of inspections made.....	204,362	284,081
Number of dealers violating.....	21,750	28,057
Number of violations found.....	23,776	31,618
Percent of dealers found violating.....	10.64%	9.88%
Amounts collected.....	\$366,577.81	\$542,453.40

The Division is also responsible for the final determination of applications for original establishment and subsequent changes of industrial alcohol plants, alcohol bonded warehouses, and denaturing plants; distilleries; fruit distilleries; distillery denaturing bonded warehouses; internal revenue bonded warehouses and rectifying plants. Final review of qualifying documents submitted in connection with original establishment and subsequent changes of bonded wineries, bonded wine storerooms, bonded field warehouses, and breweries is handled by the Division.

During 1940 there were 18,970 such examinations, including those covering 117 new plants and 218 plants discontinued.

*Laboratory Division.*—The Laboratory Division comprises a central laboratory in Washington, D. C., and 15 branch laboratories located throughout the country which perform the chemical work for the Bureau of Internal Revenue and the Bureau of Narcotics. During the year the Division also rendered material aid to the Secret Service, Procurement Division, and the Post Office Department. There were 80,006 samples examined in the branch laboratories compared with 77,879 for the previous year. The Washington laboratory examined 8,893 samples compared with 7,030 during the preceding year.

The marihuana investigation, started in 1937, has been continued. Resin extracted from the marihuana plant has been separated into fractions having different physical properties. From those fractions found to be physiologically active, several of their chemical constituents have been isolated and identified.

Research was conducted on problems pertaining to distilled spirits, fermented beverages, narcotic drugs, and the development of fingerprints. Fourteen reports were made, of which eleven were published in technical journals.

*Audit Division.*—This Division is responsible for the tax accounting, assessment, claim, and compromise work of the Alcohol Tax Unit. It administers the provisions of internal revenue laws and regulations pertaining to the manufacture, storage, tax payment, exportation, sale, and use of alcohol, denatured alcohol, distilled spirits, wines, and malt liquors.

During the year, 18,886 reports of violations of the internal revenue laws pertaining to alcoholic liquors were received from the field offices, reviewed, and audited, and tax liabilities disclosed thereby were assessed, including ad valorem penalties. There were certified to the Commissioner for assessment 13,808 items totaling \$3,854,693, listed in the Bureau, and 155,793 items aggregating \$92,691,905, listed by collectors.

At the beginning of the fiscal year there were on hand 580 offers aggregating \$40,487.21. During the year 11,010 offers amounting to \$344,765.42 were received, of which 226 were forwarded to the Department of Justice and 319 were returned to the field offices. Of the 11,045 offers to be disposed of by the Division, 9,461 offers aggregating \$239,806.54 were accepted, and 1,001 offers totaling \$37,310.39 were rejected, leaving 583 offers on hand at the end of the year.

*Procedure Division.*—This Division plans and develops procedure for the headquarters and field offices of the Alcohol Tax Unit; assists in drafting regulations, Treasury decisions, mimeographs, and circulars; and reviews the revision of all forms prescribed by the Alcohol Tax Unit. It is charged with the administration of regulations relating to traffic in containers of distilled spirits and the supervision of the Statistical Section.

During the year special statistical studies were made on matters relating to proposed legislation and inquiries from officials and the public.

*Alcohol Tax Division of the Office of the General Counsel.*—This Division handles the legal work arising in connection with the administration and enforcement of the internal revenue liquor laws.

During the year there were prepared 6,818 memoranda, 413 briefs, 5,242 opinions, 27 parole cases, 247 libels, and 48 indictments. Review work included 7,450 case reports, 73 claims of over \$5,000 each, and 10,684 compromise cases. In addition, 6 revocation cases were handled, and 912 petitions for remission or mitigation of forfeiture were examined and finally passed upon.

#### *Accounts and Collections Unit*

The Accounts and Collections Unit is the central administrative organization for the 64 internal revenue collection districts and makes the administrative audit of all expenditures for the Internal Revenue Service. The Unit also administers the taxes imposed under Chapter 9 of the Internal Revenue Code, Subchapter A relating to employment by others than carriers, Subchapter B relating to employment by carriers, and Subchapter C covering the tax on employers of eight or more. Since enactment of the Social Security Act Amendments of 1939 (Public No. 379, approved August 10, 1939), Subchapter A of Chapter 9 of the Code has been known as the Federal Insurance Contributions Act, and Subchapter C as the Federal Unemployment Tax Act. Prior to enactment of the Internal Revenue Code, the provisions of Subchapters A, C, and B of chapter 9 were contained in titles VIII and IX of the Social Security Act and in the Carriers Taxing Act of 1937, respectively, and the taxes imposed thereunder are now generally designated as "employment taxes."

There were 19,199,932 tax returns filed in collectors' offices during the fiscal year, an increase of 1,491,075 over the previous year. Of the total returns filed, 8,988,412 were income tax returns, an increase of 1,416,729 during the year.<sup>1</sup>

During the fiscal year 34,774 income tax,<sup>2</sup> 4,700 miscellaneous tax, and 77,472 employment tax returns were investigated by field deputy collectors. In the verification of income tax returns 10,505,875 information returns showing income at a source were compared with the income reported on returns filed. At the close of business June 30, 1940, there were outstanding in the 64 collection districts 3,212 income tax returns, and 5,315,926 information returns were on hand.

Deputy collectors of internal revenue served 379,228 warrants for distraint, which resulted in the collection of \$52,220,175. An average of 2,718 deputy collectors made 1,622,104 revenue-producing investigations, including the serving of warrants for distraint, compared with 1,889,579 investigations made by an average of 2,704 deputy collectors in the preceding year. The total amount collected and reported for assessment by deputy collectors was \$84,566,072 compared with \$97,826,243 in the previous year. The average number of investigations made per deputy and the average amount of tax collected and reported for assessment were 597 and \$31,113, respectively, compared with 699 and \$36,178, respectively, in 1939. There were 212,701 warrants for distraint in custody in the collectors' field forces on June 30, 1940, compared with 205,980 on hand June 30, 1939.

A total of 13,351,512,052 revenue stamps, valued at \$1,188,107,282, was issued to collectors of internal revenue and the Postmaster General during the year, compared with 12,594,476,279 stamps, valued at \$1,144,003,042, issued during 1939. Revenue stamps returned by collectors of internal revenue and by the Postmaster General, and credited to their accounts, amounted to \$31,206,229. There were 390 applications allowed for restamping packages from which the original stamps had been lost, mutilated, or destroyed, compared with 431 applications in the preceding year.

The Disbursement Accounting Division administratively examined and recorded 1,553 monthly accounts, or 127,646 vouchers, of collectors of internal revenue, internal revenue agents in charge, district supervisors, etc. In addition, 8,351 expense vouchers of employees and 14,015 vouchers covering passenger and freight transportation and miscellaneous expenses were audited and passed for payment.

*Taxes under the Federal Insurance Contributions Act.*—Collections of taxes imposed under the Federal Insurance Contributions Act amounted to \$605,350,175 for the year, compared with \$529,835,533 for 1939, an increase of \$75,514,642. These amounts include both the employees' tax and the employers' tax, each of which was imposed at the rate of 1 percent of taxable wages paid. There were 7,868,402 quarterly returns filed during the fiscal year, compared with 7,520,711 filed in the preceding year. The complete and final audit of returns is conducted in the offices of collectors of internal revenue.

<sup>1</sup> See p. 322 for an analysis of the increase.

<sup>2</sup> See p. 322 for information on returns investigated by the Income Tax Unit.

The following table sets forth information relative to claims disposed of under the Federal Insurance Contributions Act and title VIII of the Social Security Act:

*Claims under the Federal Insurance Contributions Act and title VIII of the Social Security Act received and disposed of, fiscal year 1940*

Claims:	Number
Pending at beginning of year.....	5,180
Filed during year (new claims).....	15,307
Received from other sources.....	342
Total to be disposed of.....	20,829
Allowed in full or in part.....	14,391
Rejected.....	3,597
Canceled.....	197
Total disposed of.....	18,185
Pending at end of year.....	2,644
Certificates of allowance issued when no claims were filed.....	5,321
Overassessments settled by--	Amount
Abatement.....	\$810,583.44
Credit.....	70,554.57
Refund.....	467,614.03
Total.....	1,348,752.04
Interest.....	49,556.04
Grand total.....	1,398,308.08

The amount involved in claims filed during the year was \$1,364,-682.99. Included in the allowed claims shown above were 6,206 collectors' claims for abatement, of which 160 were multiple-item claims involving 3,953 items. There were also allowed 372 collectors' claims recommending refunds of \$7,963.14 plus interest of \$298.05. The amount involved in the claims rejected during the year totaled \$295,138.17.

The following table shows the status of the offers in compromise submitted in settlement of tax liabilities incurred under title VIII of the Social Security Act and the Federal Insurance Contributions Act:

*Offers in compromise under title VIII of the Social Security Act and the Federal Insurance Contributions Act received and disposed of, fiscal year 1940*

Offers in compromise	Number of offers	Amount offered	Tax liability involved
Pending at beginning of year.....	51	\$4,876	\$14,458
Received during year.....	267	39,626	118,465
Total to be disposed of.....	318	44,502	132,923
Accepted.....	121	9,931	27,010
Rejected.....	68	7,744	34,449
Total disposed of.....	189	17,675	61,459
Pending at end of year.....	129	26,827	71,464

*Tax under the Federal Unemployment Tax Act.*—The tax under the Federal Unemployment Tax Act is imposed on employers of eight or more. The rate is 3 percent on taxable wages paid during 1939 with respect to employment. Collections amounted to \$106,123,156, compared with \$101,166,704 for the fiscal year 1939, an increase of \$4,956,-452. There were 367,670 returns filed during the fiscal year, compared with 367,235 filed during the preceding fiscal year. The return

for each calendar year is due on January 31, following the close of the year, unless an extension of time for filing is granted.

The number of returns under the Federal Unemployment Tax Act received and disposed of by the Accounts and Collections Unit are as follows:

*Number of Federal unemployment tax returns (annual) received and disposed of, fiscal year 1940, by tax years*

Tax year	On hand July 1, 1939	Received during year	Reopened during year	Total	Disposed of during year	On hand June 30, 1940
1936.....	2,984	5,424	9,999	18,407	16,846	1,561
1937.....	39,378	15,241	19,479	74,098	61,829	12,269
1938.....	308,789	20,248	19,512	348,549	323,906	24,643
1939.....		326,757		326,757		326,757
Total.....	351,151	367,670	48,990	767,811	402,581	365,230

The Unit forwarded 249 returns to the field for investigation during the fiscal year. Independent of these cases, the field force submitted reports on unemployment tax liability made in connection with income tax investigations. The status of these reports in the Unit is shown in the following table:

*Revenue agents' reports received and disposed of, fiscal year 1940, by tax year*

Tax year	On hand July 1, 1939	Received during year	Total	Disposed of during year	On hand June 30, 1940
1936.....	304	2,272	2,576	2,506	70
1937.....	1,101	4,141	5,242	4,845	397
1938.....		4,382	4,382	3,542	840
Total.....	1,405	10,795	12,200	10,893	1,307

Of the 10,893 revenue agents' reports disposed of, 1,904 showed no change in tax liability, 7,777 showed deficiencies in tax amounting to \$1,158,859.36, and 1,212 showed overassessments of \$216,204.90.

The following table sets forth information relative to claims adjusted and certificates of overassessment or of allowance issued under the Federal Unemployment Tax Act and title IX of the Social Security Act:

*Claims under the Federal Unemployment Tax Act and title IX of the Social Security Act received and disposed of, fiscal year 1940*

	Number
Claims:	
Pending at beginning of year.....	8,439
Filed during year (new claims).....	22,984
Received from other sources.....	53
Total to be disposed of.....	31,476
Allowed in full or in part.....	18,074
Rejected.....	4,534
Canceled.....	250
Total disposed of.....	22,858
Pending at end of year.....	8,618
Certificates of overassessment and certificates of allowance issued when no claims were filed.....	7,829
Overassessments settled by—	Amount
Abatement.....	\$2,338,112.84
Credit.....	65,235.65
Refund.....	1,833,301.74
Total.....	4,236,650.23
Interest.....	54,178.86
Grand total.....	4,290,829.09

The amount involved in claims filed during the year was \$4,891,-260.46. Included in the allowed claims shown above were 3,051 collectors' claims for abatement, of which 38 were multiple-item claims involving 613 items. There were also allowed 4,665 collectors' claims recommending refunds of \$65,866.79 plus interest of \$1,715.59. The amount involved in the claims rejected during the year totaled \$527,414.21.

The following table shows the status of the offers in compromise submitted in settlement of tax liabilities incurred under title IX of the Social Security Act and the Federal Unemployment Tax Act:

*Offers in compromise under title IX of the Social Security Act and the Federal Unemployment Tax Act received and disposed of, fiscal year 1940*

Offers in compromise	Number of offers	Amount offered	Tax liability involved
Pending at beginning of year.....	81	\$8,226	\$46,454
Received during year.....	222	28,895	191,992
Total to be disposed of.....	303	37,121	238,446
Accepted.....	74	6,364	36,731
Rejected.....	127	14,249	96,232
Total disposed of.....	201	20,613	132,963
Pending at end of year.....	102	16,508	105,483

*Carriers taxes (Chapter 9, Subchapter B, Internal Revenue Code).—* Collections of employers' tax and employees' tax under Chapter 9, Subchapter B, of the Internal Revenue Code aggregated \$122,037,661, compared with \$109,419,458 for the previous year, an increase of \$12,618,203. Each tax was imposed at the rate of 2½ percent of the taxable compensation earned during 1939 and at the rate of 3 percent earned during 1940. Collections of employee representatives' tax, which was imposed at the rate of 5½ percent of the taxable compensation earned during 1939, and at the rate of 6 percent earned during 1940, amounted to \$9,982, compared with \$7,169 for the previous year, an increase of \$2,813. There were 31,915 quarterly returns filed by employers and 1,698 by employee representatives, an increase of 1,294 and 291, respectively, over the previous year. The complete and final audit of these returns is conducted in the offices of collectors of internal revenue.

The following table sets forth information relative to claims disposed of under Chapter 9, Subchapter B, Internal Revenue Code, and the Carriers Taxing Act of 1937:

*Claims under Chapter 9, Subchapter B, Internal Revenue Code, and the Carriers Taxing Act of 1937 received and disposed of, fiscal year 1940*

Claims:	Number
Pending at beginning of year.....	92
Filed during year (new claims).....	273
Received from other sources.....	9
Total to be disposed of.....	374
Allowed in full or in part.....	257
Rejected.....	56
Canceled.....	17
Total disposed of.....	330
Pending at end of year.....	44
Certificates of allowance issued when no claims were filed.....	21

*Claims under Chapter 9, Subchapter B, Internal Revenue Code, and the Carriers Taxing Act of 1937 received and disposed of, fiscal year 1940—Continued*

Overassessments settled by—	Amount
Abatement.....	\$104,737.36
Credit.....	115,095.14
Refund.....	8,794.11
Total.....	228,626.61
Interest.....	405.57
Grand total.....	229,032.18

The amount involved in claims filed during the year was \$168,245.00. Included in the allowed claims shown above were 50 collectors' claims for abatement. There were also allowed 4 collectors' claims recommending refunds of \$940.27 plus interest of \$63.72. The amount involved in the claims rejected during the year totaled \$56,279.07.

*Technical Staff*

Under the present decentralized procedure for handling disagreements with taxpayers over income, profits, estate, and gift tax liabilities, the Technical Staff is the appellate agency through which the Commissioner of Internal Revenue takes final administrative action in determining the amounts due the United States. It is attached to the office of the Commissioner and is directly responsible to him. It consists of an administrative office in Washington and 10 field divisions comprising 37 local offices distributed throughout the United States at points chosen with a view to taxpayers' convenience. Representatives of the Chief Counsel for the Bureau of Internal Revenue serve as counsel to the heads of the field divisions.

Within the territory of each field division, its officers represent the Commissioner (a) in reaching agreements with taxpayers for the settlement of disputed liabilities not before the Board of Tax Appeals and, in cases not so settled, determining the liability to be asserted in statutory notices of deficiency, and (b) in settling by stipulation disputed liabilities that have been appealed to the Board and, in cases in which efforts at settlement are unsuccessful, defending the Commissioner's determinations in trials before the Board. In cases not before the Board, the head of the division has exclusive authority to act, but must obtain the advice of counsel before making a statutory determination in an unagreed case, and may obtain such advice in other cases. In Board cases counsel's concurrence in settlements is required, and counsel has exclusive authority to represent the Commissioner in trials.

The Staff also considers certain classes of compromise cases and applications for extensions of time within which to pay deficiencies in income and estate taxes, and reviews proposals for final closing agreements under section 3760 of the Internal Revenue Code.

The operations of the Staff divisions under the decentralized procedure progressed satisfactorily during the fiscal year 1940. Dispositions exceeded receipts both of Board cases and of cases not before the Board. At the end of the year the number of Board cases awaiting settlement or trial was smaller than at the end of any fiscal year since the one in which the Board was established, and was equivalent to less than one year's work at the rate maintained in 1940. The number of non-Board cases awaiting action by the Staff divisions at the end of the year was equivalent to about 4 months' work. The results of

the year's work were particularly gratifying in the Staff divisions where the decentralized procedure was first put into effect and where, as a consequence, the fullest opportunity had been afforded for bringing the work up to date and adjusting output to receipts.

To a degree unprecedented since the enactment of the World War income and profits tax laws, taxpayers and the Government are now enjoying the benefits of prompt determination of liabilities in the localities where they arise. Disputes can be most readily resolved, with least inconvenience and expense, in their initial stages and at the point of origin, where the persons involved are located and where the evidence is normally to be found. In addition, a sounder basis is afforded for business planning if tax obligations are definitely fixed at the earliest possible moment. The Federal treasury also benefits by prompt collection of moneys due.

If the taxpayer is dissatisfied with the decision of the head of a Staff division he has an ample remedy in a petition to the Board of Tax Appeals, which was established by Congress for the express purpose of settling disagreements between administrative officers and taxpayers.

*Operations of field divisions.*—The year 1940 is the first complete fiscal period in which the plan of decentralization has been in operation in all respects. The 10 field divisions of the Staff were all functioning, with jurisdiction of cases docketed by the United States Board of Tax Appeals and cases not before the Board.

An analysis of the work of the Staff field divisions during the year is presented in the two tables which follow:

*Analysis of the work of all field divisions of the Technical Staff, fiscal year 1940*

Cases	Docketed cases	Non-docketed cases
On hand July 1, 1939.....	4,982	3,772
Received (transfers, etc., deducted).....	4,256	9,896
Total to be disposed of.....	9,238	13,668
Closed by stipulation or agreement.....	3,315	5,852
Dismissals and defaults.....	267	
Unagreed cases submitted to Board.....	1,301	
Statutory notices directed or sustained.....		3,572
Unagreed action on overassessment and claims cases.....		757
Total disposed of.....	4,883	10,181
On hand June 30, 1940.....	4,355	3,487

*Taxpayers' action on statutory notices directed or sustained by the field divisions of the Technical Staff, fiscal year 1940*

On hand July 1, 1939.....	380
Statutory notices directed or sustained during year.....	3,572
Total to be disposed of.....	3,952
Closed by agreement without filing of petition with Board.....	82
Closed by taxpayer failing to file petition with Board.....	761
Closed by filing of petition with Board.....	1,549
Transfers and adjustments.....	4
Total closed out of statutory notice status.....	2,396
On hand June 30, 1940, awaiting issuance of notices or taxpayers' action on notices issued.....	1,556



The nondocketed cases closed by agreement and by default involved asserted deficiencies in tax aggregating \$55,087,482 and tentatively determined overassessments of \$4,040,973. The amount agreed to consisted of \$19,912,167 in deficiencies in tax and \$1,596,071 in overassessments allowed, together with defaults aggregating \$2,409,465 in deficiencies in tax and \$40,058 in overassessments.

The docketed cases closed by stipulated agreement involved asserted deficiencies aggregating \$90,240,891 and overassessments of \$39,343 determined for other years in the same statutory notices. The amount agreed to consisted of \$25,729,088 in deficiencies in tax and \$884,506 in overassessments.

An analysis of the work of the Staff on compromise, extension of time, and final closing agreement cases follows:

*Analysis of work of the Staff on compromise, extension of time, and final closing agreement cases, fiscal year 1940*

Cases	Compromise cases	Extension of time cases	Final closing agreement cases
On hand July 1, 1939.....	452	24	62
Received (transfers, etc., deducted).....	946	148	261
Total to be disposed of.....	1,398	172	323
Accepted, granted, or approved.....	235	14	262
Rejected.....	374	157	1
Withdrawn.....	104		
Transferred.....	76		
Total disposed of.....	789	171	263
On hand June 30, 1940.....	609	1	60

*Office of the Chief Counsel*

The activities of the Office of the Chief Counsel for the Bureau of Internal Revenue include the defense of all Federal tax cases appealed to the United States Board of Tax Appeals; the review of refunds, credits, and abatements in excess of \$20,000; considering various administrative and internal revenue tax matters referred to this office by the Secretary of the Treasury, the Under Secretary, or an Assistant Secretary, the General Counsel for the Department of the Treasury, the Commissioner, or the assistant to the Commissioner, the heads of the administrative units of the Bureau, collectors of internal revenue, and other branches of the Department. They include also the preparation, at the request of the Department of Justice or of the United States attorneys, of data for use in the prosecution or defense of tax cases (civil and criminal) in suit, and, when requested, assistance in such cases; and the preparation, revision, and review of regulations, Treasury decisions, mimeographs, and rulings, for the guidance of the officers and employees of the Bureau of Internal Revenue and others interested. The office is divided into seven divisions, viz, Appeals, Civil, Interpretative, Penal, Review, Legislation and Regulations, and Alcohol Tax.<sup>1</sup>

The Chief Counsel's Committee, consisting of three members, serves in an advisory capacity to the Chief Counsel, Assistant Chief Counsel, general assistants, and special assistants, who refer to the committee

<sup>1</sup> See p. 332 for report of Alcohol Tax Division of the Office of the General Counsel.

cases from all divisions of the office. The committee considers these cases and makes written recommendations as to their proper disposition. The committee is also charged with the final review of cases involving compromises and closing agreements, previous to their being sent to the Secretary of the Treasury for his approval. At the beginning of the fiscal year 1940 the committee had on hand 36 cases; during the year it received 1,905 and closed 1,878, leaving 63 cases pending at the close of the year.

The Reorganization Section is charged with the duty of protecting the interests and claims of the United States in bankruptcy and receivership proceedings, including particularly proceedings instituted under sections 77, 77B, and chapters X, XI, XII, XIII, and XV of the National Bankruptcy Act.

In the 1,814 corporate reorganization and arrangement cases disposed of during the year, claims were filed in the amount of \$10,094,409.86 and were settled for \$3,405,402.84. In addition, there were 728 cases closed in which no tax claims were filed.

In the 4,277 cases closed relating to bankruptcy and receivership, claims were filed in the amount of \$6,950,061.06 and the sum of \$1,642,845.91 was collected.

*Appeals Division.*—This Division has charge of all cases involving income, excess-profits, unjust enrichment, estate, and gift taxes, pending before the United States Board of Tax Appeals. Counsel assigned to the field divisions of the Technical Staff, which were created under the decentralization program of the Bureau of Internal Revenue, prepare answers to petitions filed with the Board of Tax Appeals and advise the heads of the divisions upon legal questions arising in the determination of income, profits, estate, and gift tax liability. All proposed settlements are concurred in by counsel prior to final approval by the head of a Staff division. Counsel also have exclusive authority to represent the Commissioner of Internal Revenue in the defense of all cases set for hearing before the Board of Tax Appeals.

The Division has immediate charge of all cases involving refunds of amounts collected under the Agricultural Adjustment Act pending before the United States Processing Tax Board of Review. It prepares all pleadings in such cases and appears for and represents the Commissioner of Internal Revenue at the trial thereof. In addition, the Division has the same jurisdiction, duties, and activities in matters involving titles III, IV, and VII of the Revenue Act of 1936, as have other divisions of the Chief Counsel's Office with respect to questions involving income, excess-profits, capital stock, estate, gift, and miscellaneous taxes.

This Division also has general supervision of the preparation of the contents of the records on review in all cases wherein are filed petitions for review by the United States Circuit Courts of Appeals or final decisions of either the United States Board of Tax Appeals or the Processing Tax Board of Review. In such proceedings where the Commissioner of Internal Revenue is petitioner, this duty is performed in the Division subject to approval by the Department of Justice; in cases where a taxpayer is petitioner, the Division has sole charge of the preparation of the record.

Of the appeals taken to the United States Board of Tax Appeals, 5,427 were closed during the year. The dispositions by character of closing were as follows:

*Disposition of cases closed before the United States Board of Tax Appeals, fiscal year 1940*

Character of closing	Number of cases	Amount in dispute	Amount recovered	Percentage of recovery
Washington office				
Default.....	19	\$66, 578	\$66, 578	100. 0
Decision on merits.....	755	19, 135, 688	7, 435, 866	38. 9
Agreed settlement.....	32	45, 100, 339	8, 828, 274	19. 6
Total.....	806	64, 302, 605	16, 330, 718	25. 4
Field offices				
Default.....	271	4, 672, 576	4, 382, 498	93. 8
Decision on merits.....	1, 035	16, 969, 566	8, 962, 154	52. 8
Agreed settlement.....	3, 315	103, 937, 615	33, 503, 049	32. 2
Total.....	4, 621	125, 579, 757	46, 847, 701	37. 3
Grand total.....	5, 427	189, 882, 362	63, 178, 419	33. 3

Of the appeals taken to the Processing Tax Board of Review, 110 cases were closed during the year. The dispositions by character of closing were as follows:

*Disposition of cases closed before the Processing Tax Board of Review, fiscal year 1940*

Character of closing	Number of cases	Amount of claims in dispute	Amount of claims recovered by taxpayer	Percentage of claims recovered by taxpayer
Dismissals.....	89	\$1, 811, 145		
Agreed settlement.....	9	323, 657	\$12, 668	3. 90
Decision on merits.....	12	881, 413	71	. 01
Total.....	110	3, 016, 215	12, 739	. 42

*Civil Division.*—This Division, in cooperation with and at the request of the Department of Justice, assists in the handling and preparation for trial of civil internal revenue cases arising in the Federal district courts, the United States Court of Claims, and the Supreme Court of the District of Columbia, together with a limited number of cases originating in State courts. The trials of such cases and arguments upon appeals are conducted by the Department of Justice, with the assistance of this Division, pursuant to the President's Executive order of June 10, 1933.

The Division's major activities during the year are shown in the following tables:

*Number of cases pending, received, and disposed of by the Civil Division, fiscal year 1940<sup>1</sup>*

Cases	Number
Pending July 1, 1939:	
Not involving liens, in court.....	2, 188
Not involving liens, not in court.....	585
Lien cases in court.....	623
Lien cases not in court.....	48
Total.....	3, 444
Received during the year:	
Suits by taxpayers.....	1, 352
For suit by the United States.....	235
Suits involving liens.....	959
Lien cases not in court.....	345
Total.....	2, 891
Total to be disposed of.....	6, 336
Closed during the year:	
Not involving liens.....	1, 402
Lien cases.....	1, 273
Total.....	2, 675
Pending June 30, 1940.....	3, 660

<sup>1</sup> Excludes compromise cases.

*Number of civil cases pending in the Civil Division at the beginning and end of the fiscal year 1940<sup>1</sup>*

Cases	Pending July 1, 1939	Pending June 30, 1940
Not involving liens:		
In district courts.....	1, 700	1, 951
In circuit court of appeals.....	97	113
In Court of Claims.....	538	562
In Supreme Court.....	2	1
In State and miscellaneous courts.....	70	8
Pending payment of judgment claims.....	119	89
Not in court.....	247	234
Involving liens:		
In court.....	623	657
Not in court.....	48	45
Total.....	3, 444	3, 660

<sup>1</sup> Excludes compromise cases.

The amounts in the cases involving no liens are as follows:

Pending July 1, 1939.....	\$203, 802, 941. 45
Received during year.....	44, 723, 455. 46
Total.....	248, 526, 396. 91
Closed during year.....	43, 862, 197. 70
Pending June 30, 1940.....	204, 664, 199. 21

*Results obtained in cases closed by the Civil Division, fiscal year 1940*

Cases	Number of cases	Amount claimed	Amount collected	Amount refunded
Not involving liens: <sup>1</sup>				
Suits instituted by taxpayers.....	1, 152	\$31, 015, 356. 87	-----	\$10, 287, 890. 17
Suits and claims by the United States.....	115	8, 181, 289. 98	\$4, 708, 666. 31	-----
Injunctions, processing taxes.....	113	4, 297, 946. 24	-----	-----
Injunctions, social security taxes.....	22	18, 639. 09	-----	-----
Total.....	1, 402	43, 513, 232. 18	4, 708, 666. 31	10, 287, 890. 17
Involving liens:				
In court.....	925	-----	350, 945. 20	-----
Not in court.....	348	-----	137, 149. 30	-----
Total.....	1, 273	-----	488, 094. 50	-----

<sup>1</sup> Excludes compromise cases.

The number of Civil Division cases tried by the Department of Justice and the number decided by the courts during the year are shown in the following table:

*Number of Civil Division tax cases tried by Department of Justice and decided by the Federal courts, fiscal year 1940*

Court	Cases tried	Cases decided by courts			
		For the Government	Against the Government	Partly for and partly against the Government	Total
District courts.....	220	222	118	22	362
Circuit court of appeals.....	67	67	47	4	118
Court of Claims.....	32	38	17	1	56
Supreme Court.....	4	5	0	2	7
Total.....	323	332	182	29	543

The Compromise Section is charged with the prosecution of claims filed by collectors (a) against the estates of deceased taxpayers; (b) against insolvent banks; and (c) in liquidation proceedings, including assignments for the benefit of creditors.

The following table shows the cases on hand at the beginning of the year, those received and disposed of, and those on hand at the close of the year:

Cases:	Number
Pending July 1, 1939.....	2, 858
Received during year.....	1, 959
Total.....	4, 817
Closed or in process of closing.....	1, 884
Pending June 30, 1940.....	2, 933
	Amount
Tax liability involved.....	\$6, 203, 667
Amount finally collected by payment or acceptance of offers.....	4, 867, 293

The number of cases pending June 30, 1940, and the tax liability involved are shown in the following table:

*Number of cases pending and tax liability involved, June 30, 1940*

Cases	Pending		In process of closing	
	Number	Liability	Number	Liability
Decedent estates.....	1,427	\$23,151,654	-----	-----
Insolvent banks.....	31	76,579	-----	-----
Miscellaneous cases.....	1,396	2,666,834	-----	-----
Cash offers in compromise.....	50	1,140,207	69	\$1,549,313
Installment offers in compromise.....	29	1,085,901	24	366,311
Total.....	2,933	28,121,175	93	1,915,624

*Interpretative Division.*—This Division prepares legal opinions on questions arising under the internal revenue laws. It reviews material submitted to it by other divisions of the General Counsel's office and by the administrative branches and units of the Bureau of Internal Revenue. It also reviews closing agreements covering proposed transactions, and edits the material submitted for publication in the Internal Revenue Bulletin.

A statistical summary of the work accomplished during the year is as follows:

Cases:	Number
On hand July 1, 1939.....	335
Received during the year.....	2,314
Total to be disposed of.....	2,649
Disposed of.....	2,351
On hand June 30, 1940.....	298

*Penal Division.*—The Penal Division deals with practically all classes of internal revenue tax cases when criminal liability is alleged, including, income and profits, miscellaneous, and social security tax cases; considers offers in compromise of liability where criminal proceedings have been instituted or recommendations for prosecution have been made to the Bureau or by the Bureau to the Department of Justice, and prepares opinions construing the criminal and percentage penalty statutes. It also considers claims for reward under section 3463 of the Revised Statutes or section 3792 of the Internal Revenue Code, and whether cases closed by agreement under section 606 of the Revenue Act of 1928, and similar provisions of other revenue acts and the Internal Revenue Code, should be reopened because of "fraud or malfeasance, or misrepresentation of a material fact." Whenever requested by the Department of Justice, an attorney from this Division assists in the prosecution of criminal cases.

The following tables summarize the work of the Division during the last two years:

*Number of cases pending, received, and disposed of by the Penal Division, fiscal years 1939 and 1940*

Cases	1939	1940
Pending at beginning of year.....	1,039	1,254
Received during year.....	1,063	1,049
Total to be disposed of.....	2,102	2,303
Disposed of.....	848	862
Pending at end of year.....	1,254	1,441

*Number of claims for reward pending, received, and disposed of by the Penal Division,  
fiscal year 1940*

Claims	Formal claims	Informal claims
Pending at beginning of year.....	416	75
Received during year.....	322	148
Total to be disposed of.....	738	223
Allowed.....	62	-----
Rejected.....	143	112
Total disposed of.....	205	112
Pending at end of year.....	533	111

*Review Division.*—This Division reviews overassessments of income, excess-profits, war-profits, estate, gift, and miscellaneous taxes proposed for allowance (also deficiencies when coupled with overassessments), where the amount of the overassessments in any case exceeds \$20,000, and proposed refunds of any tax in excess of \$20,000. It prepares reports to the Joint Committee on Internal Revenue Taxation required by section 3777 of the Internal Revenue Code, where the overpayments of income, excess-profits, war-profits, estate, or gift taxes exceed \$75,000; and prepares public decisions where the overassessments exceed \$20,000.

The work of the Division is summarized as follows:

*Number of cases pending, received, and disposed of by the Review Division and  
amounts involved, fiscal year 1940*

Cases	Estate and other miscellaneous taxes	Income tax	Total
	<i>Number</i>	<i>Number</i>	<i>Number</i>
On hand at beginning of year.....	11	101	112
Received.....	80	504	584
Total to be disposed of.....	91	605	696
Disposed of.....	70	492	562
On hand at end of year.....	21	113	134
	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
Claimed by taxpayer.....	\$4, 237, 144. 15	\$127, 274, 100. 14	\$131, 511, 244. 29
Approved by Review Division.....	3, 034, 039. 78	91, 428, 318. 19	94, 462, 357. 97

*Legislation and Regulations Division.*—The regulations issued under the internal revenue laws, including tax conventions with foreign countries, the profit-limiting provisions of the act of March 27, 1934, relating to certain Army and Navy construction contracts, and the reports on legislation introduced in Congress affecting the internal revenue, except as they relate to taxes on alcoholic beverages, are prepared or reviewed in this Division. In addition, the Division considers suggestions for amendment of and additions to the various internal revenue laws and prepares reports thereon for the consideration of the Commissioner and the General Counsel. It participates in the preparation of income tax forms and assists in the drafting of tax conventions.

*Intelligence Unit*

The Intelligence Unit is principally concerned with the investigation of tax fraud cases in cooperation with internal revenue agents and deputy collectors. During the year, 1,014 investigations were made of alleged evasions of income and miscellaneous taxes, and of this number 370 cases, involving 612 individuals, were recommended for prosecution. On this charge there were convictions of 147 individuals and 13 acquittals. Investigations of these cases resulted in recommendation for assessment of additional taxes and penalties totaling \$33,319,063.63.

In addition to collections by the Bureau of Internal Revenue of taxes, penalties, and interest, amounts are covered into the Treasury as a result of fines imposed in criminal cases. In some jurisdictions the courts have imposed an additional penalty by requiring the defendants to pay the costs of the investigations, that is, the salaries and expenses of the agents during investigations.

There were 2,845 investigations of applications of attorneys and agents to practice before the Treasury Department and 79 investigations of charges against enrolled agents and attorneys, resulting in the disbarment of 10, the suspension of 1, the reprimand of 2, and the rejection of applications of 28. There were 6 names stricken from the rolls during the course of disbarment proceedings.

The investigations in 104 cases of charges against employees of the Bureau of Internal Revenue resulted in the separation from the service of 63 employees and the prosecution and conviction of 28.

There were 1,050 cases of miscellaneous character investigated, including investigations for the Bureau of Narcotics and the Customs Service, and of persons under consideration for appointment to various positions in the Treasury Department.

**Review of activities since 1933***Progress in income, estate, and gift tax administration*

*Accomplishments in adjustment of income tax liabilities.*—In the fiscal year 1940 the amount of additional tax, penalties, and interest assessed as a result of the verification of income tax returns exceeded by more than 50 percent the amount similarly assessed in the fiscal year 1933. The number of returns adjusted by such assessments was 90 percent higher in 1940 than in 1933. From 1933 to 1940 assessments made without petition to the Board of Tax Appeals more than doubled in both number of returns and amount; the amount of additional tax and penalties that became assessable through the work of the Internal Revenue Bureau's field forces, without action by the Washington office, more than quadrupled, and the number of returns on which final action was taken in the field offices increased two and one half times. In contrast with these increases, assessments made after petition to the Board of Tax Appeals decreased 45 percent in number and 31 percent in amount.

The following table shows for the fiscal years 1933 to 1940 the amount of additional tax, interest, and penalties assessed without petition to the Board of Tax Appeals, after petition to the Board, and total, together with the number of returns involved:



*Additional assessments made as a result of the verification of income tax returns, fiscal years 1933 to 1940 (excluding jeopardy assessments)*

Year	Cases closed without petition to Board of Tax Appeals		Cases closed by stipulation or decision after petition		Total cases closed	
	Number	Amount	Number	Amount	Number	Amount
1933.....	103,709	\$99,520,130	6,881	\$68,630,632	110,590	\$168,150,762
1934.....	108,322	122,564,290	6,606	69,330,359	114,928	191,894,649
1935.....	137,041	108,743,859	5,190	69,408,401	142,231	178,152,260
1936.....	213,829	161,809,647	3,789	57,546,236	217,618	219,355,883
1937.....	217,539	195,554,043	3,949	43,186,950	221,488	238,740,993
1938.....	199,210	169,613,415	4,342	34,994,503	203,552	204,607,918
1939.....	237,056	188,163,601	4,115	51,679,549	241,171	239,843,150
1940.....	209,566	208,493,757	3,773	47,165,213	213,339	255,658,970

## Percent of total

1933.....	93.8	59.2	6.2	40.8	100.0	100.0
1934.....	94.2	63.9	5.8	36.1	100.0	100.0
1935.....	96.4	61.0	3.6	39.0	100.0	100.0
1936.....	98.3	73.8	1.7	26.2	100.0	100.0
1937.....	98.2	81.9	1.8	18.1	100.0	100.0
1938.....	97.9	82.9	2.1	17.1	100.0	100.0
1939.....	98.3	78.5	1.7	21.5	100.0	100.0
1940.....	98.2	81.6	1.8	18.4	100.0	100.0

*Reasons for increased accomplishments.*—The increases shown by the foregoing table in the number and amount of income tax assessments have been due partly to the enlargement of the force of field examiners from 2,400 to 3,300, or 38 percent, and to steady improvement in the training and experience of the men employed, resulting in the preparation of records more adequate for the purpose of establishing taxpayers' correct liability. The cost of maintaining the field forces has been repaid many times in additional taxes collected, but the benefits of the work of the examiners are not fully reflected by these collections. An important though not readily measurable benefit is greater accuracy in the subsequent returns of individuals and corporations whose earlier errors in reporting their income and deductions have been corrected.

The work of adjusting income tax liability has also been greatly facilitated by continued expansion of the body of adjudicated tax law. Decisions of wide application by the Supreme Court and new statutory provisions designed to close loopholes in the statutes have contributed in substantial measure to the ability of the field forces to close cases. Typical of adjudications leading to the disposition of large groups of contests is the Supreme Court's decision settling the question of the right of the Federal Government to tax the compensation of employees of States and political subdivisions—a question that had provided a constant source of litigation for many years. Greater certainty has been established with respect to the taxable status of the income of certain trusts as a result of recent Supreme Court decisions, notably *Helvering v. Clifford* and *Helvering v. Wood*. Other recent decisions that have settled controversial issues are *Helvering v. Wilshire Oil Company, Inc.*, relating to the computation of the 50 percent limitation on depletion allowances, and *Helvering v. Bruun*, determining that a lessor realizes, on forfeiture of a leasehold, taxable gain amounting to the net fair market value of improvements made by the lessee.

Since 1933, a sustained effort has been made to expedite the examination of returns and the settlement of disputed tax liabilities, and thereby to reduce the accumulated balances of unexamined returns and contested tax cases on hand. As the result of this effort, the balances of income tax cases on June 30, 1940, were considerably lower than corresponding balances on June 30, 1933, as shown by the following table:

	June 30, 1933	June 30, 1940
Tax returns filed in prior fiscal years, pending verification (including returns in process of examination) <sup>1</sup> .....	<sup>2</sup> 174, 000	90, 073
Tax returns not before the Board of Tax Appeals involving unagreed adjustments in tax liability, pending final administrative action <sup>3</sup> .....	<sup>2</sup> 19, 250	17, 133
Petitions for review pending before the Board of Tax Appeals <sup>4</sup> .....	16, 502	5, 909

<sup>1</sup> Not including fiscal year returns filed in April, May, and June, 1932 and 1939.

<sup>2</sup> Estimated.

<sup>3</sup> Not including returns awaiting taxpayers' action on preliminary and statutory notices of adjustments, or returns held in suspense awaiting decisions or opinions in key cases. Returns so held in suspense numbered 3,629 on June 30, 1940, but the number on June 30, 1933, is not known.

<sup>4</sup> According to the Board's reports.

These balances should be considered in relation to the volume of the corresponding year's work. As shown by the statement of deficiency assessments on page 347, the number of returns adjusted without appeal to the Board was approximately twice as large in the fiscal year 1940 as in the fiscal year 1933. As between the same years, the number of appeals to the Board fell off about 30 percent, which in itself reflects more effective administrative efforts in the settlement of contested liabilities.

The increases in output and the reductions in the balances of unsettled cases shown by the tables above have been achieved largely by a progressive decentralization of the Internal Revenue Bureau's work. Greatly increased authority and responsibility have been delegated to field officers and the activities of the Bureau in Washington have been limited in the main to the direction and control of the field work. The steps necessary to obtain a final administrative decision on a disputed tax liability have been greatly simplified, and unnecessary repetitions in the consideration and reconsideration of cases by field and Bureau officers have been eliminated. These changes have materially expedited the settlement of contested cases and have made it more convenient and less costly to taxpayers. The heavy expenses and long delays that taxpayers formerly incurred in prosecuting their contests in Washington are now avoided, for taxpayers are afforded ample facilities at convenient points in their own localities for bringing their cases to a prompt conclusion without excessive cost. The secondary results of this policy of prompt settlement may be of even greater importance. It promotes the early collection of needed Federal revenues, lessens the risk of revenue losses due to the dissipation of taxpayers' assets while their liability is in dispute, and removes in considerable part a serious element of uncertainty in business calculations.

In the following pages a brief outline is presented of the changes that have been made in the organization and procedure (1) for completing the examination of taxpayers' returns, (2) for reaching final administrative determinations in disputed cases not before the Board, and (3) for settling or trying Board cases.

*Verification of income tax returns.*—On June 30, 1933, the number of income tax returns filed in prior fiscal years that were awaiting examination or settlement was about 233,000, of which about 174,000 were in process of examination or were awaiting the attention of examining officers. With balances of this magnitude the work of examining returns was not substantially completed until nearly two years after the returns had been filed.

In 1936 the policy was adopted of completing the examination of all returns filed in March of any year by June 30 of the following year, approximately 15 months after the date of filing. This plan allowed 3 months for the distribution of the returns to the field and 12 months for completing the work of examination.

Although the goal set was not fully achieved, the number of prior-year returns awaiting examination and in process of examination was reduced to about 56,000 on June 30, 1936, and has since been held below 100,000 except in 1938, when it rose to about 180,000. In 1939 the corresponding balance was brought down to about 71,000 through extensive use of correspondence and office interviews for the verification of returns. In 1940 it rose again to 90,000 returns, but the increase was largely offset by 17,000 advance examinations of returns filed in March of that year, completed with the aid of taxpayers' duplicates before receipt of the original returns from the Bureau. Such examinations, made simultaneously with the examination of the same taxpayers' returns for the preceding year, effect a considerable saving of examiners' time and lessen the inconvenience to taxpayers.

*Settlement of cases not before the Board of Tax Appeals.*—In March 1933 the verification of income tax returns was carried on, as at present, by examiners attached to 38 field divisions under the supervision of internal revenue agents in charge. Taxpayers were afforded opportunity to protest against examiners' findings and to discuss protested issues with conferees in the field offices. If agreements were not reached the cases were forwarded to the Income Tax Unit in Washington, where, after review of the field divisions' conclusions, new notices were sent to the taxpayers and opportunity was given for conference in Washington before the issuance of statutory notices of deficiency permitting appeal to the Board of Tax Appeals.

In the fiscal year 1933, the number of income tax returns adjusted by agreements arrived at in the field divisions equaled nearly 69 percent of the number of returns involved in additional assessments made that year, but the agreed additional tax and penalties amounted to only 27 percent of the total amount assessed. In the succeeding years field agreements increased greatly, until in the fiscal year 1940 adjustments effected by field officers without the filing of petitions to the Board of Tax Appeals equaled more than 96 percent of the returns involved in additional assessments, and more than 74 percent of the amount of tax and penalties assessed.

This gratifying increase in field settlements has been due very largely to the policy consistently adhered to of completing the adjustment of tax liability so far as possible in the taxpayer's office at the time when his return is verified, by obtaining then and there his agreement to any changes required by law. The same purpose of prompt local settlement has also been furthered by changes in the organization and procedure for reaching final administrative determinations with respect to adjustments not so agreed to.

In April 1936, an experiment directed toward complete decentralization of the settlement function in income tax cases was initiated at Cleveland, Ohio, and on July 1, 1937, the experiment was extended to the revenue agents' offices at Dallas, Tex.; San Francisco, Calif.; and New York City (uptown district). The internal revenue agents in charge at those offices were authorized to make determinations of income tax liability on the Commissioner's behalf, with or without taxpayers' agreement, and, in unagreed cases, to send statutory notices of deficiency from which the taxpayers could appeal to the Board of Tax Appeals.<sup>1</sup> A representative of the Chief Counsel was assigned to duty at each of these offices to advise the internal revenue agent in charge on legal matters and to take charge of the defense before the Board of petitioned cases arising under the plan. The duties of this legal advisor included particularly an advance review of statutory notices of deficiency prepared by the internal revenue agent in charge.

This experiment demonstrated the feasibility of decentralized determination of contested tax liabilities, yet left serious doubts as to the soundness of the experimental plan. It failed to satisfy the widespread demand on the part of taxpayers that before resort was had to statutory notices of deficiency disputed tax adjustments should be reviewed by a responsible officer independent of the one whose findings were challenged. Moreover, administrative officers of the Bureau and the Department felt that if the Commissioner's statutory authority to determine tax liability were delegated to the heads of all of the 38 semi-independent examining divisions difficult problems of supervision and coordination would arise, and it was urged that final review jurisdiction should be lodged in a more compact organization over which the Commissioner could exercise closer control.

Early in 1938 a new plan was formulated for complete decentralization of the Bureau's settlement function, applying both to contested cases not before the Board of Tax Appeals and to cases in which petitions for review of the Commissioner's determinations had been filed with the Board. Under this plan there was established at Los Angeles, Calif., a resident field division of the Commissioner's Technical Staff, consisting of a head responsible to the Commissioner and a division counsel responsible to the Chief Counsel, with a group of technical advisors, attorneys, and clerks. In cases not before the Board the head of the newly established Staff division was authorized to review, at the taxpayer's request, unagreed findings of the internal revenue agent in charge involving tax adjustments, and to represent the Commissioner in the exercise of his statutory authority to determine taxpayers' liability. At the same time the internal revenue agent in charge was authorized to issue statutory notices of deficiency on his own responsibility to taxpayers who neither agreed to proposed adjustments nor asked for review by the Technical Staff, and also to issue statutory notices at the direction of the head of the Staff division in cases in which agreements were not reached after Staff review. The advice of division counsel was required with respect to all statutory notices of deficiency decided on by the head of the Staff division, and the head of the division was given the right to ask counsel's advice on any legal point involved in a proposed settlement. In order to avoid repetitious reviews of the same disputes, cases that

<sup>1</sup> The New York office did not itself issue such notices, but referred the cases to the Bureau for that purpose.

had been discussed with taxpayers without agreement before the issuance of statutory notices were not taken up again for settlement after petition to the Board unless changed conditions or a changed attitude on the taxpayer's part raised new hope of a satisfactory agreement.

The head of the division and the division counsel were also authorized to represent the Commissioner in the settlement and trial of docketed cases, as explained more fully in the discussion of Board cases on page 353 of this report.

On July 1, 1938, the Los Angeles Staff Division's territory was expanded to cover all the Pacific Coast States and adjoining Intermountain States, and additional local offices were established at San Francisco, Seattle, and Portland. At the same time the jurisdiction of the head of the division in cases not before the Board was extended to estate and gift taxes. Later in the same year similar field divisions were organized in New York City and Chicago. In the early part of 1939, 7 additional divisions were established covering the entire country, making 10 in all, with 37 local offices distributed throughout the United States at points convenient to taxpayers. These offices were all in full operation throughout the fiscal year 1940.

The settlement authority of the Staff divisions is subject to exception only in cases in which criminal prosecution for fraud has been recommended and cases in which action by the courts or by other agencies is required by law (such as bankruptcy and receivership cases). In the fiscal year 1940, cases of these excepted classes referred to the Bureau by the internal revenue agents in charge numbered about 1,000 and involved asserted deficiencies totaling about \$30,000,000, or approximately 9 percent of the total deficiencies tentatively determined by internal revenue agents in charge on completion of their preliminary review.

During the fiscal year 1940 the Staff divisions fully demonstrated their effectiveness in dealing with cases not before the Board. They acted on proposed tax adjustments in such cases numbering 10,177 and involving asserted deficiencies of \$110,000,000, and succeeded in reducing their balances of cases pending action from 3,772 at the beginning of the year to 3,487 at the end, despite abnormally high receipts arising from the fact that internal revenue agents in charge disposed during the year of about 30 percent more protests than were filed during that year by taxpayers. The average time required for consideration of a case by the Staff divisions was about 4 months. Of the cases acted on, 6,695 involving \$56,000,000 were closed by agreement or by taxpayers' failure to file petitions with the Board after statutory notices. Cases numbering 1,549 and involving asserted deficiencies of nearly \$20,000,000 were petitioned to the Board, and 757 cases involving overassessments or rejection of claims were closed without agreement. The remaining 1,176 cases, involving approximately \$33,500,000, represent the increase during the year in cases awaiting taxpayers' action on statutory notices directed by the Staff divisions. Out of asserted deficiencies aggregating \$56,000,000 closed by agreement and default during the year, more than \$22,500,000 of additional tax and penalty was assessed.

The high standard of technical review that had previously been established in the Technical Staff and the conference division in Washington has been maintained by the Staff divisions in their action on cases not before the Board. Moreover, they have reviewed an in-

creased number of such cases without additional manpower, and have done so at the earliest practicable stage of the procedure, immediately following the preliminary determination of liability by the internal revenue agents in charge.

Experience in the administration of the income and estate tax laws has demonstrated clearly the impracticability of dispensing with an independent administrative review of unagreed findings of the examining officers before the issues are submitted to the Board of Tax Appeals. In the interest of prompt settlement and simplified procedure, it is obviously advantageous to make that review at the earliest possible opportunity, before rather than after the filing of a petition to the Board. That is the principle underlying the present plan for Staff review of unagreed cases not before the Board. However, the taxpayer is under no compulsion to request such a review. If he prefers, instead, to file a petition to the Board without prior consideration of his case by the Technical Staff, he is at liberty to do so. In that event the Staff's work on the case is postponed for some months, but its policy with respect to settlement remains the same as if the case had been considered before petition.

The establishment of the Staff divisions has not prevented internal revenue agents in charge from closing cases in their own offices, but has apparently had the opposite effect. The amount of agreed additional tax and penalties determined by those officers without review by the Technical Staff and without the issuance of statutory notices of deficiency rose from about \$100,000,000 in the fiscal year 1938 to \$125,000,000 in 1939 and \$134,000,000 in 1940. There is also evidence that the program of prompt local settlement has brought about an improvement in the work of examining officers and a reduction in the number of untenable recommendations for the adjustment of taxpayers' liability.

As was hoped when the new plan was inaugurated, consideration of tax disputes by the Staff before the issuance of statutory notice has apparently cut down the number of petitions filed in cases susceptible of settlement. Such a reduction in petitions may be expected to lessen the number of Board cases stipulated, without necessarily affecting the number tried or defaulted.

*Settlement and trial of cases before the United States Board of Tax Appeals.*—From the first year of its work the United States Board of Tax Appeals made circuit trips for the purpose of hearing cases at points convenient to taxpayers, and attorneys from the Chief Counsel's office, accompanying the Board members as counsel for the Commissioner of Internal Revenue, settled by agreement many of the cases assigned to the circuit calendars. Early in the present administration arrangements were made for hearing increased numbers of cases in the field and for assigning members of the Commissioner's Special Advisory Committee to collaborate with the attorneys from the Chief Counsel's office in settling such cases or in preparing them for trial.

In the fall of 1933 this step was followed by the establishment of the Commissioner's Technical Staff to take over the functions of the Special Advisory Committee, with most of its personnel. As an incident of the reorganization the senior technical advisors in charge of the sections into which the Staff was divided were given authority

to take final action on cases assigned to their sections, subject only to the approval of the Commissioner. The policy was also adopted of regularly sending out field groups consisting of approximately equal numbers of Staff members and of attorneys from the Chief Counsel's office to deal with the cases on the Board's rapidly expanding field calendars. The senior Staff representative and the senior attorney in each such group, acting jointly, had final authority to enter into agreements with taxpayers for the settlement by stipulation of cases assigned for hearing in the field. These policies were so successful that the number of cases pending before the Board was reduced from 16,945 at the beginning of March 1933 to 7,414 on June 30, 1933. However, even under this plan the greater part of the work of the Technical Staff in the settlement of Board cases continued to be done in Washington, and a large number of Board trials were held there.

Complete decentralization of the work of settling and trying Board cases was effected by the establishment of the 10 field divisions of the Technical Staff already referred to in the discussion of the work of closing cases not before the Board. The head of each such division was authorized to settle, with the concurrence of the division counsel, all Board cases assigned for hearing within the territory of the division, and the division counsel was authorized to represent the Commissioner in the trial of unsettled cases before the Board. The practice of considering Board cases in the Commissioner's office at Washington was discontinued, and the Washington calendar of the Board was substantially eliminated except for taxpayers residing in the Washington area.

On June 30, 1940, at the end of the first full year of operation under this plan, the number of pending Board cases had been reduced, according to the Board's monthly reports, to 5,909, of which number 1,044 had been submitted to the Board, leaving 4,865 awaiting answer to the taxpayers' petitions, under consideration for settlement, in course of preparation for trial, or in transit to the field offices.

The anticipated advantages of the new plan for handling Board cases are being fully realized. In the settlement of such cases by stipulation, these advantages include a larger output in proportion to the time spent on the work by technical advisors and more thorough development of the factual basis for settlements. In the trial of Board cases, the advantages of the new plan include more careful selection of cases to be tried, better preparation on the part of the Government's counsel, submission of more cases on complete or partial stipulations of fact, and, in general, more orderly conduct of circuit calendars. Whether from these or from other causes, the Board's decisions rendered during the fiscal year 1940 on the merits of cases assigned to field divisions show increased success in the defense of the Commissioner's determinations. Of the total amount of additional liabilities asserted by the Commissioner in such cases, 53 percent was sustained against 22 percent in 1939; and of the amount of offsetting overpayments claimed by taxpayers only 50 percent was approved, compared with 57 percent in 1939. In the four years prior to 1939 the percentage of Government success in sustaining asserted deficiencies and resisting claims for refund in cases decided by the Board on the merits, as reported by the Chief Counsel, varied from a high of 41

percent in 1935 to a low of 17 percent in 1938, averaging about 30 percent.<sup>1</sup>

### *Alcohol tax administration*

At the beginning of the fiscal year 1933 the Bureau of Industrial Alcohol in the Treasury Department performed the work relating to the manufacture and use of intoxicating liquors and denatured alcohol under the National Prohibition Act. The administration of the statutes also entailed supervision of the operations of chemical and drug manufacturers, and of the use of alcohol and medicinal liquors by physicians, hospitals, schools, and laboratories, and of wines for sacramental purposes. During 1933, 196,666 permits were issued for the various uses of alcohol and other liquors.

On December 5, 1933, the twenty-first amendment to the Constitution became effective, making inoperative on that date the National Prohibition Act so far as it concerned the use of intoxicating liquors for beverage purposes. On that same day the functions of the Bureau of Industrial Alcohol were transferred to the Bureau of Internal Revenue, where the Bureau operated as a unit of the Bureau of Internal Revenue.

An Executive order of the President, on March 10, 1934, abolished the Bureau of Industrial Alcohol and transferred its functions and duties, as well as the personnel, to the Bureau of Internal Revenue. This same order also transferred to the Bureau of Internal Revenue the functions and personnel of the Alcohol Beverage Unit in the Department of Justice, except the functions and personnel in the Taxes and Penalties Section of that Unit.

This Executive order took effect on May 10, 1934, and on that day the Alcohol Tax Unit was established in the Bureau of Internal Revenue. This Unit was charged with the administration of internal revenue laws relating to the supervision of the production, warehousing, and withdrawal of distilled spirits, alcohol, wines, fermented liquors, cereal beverages, and denatured alcohol, and the investigation, detection, and prevention of willful and fraudulent violations of these laws, for the purpose of protecting the revenue. The receipt and accounting for taxes continued as a function of the collectors of internal revenue.

The Unit was placed in charge of a deputy commissioner of internal revenue, with two assistant deputy commissioners, one in charge of the permissive activities of the Unit and the other in charge of the enforcement activities.

The 12 field districts of the Bureau of Industrial Alcohol were in time rearranged into 15 districts with 62 branch offices; and the 23 field offices transferred from the Alcohol Beverage Unit were merged with the 62 branch offices. Each of the branch offices is now under the direction of an investigator and functions as an enforcement agency for the detection and suppression of violations of laws relating to liquors.

Following the legalization of the sale of beer in March 1933, and the repeal of the prohibition amendment in December 1933, over 400,000 persons engaged in the retail liquor business under the laws of the various States. Few of this group had any knowledge of the

<sup>1</sup> Corresponding figures for earlier years are not available.



internal revenue laws to which they were subject and many of them had been occupied during the period of prohibition in illicit liquor traffic and were not overscrupulous in their operations. A large percentage of these retail dealers in alcoholic beverages undertook to carry on their business without payment of the Federal occupational tax and were also involved in violations of the laws applicable to stamping and marking of spirits, and in numerous instances indulged in the sale of untax-paid or bootleg spirits, resulting in loss of revenue to the Federal Government.

The seriousness of this situation was recognized but the Bureau of Internal Revenue had no funds for the systematic inspection of retail dealers. Therefore, the Department sought the cooperation of State and municipal authorities and early in 1935 set up so-called "joint projects" in a number of large cities. In each of these cities the Commissioner of Internal Revenue appointed as deputy collectors of internal revenue, without compensation other than their work relief wages, a substantial number of persons taken from the local relief rolls and assigned them to work jointly with an equal number of police officers detailed for the purpose by the State or municipal authorities to make periodical inspections of retail outlets.

Shortly after September 1, 1935, an inspection program was established for all cities having a population in excess of 100,000. This program originally covered 91 cities and was later extended to cover 118 cities. Inspections in these cities were conducted by relief workers whose salaries were paid by the transfer of funds from the Works Progress Administration. In addition, a number of regular employees of the Alcohol Tax Unit designated as junior inspectors were employed to inspect retail dealers located outside of project cities. The following tabulation shows the results of the work of relief and junior inspectors during the period 1935 to 1940:

Period	Number of inspections made	Number of dealers found violating	Number of violations found	Amounts collected
W. P. A. and relief inspections <sup>1</sup>				
Prior to September 1, 1935.....	119, 003	(?)	19, 165	\$382, 808. 12
September 1, 1935-June 30, 1936.....	470, 432	44, 883	53, 401	979, 250. 74
Fiscal year 1937.....	480, 828	39, 483	45, 042	724, 513. 64
Fiscal year 1938.....	243, 577	18, 595	21, 486	370, 336. 41
Fiscal year 1939.....	158, 918	13, 424	14, 712	232, 377. 48
Junior inspections				
Prior to July 1, 1935.....	56, 386	(?)	12, 935	\$210, 445. 81
Fiscal year 1936.....	137, 805	16, 427	19, 791	360, 253. 70
Fiscal year 1937.....	180, 802	15, 722	17, 569	287, 896. 14
Fiscal year 1938.....	209, 494	20, 510	23, 136	372, 570. 06
Fiscal year 1939.....	203, 184	21, 627	23, 640	366, 577. 81
Fiscal year 1940.....	284, 081	28, 067	31, 618	542, 453. 40

<sup>1</sup> Terminated July 1, 1939.

<sup>2</sup> Data incomplete.

Prior to March 1, 1935, the tax on beer transferred to brewery bottling houses for bottling was computed on the basis of gauge glass readings on calibrated tanks in Government cellars of breweries. This method of measurement had numerous disadvantages and the calibration of tanks was not sufficiently accurate to insure adequate

revenue collections. The regulations were amended to provide that on and after March 1, 1935, all breweries must have beer meters installed in the bottling lines and racking lines. An inspection program was developed whereby inspectors visited each brewery each month to read the meters and collect the tax on all beer transferred to bottling houses for bottling. The Government purchased a number of master meters and established meter squads in the field districts to visit each brewery at specified intervals to test, with the master meter, the brewer's meters. This program provided an efficient and highly accurate method of determining the tax due on beer and a control against willful evasion of revenue which was prevalent under the old system. In addition, the installation of meters resulted in complete freedom of operation to brewers, so that they were able to operate their bottling houses 24 hours a day during peak seasonal periods, instead of being restricted to those daylight hours when inspectors or storekeeper-gaugers were available for supervision.

This program also made available approximately 300 storekeeper-gaugers, who had previously been assigned to breweries, for other duties. To a great extent they were absorbed in the supervision of the large number of producing and processing plants which came into existence following the repeal of the prohibition amendment.

A new distillery procedure was initiated which transferred the major portion of the manual labor in connection with the gauging of distilled spirits and the marking and branding of packages to distillery employees. This work was previously performed by Government officers assigned to distilleries and its transfer to distillery employees permitted Government officers to devote the major portion of their time to essential plant supervision. This program made it possible to relieve in excess of 100 storekeeper-gaugers from distillery supervision for assignment to other duties.

The inauguration of the retail liquor dealer inspection program in 1935 and the enactment of new legislation in 1936, authorizing the refunding of tax paid on beer which became unsalable in brewery bottling houses and for refunding the value of unused strip stamps, were followed by numerous claims. The methods used in handling the volume of work were inadequate and, accordingly, standard and uniform procedures and policies in connection with the assertion, assessment, and collection of alcohol taxes were developed. Simplified methods with respect to the examination and consideration of claims were adopted, and the briefing of offers in compromise was transferred to the offices of district supervisors.

Under the program for the enforcement of raw materials control, authorized under the act of June 18, 1934, close control of blackstrap molasses and corn sugar resulted in illicit distillers resorting to the use of granulated cane sugar, which added to the expense of illicit distilling. This program was later extended to meet the granulated sugar problem and was a valuable preventive and informative medium. Control over other commodities used in the fermentation of mash, such as urea, ammonium phosphate, and other yeast foods, resulted in the seizure of illicit distilleries. Regulations were promulgated in 1936 permitting control over denatured alcohol and manufactured products containing denatured alcohol, making it possible to trace these products in illicit channels. As a result, considerable success was achieved in keeping to a minimum the amount of denatured

alcohol and its products reaching illicit trade. The constitutionality of the raw materials law was definitely established by court decisions during the fiscal year 1938. The laws requiring a stamp to be placed on bottles of distilled spirits, and authorizing the Secretary to impose regulations regarding bottles, also have aided materially in reducing transactions in unlawful liquors.

The laboratories of the Alcohol Tax Unit now perform all the chemical work for the Bureau of Internal Revenue and Bureau of Narcotics, and render substantial aid to the Secret Service, Bureau of Customs, Procurement Division, Post Office Department, and various State and city governmental agents. During the last 8 years, 734,790 samples were examined in the Washington and branch laboratories in connection with the collection of taxes and enforcement problems. The chemists in the laboratories appeared as expert witnesses in several thousand criminal, civil, and revocation proceedings; assisted in making investigations and inspections where technically trained men were required; and assisted in the various schools conducted by the office for training permissive and enforcement officers. Extensive research was conducted on developing new and more efficient denaturants, also on the development of new chemical methods for examining narcotic drugs, distilled spirits, fermented beverages, medicinal preparations, and miscellaneous articles subject to internal revenue taxes. Thirty reports were made on original research problems pertaining to distilled spirits, fermented beverages, narcotic drugs, and the development of finger prints. Twenty-seven of these reports were published in technical journals.

Among the laboratory problems now being studied is the development of a medicament, or a combination of medicaments, which when added in small quantities to bay rum, rubbing alcohol compounds, and similar preparations made with tax-free denatured alcohol will prevent their use for beverage purposes. Hundreds of authentic samples of all kinds and classes of whisky and brandy are being analyzed for the purpose of obtaining information that will enable the laboratories to determine whether the liquors found on the market are genuine and have been tax-paid. All the routine and research chemical work performed by the laboratories is mainly directed toward the detection and prevention of fraud on the revenues of the Government.

With the repeal of prohibition the enforcement problem became serious. Legitimate producers of liquor were almost entirely unprepared for the increased market, and as a result the powerful bootleg syndicates, that had been established during prohibition, immediately expanded their field of operations in the metropolitan areas. The competitive advantage of the illicit business was due chiefly to the taxes on liquor. The Federal Government had increased the pre-prohibition rate of \$1.10 to \$2.00 per gallon, and the States had imposed excise taxes or set up monopoly systems yielding large revenues.

The Alcohol Tax Unit's objective was to reduce the illicit liquor traffic to a minimum. Gradually, as the enforcement activities began to be effective, the larger syndicates were forced to curtail operations, and the bootleggers moved from the metropolitan areas to more concealed locations in the rural communities. The effectiveness of the Unit's enforcement program in both increasing and protecting the revenue is reflected in the decrease in the number of gallons of mash

seized at illicit distilleries from 21,373,107 gallons in the fiscal year 1935 to 6,480,240 gallons in 1940.

While mash seizures decreased 69.7 percent between 1935 and 1940, tax-paid withdrawals of domestic and imported spirits increased from 82,558,684 to 140,717,108 gallons, or a 70.4 percent increase.

From May 10, 1934, to July 1, 1940, 84,340 illicit distilleries were seized and 176,960 persons were arrested. During this period, 140,271 persons were indicted and 110,969 were convicted for violation of the internal revenue laws relating to liquors. During this time practically every major organized syndicate or group of violators has been convicted on conspiracy charges one or more times. Approximately 50 percent of all defendants incarcerated in Federal penitentiaries yearly since repeal are sentenced as a result of convictions for violations of internal revenue laws relating to liquors.

The following summaries show the producing and processing plants authorized on June 30, 1933, and June 30, 1940; and for the past 8 fiscal years the total production of alcoholic liquors, tax-paid withdrawals of domestic liquors, collections of internal revenue liquor taxes, and seizures and arrests for violations of the prohibition and internal revenue laws relating to liquors:

*Producing, processing, and storing plants, authorized on June 30, 1933, and June 30, 1940*

Kind of plant	June 30, 1933	June 30, 1940
Industrial alcohol plants.....	133	38
Alcohol bonded warehouses.....	164	61
Denaturing plants.....	142	37
Registered distilleries.....	9	124
Fruit distilleries.....	122	127
Breweries.....	2357	580
Rectifying plants.....		250
Bonded wineries.....	1268	1,036
Bonded wine storerooms.....	137	98
Internal revenue bonded warehouses.....	3102	283

<sup>1</sup> Number operating, not number authorized.

<sup>2</sup> Established for the production of beer of not over 3.2 percent alcohol by volume.

<sup>3</sup> Represents distillery, general and special bonded warehouses, which were later changed to one class and designated as internal revenue bonded warehouses.

*Production of alcoholic liquors, fiscal years 1933 to 1940*

Year	Alcohol <sup>1</sup>	Distilled spirits	Still wines	Sparkling wines	Fermented malt liquors
	<i>Proof gallons</i>	<i>Tax gallons</i>	<i>Gallons</i>	<i>Gallons <sup>2</sup></i>	<i>Barrels (31 gallons)</i>
1933.....	115,609,754	7,795,160	18,755,652	35,819	<sup>3</sup> 9,797,818
1934.....	165,103,582	76,506,388	77,778,388	532,874	37,678,313
1935.....	180,645,920	169,126,472	91,930,362	310,722	45,228,605
1936.....	196,126,236	253,867,925	170,903,108	413,851	51,812,062
1937.....	223,181,228	258,956,886	122,045,241	481,126	58,748,087
1938.....	201,033,858	150,155,924	228,726,368	489,014	56,340,163
1939.....	201,017,546	145,326,176	231,959,287	334,188	53,870,553
1940.....	243,727,756	143,455,192	212,367,737	481,740	54,891,737
Total.....	1,526,445,880	1,205,190,123	1,154,466,143	3,079,334	368,367,338

<sup>1</sup> Approximately 87 percent of this alcohol is denatured and used for industrial purposes.

<sup>2</sup> Converted from half-pint units, using 20 half-pint units per gallon.

<sup>3</sup> Sales of fermented malt liquors containing not more than 3.2 percent alcohol by volume legalized for beverage purposes Apr. 7, 1933.

<sup>4</sup> Sales of all liquors for beverage purposes legalized Dec. 5, 1933.

*Tax-paid withdrawals of domestic alcoholic liquors, fiscal years 1933 to 1940*

Year	Distilled spirits (including alcohol)	Still wines	Sparkling wines	Fermented malt liquors
	<i>Tax gallons</i>	<i>Gallons</i>	<i>Gallons<sup>1</sup></i>	<i>Barrels (\$1 gallons)</i>
1933.....	6,120,944	1,801,647	5,854	6,277,728
1934 <sup>2</sup> .....	38,601,236	14,525,688	284,423	32,266,039
1935.....	75,073,993	35,416,512	263,813	42,228,831
1936.....	100,383,056	47,483,552	289,971	48,759,840
1937.....	120,011,294	62,035,287	395,311	55,391,960
1938.....	114,926,395	61,175,582	361,170	53,926,018
1939.....	114,578,069	67,376,384	316,892	51,816,874
1940.....	128,325,941	82,176,586	418,830	53,014,230
Total.....	698,020,928	371,991,238	2,336,264	343,681,520

<sup>1</sup> Converted from half-pint units, using 20 half-pint units per gallon.<sup>2</sup> Sales of fermented malt liquors containing not more than 3.2 percent alcohol by volume legalized for beverage purposes Apr. 7, 1933.<sup>3</sup> Sales of all liquors for beverage purposes legalized Dec. 5, 1933.*Collections of internal revenue taxes on liquors, fiscal years 1933 to 1940*

Year	Distilled spirits	Wines	Fermented malt liquors	Total
1933.....	\$7,731,974.26	\$289,575.99	\$35,158,272.19	<sup>1</sup> \$43,179,822.44
1934 <sup>2</sup> .....	85,960,064.20	3,991,683.25	168,959,585.17	258,911,332.62
1935.....	188,115,679.49	7,342,213.84	215,563,879.02	411,021,772.35
1936.....	245,958,622.43	10,378,977.71	249,126,436.96	505,464,037.10
1937.....	303,556,996.22	9,103,990.42	281,584,099.63	594,245,086.27
1938.....	287,648,815.82	7,137,327.42	273,192,458.29	567,978,601.53
1939.....	316,462,607.77	7,996,098.59	263,340,994.32	587,799,700.68
1940.....	346,833,775.05	9,643,193.74	267,776,187.32	624,253,156.11
Total.....	1,782,268,535.24	55,883,060.96	1,754,701,912.90	3,592,853,509.10

<sup>1</sup> Sales of fermented malt liquors containing not more than 3.2 percent alcohol by volume legalized for beverage purposes Apr. 7, 1933.<sup>2</sup> Sales of all liquors for beverage purposes legalized Dec. 5, 1933.*Seizures and arrests for violation of prohibition and internal revenue laws relating to liquors, fiscal years 1933 to 1940*

Year	Number of stills seized	Gallons of mash seized	Number of vehicles seized	Number of persons arrested
1933.....	16,465	29,561,813	12,189	97,483
1934 <sup>1</sup> .....	9,869	( <sup>2</sup> )	3,379	19,228
1935.....	15,712	21,373,107	4,837	31,625
1936.....	15,629	14,671,146	5,111	31,504
1937.....	16,142	12,365,224	4,463	29,477
1938.....	11,407	7,553,848	4,225	25,867
1939.....	12,059	8,076,461	4,556	28,844
1940.....	10,663	6,480,240	4,523	25,638
Total.....	107,946	100,081,839	43,283	289,666

<sup>1</sup> Unpublished data.<sup>2</sup> Not reported.*Tax collections and cost of collecting*

Tax collected by the Internal Revenue Service fell to a fifteen year low of \$1,557,729,042 in the fiscal year 1932, and increased to \$1,619,839,224 in 1933 and to \$5,340,452,347 in 1940.

Tax returns sharply increased from 7,288,080 filed during the fiscal year 1933 to 19,199,932 filed during 1940.

The cost of collecting each \$100 of revenue during the fiscal year 1933 was \$1.85, compared with \$1.12 for 1940.

A summary showing yearly collections for the fiscal years 1916 to 1940, by principal tax sources, appears on page 664 of this report.

*Office of the Chief Counsel*

The effects of the depression were reflected in the economic and financial difficulties encountered by a great number of corporate and individual business enterprises. Where the complete liquidation of the enterprise was necessary, this could be and was accomplished under the general provisions of the Bankruptcy Act. In many cases, however, reorganization and rehabilitation of the business enterprise through the cooperation of the interested parties was practicable. Such cooperation, and the consequent rehabilitation of many businesses, was rendered possible through the enactment by Congress of various amendments to the Bankruptcy Act for the relief of debtors, including sections 74 and 76 relating to compositions; section 75 relating to adjustments of agricultural indebtedness; section 77 relating to reorganization of railroads; and section 77B relating to general corporate reorganizations. In 1935 substantial amendments were made to some of these provisions; and in 1938 the provisions other than those relating to agricultural adjustments and railroad reorganizations became, after substantial revision, chapter X relating to corporate reorganizations; chapter XI relating to arrangements of unsecured indebtedness; chapter XII relating to real property arrangements by persons other than corporations; and chapter XIII relating to wage earners' plans.

In numerous cases the individual or corporate enterprise in process of rehabilitation or reorganization or of final liquidation proved to be indebted to the United States on claims for taxes or other liabilities as to which the interests of the United States were, pursuant to law, represented by the Secretary of the Treasury. In such cases proof of claim for the taxes or other liabilities involved was filed in the proceedings and proper provision therefor secured in the plan of reorganization or in connection with the liquidation. A provision in the Bankruptcy Act in 1935, relating to corporate and railroad reorganizations, and one in 1938, relating to real property arrangements by persons other than corporations, authorized the Secretary of the Treasury to accept on behalf of the United States plans, even though such plans do not provide for the full payment of Federal taxes. Under that authority the Treasury Department has been enabled, without impairing in any way the interests of the United States, to cooperate with the other interested parties in the reorganization and rehabilitation of many business enterprises. In addition, the general powers of compromise vested in the Commissioner of Internal Revenue, the Secretary of the Treasury, and the Department of Justice have also rendered such cooperation possible in many cases.

The Treasury Department has filed tax claims in proceedings under the Bankruptcy Act, in connection with both the rehabilitation and the liquidation of business enterprises and also in equity receivership proceedings (which are of a related character). The tax claims filed in such proceedings and the amounts which have been collected thereon during the years 1933 to 1940 are shown in the following table:

Fiscal year	Claims filed	Amount collected	Fiscal year	Claims filed	Amount collected
1933.....	\$8, 770, 729	\$1, 561, 780	1938.....	\$15, 754, 096	\$4, 945, 893
1934.....	8, 672, 515	1, 848, 215	1939.....	10, 334, 925	6, 114, 475
1935.....	14, 550, 165	6, 402, 247	1940.....	17, 044, 471	5, 048, 249
1936.....	16, 418, 850	5, 214, 845			
1937.....	17, 013, 530	5, 120, 817	Total.....	108, 559, 281	36, 256, 521

### *Intelligence Unit*

In conformity with the policy of vigorous law enforcement instituted by the Secretary of the Treasury, the Intelligence Unit during the fiscal years 1933 to 1940 gave particular attention to the evasion of the laws relating to income and miscellaneous taxes. A total of 6,716 tax cases were investigated during this period in which prosecution was recommended in 1,795 cases. Public officials and businessmen, as well as blackmailers, bootleggers, gamblers, and a kidnaper, were among those prosecuted and required not only to pay income taxes but to serve prison sentences as well. During this period, 619 individuals were convicted and 54 were acquitted. These investigations which were made in cooperation with internal revenue agents and deputy collectors resulted in the assessment of additional taxes and penalties totaling \$223,649,635.

In 1934, Congress passed the National Firearms Act making it illegal for anyone to have possession of a machine gun, a rifle, or shotgun with a barrel less than 18 inches in length which had not been registered with the proper collector of internal revenue or on which the serial number had been altered or obliterated. A \$200 transfer tax was also imposed. This act has been of considerable value to State and municipal police officers who, hampered by lack of evidence in prosecuting persons under suspicion of having committed a crime, find sawed-off shotguns in their possession when apprehended. Since the law was passed 96 individuals have been convicted.

The Intelligence Unit has also investigated several cases involving evasion of the social security tax law which was passed in 1935. During the period from the passage of the act to June 30, 1940, evidence obtained by special agents has resulted in the institution of criminal proceedings against 53 individuals for violation of this act.

Attention has also been given to evasion of tobacco taxes and documentary stamp tax laws. In 1935 and 1936 a determined drive was made to stamp out the tobacco tax racket in Boston and New York City which was defrauding the Government of thousands of dollars annually. The special agents assigned in these cities obtained evidence which resulted in the apprehension of 46 individuals. Their property was forfeited to the United States and convictions were obtained.

During the fiscal years 1933 to 1940, special agents of the Intelligence Unit investigated 20,761 cases of miscellaneous character, including applicants for various positions in the Treasury Department. In this group were cases involving violations of various statutes, and convictions were obtained of 398 individuals, 38 being acquitted. Character investigations were made of 5,353 individuals having accounting knowledge who were on relief in 1935 and whose services were believed to be of value to the Bureau of Internal Revenue

in checking miscellaneous tax liabilities such as admission taxes and excise taxes on radios, perfumes, etc. In addition, the Intelligence Unit in 1935 undertook character investigations of 1,346 applicants for the position of internal revenue agent in the Bureau of Internal Revenue in order that the appointment of 750 additional revenue agents might be made.

During the 8 years ended June 30, 1940, 895 cases of charges against employees of the Bureau of Internal Revenue were investigated, resulting in the separation from the service of 541 employees and the prosecution of 104, of whom 97 were convicted.

There were 26,594 investigations made of applications of attorneys and agents to practice before the Treasury Department and 724 investigations of charges against enrolled agents and attorneys. These investigations resulted in the rejection of 252 applications, the disbarment of 101, the suspension of 34, and the reprimand of 30.

In line with the policy of coordination instituted by the Secretary of the Treasury, special agents of the Intelligence Unit have assisted and have been assisted by agents of the other law enforcement agencies in the Treasury Department.

#### LEGAL DIVISION

The General Counsel, chief law officer of the Department and in charge of all legal activities thereof, heads a Legal Division composed of the Office of the General Counsel and the legal staffs in all branches of the Department. Since the outbreak of the European war, the Division has assumed new responsibilities in the fields of international law, neutrality, and national defense, and its work has thus been vastly increased. Numerous interpretative opinions and memoranda with respect to the Neutrality Act of 1939, other neutrality statutes, and international law were prepared, and executive orders, proclamations, and coast guard and customs rules, regulations, and instructions drafted. Duties have recently been given to the Division in connection with the establishment of the Office of Merchant Ship Control, through which supervision over the anchorage and movement of all vessels within our territorial waters is exercised pursuant to the provisions of Proclamation No. 2412 of June 27, 1940 (calling into effect section 1, title II of the act of June 15, 1917), and the Secretary's regulations of the same date. When developments of the war necessitated the establishment of a system of control over transactions involving property of invaded foreign countries or their nationals, the Division drafted executive orders, regulations, forms, instructions, authorizations, and licenses; did interpretative work in connection therewith and with the relevant statutes; and performed work in connection with the administration of the licensing system set-up.

In connection with the national defense program the Division aided the Aeronautical Advisory Section in the Department; devised a plan for licensing corporations to manufacture aircraft engines; and executed licensing agreements with two aircraft engine manufacturers. Later, when the Advisory Commission of the Council of National Defense was established, those agreements were turned over to that Commission; and the Division collaborated with the Commission on matters relating to aircraft and armament production. Numerous rulings on tax problems arising from the procurement programs of the United States and foreign governments were made; and a plan for financing



new facilities required by private industry in supplying the defense needs of the Nation was drafted, submitted to the Advisory Commission and to the Federal Loan Agency, and was thereupon put into operation.

During the year the Division prepared 62 formal opinions, and innumerable informal opinions, studies, and memoranda for the guidance of administrative officers of the Department; an index-digest of all formal opinions of the General Counsel prepared during the year; a compilation of the legislative history of the Neutrality Act of 1939; and approximately 40 legislative proposals considered desirable for the efficient functioning of the Department. Representatives of the Division frequently appeared before congressional committees to furnish technical assistance and to explain the purpose, effect, and legality of legislation affecting the Department. Assistance was rendered in the preparation of approximately 500 reports on legislation and in drafting numerous executive orders and proclamations.

In addition to furnishing legal advice with respect to customs matters arising under the Tariff Act of 1930 and related statutes, the Division studied drafts of trade agreements and conventions and various problems arising in connection with the certification of dual rates of exchange for a number of foreign currencies.

With relation to monetary, fiscal, and public debt matters, the Division drafted orders, regulations, rulings, and documents, covering a broad field of subjects, and made numerous interpretations of the laws and regulations relating to these matters. The Division also examined 7,104 indemnity or official surety bonds, and assisted in the preparation for publication of a cumulative supplement to the compilation of Federal laws relating to public debt.

Active assistance was rendered to the Department of Justice in numerous cases in various courts involving matters affecting the Treasury Department. Under the Adjusted Compensation Payment Act, 1936, the Division approved 851 cases for settlement without probate, and passed upon a number of escheat cases. Assistance was rendered in the revision of regulations to restrict purchases of savings bonds to individuals in their own rights, to residents of the United States, its Territories and possessions, and to citizens of the United States temporarily residing abroad.

The Division did considerable work in connection with the collection or settlement of railroad obligations arising under the Transportation Act, 1920.

The Division cooperated with the Temporary National Economic Committee in investigating the general subject of the concentration of control of economic power and related problems. Since the creation of that Committee, the Department has been represented thereon by either the General Counsel or one of his staff.

Assistance was rendered to States in their adoption and enforcement of the Uniform Narcotic Drug Act.

In connection with the work of the Coast Guard, the Division examined proceedings and prepared the action of the reviewing authority and pertinent correspondence in 399 court-martial cases, 97 retiring-board cases, 217 boards of investigation cases, and 41 life-saving medal cases; prepared or reviewed 220 formal contracts and 355 leases; and performed legal work necessary for the acquisition of 24 parcels of land. On July 1, 1940, the Division assumed all legal

work relating to the former Lighthouse Service as the result of the consolidation of that Service with the Coast Guard.

The legal statistics compiled by the Division included a monthly report of judicial and enforcement activity in criminal cases in which the Department was interested.

The Division furnished legal advice with respect to the award, execution, and performance of approximately 22,860 procurement contracts; rendered services in connection with the revision of, and approval of deviations from, the various Standard Form contracts, leases, etc., and with the disposal of surplus personal property of the Government and of property abandoned or forfeited to the United States.

In the field of taxation, the Division handled 5,423 income, excess-profits, unjust enrichment, estate, and gift tax appeals, involving \$188,860,914 and recoveries of \$62,251,568; closed 110 appeals to the United States Processing Tax Board of Review involving \$1,235,071, of which \$12,739 was recovered by claimants; handled 1,884 cases involving claims against estates of deceased taxpayers, insolvent banks, and in liquidation proceedings, the total payments received being \$4,867,293; disposed of 2,675 civil and 862 criminal cases, handled 317 claims for reward under section 3792 of the Internal Revenue Code, reviewed 562 claimed overassessments of income, excess-profits, war profits, estate, gift, and other taxes, and allowed refunds in the amount of \$94,462,358. In 1,814 corporate reorganization cases closed under sections 77 and 77B and chapters X, XI, XII, XIII, and XV of the Bankruptcy Act, claims in the amount of \$10,094,410 were settled for \$3,405,403; 728 cases under that act were closed in which no tax claims were filed. In bankruptcy and receivership cases the sum of \$1,642,846 was collected on claims amounting to \$6,950,061. The Division drafted numerous regulations under the internal revenue laws, tax conventions with foreign countries, and the profit-limiting provisions of the act of March 27, 1934, and its amendments, relating to certain Army and Navy construction contracts; and rendered legal opinions on interpretative questions arising under internal revenue laws.

In connection with the work of the Alcohol Tax Unit, the Division prepared or reviewed 6,818 memoranda, 413 briefs, 5,242 opinions, 912 petitions for remission, 73 claims amounting to over \$5,000 each, 10,684 compromises, 7,450 case reports, 27 parole reports, 247 libels, 238 hearings, revocations, etc., and 48 indictments.

#### OFFICE OF THE LEGISLATIVE COUNSEL

The Office of the Legislative Counsel, under the supervision of the Assistant Secretary in Charge of Internal Revenue, assists in planning and coordinating the Treasury Department's legislative recommendations with respect to the internal revenue and in drafting internal revenue legislation. It represents the Department in such matters before the appropriate congressional committees. This Office was created on October 1, 1938.

Throughout the fiscal year 1940 the staff of the Office was studying proposals for changes in internal revenue legislation and drafting possible amendments to the Internal Revenue Code. In this way the Office prepared itself to present a detailed program of tax revision whenever the Congress might wish to consider a general revision of the

tax laws. In addition, the Office made a detailed analysis of possible methods of taxing excess profits and of providing for the amortization of additional plant and equipment necessary to carry out the national defense program.

The Office assisted congressional committees in the drafting of various acts affecting the internal revenue such as the Revenue Act of 1940, the act amending the Merchant Marine and Shipping Acts to provide certain tax relief for owners of vessels in the Merchant Marine, the act making certain changes in the law limiting the profits on contracts for construction of naval vessels and Army and Navy aircraft, and the act amending the Bankruptcy Act to provide relief in certain cases involving cancelation of indebtedness. The Office supervised the preparation of Treasury Department reports on about 120 bills and represented the Department at committee hearings on many of the bills.

In the autumn of 1939 the Office of the Legislative Counsel, in collaboration with the Division of Tax Research, conducted a survey of taxpayer opinion as to the internal revenue laws, receiving and studying suggestions for changes in those laws submitted by taxpayers in conferences, letters, and memoranda. The suggestions and proposals thus received were analyzed and condensed in a report which was submitted to the Chairman of the Committee on Ways and Means.

Other duties of the Office included assisting in the preparation of regulations interpreting the internal revenue law and handling a large volume of correspondence consisting of suggestions for changes in the Internal Revenue Code and inquiries concerning present provisions of the tax law.

The Office reviewed fourteen new sets of regulations, including Regulations 103 on the income tax under the Internal Revenue Code, and about 70 Treasury decisions, amending existing regulations.

#### BUREAU OF THE MINT<sup>1</sup>

##### Activities during the fiscal year 1940

##### *Institutions of the Mint Service*

During the fiscal year 1940, seven mint institutions were in operation: Coinage mints at Philadelphia, San Francisco, and Denver; assay office at New York, which handles the major portion of the gold imported and exported, and its auxiliary silver bullion depository at West Point; gold bullion depository at Fort Knox; mint at New Orleans, conducted as an assay office; and assay office at Seattle. The two last-named institutions are, in effect, merely bullion-purchasing agencies and also serve the public by making assays of ores and bullion. Electrolytic refineries are maintained at the New York, Denver, and San Francisco institutions.

##### *Coinage*

Domestic coin manufactured during the fiscal year 1940, amounting to 768,090,830 pieces, exceeded the production of any previous fiscal year in the history of the Government. The nearest approach to this

<sup>1</sup> More detailed information concerning the activities of the Bureau of the Mint is contained in the annual report of the Director of the Mint.

production was 760,915,737 pieces in 1937 and 733,583,150 pieces in 1920. The production in 1940, in amount \$39,994,684, consisted of 151,918,730 subsidiary silver coins, \$26,807,671; 175,632,300 nickel coins, \$8,781,615; and 440,539,800 bronze coins, \$4,405,398.

Coinage for foreign governments amounted to 35,695,000 pieces compared with 48,187,200 pieces during the prior year. The foreign coinage consisted of silver, nickel, and bronze coins for the Dominican Republic, El Salvador, Indo-China, Nicaragua, and Panama.

The grand total of domestic and foreign coins made in 1940 amounted to 803,785,830 pieces, an increase of 500,032,370 over the prior year.

### *Bullion deposit transactions and transfers*

The number of bullion deposit transactions during the year totaled 51,780, including 75 inter-mint-service transactions, as compared with 54,028 and 272, respectively, during the prior year. The deposit transactions required 81,425 assay determinations, as compared with 91,506 assay determinations during the prior year.

During the year 257,992 bars containing 271,279,924 fine ounces of silver were transferred from the New York Assay Office to the silver bullion depository at West Point for long-term storage. The depository now contains a total of 1,440,724,712 fine ounces of silver bullion, all of which was transferred from Government buildings and rented quarters in New York City since completion of the depository in 1938.

Refined gold bullion having a value of approximately \$113,000,000 was transferred during the year from the mint at San Francisco to the mint at Denver for long-term storage.

### *Gold operations*

Gold acquisitions by the mints and assay offices during the year, on the usual basis of receipts that have been finally valued after being melted, assayed, etc., amounted to \$3,085,599,168.55; receipts from other Treasury offices of domestic coin melted during the year amounted to \$759,916.90; and transfers between mint-service institutions amounted to \$148,708,147.91. These transactions total \$3,235,067,233.36, as compared with \$3,304,841,001.90 for the prior year.

The acquisitions include \$117,505.94 of gold received at \$20.67+ per fine ounce, which had not been previously surrendered under the nationalization orders. The increment on this gold amounted to \$81,329.15.

In addition to the above, the gold on hand awaiting melting was in unusually large volume, the advance payments thereon totaling \$622,583,897.65, as compared with \$83,766,500 at the end of the preceding fiscal year.

### *Silver operations*

The Government's acquisitions of silver during the year totaled 259,135,270 fine ounces, at an average cost of 46.9 cents per fine ounce and a total cost of \$121,706,914. The acquisitions consist of the following:

Item	Amount (fine ounces)	Cost
Newly mined domestic silver.....	62,544,502	\$43,237,977
Purchase Act silver.....	195,824,132	78,207,206
Silver contained in gold bullion deposits, etc.....	322,652	109,363
Silver received in exchange for Government stamped bars.....	443,984	152,368
Total.....	259,135,270	121,706,914

United States coin received for recoinage totaled 2,991,528 fine ounces, with a recoinage value of \$4,135,515. Silver transfers between mint-service institutions totaled 142,618 fine ounces. These items plus the silver acquired during the year brought the total transactions in silver to 262,269,416 fine ounces, as compared with the prior year's total of 435,167,479.

During the year \$122,576,161 of silver certificates were issued against 94,805,000 fine ounces of silver bullion valued at \$1.29+ per fine ounce, the statutory monetary value of silver. Such silver had been acquired at an average price of 57.7+ cents per ounce. The difference between the cost of the silver held to secure such certificates and the monetary value of such silver is \$67,791,863, and this amount constitutes seigniorage.

The open-market price of silver in New York (mean of bid and asked) during the fiscal year averaged \$0.35484. The highest price was \$0.40062, which prevailed on August 25, 1939; the lowest was \$0.35062 which prevailed during most of the year.

For newly mined domestic silver a return to the depositor of \$0.7111+ per fine ounce, established by the act of July 6, 1939, prevailed for silver mined after July 1, 1939. For silver mined July 1, 1939, the price paid was \$0.6464+ per fine ounce.

### *Refineries*

The electrolytic refineries produced during the year 5,060,586 fine ounces (173.5 tons) of electrolytically refined gold bullion, and 2,253,971 fine ounces (77.3 tons) of silver bullion. During the prior year the quantities produced were 5,588,913 fine ounces (191.6 tons) of gold and 3,459,089 fine ounces (118.6 tons) of silver.

Stocks of unrefined gold and silver bullion in mint institutions increased during the year by approximately 309 tons, to 2,073 tons. The increase in 1939 was about 175 tons.

### *New design coins*

No new design coins and no commemorative design coins were initially issued during the year 1940. The act of August 5, 1939, prohibited the issuance subsequent thereto of any commemorative coins authorized prior to March 1, 1939.

### *Stock of coin and monetary bullion in the United States*

On June 30, 1940, the estimated stock of domestic coin in the United States was \$1,123,248,833, of which \$547,078,223 was standard silver dollars, \$402,261,461 subsidiary silver coin, and \$173,909,149 minor coin.

The stock of gold bullion, including coin, held in the Treasury on the same date was valued at \$19,963,090,869, an increase of \$3,853,011,956 during the year, and the stock of silver bullion was 2,365,169,174 fine ounces, an increase of 242,216,494.

### *Production of gold and silver*

Domestic gold production during the calendar year 1939 reached an all-time high of 5,611,171 fine ounces with a monetary value of \$196,391,000 as compared with 5,089,811 fine ounces with a monetary value of \$178,143,400 in 1938, the previous high record year.

Domestic silver production during the calendar year 1939 totaled 65,119,513 ounces, as compared with 62,665,335 ounces for 1938, and with the record production of 74,961,075 fine ounces for 1915.

### *Industrial consumption of gold and silver*

Gold consumption in the industrial arts during the calendar year 1939 is estimated at \$38,788,960. Gold returned from industrial use amounted to \$31,328,360. These items give a net industrial consumption of new gold during the year of \$7,460,600, as compared with \$324,081 during 1938.

Silver used in the arts is estimated at 69,585,265 fine ounces, of which 44,613,005 fine ounces were new material. Compared with the prior year, there was an increase in gold consumption in industry of approximately 246,000 ounces, and an increase in silver consumption of about 30,900,000 ounces.

### *Appropriations, expenses, and income*

Regular appropriations available for the Mint Service during the fiscal year 1940 totaled \$2,349,500; the Deficiency Act of April 6, 1940, provided an additional amount of \$306,000; and reimbursements to appropriations for services rendered amounted to \$113,552; making a total of \$2,769,052.

Expenses amounted to \$2,783,988, of which \$2,646,247 was chargeable to appropriations and \$137,741 chargeable to income. Prior year expenses totaled \$2,776,706.

The regular income realized by the Treasury from the Mint Service aggregated \$30,166,882, of which \$24,883,675 was seigniorage. The seigniorage on subsidiary silver coin was \$13,837,575, and on minor coin \$11,046,100. Extraordinary income aggregated \$67,873,192, of which \$67,791,863 was seigniorage on silver bullion revalued to \$1.29+ per ounce and \$81,329 was the increment to \$35 per ounce on revalued gold.

### *General activities*

The number and value of deposits, transfers, gross income, and expenses for the fiscal year 1940, and the number of employees on June 30, 1940, at each institution, are shown in the following table:

*Deposits of gold and silver, income, expenses, and employees, by institutions, fiscal year 1940*

Institution	Number of bullion deposit transactions <sup>1</sup>	Number of assay determinations on bullion deposits	Monetary value of gold and silver receipts, including transfers <sup>1</sup>	Gross regular income	Gross expenses	Excess of income or of expenses (—)	Number of employees, June 30, 1940
Philadelphia.....	6,640	9,539	\$45,101,983	\$19,171,974	\$1,029,875	\$18,142,099	350
San Francisco.....	20,332	27,591	529,915,876	4,308,997	462,287	3,846,710	171
Denver.....	5,231	8,036	177,907,231	3,318,632	426,176	2,892,456	167
New York.....	13,339	28,803	2,792,494,236	3,270,790	594,080	2,676,710	243
New Orleans.....	1,936	1,934	957,847	13,916	29,689	—15,773	14
Seattle.....	4,302	5,522	28,053,550	82,562	49,681	32,881	19
Fort Knox.....					75,993	—75,993	40
Total.....	51,780	81,425	3,574,430,723	30,166,871	2,667,781	27,499,090	1,004
Bureau of the Mint.....				11	116,207	—116,196	44
Grand total..	51,780	81,425	3,574,430,723	30,166,882	2,783,988	27,382,894	1,048
Prior fiscal year.....	54,028	91,506	3,847,699,972	12,809,959	2,776,706	10,033,253	1,073

<sup>1</sup> Includes 75 inter-institution transactions amounting to \$148,892,543.

### Review of activities since 1933

Prior to 1933, the activities of the Mint Establishment had been greatly curtailed. There had been little demand for new coins, and the receipt of gold bullion at the mints and assay offices was in small volume. The Mint appropriations had been curtailed and the personnel greatly reduced.

Beginning in 1933 there was a marked increase in the demand for coin largely on account of the upturn in business and the general rise in commodity prices. During the 8 fiscal years ended June 30, 1940, approximately 3,483 million pieces were manufactured (see table A on p. 370); in the fiscal year 1940 the production of coins for domestic use was the largest in the history of the Mint.

Regulations issued pursuant to the Gold Reserve Act, approved January 30, 1934, imposed restrictions on domestic dealings in gold and required the issuance of licenses for most gold transactions. Within a few months the Bureau was supervising gold transactions of nearly 30,000 licensees in the United States, its Territories and possessions.

The program for the purchase of newly mined domestic silver was inaugurated in December 1933, and since that time, except during the month of April 1935 when the open market price of silver rose to 81 cents per fine troy ounce in a speculative flurry, the rate of settlement offered to the depositor at the Mint institutions for newly mined domestic silver has been above the open market price. The rate of return to the depositor under the proclamation of December 21, 1933, was 64.64+ cents; under the proclamation of April 10, 1935, 71.11+ cents; under the proclamation of April 24, 1935, 77.57+ cents; under the proclamation of December 30, 1937, 64.64+ cents; and under section 4 of the act of July 6, 1939, 71.11+ cents. In order that eligibility of silver tendered to the Government for purchase at the premium price may be determined, the Mint Bureau has found it necessary to audit in the Washington office required reports and affidavits submitted by the vendors, and to conduct exhaustive field examinations of the operations and records of the large smelters and refiners of silver.

The Silver Purchase Act of June 19, 1934, directed the purchase of silver, at home or abroad, until the Government's monetary stocks thereof, at monetary value, equal one-fourth silver to three-fourths gold. The silver acquired under this authority by the Federal Reserve Bank of New York, acting as fiscal agent of the United States, has been delivered to and is stored in Mint institutions.

On August 9, 1934, an Executive order was issued for the so-called "nationalization" of silver, requiring, with certain exceptions, delivery to the Mints and Assay Offices of all silver situated in the continental United States at such time. The regulations issued pursuant to such order required the submission of monthly reports by holders of silver, as well as the obtaining of licenses by those wishing to withhold or export silver. On April 28, 1938, the nationalization Executive order and regulations were revoked.

The monetary value of the Government's net acquisitions of gold during the 8 years amounted to \$13,233,495,000, which increased the holdings of gold bullion to \$19,963,000,000 on June 30, 1940. (See table B on p. 371.)

The annual production of domestic gold more than doubled; in quantity from 1933 to 1939, and net imports of gold increased from \$263,586,000 in the fiscal year 1933 to \$4,299,108,000 in 1940. (See tables D and E on p. 371.)

The net additions of silver bullion stocks during the 8 years amounted to 2,343,448,000 ounces, which increased the stocks of silver bullion to 2,365,169,000 ounces on June 30, 1940. (See table C on p. 371.)

The annual domestic production of silver almost tripled in quantity from 1933 to 1939, and net silver imports increased from \$27,094,000 in 1933 to \$50,728,000 in 1940. (See tables D and E on p. 371.)

As the large stocks of silver and gold bullion began to accumulate in the mint institutions, storage facilities existing at the beginning of 1933 became inadequate. Additional space was rented, but when this, too, became overcrowded a gold bullion depository was erected at Fort Knox, Ky., with the most modern constructive and protective features and with a capacity for the storage of approximately 15 billion dollars in gold. A silver bullion depository having a capacity of 2 billion ounces of silver was erected at West Point, N. Y. Large amounts of gold and silver have been moved to these depositories. In addition, a new building with greater vault capacity and with larger and more modern facilities for the manufacture of coins was built to replace the old mint at San Francisco. Also, an addition to the Denver Mint was built to provide additional vault and operating space; and vaults were added at the Philadelphia Mint.

TABLE A.—*Coins executed, fiscal years 1933 to 1940*

[In thousands of pieces]

Fiscal year	Domestic coins	Foreign coins	Total
1933	32,154	5,922	38,076
1934	46,634	19,040	65,674
1935	608,414	68,500	676,914
1936	471,041	72,180	543,221
1937	760,916	42,550	803,466
1938	540,375	18,392	558,767
1939	255,566	48,187	303,753
1940	768,091	35,695	803,786
Total	3,483,191	310,466	3,793,657



TABLE B.—*Changes in monetary gold stocks, fiscal years 1933 to 1940*

[In thousands]

Fiscal year	Net acquisitions during year	Stocks at end of year
1933.....	\$398,958	\$4,317,554
1934 <sup>1</sup> .....	727,627	2 7,856,181
1935.....	1,259,462	9,115,643
1936.....	1,492,774	10,605,417
1937.....	1,709,854	12,318,271
1938.....	644,683	12,962,954
1939.....	3,147,125	16,110,079
1940.....	3,853,012	19,963,091
Total.....	13,233,495	

<sup>1</sup> On Jan. 31, 1934, the weight of the gold dollar was reduced from 25.8 grains of gold nine-tenths fine to 15 $\frac{1}{4}$  grains nine-tenths fine, thereby giving gold a monetary value of \$35 per fine troy ounce, which contrasts with \$20.67+ per fine ounce effective prior to the proclamation of Jan. 31, 1934.

<sup>2</sup> Includes the increment of approximately \$2,811,000,000 on the Government's holdings.

TABLE C.—*Changes in stocks of silver bullion, fiscal years 1933 to 1940*

[In thousands of ounces]

Fiscal year	Net additions during year <sup>1</sup>	Stocks at end of year
1933.....	6,036	27,757
1934.....	35,241	62,998
1935.....	283,060	346,058
1936.....	730,807	1,076,865
1937.....	206,624	1,283,489
1938.....	395,043	1,678,532
1939.....	444,421	2,122,953
1940.....	242,216	2,365,169
Total.....	2,343,448	

<sup>1</sup> Exclusive of newly acquired silver bullion contained in manufactured coin.

TABLE D.—*Domestic production of gold and silver, calendar years 1933 to 1939, including Philippine Islands production received in United States*

[In thousands]

Calendar year	Gold		Silver	
	Ounces	Value	Ounces	Value
1933.....	2,556	\$52,842	23,003	\$8,051
1934.....	3,091	108,191	32,725	21,156
1935.....	3,609	126,325	45,924	33,008
1936.....	4,357	152,509	63,812	49,423
1937.....	4,805	168,159	71,942	55,647
1938.....	5,090	178,144	62,665	40,511
1939.....	5,611	196,391	65,120	44,202
Total.....	29,119	982,561	365,191	251,998

TABLE E.—*United States exports and imports of gold and silver, fiscal years 1933 to 1940*

[In thousands]

Fiscal year	Gold		Silver	
	Exports	Imports	Exports	Imports
1933.....	\$135,393	\$398,979	\$8,380	\$35,474
1934.....	286,160	862,071	23,966	53,012
1935.....	40,773	1,139,672	21,059	174,587
1936.....	27,157	1,472,282	8,135	380,899
1937.....	1,259	1,636,752	4,022	99,748
1938.....	51,622	850,171	3,520	168,883
1939.....	574	3,752,560	14,097	174,526
1940.....	5,011	4,304,119	9,078	59,806
Total.....	547,949	14,416,606	92,257	1,146,935
Net imports.....		13,868,657		1,054,678

### DIVISION OF MONETARY RESEARCH

The Division of Monetary Research in the Office of the Secretary provides information, economic analyses, and recommendations for the use of the Secretary of the Treasury and other Treasury officials to assist in the formulation and execution of the monetary policies of the Department in connection with the stabilization fund and other operations under the Gold Reserve and the Silver Purchase Acts. Analyses are made pertaining to gold and silver, the flow of capital funds into and out of the United States, the position of the dollar in relation to foreign currencies, monetary, banking, and fiscal policies of foreign countries, exchange and trade restrictions abroad, and similar problems. Analyses are also prepared relating to the customs activities of the Department and to the duties of the Secretary of the Treasury under the Tariff Act and on other matters pertaining to international trade, including the trade agreement program.

### BUREAU OF NARCOTICS<sup>1</sup>

#### Activities during the fiscal year 1940

The Bureau of Narcotics continued to direct its principal enforcement activities against the major narcotic law violators by giving its attention primarily to the elimination of the sources of supply of illicit narcotic drugs. This policy has resulted in a reduction from year to year in the supply of narcotics available to the domestic illicit traffic. Accordingly, the prices of drugs in the illicit market have continued high, further increases having been noted in several localities during the year. The high degree of adulteration previously found in drugs seized in the illicit traffic was even more apparent during 1940, especially in the case of heroin.

The decrease in the supplies of narcotics available to the illicit traffic, which has forced peddlers and addicts to turn more to the channels of legitimate distribution for their supply, may be reflected in the forgery and false execution of narcotic prescriptions, the improper prescribing and dispensing of narcotics, and the robberies of wholesale and retail stocks. The number of thefts and the quantities of narcotic drugs stolen have increased greatly over those reported during the previous year.

The activities of the Bureau resulted in 2,796 arrests for violations of the Federal narcotic laws and the seizure of 2,958 ounces of narcotic drugs and 188 automobiles during the year, as compared with 3,196 arrests and seizures of 3,916 ounces of narcotic drugs and 189 automobiles during 1939. There was a decrease in the number of violations reported under the narcotic laws, a total of 3,806 violations having been reported for 1940, as compared with 4,012 during the previous year.

There were 788 arrests under the Marihuana Tax Act of 1937, and seizures of 1,347 pounds of bulk marihuana, 4 pounds of marihuana seeds, 18,533 marihuana cigarettes, and 6,947 growing plants, as compared with 971 arrests, and seizures of 891 pounds of bulk marihuana, 171 pounds of marihuana seeds, 17,672 marihuana cigarettes, 40,075 growing plants, and 15 ounces of marihuana in preparations during

<sup>1</sup> Further information concerning narcotics is available in the separate report of the Commissioner of Narcotics.

1939. In addition to these seizures of marihuana in connection with prosecutions under the act, the Bureau of Narcotics, in cooperation with State and local authorities, conducted a campaign of marihuana eradication in which the Alcohol Tax Unit of the Bureau of Internal Revenue participated. It involved an estimated total of 63,025 tons of the weed growing on an estimated area of 18,384 acres of which approximately 58,984 tons growing on approximately 12,996 acres were definitely reported to have been destroyed during the fiscal year. A total of 871 violations under the Marihuana Tax Act was reported during the year, only 3 of which were against registered persons, as compared with 1,062 violations reported in 1939, 14 of which were against registered persons.

The tables following show the number of cases of violation, by registered and nonregistered persons, of the narcotic and marihuana laws, and the cases disposed of during the fiscal year as reported by Federal narcotic enforcement officers:

*Violations of the narcotic laws and the cases disposed of, fiscal year 1940*

	Registered persons			Nonregistered persons		
	Federal court	State court		Federal court	State court	
Pending July 1, 1939.....		392			1,746	
Reported during 1940:						
Federal.....		601			2,527	
Joint.....		43			635	
Total to be disposed of.....		<u>1,036</u>			<u>4,908</u>	
Convicted:						
Federal.....	111		3	1,751		195
Joint.....	13		5	447		136
Acquitted:						
Federal.....	7		--	40		11
Joint.....	--		--	6		5
Dropped:						
Federal.....	282		6	621		75
Joint.....	7		4	145		26
Compromised: <sup>1</sup>						
Federal.....	144		1	----		----
Joint.....	15		3	----		----
Total disposed of.....		<u>601</u>			<u>3,458</u>	
Pending June 30, 1940.....		<u>435</u>			<u>1,450</u>	
	Years	Months	Days	Years	Months	Days
Sentences imposed:						
Federal.....	209	5	22	----	1	----
Joint.....	26	2	1	----	----	----
Total.....	235	7	23	----	1	----
Fines imposed:						
Federal.....	\$24,912.19			\$304.80		
Joint.....	5,985.00			1,209.60		
Total.....	30,897.19			1,514.40		
	Years	Months	Days	Years	Months	Days
Sentences imposed:						
Federal.....	3,672	7	4	197	3	9
Joint.....	778	7	24	120	11	23
Total.....	4,451	2	28	318	3	2
Fines imposed:						
Federal.....	\$74,137.00			\$1,759.02		
Joint.....	16,445.15			1,196.25		
Total.....	90,582.15			2,955.27		

<sup>1</sup> Represents 1 case involving tax liability which was closed on payment of taxes and penalty in the sum of \$2.50; and 162 cases which were compromised in the sum of \$19,796.

NOTE.—Federal cases are made by Federal officers working independently, while joint cases are made by Federal and State officers working in cooperation with each other.



significance. Seizures of varying quantities of the drug and the destruction of considerable areas of the growing plants by State and municipal authorities were reported during the calendar year 1939 from 28 States.

On June 30, 1940, registrations under the Harrison narcotic law, as amended, and under the Marihuana Tax Act were as follows:

*Registrations under the Federal narcotic laws, June 30, 1940*

Registrants	Harrison narcotic law, as amended	Marihuana Tax Act
Importers, manufacturers, producers, and compounders	168	16
Importers, manufacturers, and compounders		219
Producers (growers)		378
Dealers		
Wholesale	1,314	
Retail	51,528	
Practitioners	158,986	1,217
Dealers in and manufacturers of untaxed preparations	145,043	
Users for purposes of research, instruction, or analysis	105	19
Total	357,144	1,849

<sup>1</sup> Includes registrations for which payment of occupational tax is not required under the act, because also registered in some other class.

During the year 417,267 pounds of opium were imported, an increase of 130,551 pounds over the previous year. Of the quantity imported, however, 416,781 pounds were retained in customs bond and were not released to manufacturers. The net quantity made available to manufacturers showed an increase of 19,586 pounds compared with 1939. Coca leaves were imported both for medicinal purposes and for the manufacture of nonnarcotic flavoring extracts. The medicinal leaves imported amounted to 308,141 pounds, an increase of 95,913 pounds over the previous year. Imports of such leaves for the manufacture of nonnarcotic flavoring extracts amounted to 400,311 pounds.

Exports of narcotic drugs of all kinds amounted to 22,569 ounces in 1940, an increase of 21,278 ounces over the previous year. The drugs exported during 1940 involved 69,325 taxable ounces of products.

The net quantity of pure drugs of all kinds sold to domestic purchasers by manufacturers amounted to 493,075 ounces, an increase of 85,847 ounces over the previous year.

#### Review of activities since 1933

A steady downward trend in the illicit narcotic traffic has been noted during the past few years. A recent survey into the prevalence of drug addiction showed there were not more than 50,000 drug addicts in the United States. The reduction in drug addiction is attributed to the rigid enforcement of the domestic narcotic laws; to the coordination efforts of all Treasury Department law-enforcement agencies; and to the effectiveness of present international control under the 1931 Convention to Limit the Manufacture of Narcotic Drugs, 63 nations being parties thereto.

A comparative statement of seizures, violations, and general enforcement statistics under the Federal narcotic laws for the fiscal years 1933 through 1940 follows:

*Seizures, violations, convictions, sentences, and fines under Federal narcotic laws, fiscal years 1933 to 1940*

	1933	1934	1935	1936	1937	1938	1939	1940
Drugs seized or purchased:								
At ports and borders.....ounces..	19,691	15,116	6,089	15,279	17,456	5,278	28,661	2,884
Internal traffic.....do.....	6,901	3,232	6,769	3,280	3,962	4,354	3,916	2,958
Total.....do.....	26,592	18,348	12,858	18,559	21,418	9,632	32,577	5,842
Violations reported:								
By registered persons...number..	882	1,373	2,106	2,424	1,067	586	564	644
By unregistered persons...do.....	3,951	3,270	4,187	3,435	3,518	3,463	3,448	3,162
Total.....do.....	4,833	4,643	6,293	5,859	4,585	4,049	4,012	3,806
Convictions:								
Of registered persons...number..	130	140	240	150	155	100	91	132
Of unregistered persons...do.....	2,681	2,231	2,875	2,809	2,631	2,449	2,394	2,529
Total.....do.....	2,811	2,371	3,115	2,959	2,786	2,549	2,485	2,661
Sentences imposed.....years..	6,257	6,272	5,731	5,215	5,380	5,299	5,366	7,613
Fines imposed.....	\$119,336	\$148,860	\$174,732	\$173,589	\$200,102	\$167,662	\$248,118	\$125,949
Automobiles seized.....number..	110	107	101	109	115	167	189	188

<sup>1</sup> The decrease beginning in 1937 in the number of cases reported pertaining to registered persons is largely due to the fact that the Bureau no longer includes as cases reports showing merely technical or minor violations of the regulations.

### DIVISION OF PRINTING

The Division of Printing transacts all of the Treasury Department's printing and binding business with the Government Printing Office and outside contractors; approves requisitions for and makes purchases of stationery supplies used by the Department; authorizes engraving work to be done by the Bureau of Engraving and Printing for all Government departments and establishments, unless money, securities, or postage stamps are involved; and has control over newspaper and periodical advertising for the Treasury Department, the binding of confidential Department records, and the warehousing and distribution of blank books and forms for Washington and field offices of the Department. The Division also edits and prepares copy for weekly issues of Treasury Decisions under customs, internal revenue, narcotics, and other laws; and prepares annual and semiannual bound volumes thereof and maintains a mailing list for their distribution. Appropriations to the Department for printing and binding and for purchases of stationery supplies are under the administrative control of the Division.

#### *Printing and binding*

During the year \$1,619,215 was made available to the Division for printing and binding. Of this amount \$1,608,029 was expended, leaving an unobligated balance of \$11,186. The following table

summarizes the appropriations and funds from other sources, the expenditures therefrom, and balances:

*Appropriations, additional funds, expenditures, and balances, fiscal years  
1939 and 1940*

	1939	1940
Appropriation, printing and binding, Treasury Department.....	\$850,000	\$438,050
Deficiency appropriations, printing and binding, Treasury Department.....	163,000	50,000
Receipts from sales of customs forms.....	27,000	25,000
Transfers from other appropriations.....	4,679	9,700
Total.....	1,044,679	522,750
Expenditures.....	1,033,501	522,360
Unobligated balance.....	11,178	390
Allotment from salaries and administrative expenses for refunding processing and related taxes and administering title III, Revenue Act of 1936.....	20,000	9,500
Allotment from salaries and expenses, Silver Purchase Act of 1934, Bureau of Internal Revenue.....	400	-----
Allotment from collecting the internal revenue.....	-----	525,000
Printing and binding, other appropriations.....	438,319	561,965
Total.....	456,719	1,096,465
Expenditures.....	441,348	1,085,669
Unobligated balances.....	15,371	10,796

<sup>1</sup> Figures for 1940 subject to slight variations due to necessary delays in receiving bills from the Public Printer for certain items until pending work is completed after the close of the fiscal year.

The details of the expenditures are shown in the following table:

*Expenditures for printing and binding, by bureaus, offices, and divisions, fiscal years  
1939 and 1940<sup>1</sup>*

EXPENDITURES FROM APPROPRIATIONS FOR PRINTING AND BINDING

Bureau, office, or division	1939	1940
Office of the Commissioner of Accounts and Deposits.....	\$1,802	\$841
Division of Appointments.....	641	736
Division of Bookkeeping and Warrants.....	34,140	35,002
Chief Clerk.....	270	1,074
Coast Guard.....	43,233	94,302
Bureau of the Comptroller of the Currency.....	27,537	24,821
Bureau of Customs.....	30,264	59,675
Division of Disbursement.....	40,820	56,856
Bureau of Engraving and Printing.....	5,055	5,242
Federal Alcohol Administration.....	1,588	902
Bureau of Internal Revenue.....	520,258	-----
Bureau of the Mint.....	3,754	5,959
Bureau of Narcotics.....	6,954	7,972
National bank depositaries.....	92	95
Division of Printing.....	1,655	2,454
Procurement Division, Branch of Supply.....	39,359	39,380
Procurement Division, Public Buildings Branch.....	4,663	-----
Public Debt Service.....	12,659	10,702
Public Health Service.....	74,081	-----
Division of Research and Statistics.....	2,342	3,343
Secret Service Division.....	2,423	1,798
Secretary and General Counsel.....	12,014	10,570
Department stock and miscellaneous.....	109,862	101,042
Superintendent of Treasury Buildings.....	-----	146
Treasurer of the United States.....	<sup>2</sup> 18,894	<sup>3</sup> 22,598
Transportation.....	<sup>4</sup> 12,000	<sup>4</sup> 11,850
Total expenditures from regular printing and binding appropriations.....	1,006,501	497,360
Customs blank forms.....	27,000	25,000
Total.....	1,033,501	522,360

Footnotes at end of table.

*Expenditures for printing and binding, by bureaus, offices, and divisions, fiscal years 1939 and 1940*<sup>1</sup>—Continued

## EXPENDITURES REIMBURSED FROM OTHER APPROPRIATIONS

Bureau, office, or division	1939	1940
Office of the Commissioner of Accounts and Deposits	\$175,557	\$66,183
Division of Appointments	31	1,784
Division of Bookkeeping and Warrants	495	423
Coast Guard	5,740	7,484
Bureau of the Comptroller of the Currency	7,751	5,569
Division of Disbursement	70,973	175,954
Bureau of Engraving and Printing	1,159	569
Bureau of the Mint	2,057	
Procurement Division, Branch of Supply	115,800	71,580
Procurement Division, Public Buildings Branch	800	
Processing Tax Board of Review		561
Public Debt Service	12,952	229,450
Public Health Service	31,784	
Division of Research and Statistics	2,956	
Secret Service Division	257	510
Secretary and General Counsel	3,786	188
Treasurer of the United States	5,121	707
Total expenditures reimbursed from other appropriations	436,319	561,965
Bureau of Internal Revenue:		
Allotment from collecting the internal revenue		522,962
Allotment from salaries and administrative expenses for refunding processing and related taxes and administering title III, Revenue Act of 1936	5,004	742
Allotment from salaries and expenses, Silver Purchase Act, Bureau of Internal Revenue, 1938	25	
Total expenditures reimbursed	441,348	1,085,669
Grand total expenditures	1,474,849	1,608,029
Total available funds	1,501,398	1,619,215
Balance	26,549	11,186

<sup>1</sup> Figures for 1940 subject to slight variations due to necessary delays in receiving bills from the Public Printer for certain items until pending work is completed after the close of the fiscal year.

<sup>2</sup> Includes \$4,679 in transfers from other appropriations.

<sup>3</sup> Includes \$9,700 in transfers from other appropriations.

<sup>4</sup> Partly estimated.

### *Stationery supplies*

During the year the Division approved 13,572 requisitions for stationery supplies for the Treasury Department compared with 13,724 in 1939, a decrease of 152 under the previous year. The available funds and expenditures for stationery during the last 2 years and the balances of available funds are shown in the following table:

*Available funds and expenditures for stationery, fiscal years 1939 and 1940*

	1939	1940
Appropriation, stationery, Treasury Department	\$505,000	\$570,115
Deficiency appropriations, stationery, Treasury Department	113,400	20,000
Reimbursement for stationery furnished other offices	1,657	1,660
Transfers from other appropriations	5,010	5,315
Total	625,067	597,090
Expenditures	624,406	596,751
Unobligated balance	661	339

### *Engraving work*

Certificates, checks, commissions, drafts, transportation requests, and warrants totaling 156,695,000 were approved by the Division for execution by the Bureau of Engraving and Printing for the several departments and establishments of the Government during the fiscal year 1940, compared with 165,206,784 in the preceding year.



## PROCESSING TAX BOARD OF REVIEW

The Processing Tax Board of Review was established in the Treasury Department pursuant to title VII of the Revenue Act of 1936 and is independent of other bureaus and divisions in the Department. The Board has jurisdiction to review the allowance or disallowance by the Commissioner of Internal Revenue of claims for refund of processing tax paid under the Agricultural Adjustment Act and to determine the amount of refund due any claimant with respect to such claim. The decisions of the Board are reviewable by the Circuit Courts of Appeals of the United States and the United States Court of Appeals for the District of Columbia and subject to further review by the Supreme Court of the United States, upon certification or certiorari as provided in the Judicial Code, as amended. The Secretary of the Treasury designates the members of the Board and assigns to it such personnel in the Treasury Department as may be necessary to perform its functions.

The following table summarizes the work of the Board during the fiscal years 1939 and 1940:

Cases	1939		1940	
	Number	Refund claimed	Number	Refund claimed
Before the Board of Review:				
On hand at beginning of year.....	26	\$1,833,003.67	39	\$4,299,867.71
Filed during year.....	108	5,037,900.08	119	5,695,560.34
Reconsidered during year.....	14	2,448,693.06	11	15,971.40
Total to be reviewed.....	148	9,319,596.81	169	10,011,399.45
Decided.....	109	5,019,729.10	110	3,018,183.37
On hand at end of year.....	39	4,299,867.71	59	6,993,216.08
Decisions appealed to Circuit Courts of Appeals:				
On hand at beginning of year.....			12	440,236.46
Filed during year.....	13	451,471.46	12	1,373,032.07
Total to be reviewed.....	13	451,471.46	24	1,813,268.53
Decided, affirmed Board's decision.....	1	11,235.00	12	832,187.37
On hand at end of year.....	12	440,236.46	12	981,081.16
Before the Supreme Court:				
Filed during year for writ of certiorari.....			6	265,193.91
Certiorari denied.....			6	265,193.91
Pending in Supreme Court.....				

## PROCUREMENT DIVISION

## Activities during the fiscal year 1940

During the fiscal year 1940 the departments and agencies made increased use of the General Schedule of Supplies term contracts, which afford, at the lowest prices consistent with the market, dependable sources for items commonly required by the various governmental agencies. The warehouse activity, which maintains stocks of commodities of more common use for immediate delivery (foodstuffs for institutional use, office, janitor, and hospital supplies, etc.), discontinued articles of small demand and added new ones to meet the changing demands of the service.

A study was made to evaluate the advantages of more general awarding of contracts on the basis of lowest aggregate price for a single lot

or class of items, instead of making a larger number of awards on the basis of the low bidder on each specific article. As a result a higher proportion of the awards was made on the aggregate bid basis during 1940 than for any previous year, the effect of which was to reduce materially the number of awards and of contracts, while the dollar volume of business continued to show an upward trend.

The Division's consolidated contracts for gasoline were utilized for the extensive Army maneuvers during the year. Where the regular delivery conditions would not meet the requirements of the War Department, special contracts were executed, such as contracts for 836,000 gallons for the Northern New York maneuvers and for 1,150,000 gallons for the Texas maneuvers.

Fuel deliveries from the Fuel Handling Plant continued at an increasing rate. Coal amounted to 362,956 tons, as compared with 321,257 in 1939; fuel oil deliveries totaled 10,137,063 gallons, as compared with 8,234,184 in 1939.

Purchase of textiles to meet the Work Projects Administration requirements continued heavy though somewhat less in volume. During the year, 78,044,821 yards were bought at a cost of \$8,160,325, as compared with 93,879,924 yards costing \$8,663,323 in 1939. The consolidation of these textile requirements for all States enables the fullest purchase advantages to be applied through central control of specifications, offering of more attractive volume for bidders on real quantity basis, and specialized inspection and shipping.

Under Public No. 117, approved June 7, 1939, the responsibility was fixed on the Procurement Division for the preparation of specifications and for the procurement of strategic and critical materials for the industrial, military, and naval needs for the common defense, to an authorized total of \$100,000,000. The appropriations, obligations, and materials acquired under this program, as of June 30, 1940, are shown on page 158.

Sixty-six new Federal specifications were promulgated during the year, bringing the number in effect as of July 1, 1940, to 1,298. This addition is exclusive of specifications, amendments, and revisions made during the same period. In general, these specifications cover commodities of major importance from the viewpoint of Government use. Their use is mandatory on all Government activities where applicable and they are becoming increasingly recognized and applied in commerce.

Numerous negotiations with transportation companies resulted in advantages in rates and in providing trackage and other facilities.

Surveys of telephone services for the Government in Washington and in the field continued. Recommendations were made in certain instances which greatly improved service without increase in cost. In other studies made, annual savings were effected amounting to \$10,124. In addition, consultations were held with other departments and establishments on matters of equipment and practices which might make for improvement in service or economy.

The volume of purchasing work incident to the Work Projects Administration functions continued heavy during the year. Purchasing in Washington and in the field required the issuance of 933,436 purchase orders for machinery, construction materials, and a wide variety of general supplies, and represented expenditures totaling \$153,881,430.

### Review of activities since 1934

The Procurement Division was created by Executive Order No. 6166, dated June 10, 1933. The operation of this order, however, was delayed by Executive Order No. 6224 of July 27, 1933, but was made effective with regard to this Division by the order of the Secretary of the Treasury, approved by the President, October 9, 1933.

Under these orders the Procurement Division was charged with the function of determination of policies and methods of procurement, warehousing, and distribution of property, facilities, structures, improvements, machinery, equipment, stores, and supplies. The functions of the General Supply Committee of the Treasury Department and the Office of the Supervising Architect of the Treasury Department were transferred to the Procurement Division, with the exception of the administration of buildings containing major post-office activities and buildings containing neither postal nor Treasury activities, which were transferred to the Post Office Department and the Interior Department, respectively. These orders also transferred to the Procurement Division the Fuel Yards of the Bureau of Mines, Department of Commerce, the functions of the Federal Coordinating Service relating to the disposition of seized and surplus property and to the procurement, warehousing, and distribution of property as exercised by the area coordinators, the Federal Real Estate Board, the Federal Standard Stock Catalog Board, the Federal Traffic Board, and the Interdepartmental Board of Contracts and Adjustments.

The Procurement Division originally consisted of two branches, the Branch of Supply and the Public Buildings Branch. On July 1, 1939, the Public Buildings Branch was transferred to the Federal Works Agency, and the Branch of Supply succeeded to the designation of Procurement Division. The following statement discusses only those activities of the Procurement Division which refer to the procurement of supplies in general.

As the Procurement Division became organized, the following principal functions were developed: (1) Extension of the General Schedule of Supplies activity, (2) open market (spot) purchases, (3) enlargement of the scope of the Procurement Division Warehouse, (4) control of all surplus Government property so that its ultimate use value is exhausted, and (5) application of buying or coordination practices which offer opportunity for economies.

### *Procurement activities*

The General Schedule of Supplies, is, in effect, a catalog prepared by the Procurement Division for the use of all Federal agencies. It is issued in sections during the year, and represents, by various classes of goods, the result of term contracts negotiated by the Division on the basis of the anticipated needs of the departmental service in Washington and of some of the field activities for common supplies. Class 14 was enlarged by the addition of many lubricants, including 13 different types of greases and oil. During the last 8 years numerous items covered by the General Schedule of Supplies have been made mandatory; i. e., they have been listed among those items which may not be purchased by any Government office within the continental limits of the United States from a source other than from the current contractor. The advantage of such requirement is to assure a volume of consump-

tion sufficient to attract satisfactory prices from vendors qualified to make national distribution. Among important mandatory items are explosives, certain automobile parts and accessories, tires and tubes, storage batteries, spark plugs, office furniture, floor coverings, machine tools, drinking cups, and office equipment. The General Schedule of Supplies is a major feature of procurement. Some 30,000 principal items are covered by these contracts.

The number of purchases made against the General Schedule of Supplies contracts by all Federal agencies were as follows:

	<i>Number</i>		<i>Number</i>
1935 (approximate).....	37, 000, 000	1938.....	60, 368, 065
1936.....	45, 343, 990	1939.....	60, 678, 813
1937.....	54, 136, 942	1940.....	64, 632, 668

Open market (spot) purchases are definite quantity transactions, initiated by orders from requisitioning offices, for items which are not covered by General Schedule of Supplies or other term contracts. Such a purchase may be of a very simple character; it may be the procurement of a single piece of special apparatus, such as a complete dental office on an auto trailer unit; it may represent a consolidation of orders from two or three agencies for the same item; or it may represent a large purchase of a common article as, for instance, 980 trucks for one agency.

Commodities of most common use (standard foodstuffs, office supplies, janitor's materials, etc.) are warehoused in the Procurement Division Building to meet such requirements of all agencies in the District of Columbia area and also to supply many field activities.

To finance the stock and consolidated purchases and services, the Congress provided a working capital known as the general supply fund, from which payments are made for commodities purchased and services performed for other agencies and to which are credited collections made direct from the appropriations of the agencies under a transfer and counter-warrant system, such collections to include a mark-up over cost sufficient to cover actual handling expense.

Property becoming surplus in Federal activities ranges from pins to 30,000-ton ships and includes commodities such as buildings, crops, animals, agricultural machinery, and scientific supplies and instruments. A weekly summary of surplus materials is circularized in the service generally, and requisitions are made by agencies in need of the described surplus.

A new method of notifying Federal activities of the availability of surplus property was introduced in September 1939. In lieu of a large number of individual circulars, each representing single declarations of surplus, a weekly document, multicolored to represent different types of property, is circularized, which is more convenient for the various agencies.

A study was made for the Customs Service for providing adequate filing equipment for the Records Division of the Collector of Customs in New York, which resulted in a recommendation for an outlay of about \$85,000, as contrasted with an original estimate of \$275,000 for this purpose. The Bureau of Customs requested and received assistance in the acquisition of equipment and the adaptation of quarters suitable to the requirements for a Wool Testing Laboratory in Boston.

Arrangements have been made with the Naval Experimenting Station at Annapolis for conducting tests on portable air compressors,

with a view to establishing facts as to the relative efficiency of the different types. This information is needed in connection with specifications and awards.

The Division gave assistance in the matter of specially-designed furniture and furnishings for numerous court houses, executive offices, and other special types of quarters, and in many instances supervised the installation and inspection.

The National Gallery of Art requested aid in the purchase of necessary equipment for repair shops. This developed into a consulting job under which the Division set up the repair shops and specified and purchased appropriate equipment.

In its cooperation with the Byrd Antarctic Expedition, purchases of medicines, dispensary equipment, and other supplies were completed as of October 11, insuring delivery by October 16, 1939.

In November 1939 the Division rendered assistance to the American Red Cross in the matter of specifications, current prices, and sources of supply for various commodities.

The Division makes an annual survey to secure the loan of trucks necessary to meet the peak load of the Christmas season for the Postal Service by soliciting loans of automotive equipment from various Federal agencies throughout the United States.

As of July 1, 1940, truck rental contracts negotiated by the Division were made available to all services in the District of Columbia. These contracts have resulted in substantial savings. Two services aggregated about \$130,000 in one year, at rentals which were in excess of \$1.25 an hour, and the Division contract averaged less than \$1.00 an hour.

Term contracts were negotiated in several different cities for services covering, for example, drayage service, typewriter repairs, blueprint work, and, in the New York and Philadelphia areas, electricity and gas. These contracts afforded dependable services at low rates and initiated practices and benefits which continue from year to year. The consolidated contract for electricity for the New York City area showed a saving of \$308,858 to the Government in 1938.

Since December 1938, when this office undertook the purchase of heavy equipment for the Civilian Conservation Corps, purchases for that agency of such items as motor vehicles, tractors, power shovels, rock crushers, and road machinery have aggregated over \$5,000,000.

The sale of blind-made products from 35 institutions throughout the country is now coordinated through the Procurement Division. Purchases from such institutions under the schedule amounted to over \$40,000 since January 1939.

#### *Emergency relief activity*

Executive Order No. 7034, dated May 6, 1935, directed the Secretary of the Treasury, through the Director of Procurement, to purchase or to provide a system for the purchase of all materials, supplies, and equipment to be procured with funds appropriated under the Emergency Relief Appropriation Act of 1935. The objective of the basic order was undertaken through procurement offices, established in each State, Hawaii, Puerto Rico, and the Virgin Islands, under the direction of an administrative staff in Washington and under practices conforming to the standards and policies of the Procurement Division.

The period of greatest activity in the procurement offices was during the quarter from April to June 1936, when an average of 120,000 purchase orders and an average of 175,000 vouchers were being issued per month. At the present time approximately 75,000 purchase orders and 85,000 vouchers are being issued per month.

The purchase of standard cotton goods to meet the vast requirements of the sewing projects of the Work Projects Administration represented an important assignment. Many millions of yards of goods had to be bought and distributed to hundreds of locations in the United States in lots and types suitable to the local conditions. The initial job of preparing specifications, which would meet the practical requirements of the projects and at the same time fit with common commercial standards and practices, was an important contribution to the emergency relief work. A Cotton Textile Purchase Section has been operating in Washington, D. C., and requisitions for textile needs have been forwarded to Washington and consolidated in order that textile requirements may be purchased in larger quantities.

In furtherance of the provisions of the order of the President to the Works Progress Administration, dated June 21, 1938, studies were conducted and plans made for the purchase of not to exceed \$10,000,000 worth of surplus clothing for distribution to needy persons. In order to develop policies and procedure appropriate to this large transaction, and within the limited time available, administrative personnel and purchase experts were assigned and arrangements made for handling the negotiation in the New York State Procurement Office under the personal direction of officers of the Procurement Division acting in the field. This program was subsequently increased to a limit of \$15,000,000.

The New York State Procurement Office maintained a purchasing unit in connection with the New York World's Fair. Some of the interesting purchases included hand-tufted rugs, glass and sculptural designs, painting of murals, hire of musicians, maintenance of flowers, etc.

Early in January 1937, the State procurement offices in the Ohio River Valley were given instructions to prepare for moving out of the flood area, if necessary, to operate on a twenty-four hour basis so as to meet purchasing needs incident to flood relief, and to cooperate with the Red Cross in their activities. The State procurement offices in Ohio established a warehouse, arranged for distribution of supplies, and provided trucks. In September 1938, similar assistance was rendered relief agencies in New York, Connecticut, and other New England points, and in Charleston, S. C.

## PUBLIC DEBT SERVICE

In accordance with the President's Reorganization Plan No. III, made effective on June 30, 1940, the units of the Public Debt Service and the Division of Savings Bonds were consolidated into the Bureau of the Public Debt, which at the same time became a part of the Fiscal Service.

The Public Debt Service is charged with the conduct of transactions in public debt securities of the United States, and in securities of the Insular Governments and the guaranteed securities of Government-owned corporations, for which the Treasury Department acts as agent. The Service is also charged with the verification of United States currency redeemed by the Treasurer of the United States and of imperfect securities delivered by the Bureau of Engraving and Printing, the destruction of redeemed currency and other securities authorized to be destroyed, and the procurement of distinctive paper for currency and public debt securities.

The Public Debt Service comprises the Office of the Commissioner of the Public Debt, the Division of Loans and Currency, the Office of the Register of the Treasury, the Division of Public Debt Accounts and Audit, and the Division of Paper Custody. The Federal Reserve Banks, as fiscal agents of the United States, function as a field force for public debt transactions, and the Postal Service functions in like manner for the sale of United States savings bonds. The following statements, submitted by the units of the Public Debt Service, summarize the transactions conducted during the year.

*Division of Loans and Currency*

The Division of Loans and Currency is the active agent of the Secretary of the Treasury for the issue of all public debt obligations of the United States and for conducting transactions in such obligations after issue. It is also responsible for the issue of bonds or other obligations of Puerto Rico and the Philippine Islands, for which the Treasury Department acts as agent, and of the securities of various Government corporations and credit agencies. The Division undertakes the safekeeping of these securities for certain Government offices. It also counts and delivers to the Destruction Committee the United States currency canceled as unfit and mutilated paper (spoilage, etc.) received from the Division of Paper Custody and the Bureau of Engraving and Printing.

*Issue and retirement of securities.*—The following is a summary of the issue and retirement of securities conducted through this Division during the fiscal year 1940. Detailed accounts of all transactions in public debt securities of the United States are presented in formal statements elsewhere in the report.

*Transactions in United States and insular securities and in securities of various Government corporations and credit agencies, fiscal year 1940*

[Principal amount]

Transaction	Bearer	Registered	Total
<b>Public debt securities:<sup>1</sup></b>			
On hand June 30, 1939.....	\$15,433,373,680.00	\$3,443,694,010.00	\$18,877,067,690.00
Unissued stock returned to Division.....		2,625.00	2,625.00
Received from Bureau of Engraving and Printing.....	15,746,306,500.00	5,633,433,840.00	21,379,740,340.00
Total to be accounted for.....	31,179,680,180.00	9,077,130,475.00	40,256,810,655.00
Stock shipments to Federal Reserve Banks and post offices.....	14,870,263,000.00	1,627,610,625.00	16,497,873,625.00
Issued by Division.....	79,072,200.00	3,730,884,570.00	3,809,956,770.00
Delivered to Bureau of Engraving and Printing.....		150,000.00	150,000.00
Unissued stock delivered to Register of the Treasury.....	629,927,880.00	17,834,820.00	647,762,700.00
Total disposals.....	15,579,263,080.00	5,376,480,015.00	20,955,743,095.00
On hand June 30, 1940.....	15,600,417,100.00	3,700,650,460.00	19,301,067,560.00
Retired and redeemed.....	239,580,260.00	2,843,575,845.00	3,083,156,105.00
<b>Insular securities and securities of Government corporations and credit agencies:</b>			
On hand June 30, 1939.....	6,110,546,125.00	1,496,537,800.00	7,607,083,925.00
Unissued stock returned to Division.....	540,000.00		540,000.00
Received from Bureau of Engraving and Printing.....	1,909,100,000.00	216,630,000.00	2,125,730,000.00
Total to be accounted for.....	8,020,186,125.00	1,713,167,800.00	9,733,353,925.00
Stock shipments to Federal Reserve Banks and post offices.....	1,284,655,700.00		1,284,655,700.00
Issued by Division.....	4,897,250.00	155,080,350.00	159,977,600.00
Unissued stock delivered to Register of the Treasury.....	1,797,696,925.00	340,768,300.00	2,138,465,225.00
Total disposals.....	3,087,249,875.00	495,848,650.00	3,583,098,525.00
On hand June 30, 1940.....	4,932,936,250.00	1,217,319,150.00	6,150,255,400.00
Retired and redeemed.....	41,338,425.00	152,751,993.39	194,090,418.39

<sup>1</sup> Includes adjusted service bonds and United States savings bonds.

*United States savings bonds.*—Original registration stubs from United States savings bonds sold which were received and audited, savings bonds redeemed prior to maturity which were received and registration discharged before payment, and savings bonds redeemed prior to maturity which were received and registration discharged after payment, during the fiscal year 1940, are shown in the following table:



## Transactions concerning United States savings bonds, fiscal year 1940

Series	Number of pieces						Sales price	Maturity value
	\$25	\$50	\$100	\$500	\$1,000	Total		
	Original registration stubs from savings bonds sold—received and audited							
B-1936.....		6		2	6	14	\$5,475.00	\$7,300.00
C-1937.....	2		18	6	13	39	13,387.50	17,850.00
C-1938.....		4	13	5	25	51	21,825.00	29,100.00
D-1939.....	650,542	445,310	714,289	182,231	498,785	2,491,157	524,893,837.50	699,858,450.00
D-1940.....	495,115	347,336	566,993	162,109	635,423	2,206,976	602,191,106.25	802,921,475.00
Total registration stubs.....	1,145,663	792,656	1,281,313	344,353	1,134,252	4,698,237	1,127,125,631.25	1,502,834,175.00
	Savings bonds redeemed prior to maturity—received and registration discharged before payment							
A-1935.....	1,012	999	2,501	850	1,154	6,516		\$1,904,350.00
B-1936.....	1,480	1,444	3,416	1,163	2,089	9,592		3,121,300.00
C-1937.....	2,251	1,817	3,986	1,326	3,110	12,490		4,318,725.00
C-1938.....	2,956	2,067	4,853	1,478	3,751	15,105		5,152,550.00
D-1939.....	2,455	1,878	4,623	1,247	5,117	15,320		6,358,075.00
D-1940.....	203	183	476	165	666	1,693		810,325.00
Total.....	10,357	8,388	19,855	6,229	15,887	60,716		21,665,325.00
	Savings bonds redeemed prior to maturity—received and registration discharged after payment							
A-1935.....	8,010	5,620	11,549	3,710	3,255	32,144		\$6,746,150.00
B-1936.....	17,437	14,223	24,235	6,886	8,140	70,921		15,153,575.00
C-1937.....	37,544	27,448	39,701	9,642	13,166	127,501		24,268,100.00
C-1938.....	63,566	38,938	54,864	12,269	16,879	186,516		32,035,950.00
D-1939.....	95,874	42,308	61,055	13,715	20,967	233,919		38,442,250.00
D-1940.....	5,969	2,389	3,733	944	1,889	14,924		3,002,975.00
Total.....	228,400	130,926	195,137	47,166	64,296	665,925		119,649,000.00
Grand total savings bonds.....	238,757	139,314	214,992	53,395	80,183	726,641		141,314,325.00

*Individual registered accounts.*—Individual accounts are maintained in connection with registered issues of the United States and of securities of various Government corporations and credit agencies; and interest is paid periodically in the form of checks on the interest-bearing debt. The accounts open on June 30, 1940, were as follows:

Registered issues	Number of accounts	Principal
Public debt:		
Interest-bearing loans.....	409,899	\$7,510,938,536.40
Matured loans (Liberty, Victory, pre-war, postal savings, and Treasury bonds).....	20,585	19,448,920.00
Total public debt issues.....	430,484	7,530,387,456.40
Others:		
Interest-bearing loans:		
Home Owners' Loan Corporation bonds.....	3,203	229,093,000.00
Federal Farm Mortgage Corporation bonds.....	16,177	145,307,100.00
Consolidated Federal farm loan bonds.....	8,355	42,776,900.00
Federal Housing Administration debentures.....	610	7,500,955.28
Matured loan (Home Owners' Loan Corporation bonds).....	88	278,000.00
Total other issues.....	28,433	424,955,955.28
Grand total.....	458,917	7,955,343,411.68

There were 50,928 individual accounts closed for registered Liberty bonds, Victory notes, special Treasury notes, pre-war and postal savings issues, and Treasury bonds; and 9,795 accounts were decreased, representing retirements of securities in the amount of \$2,424,098,540 par value. In connection with the same loans, 24,183 new accounts, involving \$2,812,612,470 of principal, were opened. During the year 22,630 changes of address for the mailing of interest checks were made.

Interest on registered Treasury bonds was paid on due dates in the form of 788,946 checks amounting to \$79,469,123.79; on registered securities of the pre-war and postal savings loans, 66,423 checks for \$4,221,274.25 were issued; and on registered Treasury notes and certificates of indebtedness, interest payable by 6 checks amounting to \$20,540,598.32 were issued. Also 1 check was issued in payment of interest amounting to \$22,507,108.04 on the 4½ percent adjusted service bonds—United States Government life insurance fund series. There were received from the Bureau of Engraving and Printing 868,800 checks as stock and there were canceled and delivered to the Destruction Committee stock consisting of 23,227 valid checks and 12,637 void checks.

*Claims.*—Claims for relief on account of lost, stolen, destroyed, and mutilated securities handled by the Division of Loans and Currency within the fiscal year were as follows:

Claims	Number of claims	Number of securities	Par amount of securities
Public debt issues			
On hand June 30, 1939.....	11,897	38,326	\$5,603,667.75
Received.....	3,156	10,692	2,926,307.60
Total to be accounted for.....	15,053	49,018	8,529,975.35
Settled by:			
Reissue or redemption of securities.....	1,637	4,193	589,401.85
Recovery of securities.....	994	4,101	624,100.00
Disallowance of claims and credit allowed.....	224	1,408	225,655.00
Other dispositions.....	848	1,470	7,042.75
Total disposals.....	3,703	11,172	1,446,199.60
On hand June 30, 1940.....	11,350	37,846	7,083,775.75
Home Owners' Loan Corporation, Federal Farm Mortgage Corporation, and consolidated Federal farm loan bonds			
On hand June 30, 1939.....	270	1,223	\$454,225.00
Received.....	81	263	116,866.25
Total to be accounted for.....	351	1,486	571,091.25
Settled by recovery, redemption, or no relief.....	80	235	106,241.25
On hand June 30, 1940.....	271	1,251	464,850.00

*Safekeeping of securities.*—During the fiscal year transactions in securities held in safekeeping were as follows:

Issues	On hand June 30, 1939	Received and receipts issued	Released	On hand June 30, 1940
Public debt issues.....	\$3,567,804,806.40	\$3,169,915,000.00	\$2,088,375,000.00	\$4,649,344,806.40
Insular securities.....	6,642,500.00	-----	-----	6,642,500.00
Home Owners' Loan Corporation bonds.....	20,000,150.00	86,055,800.00	106,055,950.00	-----
Total.....	3,594,447,456.40	3,255,970,800.00	2,194,430,950.00	4,655,987,306.40

*Mutilated paper and redeemed currency.*—Mutilated paper verified and delivered to the Destruction Committee consisted of 53,629,356 sheets and coupons, of which 53,549,565 sheets and coupons were received from the Bureau of Engraving and Printing and 79,791 sheets from the Division of Paper Custody.

Redeemed currency, unfit for circulation, counted and delivered to the Destruction Committee during the year, amounted to 1,081,090,154 pieces, representing \$2,018,393,187.45, detailed as follows:

Currency	Pieces	Face value
United States notes.....	58,687,325	\$237,754,400.00
Silver certificates.....	1,022,099,502	1,773,621,450.00
Gold certificates.....	291,510	7,010,950.00
Treasury notes.....	774	4,000.00
Fractional currency.....	11,043	2,387.45
Total.....	1,081,090,154	2,018,393,187.45

In addition to the securities which were delivered to the Register of the Treasury, the Division canceled and delivered to the Register 3,656,436 coupons amounting to \$407,814,574.17. Of these, 3,252,899 were public debt coupons amounting to \$375,784,969.12, and 403,537 amounting to \$32,029,605.05 were coupons from securities of Government corporations and credit agencies.

### *Register of the Treasury*

The Register of the Treasury conducts the final audit and has custody of all retired public debt securities, including interest coupons and checks, and performs a like function with respect to the securities of the Home Owners' Loan Corporation, Federal Farm Mortgage Corporation, Federal Housing Administration, Reconstruction Finance Corporation, Federal National Mortgage Association, Commodity Credit Corporation, United States Housing Authority, and the consolidated obligations of the Federal home loan banks and the Federal land banks. The Register also retires bonds of the insular possessions which are exchanged for other securities.

The Register renders monthly certification to the Comptroller General of all public debt securities redeemed by the Treasurer of the United States, and establishes credits due the Federal Reserve Banks and the Division of Loans and Currency for securities forwarded by them on account of exchanges, replacements, transfers of registration, etc.

The following statement sets forth, by class of security, the total number and face value of documents which were received by the Register's Office on account of transactions during the fiscal year 1940:

*Summary of securities received by the Register of the Treasury on account of transactions, fiscal year 1940*

Security	Bearer		Registered	
	Pieces	Amount	Pieces	Amount
	Redeemed			
Public debt securities:				
Pre-war and postal savings bonds	44	\$14,930.00	112	\$194,220.00
Liberty loans	15,642	3,632,450.00	2,702	1,027,500.00
Treasury bonds	66,632	288,794,750.00	19,894	19,032,350.00
Treasury notes	159,852	2,639,836,750.00	258	301,262,000.00
United States savings bonds			756,307	114,484,919.09
Adjusted service bonds			604,482	30,224,100.00
Certificates of indebtedness	219	434,200.00	142	1,844,500,000.00
Treasury bills	98,439	5,368,965,000.00		
Treasury (war) savings securities	47,603	62,930.88	1,750	23,258.51
Interest coupons	9,803,618	591,364,707.45		
Other securities:				
Home Owners' Loan Corporation:				
Bonds	473,262	309,723,475.00	3,488	111,846,000.00
Interest coupons	2,248,102	53,664,605.41		
Interest checks			6,576	5,792,927.50
Federal Farm Mortgage Corporation:				
Bonds	6,451	109,668,500.00	50	25,000,000.00
Interest coupons	1,352,885	34,443,382.43		
Interest checks			33,357	4,390,304.43
Consolidated Federal farm loans of the Federal land banks:				
Interest coupons	966,142	30,405,089.15		
Interest checks			17,650	1,373,863.05
Federal Housing Administration:				
Mutual mortgage insurance fund debentures			2,275	1,516,493.39
Mutual mortgage insurance fund interest checks			2,072	147,474.01
Federal home loan banks:				
Consolidated debentures	8,431	41,510,000.00		
Interest coupons	45,853	1,171,732.50		
Reconstruction Finance Corporation interest coupons	89,519	7,330,581.79		
Commodity Credit Corporation:				
Notes	11,467	206,174,000.00		
Interest coupons	34,748	2,499,509.50		
Federal National Mortgage Association interest coupons	23,983	1,492,492.98		
United States Housing Authority interest coupons	36,630	1,567,415.78		
Total	15,489,522	9,692,756,502.87	1,451,115	2,460,815,409.98
	Retired on account of exchanges for other securities, etc.			
Public debt securities:				
Pre-war and postal savings bonds	820	\$308,060.00	11,053	\$7,156,560.00
Liberty loans	1,538	128,650.00		
Treasury bonds	570,542	1,984,361,600.00	88,259	306,762,450.00
Treasury notes	140,830	1,802,532,200.00	11	170,113,000.00
United States savings bonds			51,118	21,225,175.00
Adjusted service bonds			1,223	61,150.00
Treasury bills	11,547	1,055,564,000.00		
Certificates of indebtedness			1	1,000,000.00
First 3½% Liberty loan interim certificates	6	400.00		
Other securities:				
Insular possessions loans	395	395,000.00	324	567,000.00
Home Owners' Loan Corporation bonds	94,356	210,356,475.00	937	3,392,000.00
Federal Farm Mortgage Corporation bonds	66,218	70,307,600.00	6,386	5,275,500.00
Consolidated Federal farm loans of the Federal land banks, bonds	26,911	53,006,800.00	4,534	3,370,900.00

<sup>1</sup> Represents audited figures through January 1940 settlement. June 1940 settlement not received.

<sup>2</sup> Redeemed interest coupons, affecting agency accounts, have been received through June 1940 settlement. Audit is incomplete.

NOTE.—Redeemed bonds and notes are audited through May 1940 settlement.

## Summary of securities received by the Register of the Treasury on account of transactions, fiscal year 1940—Continued

Security	Bearer		Registered	
	Pieces	Amount	Pieces	Amount
Retired on account of exchanges for other securities, etc.				
Other securities—Continued.				
Federal Housing Administration mutual mortgage insurance fund debentures			1,647	\$1,040,100.00
Federal home loan banks, consolidated debentures	2,279	\$3,061,000.00		
Reconstruction Finance Corporation notes	17,427	353,648,302.02		
Commodity Credit Corporation notes	3,743	26,043,000.00		
Federal National Mortgage Association notes	410	3,951,000.00		
United States Housing Authority notes	5,455	25,462,000.00		
Total	942,477	5,589,126,087.02	165,493	519,963,835.00
Unissued stock retired				
Public debt securities:				
Pre-war and postal savings bonds	770	\$86,280.00	2,023	\$445,020.00
Liberty loans	44,421	9,150,350.00		
Treasury bonds	62,201	399,683,100.00	4,992	17,098,850.00
Treasury notes	158,263	992,626,250.00	1	No value
United States savings bonds			359,151	102,254,350.00
Treasury bills	12,153	984,607,000.00		
Interest coupons	4,476,991	488,594,717.25		
Other securities:				
Insular possessions loans			11,315	42,109,000.00
Home Owners' Loan Corporation:				
Bonds	1,419,797	1,326,230,200.00	12,737	298,606,000.00
Interest coupons	264,094	16,172,421.30		
Federal Farm Mortgage Corporation:				
Bonds	44,002	202,106,300.00	9	5,300.00
Interest coupons	247,418	15,416,716.53		
Consolidated Federal farm loans of the Federal land banks:				
Bonds	5,757	8,718,500.00	8	2,500.00
Interest coupons	245,202	8,459,108.00		
Federal home loan banks:				
Consolidated debentures	7,141	23,455,000.00		
Interest coupons	31,516	1,430,300.00		
Reconstruction Finance Corporation:				
Notes	12,407	112,050,000.00		
Interest coupons	63,245	9,729,181.08		
Commodity Credit Corporation:				
Notes	19,944	224,869,000.00		
Interest coupons	13,412	540,098.94		
Federal National Mortgage Association interest coupons	88,149	2,750,286.82		
United States Housing Authority:				
Notes	7,085	195,500,000.00		
Interest coupons	13,390	647,812.00		
Federal Housing Administration mutual mortgage insurance fund debentures			57	45,500.00
Total	7,237,358	5,022,822,621.92	390,293	460,566,520.00
Recapitulation				
Public debt securities:				
Pre-war and postal savings bonds	1,634	\$409,270.00	13,188	\$7,795,800.00
Liberty loans	61,601	12,911,450.00	2,702	1,027,500.00
Treasury bonds	699,375	2,672,839,450.00	113,145	342,893,650.00
Treasury notes	458,945	5,434,995,200.00	270	471,375,000.00
United States savings bonds			1,166,576	237,964,444.09
Adjusted service bonds			605,705	30,285,250.00
Certificates of indebtedness	219	434,200.00	143	1,845,500,000.00
Treasury bills	122,139	7,409,136,000.00		
First 3½% Liberty loan interim certificates	6	400.00		
Treasury (war) savings securities	47,603	62,930.88	1,750	23,258.51
Interest coupons	14,280,609	1,079,959,424.70		
Other securities:				
Insular possessions loans	395	395,000.00	11,639	42,676,000.00
Home Owners' Loan Corporation:				
Bonds	1,987,415	1,846,310,150.00	17,162	413,844,000.00
Interest coupons	2,512,196	69,837,026.71		
Interest checks			6,576	5,792,927.50

*Summary of securities received by the Register of the Treasury on account of transactions, fiscal year 1940—Continued*

Security	Bearer		Registered	
	Pieces	Amount	Pieces	Amount
Recapitulation				
Other securities—Continued.				
Federal Farm Mortgage Corporation:				
Bonds.....	116,671	\$382,082,400.00	6,445	\$30,280,800.00
Interest coupons.....	1,600,303	49,860,098.96		
Interest checks.....			33,357	4,390,304.43
Consolidated Federal farm loans of the Federal land banks:				
Bonds.....	32,668	61,725,300.00	4,542	3,373,400.00
Interest coupons.....	1,211,344	38,864,197.15		
Interest checks.....			17,650	1,373,863.05
Federal Housing Administration:				
Mutual mortgage insurance fund debentures.....			3,979	2,602,093.39
Mutual mortgage insurance fund interest checks.....			2,072	147,474.01
Federal home loan banks:				
Consolidated debentures.....	17,851	68,026,000.00		
Interest coupons.....	77,369	2,602,032.50		
Reconstruction Finance Corporation:				
Notes.....	29,834	465,698,302.02		
Interest coupons.....	152,764	17,059,762.87		
Commodity Credit Corporation:				
Notes.....	35,154	457,086,000.00		
Interest coupons.....	48,160	3,039,608.44		
Federal National Mortgage Association:				
Notes.....	410	3,951,000.00		
Interest coupons.....	112,132	4,242,779.80		
United States Housing Authority:				
Notes.....	12,540	220,962,000.00		
Interest coupons.....	50,020	2,215,227.78		
Total.....	23,669,357	20,304,705,211.81	2,006,901	3,441,345,764.98

*Division of Public Debt Accounts and Audit*

This Division maintains administrative control accounts for all official transactions in the public debt conducted by the various Treasury offices and the Federal Reserve Banks as fiscal agents of the United States, and also for transactions involving paper used for printing public debt and other securities, United States currency, stamps, etc., and miscellaneous securities and documents in the Bureau of Engraving and Printing. Also included in the administrative control accounts of this Division are transactions in bonds of the Home Owners' Loan Corporation and the Federal Farm Mortgage Corporation, in consolidated Federal farm loan bonds of the Federal land banks, in notes of the Commodity Credit Corporation, Reconstruction Finance Corporation, and United States Housing Authority, and in debentures of the Federal home loan banks and the Federal Housing Administration, conducted by the Treasury and Federal Reserve Banks, similar to those in public debt securities. Numerous administrative audit functions are performed in connection with the foregoing. The Division maintains control accounts for various classes of unissued currency in reserve stocks of the Treasurer of the United States, and conducts administrative examinations and physical audits of such unissued stocks of currency and of cash balances in custody, and of collateral securities held in trust in the offices of the Treasurer of the United States.

During the fiscal year, 193 audits were conducted, involving physical counts of securities, currency, distinctive and nondistinctive paper,

interest checks, etc., amounting to about \$55,513,000,000 in face value and 101,000,000 in number of pieces; an examination and audit of 5,000,000 individual accounts of holders of registered bonds; and an audit of the numerical registers involving an examination of 13,000,000 spaces representing bonds retired or outstanding. Other special audits under instructions of the Secretary of the Treasury were also conducted.

The Division determined and certified credits to the cumulative sinking fund and amounts in the sinking fund available for expenditure from time to time, interest on all classes of public debt securities and securities of various Government corporations and credit agencies which became due and payable on their respective interest-payment dates, and the amount of each form of such securities and unpaid interest outstanding each month. It prepared estimates of interest to become payable on public debt securities in future fiscal years, and of expenditures to be made on account of retirements for the sinking fund and other special accounts, and prepared statements showing the accountability of Federal Reserve Banks for public debt and other securities for the use of Federal Reserve Board examiners in their periodical examinations of those banks. Numerous data pertaining to public debt and other transactions for various interested offices and individuals were also compiled.

### *Division of Paper Custody*

The Division of Paper Custody receives from the contractors all distinctive paper used in printing public debt obligations and paper currency of the United States, Cuba, and the Philippine Islands; issues such paper to the Bureau of Engraving and Printing against orders to print, and certifies to public vouchers in payment of the paper. The Division also maintains records of all receipts and issues of Federal Reserve notes stored in the Federal Reserve vault.

The following tables summarize the operations of this Division during the fiscal year 1940:

#### *Receipts and issues of distinctive and nondistinctive paper*

[In sheets]

Kind	On hand July 1, 1939	Received	Issued	On hand June 30, 1940
<b>DISTINCTIVE</b>				
United States currency and Federal Reserve notes.....	21,381,750	95,174,999	94,168,360	22,388,389
United States bonds.....	1,512,537	4,978,052	4,351,862	2,138,727
Cuban currency.....	22,203			22,203
Philippine currency.....	321,473	985,000	668,816	637,657
	23,237,963	101,138,051	99,189,038	25,186,976
<b>NONDISTINCTIVE</b>				
Parchment, artificial parchment, and parchment deed..	143,028	208,071	156,855	194,244
Philippine Islands postal card.....	18,843	25,000	15,752	28,091
Miscellaneous.....	823,324	373,334	315,258	881,400
	985,195	606,405	487,865	1,103,735

*Federal Reserve notes, series 1934, received and issued, fiscal year 1940*

On hand July 1, 1939.....	\$3,239,920,000
Received.....	1,901,280,000
<b>Total.....</b>	<b>5,141,200,000</b>
Issued.....	2,049,340,000
On hand June 30, 1940.....	3,091,860,000

There were no transactions during the year in Federal Reserve notes, series 1928, or in Federal Reserve Bank notes, series 1929, of which \$2,813,100,000 and \$450,800,000, respectively, were on hand.

*Destruction Committee*

The following table summarizes the securities (including redeemed canceled currency) and miscellaneous items received from the various offices and destroyed by the Destruction Committee during the year:

*Number and face amount of securities and miscellaneous items destroyed by the Destruction Committee, fiscal year 1940*

Office making delivery, and items	Number of pieces	Face value
<b>Division of Loans and Currency and Treasurer of the United States:</b>		
United States notes.....	58,610,795	\$237,444,200.00
Silver certificates.....	1,023,005,922	1,773,684,700.00
Gold certificates.....	291,510	7,010,950.00
Treasury notes.....	774	4,000.00
Fractional currency.....	11,043	2,387.45
<b>Total.....</b>	<b>1,081,920,044</b>	<b>2,018,146,237.45</b>
<b>Comptroller of the Currency, national banks, and Federal Reserve Bank agents:</b>		
National bank notes.....	1,580,320	22,102,520.00
Federal Reserve Bank notes.....	181,372	3,264,773.00
Federal Reserve notes.....	97,727,767	1,315,695,405.00
<b>Total.....</b>	<b>99,489,459</b>	<b>1,341,062,698.00</b>
<b>Register of the Treasury:</b>		
Principal pieces.....	19,676,711	9,911,031,242.21
Coupons.....	8,054,407	491,954,318.35
<b>Total.....</b>	<b>27,731,118</b>	<b>10,402,985,560.56</b>
<b>Bureau of Internal Revenue, miscellaneous stamps.</b>		<b>91,983,558.09</b>
<b>Farm Credit Administration, canceled coupons.</b>	<b>3,829,158</b>	<b>107,987,590.18</b>
<b>Grand total.....</b>	<b>1,212,969,779</b>	<b>13,962,165,644.28</b>
<b>Division of Loans and Currency:</b>		
For Bureau of Engraving and Printing—mutilated work.....	1 21,215,656	
For Division of Paper Custody—paper.....	1 79,791	
Interest checks.....	35,864	
Void coupons.....	32,322,812	
Nondistinctive coupons.....	11,098	
<b>Total.....</b>	<b>53,665,221</b>	

<sup>1</sup> Sheets.

**DIVISION OF RESEARCH AND STATISTICS**

The Division of Research and Statistics in the Office of the Secretary serves as a research staff for the Secretary and other Treasury officials on matters relating to fiscal operations and policies, the estimated volume and source of future revenues, actuarial considerations involved in certain Treasury functions, and various general economic problems arising in connection with Treasury activities.

Current and prospective conditions in the money and capital markets are studied in relation to both longer-term programs of Federal



financing and to the types of securities, the coupon rates, and the maturities to be employed in particular financing operations. The effects of actual and proposed fiscal operations on the credit structure and general economy of the country are analyzed and long-range trends are appraised. Studies are made of existing laws and of legislative proposals in their relation to Treasury financing and Federal fiscal policies.

Estimates of Federal receipts from internal revenue taxes and from customs duties under existing laws are prepared for the Bureau of the Budget for use in all regular and interim Budget reports, and for such other purposes as may be required. Special revenue estimates are prepared for Treasury officials and for congressional committees working on tax legislation.

Reports are prepared on the actuarial status of pension and trust funds for which the Treasury is responsible. In connection with retirement legislation, estimates are made of probable cost of existing and proposed plans. Other actuarial analyses are made as required. The Government Actuary, who is on the staff of the Division, is a member of the Board of Actuaries, established under the Civil Service Retirement Act, and is the Treasury Department's representative on the Actuarial Advisory Committee of the Railroad Retirement Board. He serves in a consulting capacity on actuarial matters for governmental agencies outside the Treasury Department.

In addition to the preparation of memoranda and reports for the confidential use of Treasury officials, the Division performs research services of a general nature, including the preparation of replies to inquiries from outside the Treasury for information of a more or less technical nature, the preparation of publications within the field of its activities, the editing of the Annual Report of the Secretary and the Bulletin of the Treasury Department, and the review of other Treasury publications of an economic or statistical nature.

#### DIVISION OF SAVINGS BONDS

Under the President's Reorganization Plan No. III, which was made effective June 30, 1940, the Division of Savings Bonds was consolidated into the Bureau of the Public Debt.

The Division of Savings Bonds is charged, primarily, with promotion of the sale of United States savings bonds. In this connection the Division creates and designs all of its own advertising material, letters, etc. Comprehensive statistics with reference to sales and redemptions are prepared within the Division. Due to the large direct-by-mail program the Division receives and replies to a very large volume of correspondence.

Savings bonds were designed primarily for small investors and more particularly for those who are able to save moderate amounts from current income with a view to future needs. The popularity of the bonds is indicated by the fact that during the year approximately 4,700,000 bonds, of denominations from \$25 to \$1,000, were issued with maturity value of \$1,475,438,350, which represents actual cash paid into the Treasury of \$1,106,578,769. Approximately 75 percent of the dollar value of these bonds was issued in the names of individuals and the remainder was issued to trustees, banks, corporations, associations, etc. Between March 1, 1935, when the bonds were first offered for sale, and June 30, 1940, savings bonds with an aggregate

maturity value of \$4,165,489,375 were sold, for which cash in the aggregate amount of \$3,124,117,029 was received in the Treasury.

As of June 30, 1940, the Division had approximately 1,623,197 names of owners on its mailing list. In many instances these owners had also purchased bonds for other members of their families, etc., so that it was estimated that in the aggregate there were approximately 2,082,440 owners of savings bonds on that date.

Many thousands of these investors have adopted the Regular Purchase Plan, under which memorandum statements from the Division of Savings Bonds are submitted at regular intervals. The purpose of this plan is to encourage systematic savings for old-age retirement, education of children, creation of cash estates, emergencies, travel, and other future needs.

### SECRET SERVICE DIVISION

#### Activities during the fiscal year 1940

The United States Secret Service inaugurated in 1940 an intensive educational program designed to teach the Nation the difference between genuine and counterfeit money. This "Know Your Money" campaign was launched after a study of the effect of such education in selected localities had proved that this method would materially reduce counterfeiting. Secret Service personnel distributed 5½ million warning notices and educational pamphlets and made 8,563 appearances before public gatherings with a total attendance of nearly 3 million persons. Representatives of the Service also appeared before meetings of bankers' associations throughout the country and gave lectures before classes of the American Institute of Banking. Sound moving pictures, radio, the daily press, periodicals, posters, placards, etc., were used to teach the most simple methods of counterfeiting detection. The initial success of the program has convinced the Secret Service that education prevents crime.

In the performance of its regular activities during the year the Secret Service made 3,281 arrests, or 704 fewer than in the previous year. The year's arrests resulted from the following violations: 303 for making or passing notes, 475 for making or passing coins, 71 for making or passing altered currency, 2,222 for forging Government checks, 28 for violating the Gold Reserve Act, 10 in counterfeit or altered stamp cases, 19 for violating the Federal Farm Loan Act, 2 for presenting false claims, 4 for theft of Government property, and 147 for miscellaneous offenses.

There were 33 new counterfeit note issues detected during the year, but only 4 were sufficiently deceptive to warrant the distribution of warning circulars.

Counterfeit and altered notes were captured by or turned over to agents of the Service in the amount of \$237,335, which is a reduction of \$186,759 or 44.03 percent as compared with 1939 and is the lowest amount since 1928. This very substantial decrease is the dividend received from the educational campaign. Of the total, \$91,691 was seized before it could be placed in circulation. Counterfeit coins in the amount of \$54,787 were captured or turned over to the Service, constituting a reduction of \$8,140 or 12.93 percent as compared with the previous year. The total loss to the public through the acceptance of counterfeit notes and coins amounted to \$145,644 in notes and

\$51,737 in coins in 1940, as compared with \$294,057 in notes and \$50,325 in coins in 1939. This was a reduction of \$147,001 as compared with 1939 and a considerable reduction as compared with previous years. Of the counterfeit money seized \$96,720 in notes and \$2,628 in coins were held in evidence in court prosecutions.

Agents captured and seized 109 metal plates and 36 film and glass negatives for printing counterfeit obligations and securities, 2 steel dies, 34½ metal molds, 404½ plaster molds, and considerable miscellaneous counterfeiting material and supplies.

During the year the cases of 3,350 persons were disposed of. In the cases brought to trial, 3,005 were convicted and 89 were acquitted. In the remaining cases disposed of, 256 persons were dismissed, not indicted, or died before trial. There were 821 cases awaiting court action at the close of the period. Convictions were obtained in 97.1 percent of the cases brought to trial, a slight increase over last year's high record of 97.0 percent. There were 2,020 persons convicted for check forgery, 716 for counterfeiting, and 269 for miscellaneous offenses.

Agents of the Secret Service investigated 21,908 criminal cases involving 370 for the manufacture of coins, 160 for the manufacture of currency, 378 for passing coins, 651 for passing currency, 105 for manufacturing or passing altered obligations, 18,756 for the theft or forgery of Government checks, 142 for stolen or altered bonds, 172 for violations of the Gold Reserve Act, 52 for Farm Loan Act violations, and 1,122 for miscellaneous offenses. There were 577 personnel investigations and 460 miscellaneous non-criminal cases conducted for bureaus and divisions of the Treasury Department. A total of 21,220 criminal and 1,127 non-criminal cases were referred to the Secret Service for investigation during the year.

Fines in criminal cases totaled \$168,474 and imprisonments totaled 2,807 years 8 months 23 days and 2 hours. Additional sentences totaling 3,175 years and 3 months were either suspended or probated.

During this year Congress enacted legislation to permit the appointment of twenty additional men to augment the personnel of the White House Police Force; 80 well-trained officers now comprise this force.

#### Review of activities since 1933

In 1933 organized groups of law violators found their accustomed sources of easy money had gone dry, and many of them turned to counterfeiting. The records of the fiscal year 1933 and the succeeding 3 years reflect the struggle of the United States Secret Service against organized crime.

It had been the policy in the Secret Service to give limited publicity to the advent of new types of counterfeit currency, lest the public should become suspicious of all currency. As a result very few persons, except bankers and police, had any definite knowledge of what counterfeit currency looked like, how to detect it, or what action to take if counterfeit money was passed to them.

The situation in 1937 convinced the Secret Service that, while this policy brought about the arrest and conviction of many violators of the law, it was not producing the desired results. It was, therefore, decided that the counterfeiters' market must be destroyed. Accordingly, a program of education of the public was inaugurated in 1937, and in that year the counterfeit notes seized dropped to \$659,369 from \$1,030,053 in the previous year. This reduction appeared to

prove the efficacy of the new plan but there was a possibility that the reduction might have been caused by other factors.

In 1938 efforts were concentrated in New York City for the purpose of instructing merchants, bank personnel, and money handlers of all kinds in the detection of counterfeit money. Public addresses were made by the agents before business organizations, assemblies of bank and postal employees, police officers, and small shopkeepers. Radio talks were broadcast; moving picture shorts were produced; personal canvasses among storekeepers were conducted by the field agents. The plan proved so successful that in 1940 it was extended to the Nation in an intensive "Know Your Money" campaign. During 1940 the counterfeit notes seized dwindled to \$237,335, and for the first time in history a law-enforcement agency had made great strides towards the suppression of a major crime by educational means.

While the educational methods were driving counterfeiters to cover, the check forgers' activities were expanding, due chiefly to the increased number of checks being issued. These methods were applied to forgery in 1940. Merchants and others were warned to demand proper identification and apply the same care when cashing Government checks as when cashing personal checks. Check forgeries dropped from 2,598 in 1939 to 2,222 in 1940.

Statistics covering the activities of the Secret Service for the period 1933 to 1940 are shown in the following tables:

*Counterfeit money seized, fiscal years 1933 to 1940*

Year	Counterfeit and altered notes		Counterfeit coins	
	Seized after being circulated (loss to public)	Total seized (includes notes seized before and after being circulated)	Seized after being circulated (loss to public) <sup>1</sup>	Total seized (includes coins seized before and after being circulated)
1933.....	\$569,507	\$921,499	\$66,206	\$72,818
1934.....	<sup>2</sup> 743,041	1,214,274	71,522	77,960
1935.....	1,037,784	1,418,464	69,745	74,847
1936.....	736,223	1,030,053	67,535	121,787
1937.....	519,366	659,369	67,510	72,087
1938.....	407,320	<sup>1</sup> 622,285	49,852	<sup>2</sup> 54,150
1939.....	294,057	424,094	50,325	62,927
1940.....	145,644	237,335	51,737	54,787

<sup>1</sup> Estimates for 1933 to 1937.

<sup>2</sup> Revised.

*Number of arrests and cases disposed of, fiscal years 1933 to 1940*

Year	Arrests					Cases brought to trial		Cases dismissed, etc.	Total cases disposed of
	Note counterfeiting	Coin counterfeiting	Check forgeries	Miscellaneous	Total	Convicted	Acquitted		
1933.....	1,675	979	366	81	3,101	2,170	155	768	3,093
1934.....	1,880	725	504	135	3,244	2,289	152	786	3,227
1935.....	1,873	848	631	219	3,571	2,577	158	811	3,546
1936.....	1,082	735	993	212	3,022	2,231	112	620	2,963
1937.....	764	651	1,348	233	2,996	2,081	89	554	2,724
1938.....	682	559	1,664	170	3,075	2,577	82	530	3,189
1939.....	498	557	2,598	342	3,985	3,467	106	344	3,917
1940.....	303	475	2,222	281	3,281	3,005	89	256	3,350

### DIVISION OF TAX RESEARCH

The Division of Tax Research in the Office of the Secretary analyzes taxes and tax systems and prepares studies on the economic aspects of tax matters for the use of the Secretary, the Under Secretary, and other Treasury officials, and, upon request, for the Congressional Joint Committee on Internal Revenue Taxation.

Surveys of the Federal tax structure are made in the light of immediate and contemplated revenue needs and deal with the effectiveness, equitableness, and economic effects of the existing Federal tax system and of proposed changes in it. Studies are made of the distribution of the tax load, both for specific taxes and for the tax system as a whole. The operation of certain State and local taxes is studied in connection with related problems of Federal taxation. As a further basis for the study of the Federal tax structure comparative analyses are made of selected taxes in foreign countries and of foreign tax systems as a whole.

The Division also is responsible for the assembly and publication of all statistical information pertaining to Federal taxation, and in this connection exercises general supervision over the work of the Statistical Section of the Income Tax Unit in the Bureau of Internal Revenue.

Estimates of the extent and nature of the Federal, State, and local tax-exempt debt are furnished annually to the Secretary. Replies to correspondence dealing with taxation are prepared and other functions of similar nature are performed.

### TREASURER OF THE UNITED STATES

Public moneys are received and disbursed through the accounts of the Treasurer of the United States. Depositary accounts are carried with several hundred designated Government depositaries. Checking accounts with disbursing officers of the Government are maintained on the books of the Treasurer. Funds appropriated by Congress for the use of the various departments and establishments of the Government are advanced to disbursing officers as required through credits to their accounts with the Treasurer, and disbursements are made by checks drawn by disbursing officers against such accounts. The Treasurer is the official custodian of the public money; he is also fiscal agent for the payment of the principal of and interest on the public debt, for the issue and redemption of United States paper currency, for the redemption of Federal Reserve notes, Federal Reserve Bank notes, and national bank notes,<sup>1</sup> and is treasurer of the Board of Trustees of the Postal Savings System and trustee and custodian of miscellaneous securities and trust funds. He acts as special agent for the payment of the principal of and interest on bonds and other obligations of the insular governments and of governmental corporations and agencies.

The figures in this report of the Treasurer (pp. 399 to 403) are on the basis of daily Treasury statements (unrevised), whereas in reports for former years they were on the basis of daily Treasury statements (revised). The change has been made to the unrevised basis so that the receipts and expenditures will be on a comparable basis with the figures used in other tables in this report and with those used by the

<sup>1</sup> Funds for the retirement of Federal Reserve Bank notes and national bank notes have been deposited in the Treasury.

Bureau of the Budget. (For a description of the bases used in the tables in this report and of the accounts through which Treasury transactions are effected, see pp. 583 and 584.)

A comparison of the receipts and expenditures of the Government for the fiscal years of 1939 and 1940, exclusive of postal revenues and expenditures payable therefrom, is shown in the following table.

	1939	1940	Increase
<b>Receipts:</b>			
General and special accounts <sup>1</sup> .....	\$5, 164, 823, 625. 59	\$5, 387, 124, 669. 76	\$222, 301, 044. 17
Trust accounts, etc.:.....			
Transfers from General Fund.....	182, 204, 012. 82	207, 853, 400. 00	25, 649, 387. 18
Other.....	1, 735, 157, 970. 98	1, 868, 684, 344. 59	133, 526, 373. 61
Total.....	7, 082, 135, 609. 39	7, 463, 662, 414. 35	381, 476, 804. 96
<b>Expenditures:</b>			
General and special accounts:			
Transfers to trust accounts, etc.....	182, 204, 012. 82	207, 853, 400. 00	25, 649, 387. 18
Other.....	8, 583, 134, 017. 72	8, 919, 520, 406. 47	336, 386, 388. 75
Trust accounts, etc.:.....			
Transactions in checking accounts of governmental agencies, etc. (net).....	<sup>2</sup> 768, 325, 461. 87	<sup>2</sup> 41, 068, 905. 61	727, 256, 558. 26
Other.....	1, 801, 401, 272. 31	1, 982, 022, 629. 24	180, 621, 356. 93
Total.....	9, 798, 413, 840. 98	11, 068, 327, 532. 10	1, 269, 913, 691. 12
Excess of expenditures over receipts in general and special accounts, trust accounts, etc.....	2, 716, 228, 231. 59	3, 604, 665, 117. 75	888, 436, 886. 16

<sup>1</sup> Exclusive of Social Security employment taxes collected under sec. 201 (a) of the Social Security Act Amendments of 1939 less reimbursements to the General Fund for administrative expenses. Such net amount is reflected in this table in "Trust accounts, etc.—Other."

<sup>2</sup> Excess of credits (deduct).

Total public debt receipts during the year amounted to \$13,165,557,-840.61; retirements chargeable against ordinary receipts amounted to \$129,184,100.00 and other retirements, \$10,508,375,114.04, or a total of \$10,637,559,214.04; making an increase of \$2,527,998,626.57 in public debt obligations outstanding. The details with respect to the receipts and expenditures are shown in the table on page 638.

Public debt retirements chargeable against ordinary receipts, included in the total public debt expenditures, are classified as follows:

Cumulative sinking fund.....	\$128, 349, 100
Forfeitures, gifts, etc.....	835, 000
Total.....	129, 184, 100

The amount of interest paid on the public debt during the year is classified as follows:

Class of interest payment	Amount
Interest coupons paid.....	\$768, 472, 602. 65
Registered interest checks paid.....	128, 794, 252. 09
Accrued interest paid in cash on obligations at redemption.....	35, 909, 575. 19
Discount on Treasury bills sold.....	396, 166. 56
Discount accrued on United States savings bonds.....	42, 098, 812. 09
Interest paid on obligations, special series (transfer-counter warrant transactions).....	67, 455, 609. 36
Total paid.....	1, 041, 127, 017. 94
Less repayments.....	191, 321. 23
Net payments.....	1, 040, 935, 696. 71

The number of pieces of public debt principal obligations examined, verified, and redeemed during the year was 1,762,701, compared with

1,727,379 pieces for the previous year. Checks in payment of interest on the registered obligations of the United States verified and paid numbered 854,213, and the matured interest coupons of Government obligations examined, verified, and paid numbered 11,621,876.

The gold holdings of the Treasury as of June 30, 1940, valued at \$35 an ounce, were \$19,963,074,512.62, an increase of \$3,853,080,546.17 over the previous year. The details of these gold holdings are shown in the table on page 784 of this report. The increase in gold holdings was made up as follows: Net acquisitions by mints and assay offices on account of imports, etc. (valued at \$35 an ounce), \$3,852,097,685.89; received under the order of the Secretary of the Treasury of December 28, 1933 (paid for at \$20.67+ an ounce), \$580,500.79; and increment resulting from reduction in the weight of the gold dollar, \$402,359.49.

Paper currency of each class issued and redeemed during the year and the amounts outstanding, including Treasury and Federal Reserve Bank holdings, on June 30, 1939 and 1940, were as follows:

Class	Outstanding June 30, 1939	Issued	Redeemed	Outstanding June 30, 1940	
				In Treasury	Outside Treas- ury
Gold certificates.....	\$2,889,891,969	-----	\$7,002,650	\$628,790.00	\$2,882,260,529.00
Silver certificates.....	1,707,370,278	\$1,708,228,000	1,588,383,950	3,428,279.00	1,828,786,049.00
United States notes.....	346,681,016	212,236,000	212,236,000	2,065,107.00	344,615,909.00
Treasury notes of 1890.....	1,167,948	-----	4,000	1,226.00	1,162,722.00
Federal Reserve notes.....	4,763,988,750	2,142,653,500	1,424,863,905	14,328,405.00	5,467,449,940.00
Federal Reserve Bank notes.....	26,073,519	-----	3,264,773	220,827.50	22,587,918.50
National bank notes.....	189,291,607	1,290	22,102,520	518,331.00	166,672,046.00
Total.....	9,924,465,087	4,063,118,790	3,252,857,798	21,190,965.50	10,713,535,113.50

United States paper currency shipped during the year from the Treasury in Washington to Treasury offices, Federal Reserve Banks and branches, and others amounted to \$1,866,680,560, an increase of \$59,020,813 over the previous year. The Treasurer's Office directed shipments of current silver and minor coins between the United States Treasury, the United States mints, and the Federal Reserve Banks and branches for use in public disbursements, etc., as follows:

Kind	Shipments from Treasury to Federal Re- serve Banks and branches	Shipments from mints to Treasury and Federal Re- serve Banks and branches	Shipments between Fed- eral Reserve Banks and branches
Silver:			
Standard dollars.....	-----	\$4,371,900	\$1,450,000
Half dollars.....	\$125,000	6,129,700	3,215,000
Quarter dollars.....	-----	10,822,550	735,000
Dimes.....	-----	9,902,750	585,000
Minor:			
Nickels.....	122,000	9,031,000	230,000
Cents.....	-----	4,756,426	57,000
Total.....	247,000	45,014,326	6,272,000

Shipments and transfers of gold coin and bullion and of uncurrent silver and minor coins to the mints from the Treasury and the Federal Reserve Banks and branches were authorized in the amounts of \$962,203 and \$5,483,531, respectively.

The proceeds of currency received into the Treasurer's cash by the Currency Redemption Division during the year amounted to \$215,709,943, of which \$127,730,690 was in Federal Reserve notes, \$3,179,520 in Federal Reserve Bank notes, \$21,286,440 in national bank notes, and \$63,513,293 in United States currency.

Canceled Federal Reserve notes amounting to \$1,284,527,500 were received from Federal Reserve Banks and branches for credit of Federal Reserve agents. These notes are not taken into the Treasurer's cash because settlement therefor is made between the Federal Reserve Banks and the Federal Reserve agents.

Public moneys on deposit in designated Government depositaries on June 30, 1940, to the credit of the Treasurer and to the credit of other Government officers amounted to \$1,114,695,480 and \$32,511,206, respectively, including items in transit. The table on page 784 shows the amounts in the various depositaries on June 30 of the last two years.

Principal obligations of governmental corporations and agencies and insular governments redeemed by the Treasurer during the year amounted to \$807,376,768; checks issued by the Treasurer in payment of interest on such registered obligations paid during the year amounted to \$12,275,061; interest coupons on such obligations paid amounted to \$134,207,745; interest paid in cash when such obligations were redeemed amounted to \$216,270; and premium paid on bonds redeemed amounted to \$10,050.

Funds were advanced to United States disbursing officers by accountable warrants issued in an aggregate amount of \$8,741,345,685. Warrants aggregating \$12,321,344,637 were also issued covering public debt transactions represented by principal amounting to \$10,637,869,753, public debt interest amounting to \$1,041,639,319, and the purchase by the Secretary of the Treasury of obligations of governmental corporations and agencies amounting to \$641,835,565. Treasurer's checks aggregating \$32,750,936 were issued on settlement warrants in payment of claims settled by the Comptroller General.

Checks drawn on the Treasurer by Government disbursing officers and agencies paid during the year numbered 130,578,489, or 18,-348,906 less than were paid during 1939. Of the number paid in 1940, 64,822,306 were for work relief payments and were paid by the Federal Reserve Banks acting as agents for the Treasurer.

The aggregate amount of balances to the credit of disbursing officers and agencies on June 30, 1940, was \$1,842,920,753.58 in 6,496 accounts, compared with \$1,982,555,150.86 in 5,948 accounts on June 30, 1939, a decrease of \$139,634,397.28 in balances and an increase of 548 in the number of accounts.

Drafts in 45 different kinds of foreign currencies, aggregating 2,171 in number, were purchased during the year by the Treasurer for various agencies of the Government at a cost of \$126,101.72.

Personal checks, drafts, and postal and express money orders, aggregating 2,428,969 items and amounting to \$387,727,844, were deposited by Government officers with the Treasurer for collection.

The Treasurer is custodian of securities pledged for the safekeeping and prompt payment of Government deposits in bank depositaries, of



postal savings funds in depositories designated to receive such funds, and, under provisions of law or by direction of the Secretary of the Treasury, of various trust funds comprised of bonds and other obligations and of securities placed in safekeeping by various Government executive departments and bureaus. The face value of such securities held on June 30, 1939, and June 30, 1940, classified according to the purpose for which held, is shown in the following table:

Purpose for which held	June 30, 1939	June 30, 1940
To secure deposits of public moneys in depository banks.....	\$39, 157, 575	\$35, 393, 975
To secure deposits of postal savings funds.....	66, 776, 938	42, 035, 145
For District of Columbia:		
Teachers' retirement fund.....	8, 086, 250	8, 561, 250
Water fund.....	1, 197, 000	1, 673, 000
Other.....	308, 620	330, 620
United States savings bonds held for various depositories.....	5, 050, 325	7, 661, 200
For the Board of Trustees, Postal Savings System.....	1, 067, 024, 450	1, 110, 000, 010
For the Secretary of War.....	9, 020, 330	9, 020, 330
For the Secretary of the Treasury:		
Foreign obligations.....	12, 072, 566, 920	12, 072, 487, 622
Obligations on account of sales of surplus property.....	47, 026, 994	46, 737, 095
Capital stock of governmental corporations and agencies.....	1, 271, 693, 320	1, 271, 741, 000
Obligations of governmental corporations and agencies.....	510, 658, 312	265, 569, 178
Other.....	124, 357, 439	150, 820, 254
For Federal Deposit Insurance Corporation.....	104, 189, 450	117, 672, 350
For Federal Savings and Loan Insurance Corporation.....	100, 034, 500	100, 034, 500
For Federal Farm Mortgage Corporation.....	791, 929, 840	761, 129, 840
For Alien Property Custodian.....	21, 000, 000	19, 832, 056
Miscellaneous.....	119, 288, 956	144, 116, 931
Total.....	16, 359, 377, 219	16, 164, 816, 356

#### WAR FINANCE CORPORATION (IN LIQUIDATION)

By virtue of section 2(c) of the President's Reorganization Plan No. II, made effective July 1, 1939, by public resolution approved June 7, 1939, the War Finance Corporation was abolished and all of the functions, property, and obligations of the Corporation not theretofore transferred by statute to the Secretary of the Treasury were transferred to the Treasury Department, and the Secretary of the Treasury was charged with completing the winding up of its affairs and disposing of its assets in accordance with the act of March 1, 1929, not later than December 31, 1939.

As of June 30, 1939, the Corporation's original capital stock of \$500,000,000 had been retired and a total of \$64,840,958.21 had been paid into the Treasury on account of earnings. During 1940 no further amounts on account of earnings were paid into the Treasury. As of June 30, 1939, there was transferred to the Treasury Department a total of \$12,590, of which \$10,575 was to be held available for the redemption of outstanding bonds and interest coupons of the Corporation and \$2,015 was to meet further expenses of liquidation such as the expense of printing its final report to the Congress. The assets remaining as uncollectible were then charged off and the books of the Corporation closed.

The total amount of advances made by the Corporation from its inception, not including such part of new applications as represented proceeds used to retire other advances, aggregated \$690,431,100 of which approximately \$688,600,000 has been repaid. The following statement shows the amount of advances classified by the sections of the War Finance Corporation Act of April 5, 1918, authorizing the advances.

Advances under the war powers of the Corporation:	Amount
Section 7: Banks, bankers, and trust companies.....	\$4, 718, 378
Section 8: Savings banks and building and loan associations.....	550, 000
Section 9: Railroads.....	204, 794, 520
Public utilities.....	39, 797, 400
Industrial corporations.....	23, 814, 674
Warehouse receipts.....	25, 211, 500
Cattle loans.....	7, 869, 549
Subtotal.....	306, 756, 021
Expense advances (cattle loans, section 9).....	15, 191
Advances for export purposes (prior to resumption of operations in January 1921):	
Sections 21 and 22, par. 1: To exporters.....	19, 796, 537
Sections 21 and 22, par. 2: To banking and financial institutions.....	26, 551, 117
Subtotal.....	46, 347, 654
Advances for export purposes (after resumption of operations in January 1921):	
Sections 21 and 22, par. 1: To exporters.....	7, 546, 902
To cooperative marketing associations.....	2, 637, 756
Sections 21 and 22, par. 2: To banking and financial institutions.....	19, 435, 603
Section 24, par. 2: Purchases of bankers' acceptances.....	9, 033, 279
Subtotal.....	38, 653, 540
Advances for agricultural and livestock purposes:	
Section 24, par. 1: To banking and financial institutions.....	172, 047, 085
To livestock loan companies.....	86, 416, 247
To cooperative marketing associations.....	38, 524, 630
Subtotal.....	296, 987, 962
Expense advances (section 24, par. 1).....	1, 670, 732
Total advances.....	690, 431, 100
Less repayments.....	1 688, 600, 000
Approximate amount of principal charged off.....	1, 831, 100

<sup>1</sup> The amount of repayments is the latest available figure subject to adjustment after the completion of an analysis of repayments which is now in process in connection with the preparation of a final report to the Congress.

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## EXHIBITS

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## PUBLIC DEBT

### Public issues and redemptions of Treasury bonds and Treasury notes

#### Exhibit 1

#### *Offering of 1 percent Treasury notes of series B-1944*

On October 24, 1939, Secretary of the Treasury Morgenthau invited subscriptions for 1 percent Treasury notes of series B-1944, dated November 1, 1939, and maturing March 15, 1944, in exchange for 1½ percent Treasury notes of series B-1939, maturing December 15, 1939. The amount of the offering was limited to the amount of Treasury notes of series B-1939 tendered. In the related press release it was stated that about \$526,232,500 of these maturing notes were then outstanding.

[Department Circular No. 623. Public Debt]

TREASURY DEPARTMENT,  
Washington, October 24, 1939.

#### I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, approved September 24, 1917, as amended, invites subscriptions, at par, from the people of the United States for 1 percent notes of the United States, designated Treasury notes of series B-1944, in payment of which only Treasury notes of series B-1939, maturing December 15, 1939, may be tendered. The amount of the offering under this circular will be limited to the amount of Treasury notes of series B-1939 tendered and accepted.

#### II. DESCRIPTION OF NOTES

1. The notes will be dated November 1, 1939, and will bear interest from that date at the rate of 1 percent per annum, payable on a semiannual basis on March 15 and September 15 in each year until the principal amount becomes payable. They will mature March 15, 1944, and will not be subject to call for redemption prior to maturity.

2. The notes shall be exempt, both as to principal and interest, from all taxation (except estate or inheritance taxes, or gift taxes) 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.

3. The notes will be accepted at par during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury in payment of income and profits taxes payable at the maturity of the notes.

4. The notes will be acceptable to secure deposits of public moneys, but will not bear the circulation privilege.

5. Bearer notes with interest coupons attached will be issued in denominations of \$100, \$500, \$1,000, \$5,000, \$10,000, and \$100,000. The notes will not be issued in registered form.

6. 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. The Secretary of the Treasury reserves the right to close the books as to any or all subscriptions or classes of subscriptions at any time without notice.

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, to make allotments in full upon applications for smaller amounts and to make reduced allotments upon, or to reject, applications for larger amounts, or to adopt any or

all of said methods or such other methods of allotment and classification of allotments as shall be deemed by him to be in the public interest; and his action in any or all of 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 or completed on or before November 1, 1939, or on later allotment, and may be made only in Treasury notes of series B-1939, maturing December 15, 1939, which will be accepted at par, and should accompany the subscription. Coupons dated December 15, 1939, must be attached to the notes when surrendered, and accrued interest from June 15, 1939, to November 1, 1939 (\$5.221995 per \$1,000), will be paid following acceptance of the notes.

#### V. 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.

HENRY MORGENTHAU, Jr.,  
Secretary of the Treasury.

#### Exhibit 2

*Allotments, Treasury notes of series B-1944 (from press releases, October 24 and 30, 1939)*

On October 24, 1939, Secretary of the Treasury Morgenthau announced that the subscription books for the offerings of 1 percent Treasury notes of series B-1944 would close at the close of business October 25, 1939. Reports from the Federal Reserve Banks showed that \$515,210,900 of 1½ percent Treasury notes of series B-1939 had been exchanged for the Treasury notes of series B-1944.

Allotments were divided among the Federal Reserve districts and the Treasury as follows:

Federal Reserve district	Subscriptions received and allotted	Federal Reserve district	Subscriptions received and allotted
Boston.....	\$10,532,500	Minneapolis.....	\$5,137,000
New York.....	353,709,300	Kansas City.....	2,390,300
Philadelphia.....	6,759,300	Dallas.....	3,628,300
Cleveland.....	11,661,700	San Francisco.....	18,718,000
Richmond.....	10,669,800	Treasury.....	925,000
Atlanta.....	4,693,900		
Chicago.....	74,933,600	Total.....	515,210,900
St. Louis.....	11,452,200		

#### Exhibit 3

*Offering of 2 percent Treasury bonds of 1948-50*

On November 28, 1939, Secretary of the Treasury Morgenthau offered to the public for cash subscription 9-11 year, 2 percent Treasury bonds of 1948-50, in the amount of \$500,000,000, or thereabouts. In addition, \$50,000,000, or thereabouts, of these bonds were to be allotted to Government investment accounts.

[Department Circular No. 626. Public Debt]

TREASURY DEPARTMENT,  
Washington, November 28, 1939.

## I. OFFERING OF BONDS

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, approved September 24, 1917, as amended, invites subscriptions, at par and accrued interest, from the people of the United States for 2 percent bonds of the United States, designated Treasury bonds of 1948-50. The amount of the public offering is \$500,000,000, or thereabouts. In addition to the amount offered for public subscription, \$50,000,000, or thereabouts, of these bonds will be allotted to Government investment accounts.

## II. DESCRIPTION OF BONDS

1. The bonds will be dated December 8, 1939, and will bear interest from that date at the rate of 2 percent per annum, payable on a semiannual basis on June 15 and December 15 in each year until the principal amount becomes payable, the first coupon being dated June 15, 1940. They will mature December 15, 1950, but may be redeemed at the option of the United States on and after December 15, 1948, 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.

2. The bonds shall be 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, or gift 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 Second Liberty Bond Act, approved September 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.

3. The bonds will be acceptable to secure deposits of public moneys, but will not bear the circulation privilege and will not be entitled to any privilege of conversion.

4. Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be issued in denominations of \$50, \$100, \$500, \$1,000, \$5,000, \$10,000, and \$100,000. Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds, and for the transfer of registered bonds, under rules and regulations prescribed by the Secretary of the Treasury.

5. The bonds will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States bonds.

## 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. Others than banking institutions will not be permitted to enter subscriptions except for their own account. Subscriptions from banks and trust companies for their own account will be received without deposit but will be restricted in each case to an amount not exceeding one-half of the combined capital and surplus of the subscribing bank or trust company. Subscriptions from all others must be accompanied by payment of 10 percent of the amount of bonds applied for. The Secretary of the Treasury reserves the right to close the books as to any or all subscriptions or classes of subscription at any time without notice.

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, to make allotments in full upon applications for smaller amounts and to make reduced allotments upon, or to reject, applications for larger amounts, or to adopt any or all of said methods or such other methods of allotment and classification of allotments as shall be deemed by him to be in the public interest; and his action in any or all of these respects shall be final. Subscriptions for amounts up to and including \$5,000 where the subscribers specify that delivery be made in registered

bonds 60 days after the issue date will be given preferred allotment. In each such case payment must be made as provided in section IV of this circular. Allotment notices will be sent out promptly upon allotment, and the basis of the allotment will be publicly announced.

#### IV. PAYMENT

1. Payment at par and accrued interest, if any, for bonds allotted hereunder must be made or completed on or before December 8, 1939, or on later allotment. In every case where payment is not so completed, the payment with application up to 10 percent of the amount of bonds applied for shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited to the United States. Any qualified depository will be permitted to make payment by credit for bonds allotted to it for itself and 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.

#### V. 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.

HENRY MORGENTHAU, Jr.,  
Secretary of the Treasury.

#### Exhibit 4

*Subscriptions and allotments, Treasury bonds of 1948-50 (from press releases, November 29 and December 4 and 6, 1939<sup>1</sup>)*

On November 28, 1939, Secretary of the Treasury Morgenthau announced that the subscription books for the offering of 2 percent Treasury bonds of 1948-50 closed at the close of business November 28, 1939.

Reports received from the Federal Reserve Banks showed that subscriptions aggregated \$6,263,583,150, of which \$521,431,150 was allotted. Subscriptions in amounts up to and including \$5,000, totaling about \$21,000,000, where the subscribers specified that delivery be made in registered bonds 60 days after the issue date, were allotted in full. All other subscriptions were allotted 8 percent, on a straight percentage basis, with adjustments, where necessary, to the \$100 denomination. In addition, \$50,000,000 of the bonds were allotted to Government investment accounts.

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

Federal Reserve district	Subscriptions	Allotments	Federal Reserve district	Subscriptions	Allotments
Boston.....	\$519,022,150	\$42,610,500	Kansas City.....	\$102,887,000	\$9,443,100
New York.....	2,998,317,200	245,314,950	Dallas.....	108,911,800	9,469,800
Philadelphia.....	367,265,600	31,250,200	San Francisco.....	407,492,100	33,149,200
Cleveland.....	431,349,600	35,721,000	Treasury.....	37,084,550	2,978,850
Richmond.....	192,486,900	17,081,500	Government investment accounts.....		50,000,000
Atlanta.....	179,181,600	15,699,300			
Chicago.....	708,033,550	59,505,600	Total.....	6,263,583,150	571,431,150
St. Louis.....	134,654,000	12,321,650			
Minneapolis.....	76,897,100	6,795,500			

<sup>1</sup> Revised January 2, 1940.



## Exhibit 5

*Offering of 2¼ percent Treasury bonds of 1951-53 and 1 percent Treasury notes of series C-1944*

On December 12, 1939, Secretary of the Treasury Morgenthau invited subscriptions for 12-14 year, 2¼ percent Treasury bonds of 1951-53 and for 4¼ year, 1 percent Treasury notes of series C-1944, both in exchange for 1½ percent Treasury notes of series A-1940, maturing March 15, 1940. In addition to the exchange offering, about \$100,000,000 of the bonds were to be allotted to Government investment accounts against cash payment. In the related press release it was stated that \$1,378,364,200 of Treasury notes of series A-1940 were then outstanding.

[Treasury bonds of 1951-53. Department Circular No. 627. Public Debt]

TREASURY DEPARTMENT,  
Washington, December 12, 1939.

## I. OFFERING OF BONDS

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, approved September 24, 1917, as amended, invites subscriptions, at par, from the people of the United States for 2¼ percent bonds of the United States, designated Treasury bonds of 1951-53. The amount of the public offering under this circular will be limited to the amount of Treasury notes of series A-1940, maturing March 15, 1940, tendered in payment and accepted, in addition to which \$100,000,000, or thereabouts, of these bonds may be allotted to Government investment accounts against cash payment.

## II. DESCRIPTION OF BONDS

1. The bonds will be dated December 22, 1939, and will bear interest from that date at the rate of 2¼ percent per annum, payable on a semiannual basis on June 15 and December 15 in each year until the principal amount becomes payable. They will mature December 15, 1953, but may be redeemed at the option of the United States on and after December 15, 1951, 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.<sup>1</sup> \* \* \*

## 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. The Secretary of the Treasury reserves the right to close the books as to any or all subscriptions or classes of subscriptions at any time without notice.

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, to make allotments in full upon applications for smaller amounts and to make reduced allotments upon, or to reject, applications for larger amounts, or to adopt any or all of said methods or such other methods of allotment and classification of allotments as shall be deemed by him to be in the public interest; and his action in any or all of 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 bonds allotted to the public hereunder must be made or completed on or before December 22, 1939, or on later allotment, and may be made only in Treasury notes of series A-1940, maturing March 15, 1940, which will be accepted at par, and should accompany the subscription. Coupons dated

<sup>1</sup> Omitted portion similar to corresponding section of Department Circular No. 626, p. 408.

March 15, 1940, must be attached to the notes when surrendered, and accrued interest from September 15, 1939, to December 22, 1939 (\$4.375 per \$1,000), will be paid following acceptance of the notes.

#### V. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions<sup>1</sup> \* \* \*

HENRY MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

[Treasury notes, series C-1944. Department Circular No. 628. Public Debt]

TREASURY DEPARTMENT,  
*Washington, December 12, 1939.*

#### I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, approved September 24, 1917, as amended, invites subscriptions, at par, from the people of the United States for 1 percent notes of the United States, designated Treasury notes of series C-1944, in payment of which only Treasury notes of series A-1940, maturing March 15, 1940, may be tendered. The amount of the offering under this circular will be limited to the amount of Treasury notes of series A-1940 tendered and accepted.

#### II. DESCRIPTION OF NOTES

1. The notes will be dated December 22, 1939, and will bear interest from that date at the rate of 1 percent per annum, payable on a semiannual basis on March 15 and September 15 in each year until the principal amount becomes payable. They will mature September 15, 1944, and will not be subject to call for redemption prior to maturity.<sup>1</sup> \* \* \*

#### III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions will be received at the Federal Reserve Banks and branches and at the Treasury Department, Washington.<sup>1</sup> \* \* \*

#### IV. PAYMENT

1. Payment at par for notes allotted hereunder must be made or completed on or before December 22, 1939, or on later allotment, and may be made only in Treasury notes of series A-1940, maturing March 15, 1940, which will be accepted at par, and should accompany the subscription. Coupons dated March 15, 1940, must be attached to the notes when surrendered, and accrued interest from September 15, 1939, to December 22, 1939 (\$4.375 per \$1,000), will be paid following acceptance of the notes.

#### V. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions.<sup>1</sup> \* \* \*

HENRY MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

#### Exhibit 6

*Allotments, Treasury bonds of 1951-53 and Treasury notes of series C-1944 (from press releases, December 12 and 20, 1939,<sup>2</sup> and March 16, 1940)*

On December 12, 1939, Secretary of the Treasury Morgenthau announced that the subscription books for the offering of 2¼ percent Treasury bonds of 1951-53 and of 1 percent Treasury notes of series C-1944 would close at the close of business December 13, 1939.

<sup>1</sup> Omitted portion similar to corresponding section of Department Circular No. 626, p. 408.

<sup>2</sup> Revised January 16 and March 15, 1940.

Reports received from the Federal Reserve Banks showed that \$1,301,057,100 of 1½ percent Treasury notes of series A-1940 were exchanged, of which \$1,018,051,100 were exchanged for Treasury bonds of 1951-53 and \$283,006,000 for Treasury notes of series C-1944. In addition to the exchanges \$100,000,000 of the bonds was allotted to Government investment accounts. Allotments were divided among the Federal Reserve districts and the Treasury as follows:

Federal Reserve district	Treasury bonds of 1951-53	Treasury notes, series C-1944	Total
Boston.....	\$39,972,050	\$9,724,700	\$49,696,750
New York.....	683,842,700	212,876,700	896,719,400
Philadelphia.....	20,159,600	4,507,900	24,667,500
Cleveland.....	22,594,400	11,034,400	33,628,800
Richmond.....	32,306,200	786,900	33,093,100
Atlanta.....	9,347,450	860,200	10,207,650
Chicago.....	127,236,700	31,324,400	158,561,100
St. Louis.....	12,025,200	4,563,300	16,588,500
Minneapolis.....	10,358,900	1,267,700	11,626,600
Kansas City.....	20,581,400	1,585,700	22,167,100
Dallas.....	6,632,150	597,500	7,229,650
San Francisco.....	28,822,750	3,540,600	32,363,350
Treasury.....	4,171,600	336,000	4,507,600
Government investment accounts.....	100,000,000	-----	100,000,000
Total.....	1,118,051,100	283,006,000	1,401,057,100

### Exhibit 7

#### *Offering of ¾ percent Treasury notes of series A-1945*

On March 7, 1940, Secretary of the Treasury Morgenthau invited subscriptions for 5 year, ¾ percent Treasury notes of series A-1945, in payment of which only 1½ percent Treasury notes of series B-1940, maturing June 15, 1940, might be tendered. In the related press release it was stated that \$738,428,400 of Treasury notes of series B-1940 were then outstanding.

[Department Circular No. 631. Public Debt]

TREASURY DEPARTMENT,  
Washington, March 7, 1940.

#### I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, approved September 24, 1917, as amended, invites subscriptions, at par, from the people of the United States for ¾ percent notes of the United States, designated Treasury notes of series A-1945, in payment of which only Treasury notes of series B-1940, maturing June 15, 1940, may be tendered. The amount of the offering under this circular will be limited to the amount of Treasury notes of series B-1940 tendered and accepted.

#### II. DESCRIPTION OF NOTES

1. The notes will be dated March 15, 1940, and will bear interest from that date at the rate of ¾ percent per annum, payable semiannually on September 15, 1940, and thereafter on March 15 and September 15 in each year until the principal amount becomes payable. They will mature March 15, 1945, and will not be subject to call for redemption prior to maturity.<sup>1</sup> \* \* \*

#### 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, and to close the books as to any or all subscriptions at any

<sup>1</sup> Omitted portion similar to corresponding section of Department Circular No. 623, p. 407.

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 or completed on or before March 15, 1940, or on later allotment, and may be made only in Treasury notes of series B-1940, maturing June 15, 1940, which will be accepted at par and should accompany the subscription. Coupons dated June 15, 1940, must be attached to the notes when surrendered, and accrued interest from December 15, 1939, to March 15, 1940 (\$3.7295 per \$1,000), will be paid following acceptance of the notes.

#### V. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions<sup>1</sup> \* \* \*

HENRY MORGENTHAU, Jr.,  
Secretary of the Treasury.

#### Exhibit 8

*Allotments, Treasury notes of series A-1945 (from press releases, March 8 and 13, 1940<sup>2</sup>)*

On March 7, 1940, Secretary of the Treasury Morgenthau announced that the subscription books for the offering of  $\frac{3}{4}$  percent Treasury notes of series A-1945 would close at the close of business March 9, 1940. Reports from the Federal Reserve Banks showed that \$718,024,200 of  $1\frac{1}{2}$  percent Treasury notes of series B-1940 had been exchanged for the Treasury notes of series A-1945.

Allotments were divided among the Federal Reserve districts and the Treasury as follows:

Federal Reserve district	Subscriptions received and allotted	Federal Reserve district	Subscriptions received and allotted
Boston.....	\$19,564,900	Minneapolis.....	\$4,532,100
New York.....	502,128,200	Kansas City.....	9,832,000
Philadelphia.....	12,572,100	Dallas.....	3,781,400
Cleveland.....	17,632,900	San Francisco.....	3,483,400
Richmond.....	43,978,100	Treasury.....	803,900
Atlanta.....	7,710,300		
Chicago.....	84,988,300	Total.....	718,024,200
St. Louis.....	7,016,600		

#### Exhibit 9

*Redemption of 3% percent Treasury bonds of 1940-43*

On February 14, 1940, Secretary of the Treasury Morgenthau announced that all outstanding 3% percent Treasury bonds of 1940-43, dated July 16, 1928, were called for redemption on June 15, 1940. On June 11, 1940, holders of these bonds were offered the privilege of exchanging them for 1 percent Treasury notes of series C-1943, dated June 15, 1940, and maturing September 15, 1943. In the related press release it was stated that approximately \$353,000,000 of these bonds were then outstanding.

The text of the notice of call and the information regarding the presentation and surrender of the bonds follow:

#### NOTICE OF CALL FOR REDEMPTION OF 3% PERCENT TREASURY BONDS OF 1940-43

*To Holders of 3% percent Treasury Bonds of 1940-43, and Others Concerned:*

1. Public notice is hereby given that all outstanding 3% percent Treasury bonds of 1940-43, dated July 16, 1928, are hereby called for redemption on June 15, 1940, on which date interest on such bonds will cease.

<sup>1</sup> Omitted portion similar to corresponding section of Department Circular No. 623, p. 407.

<sup>2</sup> Revised April 6, 1940.

2. Full information regarding the presentation and surrender of the bonds for redemption under this call will be given in a Treasury Department circular to be issued later.

3. 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.

HENRY MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

TREASURY DEPARTMENT,  
*Washington, February 14, 1940.*

### *Redemption of 3½ percent Treasury bonds of 1940-43*

[Department Circular No. 634. Public Debt]

TREASURY DEPARTMENT,  
*Washington, June 11, 1940.*

*To Holders of 3½ percent Treasury Bonds of 1940-43, and Others Concerned:*

#### I. NOTICE OF CALL FOR REDEMPTION BEFORE MATURITY

On February 14, 1940, the following public notice of call for redemption was given:

[Notice of call omitted here, see above.]

#### II. OPTIONAL EXCHANGE OFFERING

1. Holders of 3½ percent Treasury bonds of 1940-43 are today offered the privilege of exchanging all or any part of their called bonds for 1 percent Treasury notes of series C-1943, bearing interest from June 15, 1940. Full information concerning the exchange offering is contained in Treasury Department Circular No. 635, dated June 11, 1940. As the exchange privilege may be terminated at any time without notice, holders of 3½ percent Treasury bonds of 1940-43 who desire to take advantage of the offering should act immediately, following the instructions given in Treasury Department Circular No. 635.

#### III. RULES AND REGULATIONS GOVERNING REDEMPTION OF 3½ PERCENT TREASURY BONDS OF 1940-43

Pursuant to the call for redemption, as set forth in section I of this circular, the following rules and regulations are hereby prescribed to govern the presentation and surrender for cash redemption on June 15, 1940, of 3½ percent Treasury bonds of 1940-43:

1. *Payment of called bonds on June 15, 1940.*—Holders of any outstanding Treasury bonds of 1940-43 will be entitled to have such bonds redeemed and paid at par on June 15, 1940, with interest in full to that date. After June 15, 1940, interest will not accrue on any such bonds.

2. *Presentation and surrender of coupon bonds.*—Treasury bonds of 1940-43 in coupon form should be presented and surrendered to any Federal Reserve Bank or branch, or to the Treasurer of the United States, Washington, D. C., for redemption on June 15, 1940. The bonds must be delivered at the expense and risk of holders (see par. 9 of this section) and should be accompanied by appropriate written advice (see Form PD 1650 attached hereto). Checks in payment of principal will be mailed to the address given in the form of advice accompanying the bonds surrendered.

3. Coupons dated June 15, 1940, which become payable on that date, should be detached from any Treasury bonds of 1940-43 before such bonds are presented for redemption on June 15, 1940, and such coupons should be collected in regular course when due. All coupons pertaining to such bonds bearing dates subsequent to June 15, 1940, must be attached to any such bonds when presented for redemption: *Provided, however*, if any such coupons are missing from bonds so presented for redemption the bonds nevertheless will be redeemed, but the full face amount of any such missing coupons will be deducted from the payment to be made on account of such redemption, and any amounts so deducted will be held in the Treasury to provide for adjustments or refunds on account of such missing coupons as may subsequently be presented.

4. *Presentation and surrender of registered bonds.*—Treasury bonds of 1940–43 in registered form must be assigned by the registered payees or assignees thereof, or by their duly constituted representatives, in accordance with the general regulations of the Treasury Department governing assignments, in the form indicated in the next paragraph hereof, and thereafter should be presented and surrendered to any Federal Reserve Bank or branch, or to the Division of Loans and Currency, Treasury Department, Washington, D. C., for redemption on June 15, 1940. The bonds must be delivered at the expense and risk of holders (see par. 9 of this section) and should be accompanied by appropriate written advice (see Form PD 1651 attached hereto). In all cases checks in payment of principal and final interest due will be mailed to the address given in the form of advice accompanying the bonds surrendered.

5. If the registered payee, or an assignee holding under proper assignment from the registered payee, desires that payment of the principal and final installment of interest be made to him, the bonds should be assigned by such payee or assignee, or by a duly constituted representative, to "The Secretary of the Treasury for redemption." If it is desired, for any reason, that payment be made to some other person, without intermediate assignment, the bonds should be assigned to "The Secretary of the Treasury for redemption for the account of -----", inserting the name and address of the person to whom payment is to be made. A representative or fiduciary should not assign for payment to himself individually, unless expressly authorized to do so by court order or by the instrument under which he is acting; he may, however, assign for payment to himself *in his representative or fiduciary capacity*.

6. 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 bond for redemption, since under such assignment the bond 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.

7. A bond registered in the name of, or assigned to, a corporation or unincorporated association will ordinarily be redeemed for the account of such corporation or unincorporated association upon an appropriate assignment for that purpose executed on behalf of the corporation or unincorporated association by a duly authorized officer thereof, without proof of the officer's authority. In all such cases payment will be made only by check drawn to the order of the corporation or unincorporated association.

8. Final interest due on June 15, 1940, on registered Treasury bonds of 1940–43 will be paid with the principal in accordance with the assignments on the bonds surrendered.

9. *Transportation of bonds.*—Bonds presented for redemption under this circular must be delivered to a Federal Reserve Bank or branch, or to the Treasury Department, Washington, D. C., at the expense and risk of the holder. Coupon bonds should be forwarded by registered mail insured, or by express prepaid. Registered bonds bearing restricted assignments may be forwarded by registered mail, but registered bonds bearing unrestricted assignments should be forwarded by registered mail insured, or by express prepaid. Facilities for transportation of bonds by registered mail insured may be arranged between incorporated banks and trust companies and the Federal Reserve Banks, and holders may take advantage of such arrangements when available, utilizing such incorporated banks and trust companies as their agents. Incorporated banks and trust companies are not agents of the United States under this circular.

#### IV. PRESENTATION OF CALLED BONDS FOR REDEMPTION

1 Treasury bonds of 1940–43 should be presented and surrendered in the manner herein prescribed, and redemption will be expedited if the bonds are presented to Federal Reserve Banks, or branches, and not direct to the Treasury Department.

#### V. GENERAL PROVISIONS

1. Any further information which may be desired regarding the redemption of Treasury bonds of 1940–43 under this circular may be obtained from any Federal Reserve Bank or branch, or from the Treasury Department, Washington, D. C., where copies of the Treasury Department's regulations governing assignments also 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 or amendatory rules and regulations governing the matters covered by this circular, which will be communicated promptly to the Federal Reserve Banks.

HENRY MORGENTHAU, Jr.,  
Secretary of the Treasury.

TREASURY DEPARTMENT  
Public Debt Service  
Form PD 1650

## FOR COUPON BONDS

[For registered bonds use Form PD 1651]

Form of advice to accompany 3% percent Treasury bonds of 1940-43 in coupon form presented for redemption on June 15, 1940

To the FEDERAL RESERVE BANK OF -----,  
or

TREASURER OF THE UNITED STATES, Washington, D. C.:

Pursuant to the provisions of Treasury Department Circular No. 634, dated June 11, 1940, the undersigned presents and surrenders herewith for redemption on June 15, 1940, \$-----, face amount of 3% percent Treasury bonds of 1940-43 in coupon form, with coupon due December 15, 1940, and all subsequent coupons attached, as follows:

Number of bonds	Denomination	Serial numbers of bonds	Face amount
-----	\$50	-----	\$-----
-----	100	-----	-----
-----	500	-----	-----
-----	1,000	-----	-----
-----	5,000	-----	-----
-----	10,000	-----	-----
-----	100,000	-----	-----
Total-----		-----	\$-----

and requests that remittance covering payment therefor be forwarded to the undersigned at the address indicated below.

Signature-----  
Name-----  
(Please print)  
Address in full-----  
-----

Date-----

TREASURY DEPARTMENT  
Public Debt Service  
Form PD 1651

## FOR REGISTERED BONDS

[For coupon bonds use Form PD 1650]

Form of advice to accompany 3% percent Treasury bonds of 1940-43 in registered form presented for redemption on June 15, 1940

To the FEDERAL RESERVE BANK OF -----,  
or

TREASURY DEPARTMENT, DIVISION OF LOANS AND CURRENCY,  
Washington, D. C.:

Pursuant to the provisions of Treasury Department Circular No. 634, dated June 11, 1940, the undersigned presents and surrenders herewith for redemption on June 15, 1940, \$-----, face amount of 3% percent Treasury bonds of

1940-43 in registered form inscribed in the name of \_\_\_\_\_  
and duly assigned for redemption, as follows:

Number of bonds	Denomination	Serial numbers of bonds	Face amount
-----	\$50	-----	\$ -----
-----	100	-----	-----
-----	500	-----	-----
-----	1, 000	-----	-----
-----	5, 000	-----	-----
-----	10, 000	-----	-----
-----	50, 000	-----	-----
-----	100, 000	-----	-----
Total	-----	-----	\$ -----

and requests that remittance covering payment of principal and final interest be forwarded to the undersigned at the address indicated below.

Signature -----

Name -----

(Please print)

Address in full -----

Date -----

### Exhibit 10

#### *Offering of 1 percent Treasury notes of series C-1943*

On June 11, 1940, Secretary of the Treasury Morgenthau invited subscriptions for 3¼ year, 1 percent Treasury notes of series C-1943, in payment of which only 3½ percent Treasury bonds of 1940-43, called for redemption on June 15, 1940, might be tendered. In the related press release it was stated that \$352,993,440 of Treasury bonds of 1940-43 were then outstanding.

[Department Circular No. 635. Public Debt]

TREASURY DEPARTMENT,  
Washington, June 11, 1940.

#### I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, approved September 24, 1917, as amended, invites subscriptions, at par, from the people of the United States for 1 percent notes of the United States, designated Treasury notes of series C-1943, in payment of which only Treasury bonds of 1940-43, called for redemption on June 15, 1940, may be tendered. The amount of the offering under this circular will be limited to the amount of Treasury bonds of 1940-43 tendered and accepted.

#### II. DESCRIPTION OF NOTES

1. The notes will be dated June 15, 1940, and will bear interest from that date at the rate of 1 percent per annum, payable on a semiannual basis on September 15, 1940, and thereafter on March 15 and September 15 in each year until the principal amount becomes payable. They will mature September 15, 1943, and will not be subject to call for redemption prior to maturity.<sup>1</sup> \* \* \*

#### 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, 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.

<sup>1</sup> Omitted portion similar to corresponding section of Department Circular No. 623, p. 407.



## IV. PAYMENT

1. Payment at par for notes allotted hereunder must be made or completed on or before June 15, 1940, or on later allotment, and may be made only in Treasury bonds of 1940-43, called for redemption on June 15, 1940, which will be accepted at par, and should accompany the subscription. Payment of final interest due June 15, 1940, on bonds exchanged hereunder will be effected, in the case of coupon bonds, by payment of June 15, 1940, coupons, which should be detached by holders before presentation of the bonds for exchange, and in the case of registered bonds, by checks drawn in accordance with the assignments on the bonds surrendered.

## V. SURRENDER OF CALLED BONDS

1. *Coupon bonds.*—Treasury bonds of 1940-43 in coupon form tendered in payment for notes offered hereunder should be presented and surrendered with the subscription to a Federal Reserve Bank or branch or to the Treasurer of the United States, Washington, D. C. Coupons dated December 15, 1940, and all coupons bearing subsequent dates, should be attached to such bonds when surrendered, and if any such coupons are missing, the subscription must be accompanied by cash payment equal to the face amount of the missing coupons. The bonds must be delivered at the expense and risk of the holder. Facilities for transportation of bonds by registered mail insured may be arranged between incorporated banks and trust companies and the Federal Reserve Banks, and holders may take advantage of such arrangements when available, utilizing such incorporated banks and trust companies as their agents.

2. *Registered bonds.*—Treasury bonds of 1940-43 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 C-1943 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 holder.

## VI. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions<sup>1</sup> \* \* \*

HENRY MORGENTHAU, Jr.,  
Secretary of the Treasury.

## Exhibit 11

*Allotments, Treasury notes of series C-1943 (from press releases, June 11 and 17, 1940<sup>2</sup>)*

On June 11, 1940, Secretary of the Treasury Morgenthau announced that the subscription books for the offering of 1 percent Treasury notes of series C-1943 would close at the close of business June 12, 1940. Reports from the Federal Reserve Banks showed that \$279,334,900 of 3½ percent Treasury bonds of 1940-43 had been exchanged for the Treasury notes.

Allotments were divided among the Federal Reserve districts and the Treasury as follows:

Federal Reserve district	Subscriptions received and allotted	Federal Reserve district	Subscriptions received and allotted
Boston.....	\$20,743,600	Minneapolis.....	\$1,284,300
New York.....	159,855,300	Kansas City.....	3,708,500
Philadelphia.....	10,402,300	Dallas.....	5,263,600
Cleveland.....	15,618,100	San Francisco.....	3,273,700
Richmond.....	6,345,300	Treasury.....	2,614,400
Atlanta.....	819,300		
Chicago.....	43,614,800	Total.....	279,473,800
St. Louis.....	5,930,600		

<sup>1</sup> Omitted portion similar to corresponding section of Department Circular No. 623, p. 407.

<sup>2</sup> Revised August 6, 1940.

## Issues of Treasury bills

## Exhibit 12

*Inviting tenders for Treasury bills dated July 5, 1939 (press release, June 28, 1939)*

TREASURY DEPARTMENT,  
Washington, June 28, 1939.

The Secretary of the Treasury gives notice that tenders are invited for Treasury bills to the amount of \$100,000,000, or thereabouts. They will be 91-day bills and will be sold on a discount basis to the highest bidders. Tenders will be received at the Federal Reserve Banks, or the branches thereof, up to 2 o'clock p. m. eastern standard time, on Friday, June 30, 1939. Tenders will not be received at the Treasury Department, Washington.

The Treasury bills will be dated July 5, 1939, and will mature on October 4, 1939, and on the maturity date the face amount will be payable without interest. They will be issued in bearer form only, and in amounts or denominations of \$1,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by the Federal Reserve Banks or branches upon application therefor.

No tender for an amount less than \$1,000 will be considered. Each tender must be in multiples of \$1,000. The price offered must be expressed on the basis of 100, with not more than three decimal places, e. g., 99.125. Fractions must not be used.

Tenders will be accepted without cash deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by a deposit of 10 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 for receipt of tenders on June 30, 1939, all tenders received at the Federal Reserve Banks or branches thereof up to the closing hour will be opened and public announcement of the acceptable prices will follow as soon as possible thereafter, probably on the following morning. The Secretary of the Treasury expressly reserves the right to reject any or all tenders or parts of tenders, and to allot less than the amount applied for, and his action in any such respect shall be final. Those submitting tenders will be advised of the acceptance or rejection thereof. Payment at the price offered for Treasury bills allotted must be made at the Federal Reserve Banks in cash or other immediately available funds on July 5, 1939.

The Treasury bills will be exempt, as to principal and interest, and any gain from the sale or other disposition thereof will also be exempt, from all taxation, except estate and inheritance taxes. (Attention is invited to Treasury Decision 4550, ruling that Treasury bills are not exempt from the gift tax.) No loss from the sale or other disposition of the Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

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 thereof.

## Exhibit 13

*Acceptance of tenders for Treasury bills dated July 5, 1939 (press release, July 1, 1939)*

TREASURY DEPARTMENT,  
Washington, July 1, 1939.

The Secretary of the Treasury announced last evening that the tenders for \$100,000,000, or thereabouts, of 91-day Treasury bills, to be dated July 5 and to mature October 4, 1939, which were offered on June 28, were opened at the Federal Reserve Banks on June 30.

The details of this issue are as follows:

Total applied for..... \$282, 433, 000

Total accepted..... 100, 563, 000

Range of accepted bids:

High..... 100.

Low..... 99. 996    Equivalent rate approximately 0.016 percent.

Average price.. 99. 996+    Equivalent rate approximately 0.014 percent.  
(95 percent of the amount bid for at the low price was accepted.)

## Exhibit 14

Press releases pertaining to Treasury bill issues during the fiscal year 1940 were similar in form to the foregoing and are, therefore, not here reproduced. The essential details regarding each issue are summarized in the following table:

*Summary of information contained in press releases issued in connection with Treasury bills offered during the fiscal year 1940*

Date of issue	Date of maturity	Days to maturity	Total amount applied for (in thousands)	Bids accepted						Date of press release	Date of closing	
				Highest		Lowest		Amount (in thousands)	Average			
				Price (per hundred)	Equivalent rate <sup>1</sup> (percent)	Price (per hundred)	Equivalent rate <sup>1</sup> (percent)		Price (per hundred)	Equivalent rate <sup>1</sup> (percent)		
1939	1939									1939	1939	
July 5.....	Oct. 4.....	91	\$282,433	100.000	-----	99.996	0.016	\$100,563	99.996+	0.014	June 28 and July 1.....	June 30
July 12.....	Oct. 11.....	91	259,665	100.000	-----	99.995	.020	100,392	99.997	.012	July 7 and 11.....	July 10
July 19.....	Oct. 18.....	91	299,680	100.000	-----	99.995	.020	100,861	99.996	.015	July 14 and 18.....	July 17
July 26.....	Oct. 25.....	91	240,195	100.000	-----	99.994	.024	100,240	99.995	.019	July 21 and 25.....	July 24
Aug. 2.....	Nov. 1.....	91	275,391	100.000	-----	99.993	.028	101,030	99.995	.022	July 28 and Aug. 1.....	July 31
Aug. 9.....	Nov. 8.....	91	256,175	100.000	-----	99.991	.036	100,429	99.992	.032	Aug. 4 and 8.....	Aug. 7
Aug. 16.....	Nov. 15.....	91	242,224	100.000	-----	99.991	.036	100,104	99.992	.032	Aug. 11 and 15.....	Aug. 14
Aug. 23.....	Nov. 22.....	91	218,404	100.000	-----	99.987	.051	100,858	99.989	.042	Aug. 18 and 22.....	Aug. 21
Aug. 30.....	Nov. 29.....	91	320,012	<sup>2</sup> 99.990	0.040	99.980	.079	100,403	99.981	.076	Aug. 25 and 29.....	Aug. 28
Sept. 6.....	Dec. 6.....	91	322,135	<sup>3</sup> 99.993	.028	99.965	.138	100,358	99.973	.108	Aug. 30 and Sept. 2.....	Sept. 1
Sept. 13.....	Dec. 13.....	91	340,813	99.980	.079	99.955	.178	100,107	99.960	.159	Sept. 8 and 12.....	Sept. 11
Sept. 20.....	Dec. 20.....	91	480,166	99.980	.079	99.966	.135	100,046	99.968	.125	Sept. 15 and 19.....	Sept. 18
Sept. 27.....	Dec. 27.....	91	548,014	99.989	.044	99.978	.087	100,726	99.979	.082	Sept. 22 and 26.....	Sept. 25
	1940											
Oct. 4.....	Jan. 3.....	91	434,910	100.000	-----	99.989	.044	100,548	99.991	.036	Sept. 29 and Oct. 3.....	Oct. 2
Oct. 11.....	Jan. 10.....	91	331,978	100.000	-----	99.992	.032	100,198	99.995	.022	Oct. 6 and 10.....	Oct. 9
Oct. 18.....	Jan. 17.....	91	495,049	100.000	-----	99.990	.040	150,279	99.992	.033	Oct. 13 and 17.....	Oct. 16
Oct. 25.....	Jan. 24.....	91	517,705	100.000	-----	99.991	.036	150,159	99.993	.027	Oct. 20 and 24.....	Oct. 23
Nov. 1.....	Jan. 31.....	91	457,678	100.000	-----	99.992	.032	<sup>4</sup> 150,500	99.993	.028	Oct. 27 and 31.....	Oct. 30
Nov. 8.....	Feb. 7.....	91	366,310	100.000	-----	99.994	.024	100,320	99.996	.017	Nov. 1 and 4.....	Nov. 3
Nov. 15.....	Feb. 14.....	91	335,057	100.000	-----	99.994	.024	<sup>5</sup> 100,206	99.995	.020	Nov. 10 and 14.....	Nov. 13
Nov. 22.....	Feb. 21.....	91	314,001	100.000	-----	99.994	.024	<sup>6</sup> 100,163	99.995	.018	Nov. 17 and 21.....	Nov. 20
Nov. 29.....	Feb. 28.....	91	309,163	100.000	-----	99.994	.024	<sup>7</sup> 100,116	99.996	.015	Nov. 24 and 28.....	Nov. 27
Dec. 6.....	Mar. 6.....	91	301,310	100.000	-----	99.995	.020	100,945	99.996	.016	Dec. 1 and 5.....	Dec. 4
Dec. 13.....	Mar. 13.....	91	224,193	100.000	-----	99.992	.032	100,044	99.995	.019	Dec. 8 and 12.....	Dec. 11
Dec. 20.....	Mar. 20.....	91	257,068	100.000	-----	99.995	.020	100,244	99.996	.018	Dec. 15 and 19.....	Dec. 18
Dec. 27.....	Mar. 27.....	91	320,409	100.000	-----	99.998	.008	101,021	99.998+	.007	Dec. 20 and 23.....	Dec. 22

1940												
Jan. 3.....	Apr. 3.....	91	579,659	100.010	Negative	100.001	Negative	101,930	100.002	Negative	Dec. 27 and 30.....	Dec. 29
1940												
Jan 10.....	Apr. 10.....	91	380,809	100.010	Negative	100.001	Negative	101,257	100.002	Negative	Jan. 5 and 9.....	Jan. 8
Jan. 17.....	Apr. 17.....	91	225,627	100.010	Negative	100.000	Negative	<sup>8</sup> 100,241	100.001	Negative	Jan. 12 and 16.....	Jan. 15
Jan. 24.....	Apr. 24.....	91	215,745	100.010	Negative	99.999	0.004	100,253	100.000-	0.0007	Jan. 19 and 23.....	Jan. 22
Jan. 31.....	May 1.....	91	191,020	100.000	-----	99.998	.008	<sup>9</sup> 100,179	99.999	.004	Jan. 26 and 30.....	Jan. 29
Feb. 7.....	May 8.....	91	270,753	100.001	Negative	99.999	.004	100,420	100.000-	.0006	Feb. 2 and 6.....	Feb. 5
Feb. 14.....	May 15.....	91	223,822	100.000	-----	99.998	.008	100,444	99.999	.005	Feb. 7 and 10.....	Feb. 9
Feb. 21.....	May 22.....	91	200,702	100.000	-----	99.998	.008	<sup>10</sup> 100,838	99.998+	.006	Feb. 16 and 20.....	Feb. 19
Feb. 28.....	May 29.....	91	215,771	100.000	-----	99.998	.008	<sup>11</sup> 100,455	99.999	.005	Feb. 23 and 27.....	Feb. 26
Mar. 6.....	June 5.....	91	309,711	100.000	-----	100.000	-----	<sup>12</sup> 100,677	100.000	-----	Mar. 1 and 5.....	Mar. 4
Mar. 13.....	June 12.....	91	337,056	100.001	Negative	100.000	-----	<sup>13</sup> 100,730	100.000+	Negative	Mar. 8 and 12.....	Mar. 11
Mar. 20.....	June 19.....	91	322,991	100.010	Negative	100.000	-----	<sup>14</sup> 100,484	100.000+	Negative	Mar. 15 and 19.....	Mar. 18
Mar. 27.....	June 26.....	91	289,388	100.008	Negative	100.000	-----	<sup>15</sup> 100,649	100.000+	Negative	Mar. 22 and 26.....	Mar. 25
Apr. 3.....	July 3.....	91	235,592	100.000	-----	99.999	.004	100,525	100.000-	0.0004	Mar. 29 and Apr. 2.....	Apr. 1
Apr. 10.....	July 10.....	91	263,933	100.000	-----	99.999	.004	100,685	100.000-	.0003	Apr. 5 and 9.....	Apr. 8
Apr. 17.....	July 17.....	91	195,965	100.000	-----	99.999	.004	100,246	100.000-	.001	Apr. 12 and 16.....	Apr. 15
Apr. 24.....	July 24.....	91	182,526	100.000	-----	99.998	.008	100,043	99.999	.004	Apr. 19 and 23.....	Apr. 22
May 1.....	July 31.....	91	182,446	100.000	-----	99.996	.016	100,051	99.998	.007	Apr. 26 and 30.....	Apr. 29
May 8.....	Aug. 7.....	91	219,118	100.001	Negative	99.996	.016	100,011	99.998	.008	May 3 and 7.....	May 6
May 15.....	Aug. 14.....	91	218,779	100.000	-----	99.994	.024	100,028	99.996	.016	May 10 and 14.....	May 13
May 22.....	Aug. 21.....	91	169,840	100.000	-----	99.980	.079	100,105	99.992	.032	May 17 and 21.....	May 20
May 29.....	Aug. 28.....	91	213,762	100.000	-----	99.980	.079	100,202	99.983	.067	May 24 and 28.....	May 27
June 5.....	Sept. 4.....	91	209,222	100.000	-----	99.972	.111	100,008	99.977	.089	May 31 and June 4.....	June 3
June 12.....	Sept. 11.....	91	244,680	100.001	Negative	99.965	.138	100,004	99.970	.118	June 7 and 11.....	June 10
June 19.....	Sept. 18.....	91	247,059	100.000	-----	99.970	.119	100,117	99.976	.095	June 14 and 18.....	June 17
June 26.....	Sept. 25.....	91	390,117	100.000	-----	99.982	.071	100,169	99.988	.046	June 21 and 25.....	June 24

<sup>1</sup> Bank discount basis.<sup>2</sup> Except for one bid of \$160,000.<sup>3</sup> Except for one bid of \$37,000.<sup>4</sup> Revised Nov. 1, 1939.<sup>5</sup> Revised Nov. 15, 1939.<sup>6</sup> Revised Nov. 22, 1939.<sup>7</sup> Revised Nov. 29, 1939.<sup>8</sup> Revised Jan. 17, 1940.<sup>9</sup> Revised Jan. 31, 1940.<sup>10</sup> Revised Feb. 21, 1940.<sup>11</sup> Revised Feb. 28, 1940.<sup>12</sup> Revised Mar. 6, 1940.<sup>13</sup> Revised Mar. 13, 1940.<sup>14</sup> Revised Mar. 20, 1940.<sup>15</sup> Revised Mar. 27, 1940.

## United States savings bonds

## Exhibit 15

*First amendment to Department Circular No. 596, restricting the sale of United States savings bonds series D to individuals*

TREASURY DEPARTMENT,  
Washington, March 27, 1940.

1. On and after April 1, 1940, the registration of United States savings bonds of series D sold pursuant to Department Circular No. 596, dated December 15, 1938, as hereby amended, will be restricted to natural persons (individuals) in their own right,<sup>1</sup> who are residents of the Continental United States, the Territories and insular possessions of the United States, the Canal Zone, the Philippine Islands, or citizens of the United States temporarily residing abroad.<sup>2</sup>

2. Paragraph 7 of Department Circular No. 596, dated December 15, 1938 (section 314.107 of sub-title B of title 31, Code of Federal Regulations, Supp. I), is hereby amended to read as follows, the amended paragraph to apply only to savings bonds of series D registered in the names of natural persons (individuals) in their own right, in authorized forms of registration, and bearing as issue dates January 1, 1940, or subsequent dates:

## "LIMITATION ON HOLDINGS

"7. Section 22 of the Second Liberty Bond Act, as amended, provides that it shall not be lawful for any one person at any one time to hold savings bonds issued during any one calendar year in an aggregate amount exceeding \$10,000 (maturity value). In determining whether this limitation is exceeded at any time by any one person, there must be taken into account the aggregate maturity value of all savings bonds issued during any one calendar year including (1) bonds registered in the name of that person, (2) those registered in his name with another named as coowner, and (3) those of which he has become the owner on the death of another or the happening of any other event. Bonds of which such person is merely the designated beneficiary in case of the death of the owner need not be included. Any one person may hold up to \$10,000 (maturity value) of savings bonds issued during any one calendar year and up to an additional \$10,000 (maturity value) issued during each or any other calendar year (January 1 to December 31), so long as these bonds are offered for sale. If any person at any time acquires an aggregate present interest in savings bonds issued during any one calendar year in an amount exceeding \$10,000 (maturity value) he should immediately surrender the excess, which will be redeemed at the redemption value current on the date the excess arose, but at no higher value."

3. Paragraphs 8 and 9 of Department Circular No. 596, dated December 15, 1938 (sections 314.108 and 314.109 of sub-title B of title 31, Code of Federal Regulations, Supp. I), are hereby amended to read as follows, the amended paragraphs to apply only to savings bonds of series D bearing as issue dates April 1, 1940, or subsequent dates:

## "AUTHORIZED FORMS OF REGISTRATION

"8. United States savings bonds may be registered in the names of persons (that is, individuals) whether adults or minors, in their own right, as follows: (a) in the name of one person, (b) in the names of two (but not more than two) persons as coowners, and (c) in the name of one person payable on death to one (but not more than one) designated person. Full information as to the authorized forms of registration for United States savings bonds will be found in the regulations prescribed from time to time by the Secretary of the Treasury (see paragraph 14, as amended or supplemented). These regulations may be seen at any post office and may be obtained from the Treasury Department, Division of Loans and Currency, Washington, D. C., or from any Federal Reserve Bank.

## "DELIVERY AND SAFEKEEPING OF BONDS

"9. Postmasters and other agents from whom savings bonds may be purchased are authorized to deliver such bonds duly inscribed and dated upon receipt of the issue price. Savings bonds issued against mail order application will be delivered by registered mail within the Continental United States, the Territories and insular possessions of the United States, the Canal Zone and the Philippine

<sup>1</sup> See amended paragraph 8 for authorized forms of registration.

<sup>2</sup> See amended paragraph 9 for delivery and safekeeping of bonds.

Islands. No deliveries abroad will be made. If purchased by citizens of the United States temporarily residing abroad, bonds issued will be delivered in the United States, or held in safekeeping, as the purchaser may direct. Delivery should not be accepted by any purchaser until he has verified that the correct name and address are duly inscribed on the face of the bond, that the bond is duly dated as of the first day of the month in which payment of the issue price was received by the agent, that the maturity or due date (10 years after the issue date) is entered thereon, and that the dating stamp (with current date) of the postmaster or other issuing agent is imprinted in the circle in the lower left corner of the bond."

4. The last sentence of paragraph 11 (c) is amended to make reference to section VII, paragraph 3, of Treasury Department Circular No. 530, Third Revision, dated March 27, 1940.

5. Paragraphs 14 and 17 of Department Circular No. 596, dated December 15, 1938 (sections 314.114 and 314.117 of sub-title B of title 31, Code of Federal Regulations, Supp. I), are hereby amended to read as follows:

"GENERAL PROVISIONS

"14. All savings bonds issued pursuant to this circular shall be subject to regulations prescribed from time to time by the Secretary of the Treasury. Such regulations may require, among other things, reasonable notice in case of presentation of savings bonds for redemption prior to maturity. The present regulations governing savings bonds of series D are contained in Treasury Department Circular No. 530, Third Revision, dated March 27, 1940. The Secretary of the Treasury reserves the right to reject any application for savings bonds, in whole or in part, and his action in any such respect shall be final.

"17. 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 to the Postmaster General and other agents acting as fiscal agents of the United States in connection with savings bonds."

HENRY MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

### Exhibit 16

#### *Regulations governing United States savings bonds*

[Amendment to Department Circular No. 530, Second Revision.<sup>1</sup> Public Debt]

TREASURY DEPARTMENT,  
Washington, September 14, 1939.

#### *To Owners of United States Savings Bonds, and Others Concerned:*

1. Section VI-3 (c) of Department Circular No. 530, Second Revision, dated December 15, 1938, is hereby amended to read as follows:

"*United States officials.*—Judges, clerks, and deputy clerks of United States courts, including United States courts for the organized Territories, insular possessions, and the Canal Zone; United States attorneys; United States collectors of customs and their deputies; United States collectors of internal revenue and their deputies; commanding officers of the United States Army, Navy, Marine Corps, and Coast Guard, but only for members of their respective commands; the officer in charge of any home, hospital, or other facility of the Veterans Administration, but only for patients and members of such facilities."

2. Section VI-3 (d) (4) of Department Circular No. 530, Second Revision, dated December 15, 1938, is hereby amended to read as follows:

"Commonwealth of the Philippines: the United States High Commissioner, his Administrative Assistant, and the Chief Clerk in his office; Treasurer of the Commonwealth and the city treasurers of Manila and Baguio; judges and clerks of courts of record whose signatures and official positions are certified by the Secretary of Justice."

3. These amendments shall be effective September 15, 1939, and the Secretary of the Treasury may at any time, or from time to time, withdraw or amend any or all of the provisions thereof.

JOHN W. HANES,  
*Acting Secretary of the Treasury.*

<sup>1</sup> See Third Revision dated March 27, 1940, p. 428.

[Second Amendment to Department Circular No. 530, Second Revision.<sup>1</sup> Public Debt]

TREASURY DEPARTMENT,  
Washington, January 18, 1940.

*To Owners of United States Savings Bonds, and Others Concerned:*

1. Effective January 23, 1940, sections I, II, and III of Department Circular 530, Second Revision, dated December 15, 1938 (sections 315.1, 315.2, and 315.3 of sub-title B of title 31, Code of Federal Regulations, Supp. I), are hereby amended to read as follows:

"I. REGISTRATION

"1. *General.*—A United States savings bond will be issued only in registered form in substantially one of the forms of registration authorized herein. The name and complete post-office address of the owner or owners and designated beneficiary, if any, and the date as of which the bond is issued will be inscribed thereon at the time of issue by an authorized issuing agent.<sup>2</sup> The form of registration used should express the actual ownership of and interest in the bond and, except as otherwise specifically provided in these regulations, the Treasury Department reserves the right to treat as conclusive the ownership of and interest in the bond expressed in the registration. No designation of an attorney, agent, or other representative to request or receive payment on behalf of the owner may be made in the registration; for example, registration in the form 'John G. Brown, payable to David R. Green, attorney in fact' will not be permitted. Registration will not be permitted in a form which purports to restrict the right of the owner or other person named in the registration to receive payment of the bond in accordance with these regulations; for example, registration in the form 'John S. Smith, under article 10 of the will of Henry A. Jones,' or 'John S. Smith, legal guardian of Miss Mary B. Jones, subject to the order of the probate court of Washington County,' will not be permitted.

"2. *Forms of registration.*—The following forms of registration are authorized:

"(a) *Natural persons (individuals).*—In the names of natural persons (individuals), whether adults or minors, in their own right, as follows:

"(1) In the name of one person, as, for example, 'John A. Jones.'

"(2) In the names of two (but not more than two) persons in the alternative, as, for example, 'John A. Jones OR Mrs. Ella S. Jones.' No other form of registration establishing coownership as between natural persons (individuals) in their own right is authorized.

"(3) In the name of one person, payable on death to a single designated beneficiary in his own right, as, for example, 'John A. Jones, payable on death to Miss Mary E. Jones.' Only a natural person (an individual) may be designated as a beneficiary.

"The full name of the owner, and that of the coowner or beneficiary, if any, should be given; except that if there are two given names an initial may be substituted for one. The name should be preceded by 'Mrs.' or 'Miss' when appropriate and may be preceded by any applicable title such as 'Dr.', 'Capt.', etc. A married woman's own given name should be used, not that of her husband; for example, 'Mrs. Mary A. Jones,' not 'Mrs. Frank B. Jones.' The name of a minor for whose estate a guardian or other legal representative has been appointed by a court of competent jurisdiction should be followed by the words 'a minor under legal guardianship.' The name of an incompetent should be followed by the words 'an incompetent under legal guardianship' or words of similar import.

"(b) *Executors, administrators, guardians, trustees, etc.*—In the names of fiduciaries, as follows:

"(1) In the name of one or more executors, administrators, guardians, or other legal representatives of a single estate, appointed by a court of competent jurisdiction or otherwise legally qualified, all of whose names must be included in the registration, followed by appropriate identifying reference to the estate, as for example, 'John A. Smith, executor of the will (or administrator of the estate) of Henry J. Smith, deceased,' or 'William C. Jones, guardian (or conservator, curator, committee, etc.) of the estate of James B. Brown, a minor (or an incompetent).' If a guardian or other legal representative holds a common fund for the account of two or more estates, bonds should be registered in the name of the representative for each such estate separately, even though

<sup>1</sup> See Third Revision dated March 27, 1940, p. 428.

<sup>2</sup> The date of maturity also will be inscribed on savings bonds of series D.



the representative was appointed in a single proceeding. *Registration in the names of natural or voluntary guardians is not authorized.*

- "(2) In the name of one or more trustees, or other fiduciaries of a single duly constituted trust estate, which will be considered as an entity. The names of all trustees or other fiduciaries must be included in the registration except as hereinafter provided, followed by appropriate identifying reference to the trust instrument or other authority governing the trust, as, for example, 'John C. Brown and the First National Bank of Boston, trustees under paragraph 3 of the will of Henry C. Brown, deceased,' or 'The Second National Bank of Salem, trustee under an agreement with George E. White, dated February 1, 1935.' In the case of unincorporated lodges, churches, societies, or similar organizations title to whose property is held by trustees, or in the case of public officers acting as trustees under a statute, registration may be in their titles, omitting their names, as, for example, 'Trustees of the First Baptist Church, Akron, Ohio, an unincorporated association.' In cases where the instrument or other authority governing the trust establishes a board of trustees acting as a board and not individually, registration may be in the name of the board as such, as, for example, 'Board of Trustees of the Employees' Retirement System under agreement between the World Corporation and its employees, dated January 1, 1939,' or 'Board of Trustees of the Police Pension Fund of the City of Burlington, Iowa, under sections 6310-11, Iowa Code.' In any case the Treasury Department may require a copy of the trust instrument. Registration may not be made in the names of trustees under an agreement or other governing authority which purports to create a trust, where the funds used represent security for the proper performance of an obligation, except under a statute the terms of which expressly create an actual trust.

"(c) *Private corporations and associations.*—In the name of any private organization, whether incorporated or unincorporated, as follows:

- "(1) A private corporation, followed by the words 'a corporation,' as, for example, 'Smith Manufacturing Company, a corporation.'
- "(2) An unincorporated association, such as a lodge, church, or society, or similar body, followed by the words 'an unincorporated association,' as, for example, 'The Lotus Club, an unincorporated association.' The term 'an unincorporated association' should not be used to designate a trust fund, a partnership, or a business conducted under a trade name but wholly owned by one person.
- "(3) A partnership, followed by the words 'a partnership,' as, for example, 'Smith and Brown, a partnership.'

"The full legal name of the corporation, unincorporated association, or partnership, as the case may be, should be given in the registration. No officer or member of the organization may be named in the registration. Reference may be made, if desired, to a particular bookkeeping fund or account (not a trust), as, for example, 'Lafayette Post, No. 1, The American Legion, an unincorporated association (Building Fund).'

"(d) *States and public corporations.*—In the name of the owner or custodian of public funds, other than trust funds, as follows:

- "(1) Any sovereignty, as a State, or any public corporation, as a county, city, town, village, or school district, as, for example, 'County of Middlesex, Massachusetts,' or 'Town of Takoma Park, Maryland.'
- "(2) Any duly constituted public board or commission, as, for example, 'Maryland State Highway Commission.'
- "(3) Any public officer, designated by title only, as, for example, 'Treasurer, City of Boston.'

"The registration should include the full name of the sovereignty or public corporation, and may include reference to a particular account, if desired, as, for example, 'Treasurer, School District No. 2 of Morris County, Kansas (Cafeteria Fund).'

## "II. LIMITATION ON TRANSFER

"1. *Not transferable.*—A United States savings bond is not transferable and is payable only to the owner named thereon except in the case of disability or death of the owner or as otherwise specifically provided herein, but in any event only in accordance with the provisions hereof. Accordingly, a savings bond is not suitable for use as collateral for a loan or to secure the performance of an obligation (see section XVI).

## "III. LIMITATION ON HOLDINGS

"1. *Amount which may be held.*—Section 22 of the Second Liberty Bond Act, as amended, provides that it shall not be lawful for any one person at any one time to hold savings bonds issued during any one calendar year in an aggregate amount exceeding \$10,000 (maturity value). This provision applies separately to the bonds issued during each calendar year and for the purpose of the limitation a person will be considered to mean an individual, a corporation, an unincorporated association, a partnership, or a trust estate.

"In determining whether this limitation is exceeded at any time by any person, there must be taken into account the aggregate maturity value of all savings bonds issued during any one calendar year, as shown by the issue dates thereon, including—

"(a) The entire maturity value of (1) bonds registered in the name of that person and (2) in the case of individuals those registered in his name with another name as coowner, and

"(b) Those in which such person has acquired a present interest because of the death of another or on the happening of any other event.

"Bonds of which the person is merely the designated beneficiary in case of the death of the owner, or bonds which are held by him in a fiduciary capacity only, need not be included.

"2. *Disposition of excess holdings.*—If any person at any time acquires an aggregate present interest in savings bonds issued during any one calendar year in an amount exceeding \$10,000 (maturity value), he should immediately surrender the excess, which will be redeemed at the redemption value current on the date the excess arose, but at no higher value."

2. These amendments shall be effective January 23, 1940. The Secretary of the Treasury may at any time, or from time to time, withdraw or amend any or all of the provisions thereof.

HENRY MORGENTHAU, Jr.  
*Secretary of the Treasury.*

[Department Circular No. 530, Third Revision. Public Debt]

TREASURY DEPARTMENT,  
Washington, March 27, 1940.

*To Owners of United States Savings Bonds, and Others Concerned:*

Department Circular No. 530, Second Revision, dated December 15, 1938 (part 315 of sub-title B of title 31, Code of Federal Regulations, Supp. I), as amended, is hereby further amended and issued as a Third Revision, effective April 1, 1940, to read as follows:

"The following regulations governing United States savings bonds are published for the information and guidance of all concerned:

## "I. APPLICABILITY

"1. *Applicability of these regulations.*—These regulations apply generally to all United States savings bonds bearing any issue date whatever: *Provided, however,* That the provisions hereof applicable to bonds registered in any one of the forms set forth in section II A are limited to bonds bearing issue dates prior to April 1, 1940, and to authorized reissues thereof, in whole or in part.

## "II. REGISTRATION

"1. *General.*—United States savings bonds will be issued only in registered form. Registration of savings bonds sold on and after the effective date of these regulations will be restricted to natural persons (individuals) in their own right, in substantially one of the forms of registration listed in paragraph 2 of this

section, who are residents of the Continental United States, the Territories and insular possessions of the United States, the Canal Zone, and the Philippine Islands, or citizens of the United States temporarily residing abroad. The name and complete post-office address of the owner or coowners and the designated beneficiary, if any, and the date as of which the bond is issued and on which it will mature will be inscribed thereon at the time of issue by an authorized issuing agent.<sup>1</sup> The form of registration used must express the actual ownership of and interest in the bond and, except as otherwise specifically provided in these regulations, the Treasury Department will treat as conclusive the ownership of and interest in the bond expressed in the registration. No designation of an attorney, agent, or other representative to request or receive payment on behalf of the owner or other person named in the registration, nor any restriction on the right of such owner or other person to receive payment of the bond other than as provided in these regulations, may be made in the registration.

"2. *Forms of registration.*—Registration of savings bonds is authorized only in the names of natural persons (that is, individuals), whether adults or minors, in their own right, as follows:

"(a) In the name of one individual, for example, 'John A. Jones.'

"(b) In the names of two (but not more than two) individuals in the alternative as coowners, for example, 'John A. Jones OR Mrs. Ella S. Jones.' No other form of registration establishing coownership is authorized.

"(c) In the name of one individual as owner, payable on death to one (but not more than one) individual designated as beneficiary, for example, 'John A. Jones, payable on death to Miss Mary E. Jones.'

"The full name of the owner, that of the beneficiary, if any, or those of the coowners should be given; except that if there are two given names an initial may be substituted for one. The name should be preceded by 'Mrs.' or 'Miss' when appropriate and may be preceded by any applicable title such as 'Dr.', 'Capt.', etc. A married woman's own given name should be used, not that of her husband, for example, 'Mrs. Mary A. Jones,' not 'Mrs. Frank B. Jones.' The name of a minor for whose estate a guardian or other legal representative has been appointed by a court of competent jurisdiction should be followed by the words 'a minor under legal guardianship.' The name of an individual for whose estate a legal representative has been appointed for reasons other than minority should be followed by the words 'an incompetent under legal guardianship.'

#### "II A. UNCURRENT REGISTRATION

"1. The following forms of registration, heretofore authorized, are now applicable only to bonds bearing issue dates prior to April 1, 1940, and reissues thereof:

"(a) *Executors, administrators, guardians, trustees, etc.*—In the names of fiduciaries, as follows:

"(1) In the name of one or more executors, administrators, guardians, or other legal representatives of a single estate, appointed by a court of competent jurisdiction or otherwise legally qualified, all of whose names must be included in the registration, followed by appropriate identifying reference to the estate, for example, 'John A. Smith, executor of the will (or administrator of the estate) of Henry J. Smith, deceased,' or 'William C. Jones, guardian (or conservator, curator, committee, etc.) of the estate of James B. Brown, a minor (or an incompetent.)' If a guardian or other legal representative holds a common fund for the account of two or more estates, bonds should be registered in the name of the representative for each such estate separately, even though the representative was appointed in a single proceeding. Registration in the names of natural or voluntary guardians is not authorized.

"(2) In the name of one or more trustees, or other fiduciaries of a single trust estate, followed by reference to the trust instrument, or other authority governing the trust, or by other words clearly identifying the trust, and the name of the persons or organizations who are beneficiaries under the trust, for example, 'John C. Brown and the First National Bank of Boston, trustees under the will of Henry C. Brown, for the benefit of Mrs. Mary J.

<sup>1</sup> The date of maturity is not inscribed on savings bonds of series C, issued during the calendar years 1937 and 1938.

Brown,' or 'The Second National Bank of Salem, trustee under an agreement of trust executed by George E. White, dated February 1, 1935, for the benefit of Mrs. Mary B. White and Miss Ella May White.' All beneficiaries of a trust having present interests therein should be named, if possible, except that if they are too numerous two or three of the principal beneficiaries should be named, followed by the words 'et al.' In any case the Treasury Department may require that the names of all beneficiaries having present interests and the extent of such interests should be furnished. Beneficiaries entitled as remaindermen may be indicated by the words 'with remainder over to -----'. If the identity of the beneficiaries cannot be presently ascertained, the class of persons to which they belong may be indicated, or, in the case of a charitable trust, the purpose or object of the trust may be expressed in the registration. This provision was in effect until January 23, 1940.

- "(3) In the name of one or more trustees, or other fiduciaries of a single duly constituted trust estate, considered as an entity. The names of all trustees or other fiduciaries must be included in the registration except as hereinafter provided, followed by appropriate identifying reference to the trust instrument or other authority governing the trust, for example, 'John C. Brown and the First National Bank of Boston, trustees under paragraph 3 of the will of Henry C. Brown, deceased,' or 'The Second National Bank of Salem, trustee under an agreement with George E. White, dated February 1, 1935.' This provision was in effect from January 23, 1940, to April 1, 1940.

"In the case of unincorporated lodges, churches, societies, or similar organizations title to whose property is held by trustees, or in the case of public officers acting as trustees under a statute, registration may be in their titles, omitting their names, for example, 'Trustees of the First Baptist Church, Akron, Ohio, an unincorporated association.' In cases where the instrument or other authority governing the trust establishes a board of trustees acting as a board and not individually, registration may be in the name of the board as such, for example, 'Board of Trustees of the Employees' Retirement System under agreement between the World Corporation and its employees, dated January 1, 1939,' or 'Board of Trustees of the Police Pension Fund of the City of Burlington, Iowa, under Sections 6310-11, Iowa Code.' In any case the Treasury Department may require a copy of the trust instrument. Registration may not be made in the names of trustees under an agreement or other governing authority which purports to create a trust, where the funds used represent security for the proper performance of an obligation, except under a statute the terms of which expressly create an actual trust.

"(b) *Private corporations and associations.*—In the names of any private organization, whether incorporated or unincorporated, as follows:

- "(1) A private corporation, followed by the words 'a corporation,' for example, 'Smith Manufacturing Company, a corporation.'
- "(2) An unincorporated association, such as a lodge, church, or society, or similar body, followed by the words 'an unincorporated association,' for example, 'The Lotus Club, an unincorporated association.' The term 'an unincorporated association' should not be used to designate a trust fund, a partnership, or a business conducted under a trade name but wholly owned by one person.
- "(3) A partnership, followed by the words 'a partnership,' for example, 'Smith and Brown, a partnership.'

"The full legal name of the corporation, unincorporated association, or partnership, as the case may be, should be given in the registration. No officer or member of the organization may be named in the registration. Reference may be made, if desired, to a particular bookkeeping fund or account (not a trust), for example, 'Lafayette Post No. 1, The American Legion, an unincorporated association (Building Fund).'

"(c) *States and public corporations.*—In the name of the owner or custodian of public funds, other than trust funds, as follows:

- "(1) Any sovereignty, as a State, or any public corporation, as a county, city, town, village, or school district, for example, 'County of Middlesex, Massachusetts,' or 'Town of Takoma Park, Maryland.'
- "(2) Any duly constituted public board or commission, for example, 'Maryland State Highway Commission.'
- "(3) Any public officer, designated by title only, for example, 'Treasurer, City of Boston.'

"The registration should include the full name of the sovereignty or public corporation, and may include reference to a particular account, if desired, for example, 'Treasurer, School District No. 2 of Morris County, Kansas (Cafeteria Fund).'

#### "III. LIMITATION ON TRANSFER

"1. *Not transferable.*—United States savings bonds are not transferable and are payable only to the owners named thereon except in the case of the disability or death of the owner or as otherwise specifically provided herein, but in any event only in accordance with the provisions hereof. Accordingly, savings bonds are not suitable for use as collateral for a loan, or to secure the performance of an obligation except as expressly provided in section XVII hereof.

#### "IV. LIMITATION ON HOLDINGS

"1. *Amount which may be held.*—Section 22 of the Second Liberty Bond Act, as amended, provides that it shall not be lawful for any one person at any one time to hold savings bonds issued during any one calendar year in an aggregate amount exceeding \$10,000 (maturity value). Any one person may hold up to \$10,000 (maturity value) of savings bonds issued during any one calendar year and up to an additional \$10,000 (maturity value) issued during each or any other calendar year (January 1 to December 31), so long as these bonds are offered for sale. In determining whether this limitation is exceeded at any time by any one person, there must be taken into account the aggregate maturity value of all savings bonds issued during any one calendar year, as shown by the issue dates thereon, including (a) bonds registered in the name of that person, (b) those registered in his name with another named as coowner, and (c) those of which he has become the owner on the death of another or the happening of any other event. Bonds of which such person is merely the designated beneficiary in case of the death of the owner need not be included.

"2. *Bonds bearing issue dates prior to April 1, 1940.*—For the purpose of determining the limitation on holdings of bonds bearing issue dates prior to April 1, 1940, the term 'person' shall include, but not be limited to, an individual, a partnership, a corporation, an unincorporated association, or a trust estate; in calculating excess holdings of such bonds, those held by any person in a fiduciary capacity only, or those in which his interest is only that of a beneficiary of a trust, need not be included.

"3. *Disposition of excess holdings.*—If any person at any time acquires an aggregate present interest in savings bonds issued during any one calendar year in an amount exceeding \$10,000 (maturity value), he should immediately surrender the excess, which will be redeemed at the redemption value current on the date the excess arose, but at no higher value.

#### "V. LOST, STOLEN, MUTILATED, DEFACED, OR DESTROYED BONDS

"1. *Relief.*—A substitute may be issued for, or payment made of, an unmatured savings bond, and payment made of a matured savings bond, upon proof of the loss, theft, mutilation, defacement, or destruction of the bond. Relief will be granted in such cases only in accordance with the provisions of applicable statutes and will be governed in general by the regulations contained in Department Circular No. 300, as amended. Application for relief on account of loss, theft, or destruction should be made only on Form PD 1048, copies of which may be obtained from the Treasury Department, Division of Loans and Currency, or from any Federal Reserve Bank. In cases of mutilation, defacement, or partial destruction Form PD 1028 should be used, and the bond or so much thereof as remains should be carefully packed and forwarded to the Treasury Department, Division of Loans and Currency, Washington, D. C.

"2. *Notice of loss, etc.*—The Treasury Department, Division of Loans and Currency, Washington, D. C., should be immediately notified of the loss, theft, or destruction of any savings bond, reference being made to the series, year of issue, date and serial number of the bond, and the name and address of the registered owner. If such bond is subsequently recovered immediate notice of recovery should be given to the Department in order that delay may be avoided should the recovered bond be presented for payment, and if a substitute bond has been issued in lieu thereof, the recovered bond should be surrendered immediately to the Department.

#### "VI. SAFEKEEPING FACILITIES

"1. A savings bond 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 as fiscal agents of the United States will be utilized.<sup>1</sup> Postmasters will not act as safekeeping agents. Arrangements for safekeeping may be made at the time of purchase or subsequently, and postmasters, upon request, will furnish appropriate application blanks (Form PD 1423) and envelopes to be used in forwarding bonds for safekeeping. The forwarding will be at the risk of the owner and the use of registered mail is recommended (postage and registration fee to be paid by the sender). Savings bonds purchased by mail upon application to the Treasurer of the United States or to any Federal Reserve Bank may be placed in safekeeping when issued, subject to the provisions of the next succeeding paragraph.

"2. Upon receipt of the savings bond the Federal Reserve Bank will place it in safekeeping and issue a receipt, which, unless delivered in person, will be mailed to the depositor at the address given in the application. The Federal Reserve Bank will at any time deliver the bond to the owner or person entitled to possession thereof at his risk and expense upon his application and upon such identification through the return of the safekeeping receipt or otherwise, as may be required.

#### "VII. GENERAL PAYMENT PROVISIONS

"1. *General.*—A savings bond will be paid at or after maturity at its full value, or, at the option of the owner, will be redeemed prior to maturity (but not within 60 days after the issue date) at the appropriate redemption value as shown on the face of each bond.<sup>2</sup> In order to secure payment a request for payment must be properly executed and the bond must be presented and surrendered, as provided in the following paragraphs of this section; unless otherwise directed by the Treasury Department, the form of request appearing on the back of the bond should be used.

"2. *Execution of request for payment.*—

"(a) The registered owner in whose name the bond is inscribed, or such other person as may be entitled to payment under the provisions of these regulations, should go before one of the officers authorized by the Secretary of the Treasury to certify requests for payment (see par. 3 of this section), establish his identity, and in the presence of such officer sign the request for payment in ink or indelible pencil and add his current post-office address. A signature to a request for payment made by mark (X) must be witnessed by at least one person in addition to the certifying officer, and must be attested by an endorsement on the blank line substantially as follows: 'Witness to the above signature by mark' followed by the signature and address of the witness.

"(b) No request signed in behalf of the owner by an agent or a person acting under a power of attorney will be recognized by the Treasury Department except as specifically provided in section XVII hereof. If the name of the registered owner or other person entitled to payment, as it appears in the registration or in evidence on file in the Treasury Department, Division of Loans and Currency, has been changed by marriage or in any other legal manner, the signature to the request for payment should show both names and the manner in which the change was made, for example, 'Miss Mary T. Jones, now by marriage Mrs. Mary T. Smith,' or 'Jung Smelt, now by court order John Smith.' In the case of a change of name other than by marriage, the request must be supported by satisfactory proof of such change unless the evidence is already on file. If the change was made by divorce or other court proceeding the proof may be in the form of a

<sup>1</sup> For a list of the Federal Reserve Banks, see footnote 1, p. 435.

<sup>2</sup> For redemption of excess holdings, see sec. IV, par. 3.

duly certified copy of the court's decree or a certificate by the clerk of the court, under court seal.

- "(c) After the request for payment has been signed by the owner, the certifying officer should complete and sign the certificate provided (see par. 4 of this section), and the bond should then be presented and surrendered as provided in paragraph 6 of this section.

"(d) All signatures must be made in ink or indelible pencil.

"3. *Certification of request for payment.*—The request for payment must be signed in the presence of, and be certified by, one of the following officers, who are hereby authorized to certify requests for payment:

"(a) *At the United States post offices.*—

"(1) At any post office of any class: The postmaster, acting postmaster, or inspector in charge; and in addition

"(2) At any post office of the first class (main office): The assistant postmaster, superintendent of mails, the postal cashier, superintendent of money orders, money-order cashier, assistant cashier, bookkeeper, or foreman, or clerk temporarily in charge of the office; and

"(3) At any post office of the second or third class: The assistant postmaster or, if there is none, the clerk temporarily in charge of the office in the absence of the postmaster; and

"(4) At any classified branch or station: The superintendent, assistant superintendent, assistant cashier, bookkeeper, or foreman, or, in the absence of all such officials, the clerk temporarily in charge of the branch or station. (For instructions see par. 4 (a) and (b) of this section.)

"(b) *At banks and trust companies and branches thereof.*—

"(1) Any executive officer of any bank or trust company incorporated in the United States or its organized Territories, including officers at domestic or foreign branches who are certified to the Treasury Department as executive officers;

"(2) Executive officers of incorporated banks and trust companies in the organized Territories and insular possessions of the United States and in the Commonwealth of the Philippines doing business under Federal charter or organized under Federal law;

"(3) Executive officers of Federal Reserve Banks and branches thereof, including managing directors, assistant managers, cashiers, and assistant cashiers; and Federal Reserve agents and assistant

"(4) Executive officers of Federal Land banks;

"(5) Executive officers of Federal Home Loan banks.

(For instructions to such officers see par. 4 (a) and (c) of this section.)

"(c) *United States officials.*—Judges, clerks, and deputy clerks of United States courts, including United States courts for the organized Territories, insular possessions, and the Canal Zone; United States attorneys; United States collectors of customs and their deputies; United States collectors of internal revenue and their deputies; commanding officers of the United States Army, Navy, Marine Corps, and Coast Guard, but only for members of their respective commands; the officer in charge of any home, hospital, or other facility of the Veterans' Administration, but only for patients and members of such facilities.

(For instructions to such officers see par. 4 (a) of this section.)

"(d) *Officers authorized in particular localities.*—In addition to the officers listed above, the following officers are authorized to certify requests for payment of United States savings bonds in the localities specified:

"(1) Washington, D. C.: Certain officers of the Treasury Department;

"(2) Alaska: Governor, Treasurer, and United States Commissioners;

"(3) Canal Zone: Governor, paymaster or acting paymaster, collector or acting collector, the Panama Canal, and also postmasters and acting postmasters in the Bureau of Posts;

"(4) Commonwealth of the Philippines: The United States High Commissioner, his Administrative Assistant, and the Chief Clerk in his office; Treasurer of the Commonwealth and the city treasurers of Manila and Baguio; judges and clerks of courts of record whose signatures and official positions are certified by the Secretary of Justice;

- "(5) Guam and American Samoa: Governors, and naval and marine officers authorized to administer oaths for naval justice and administration;
- "(6) Hawaii: Governor and Treasurer;
- "(7) Puerto Rico: Governor and Treasurer;
- "(8) Virgin Islands: Governor and Commissioner of Finance.

(For instructions to such officers see par. 4 (a) of this section.)

- "(e) *In foreign countries.*—In a foreign country requests for payment may be signed in the presence of and certified by any United States diplomatic or consular representative, or the manager (or other executive officer in charge) or the assistant manager of a foreign branch of a bank or trust company incorporated in the United States. If such an officer is not available, requests for payment may be signed in the presence of and certified by a notary or other officer authorized to administer oaths, but his official character and jurisdiction must be certified by a United States diplomatic or consular officer under the seal of his office.

(For instructions to such officers see par. 4 (a) of this section.)

- "(f) *Special provision.*—In the event none of the officers authorized to certify requests for payment of savings bonds is readily accessible, the Commissioner of the Public Debt is authorized to make special provision for any particular case.

"4. *Instructions to certifying officers.*—

- "(a) *In general.*—Certifying officers should require positive identification of the person executing the request for payment as the person whose name appears on the face of the bond as owner, or the person entitled to payment under the provisions of these regulations, and will be held fully responsible therefor. In all cases the certifying officer must affix to the request for payment his official signature, title, address and seal, and the date of execution. If the officer does not possess an official seal, that fact should be made known and attested. Special instructions to post-office officials and bank officials follow in subparagraphs (b) and (c), respectively.

- "(b) *Post-office officials.*—If any designated post-office officials other than a postmaster, acting postmaster, or inspector in charge of an office certifies a request for payment, he should certify in the name of the postmaster, acting postmaster, or inspector in charge, followed by his own signature and official title, for example, 'John Doe, postmaster, by Richard Roe, postal cashier.' In the case of a clerk in charge of an office, branch, or station, the official title should be followed by the name of such office, branch, or station, for example, 'John Doe, postmaster, by Richard Roe, clerk in charge, Main Street Station.' The certification of any post-office official must be authenticated by a legible imprint of a dating stamp of his post office.

- "(c) *Bank officers.*—(1) At the principal office of an incorporated bank or trust company, the signature of the certifying officer should be authenticated by a legible impression of the seal of the bank or trust company; (2) at a branch, if the corporate seal is not available, the signature of the certifying officer and his official title should be certified to the Treasury Department, Division of Loans and Currency, by the parent bank or trust company under its seal, unless such certificate is already on file in that division.

"5. *Interested person not to certify.*—No person authorized to certify requests for payment may certify a request for payment of a bond of which he is the owner, or in which he has an interest, either in his own right or in any representative capacity.

"6. *Presentation and surrender.*—After the request for payment has been duly executed by the owner and has been certified as above provided, the bond must be presented and surrendered as follows:

- "(a) If a bond is registered in the name of an individual in his own right or, as to bonds bearing issue dates prior to April 1, 1940, in the name of (1) a private organization in its own right, (2) a State, (3) a public corporation, (4) a public board or commission, or (5) a public officer, and payment is to be made to the registered owner or coowner, the



bond should be presented and surrendered to a Federal Reserve Bank,<sup>1</sup> or to the Treasurer of the United States, Washington, D. C.

"(b) If a bond is registered in the name of a fiduciary (in the case of bonds bearing issue dates prior to April 1, 1940) or if payment is to be made to any person other than the registered owner or coowner, the bond should be presented and surrendered to the Treasury Department, Division of Loans and Currency, Washington, D. C., or to a Federal Reserve Bank.

"(c) In all cases presentation will be at the expense and risk of the owner, and, for his protection, the bonds should be forwarded by registered mail if not presented in person. Payment will be made by issuance of a check drawn to the order of the registered owner or other person entitled to payment and mailed to him at the address given in his request for payment.

"7. *Partial redemption.*—A savings bond in a denomination other than \$25 may be redeemed in part at the appropriate redemption value corresponding to any authorized denomination or denominations, upon presentation and surrender of the bond in accordance with the provisions of this section. In any such case before the request for payment is executed the first sentence of the request should be amended (with indelible pencil, pen and ink, or typewriter) by adding in the blank space provided: 'to the extent of the current redemption value of \$----- (maturity value),' inserting the proper maturity value. Upon payment of a savings bond in part, the remainder will be reissued, subject to the provisions of section XVIII hereof.

#### "VIII. MINORS

"1. *Payment to legal guardians.*—If the owner of a savings bond is a minor for whose estate a guardian or similar legal representative has been appointed by a court of competent jurisdiction or is otherwise legally qualified, and if the Treasury Department is properly advised of such fact, payment will be made only to such guardian, or similar legal representative. In any such case the request for payment appearing on the back of the bond should be signed by the guardian or similar representative as such, for example, 'John A. Jones, guardian of the estate of Henry W. Smith, a minor.' The request for payment must be supported by proof of the representative's authority. Such proof may consist of a court certificate or a certified copy of the representative's letters of appointment, issued by the court having jurisdiction. The certificate, or the certification to the letters, must be under the seal of the court, must contain a statement that the appointment is in full force, and should be dated within 6 months of the date of presentation of the bond for payment. A request for payment before maturity executed on behalf of a corporate fiduciary must be authorized by a resolution of the governing body of the corporation or by a standing bylaw, a certified copy of which must be furnished the Treasury Department, Division of Loans and Currency, Washington, D. C., unless already on file.

"2. *Payment to minors.*—If the Treasury Department has not been properly advised that a guardian or similar legal representative of the estate of a minor owner of a savings bond has been appointed or is otherwise legally qualified, payment will be made direct to such minor owner, provided such minor is, at the time payment is requested, of sufficient competency and understanding to sign his name to the request and to comprehend the nature of such act. In general, the fact that the request for payment has been signed by the minor and duly certified in accordance with section VII hereof will be accepted as sufficient proof of such competency and understanding. If such minor owner is not of sufficient competency and understanding to execute the request for payment, payment will be made to either parent of the minor with whom he resides, or if not residing with either parent, then to the person with whom he does reside. The parent or such other person should sign the request for payment in his own name, in behalf of the minor, and a certificate in substantially the following form should be typed or written on the back of the bond and signed by the person requesting payment:

'I certify that I am the ----- of John C. Jones and the  
(State relationship)

person with whom he resides. He is ----- years of age and is not of sufficient competency and understanding to sign this request.'

"The Treasury Department may in any particular case require further proof that

<sup>1</sup> The Federal Reserve Banks are located at Boston, Mass.; New York, N. Y.; Philadelphia, Pa.; Cleveland, Ohio; Richmond, Va.; Atlanta, Ga.; Chicago, Ill.; St. Louis, Mo.; Minneapolis, Minn.; Kansas City, Mo.; Dallas, Tex.; and San Francisco, Calif.

the minor is not of sufficient competency and understanding to execute the request for payment and of the right of the person executing the request to act in behalf of the minor.

#### "IX. DISABILITY OTHER THAN MINORITY

"1. *Payment to legal guardian.*—If the owner of a savings bond has been judicially declared to be incompetent to manage his affairs and the Treasury Department has been properly advised that a guardian or similar legal representative of his estate has been appointed by a court of competent jurisdiction, payment will be made only to such guardian or similar legal representative. In this case the request for payment should be signed: 'Thomas S. Gray, guardian (curator, conservator, or committee, as the case may be) of the estate of Benjamin W. Smith, an incompetent.' The request for payment must be supported by proof of the representative's authority. Such proof may consist of a court certificate or a certified copy of the representative's letters of appointment, issued by the court having jurisdiction. The certificate, or the certification to the letters, must be under the seal of the court, must contain a statement that the appointment is in full force, and should be dated within 6 months of the date of presentation of the bond for payment. A request for payment before maturity executed on behalf of a corporate fiduciary must be authorized by a resolution of the governing body of the corporation or by a standing bylaw, a certified copy of which must be furnished the Treasury Department, Division of Loans and Currency, Washington, D. C., unless already on file.

"2. *Payment to voluntary guardian.*—In any case where the owner of a savings bond has been judicially declared incompetent, or his incompetency, in the opinion of the Secretary of the Treasury, is otherwise established and no guardian or other legal representative of his estate has been appointed or is otherwise legally qualified, and the entire gross value of his personal estate does not exceed \$500, payment will be made to a member of his family standing in the position of voluntary guardian, upon presentation of proof satisfactory to the Secretary of the Treasury that the proceeds of the bond are required, and are to be used, for the purchase of necessities for the incompetent or for his wife or minor children or other persons dependent upon him for support. Form PD 1461, copies of which may be obtained from the Treasury Department, Division of Loans and Currency, Washington, D. C., or any Federal Reserve Bank, should be used in making application. The request for payment should not be executed, nor the bond presented, until the application has been approved and instructions have been given by the Treasury Department.

#### "X. COOWNERS

"1. *Payment or reissue.*—A savings bond registered in the names of two persons as coowners, for example, 'John A. Jones OR Mrs. Mary C. Jones,' will be paid or reissued as follows:

"(a) The bond will be paid (but not reissued) to either coowner, until the Treasury Department has received notice of his death, upon his individual request without requiring the signature of the other coowner on the bond; and upon payment to either coowner the other person shall cease to have any interest in the bond. If the request is signed by both coowners, and duly certified, payment will be made by check drawn to the order of both, in the form, for example, 'John A. Jones and Mrs. Mary C. Jones.'

"(b) After the Treasury Department has received notice of the death of one coowner who had not requested payment and presented the bond for payment to a Federal Reserve Bank or the Treasury Department prior to his death, a bond so registered will be paid only to the surviving coowner upon his request. If a coowner dies after he has properly executed the request for payment and after the bond has actually been received for payment by a Federal Reserve Bank or the Treasury Department, payment of the bond or check, if one has been issued, will be made to the estate of such deceased coowner. (See sec. XV for the person entitled in such case.) Upon proof of the death of one coowner and appropriate request by the surviving coowner, the bond will be reissued in the name of such survivor alone, or in his name payable on death to a designated beneficiary. (See secs. XI-5 and XVIII.)

"(c) After the death of both coowners, a bond so registered will be paid or reissued as though it had been registered in the name of the last deceased coowner alone. (See sec. XV.)

## "XI. BENEFICIARIES

"1. *Payment to registered owner.*—A savings bond registered in the name of one person, payable on death to another person, for example, 'Henry W. Ash, payable on death to John C. Black,' will be paid to the registered owner during his lifetime upon his properly executed request without regard to the designated beneficiary. If the registered owner dies after he has properly executed the request for payment and after the bond has actually been received for payment by a Federal Reserve Bank or the Treasury Department, payment of the bond or check, if one has been issued, will be made to the estate of such deceased registered owner. (See sec. XV for the person entitled in such case.) If the beneficiary should predecease the registered owner the bond will be paid as though no beneficiary had been named in the registration.

"2. *Reissue during life of registered owner.*—A savings bond registered in the name of one person payable on death to a designated beneficiary may not be reissued during the life of such beneficiary so as to eliminate his name. If such beneficiary should predecease the registered owner, the bond may, upon appropriate request by the registered owner, and proof of the death of the beneficiary, be reissued in the name of the registered owner alone, or in his name payable on death to a new beneficiary.

"3. *Payment or reissue to beneficiary.*—Upon proof of the death of the registered owner and proof of the survivorship of the beneficiary, the bond will be paid only to the latter or may, upon appropriate request, be reissued in his name alone or in his name payable on death to a single designated beneficiary.

"4. *Payment or reissue after death of owner and later death of beneficiary.*—Upon proof of the death of the registered owner and of the subsequent death of the beneficiary, the bond will be paid or may be reissued as though the beneficiary had been the registered owner. (See sec. XV.)

"5. *Reissue to add a beneficiary.*—A savings bond registered in the name of one natural person (an individual) not under any legal disability, upon appropriate request by such person, may be reissued in whole or in part, in authorized denominations only, in his name payable on death to a single designated beneficiary

## "XII. FIDUCIARIES

"1. *Payment to fiduciary named on bond.*—A savings bond registered in the name of a fiduciary will be paid to such fiduciary without proof of his authority upon presentation of the savings bond with the request for payment duly signed by him and certified in accordance with section VII hereof. The request for payment should be signed by the fiduciary in exactly the same manner as his name and designation as fiduciary appear on the face of the savings bond.

"2. *Corporate fiduciaries.*—A request for payment before maturity executed on behalf of a corporate fiduciary must be authorized by a resolution of the governing body of the corporation or by a standing bylaw, a certified copy of which must be filed with the Treasury Department, Division of Loans and Currency, Washington, D. C., unless already on file.

"3. *Payment or reissue to successors.*—A savings bond registered in the name of a fiduciary who is no longer acting as such will be paid to, or reissued in the name of, a succeeding fiduciary, upon appropriate request and satisfactory proof of his successorship.

"4. *Boards of trustees.*—A savings bond registered in the name of a board of trustees will be paid to such board upon a request for payment signed in the name of the board, executed by an officer or agent thereof authorized by resolution of the board, a certified copy of which must be filed with the Treasury Department, Division of Loans and Currency, Washington, D. C., unless already on file.

"5. *Trustees of lodges, etc.*—A savings bond registered in the titles, without the names, of trustees of an unincorporated lodge, church, society, or other similar organization will be paid to the trustees of such organization for the time being, upon appropriate request by them as such trustees, and satisfactory proof of their incumbency.

"6. *Payment or reissue upon termination of trust.*—A savings bond held by a fiduciary to which a beneficiary has become entitled, in whole or in part, under the terms of the trust, will be paid to such beneficiary or reissued in his name, in authorized denominations only, to the extent of his interest, upon his proper request and certification by the fiduciary that such person is entitled to payment or reissue in his name and has agreed thereto: *Provided*, That a request for reissue in the name of a fiduciary individually must be supported by an order of court or other satisfactory proof that he is the person entitled, unless it is shown

that at least one co-fiduciary joining in the request has no beneficial interest in the trust. If there is no fiduciary acting, such payment or reissue will be made upon the request of the persons beneficially entitled upon satisfactory proof of the facts.

"7. *Payment or reissue upon termination of guardianship.*—A savings bond registered in the name of a guardian or similar legal representative of the estate of a minor or incompetent will be paid to such representative upon his request supported by specific court order, or it will be reissued in the name of the ward upon the request of the representative, or will be paid to, or reissued in the name of, the ward upon his request, supported in either case by satisfactory proof that the former minor has attained his majority or that the former incompetent has been restored to competency. Certification by the representative that the former minor has attained his majority will ordinarily be accepted as sufficient.

### "XIII. PRIVATE CORPORATIONS, ASSOCIATIONS, PARTNERSHIPS, ETC.

"1. *Payment to corporations or unincorporated associations.*—A savings bond registered in the name of a private corporation or an unincorporated association will be paid upon a request for payment signed by a duly authorized officer thereof. The signature to the request should be in the form, for example, 'The Jones Coal Company, a corporation, by William A. Smith, president,' or 'The Lotus Club, an unincorporated association, by John Jones, treasurer.' A request for payment so signed and duly certified in accordance with section VII hereof will ordinarily be accepted without further proof of the officer's authority.

"2. *Payment to partnerships.*—A savings bond registered in the name of a partnership will be paid upon a request for payment signed by any general partner. The signature to the request should be in the form 'Smith and Jones, a partnership, by John Jones, a general partner.' A request for payment so signed and duly certified in accordance with section VII hereof will ordinarily be accepted as sufficient proof that the person signing the request is a general partner.

"3. *Successors to corporations or unincorporated associations.*—A savings bond registered in the name of a private corporation or an unincorporated association which has been succeeded by operation of law by another corporation or unincorporated association as the result of merger, consolidation, conversion, or reorganization, duly effected by authority of law, will be paid to, or reissued in the name of, the succeeding corporation or unincorporated association, upon proper request and satisfactory proof of successorship. This applies only to legal succession and not to a general assignment by one organization to another.

### "XIV. STATES, PUBLIC CORPORATIONS, AND PUBLIC BOARDS, COMMISSIONS, AND OFFICERS

"1. *In names of States, public corporations, and public boards.*—A savings bond registered in the name of a State or of a county, city, town, village, or other public corporation, or in the name of a public board or commission, will be paid upon a request for payment signed in the name of such State, corporation, board, or commission by a duly authorized officer thereof. A request for payment so signed and duly certified in accordance with section VII hereof will ordinarily be accepted without further proof of the officer's authority.

"2. *In names of public officers.*—A savings bond registered in the title, without the name, of an officer of a State or public corporation, such as a county, city, town, or village, will be paid upon a request for payment signed by the designated officer. The fact that the request for payment is signed and duly certified in accordance with section VII hereof will ordinarily be accepted as sufficient proof that the person signing is the incumbent of the designated office.

### "XV. DECEASED OWNERS

"1. *Payment or reissue on death of owner.*—Upon the death of the owner of a savings bond, not survived by a coowner or designated beneficiary, the bond may be paid or reissued (in authorized denominations only) as hereinafter provided, either pursuant to proceedings in a court having jurisdiction of the estate or, in appropriate cases, without such proceedings, in the manner and under the conditions set forth in subparagraph (c) hereof. Copies of the forms referred to for use in such cases may be procured from any Federal Reserve Bank or from the Treasury Department, Division of Loans and Currency, Washington, D. C.

"(a) *In course of administration.*—If the estate of the decedent is being administered in a court of competent jurisdiction, the bond will be paid, or

reissued in authorized denominations, upon the request of the duly appointed and qualified representative of the estate. If payment is desired, the request for payment on the back of the bond should be executed. Payment will be made only to the representative. If reissue is desired, the representative should execute a request on Form PD 1455 and should certify thereon that the persons in whose names reissue is requested are entitled to the bond as heirs or legatees, to the extent specified with respect to each and that the heirs or legatees have agreed to such reissue. The request for payment or reissue should be signed in the form, for example, 'John A. Jones, administrator of the estate (or executor of the will) of Henry W. Jones, deceased.' Reissue will be made in the name of the person entitled, payable on death to a designated beneficiary, upon appropriate request on Form PD 1077 by the person entitled, in addition to the request and certification by the representative on Form PD 1455. The request for payment or reissue must be supported by proof of the representative's authority. Such proof may consist of a court certificate or a certified copy of the representative's letters of appointment, issued by the court having jurisdiction. The certificate, or the certification to the letters, must be under the seal of the court, must contain a statement that the appointment is in full force, and should be dated within 6 months of the date of presentation of the bond for payment or reissue. If the representative is himself the person entitled and desires reissue in his own name a special order of court, showing that he is entitled to the bond in his own right, must be furnished. A request for payment before maturity executed on behalf of a corporate fiduciary must be authorized by a resolution of the governing body of the corporation or by a standing bylaw, a certified copy of which must be furnished the Treasury Department, Division of Loans and Currency, Washington, D. C., unless already on file.

- "(b) *After settlement through court proceedings.*—If the estate of the decedent has been settled in a court of competent jurisdiction, the bond will be paid to, or reissued in authorized denominations in the name of, the person or persons entitled thereto as heirs or legatees, as shown by the final account, decree of distribution, or other court records, supplemented, if there are two or more persons having any apparent interest in the bond, by an agreement executed by all such persons. The person or persons entitled should execute appropriate requests for payment or reissue, using Form PD 1459 for requesting reissue in the name of the person entitled alone, and Form PD 1077 for requesting reissue in the name of the person entitled, payable on death to a designated beneficiary. The request for payment or reissue, and the agreement, if required, must be supported by duly certified copies of the necessary court records.
- "(c) *Without administration.*—If no legal representative of the decedent's estate has been or is to be appointed, and if it is established to the satisfaction of the Secretary of the Treasury either that the gross value of the personal estate does not exceed \$500 or that administration of the estate is not required in the State of the decedent's last domicile, the bond will be paid to, or reissued in authorized denominations in the names of, the person or persons entitled thereto as heirs or legatees pursuant to an agreement of all persons entitled to any share in the estate, without requiring administration on the estate. The person or persons entitled should execute appropriate requests for payment or reissue, using Form PD 1459 for requesting reissue in the name of the person entitled alone, and Form PD 1077 for requesting reissue in the name of the person entitled, payable on death to a designated beneficiary. The request for payment or reissue must be supported by (1) affidavits by all persons entitled to any share in the estate, setting forth the facts in detail, and their agreement for the distribution of the bond, (2) proof that the debts of the decedent and of his estate have been paid or provided for, (3) affidavits of credibility by two disinterested persons having personal knowledge of the decedent and his family, and (4) a death certificate or other proof of the death of the decedent. (Use Form PD 1646, copies of which may be procured from the Treasury Department, Division of Loans and Currency, Washington, D. C., or from any Federal Reserve Bank.) No payment

or reissue will be permitted without administration if any of the persons entitled are minors or incompetents, except to them or in their names, in whole or to the extent of their interests in the decedent's entire personal estate, or upon compliance with the provisions of sections VIII and IX hereof governing payment of savings bonds registered in the names of such persons.

"2. *Forms of registration on reissue.*—In no case will reissue as authorized in this section be made in the names of two persons as coowners, nor will bonds bearing as issue dates April 1, 1940, or a subsequent date be reissued except in the names of natural persons (that is, individuals) in their own right.

#### "XVI. CREDITORS' RIGHTS AND JUDICIAL PROCEEDINGS

"1. *Judicial proceedings.*—A savings bond will be paid to, but not reissued in the name of, the person found entitled thereto through judicial proceedings, upon presentation and surrender of the bond: *Provided, however,* That no such proceedings will be recognized if they would give effect to an attempted voluntary transfer of the bond or would defeat or impair the rights of survivorship conferred by these regulations upon coowners and beneficiaries. Such payment will be made to the extent of the interest determined, at the redemption value current 30 days after the proceedings have become final or current at the time the bond is presented for payment, whichever is earlier. In appropriate cases the Treasury Department will require proof that the court acting had jurisdiction over the parties and subject matter, and proceeded in due course of its jurisdiction, and that the judgment or decree is final and conclusive, that it has fully and effectually transferred the title of the owner, and that it is not open to attack in any jurisdiction whatever. For this purpose duly authenticated copies of the complaint, order, and proof of service, all pleadings and records of other proceedings, the final judgment, order, or decree of the court, and any further proceedings thereunder, must be furnished, together with a certificate, under seal, from the clerk of the court showing that no appeal, motion for new trial, or other proceeding which may result in modifying the judgment has been taken, made, or applied for; that the time for such action has expired (or that any such proceedings have been finally terminated), and that the judgment is in full force and effect and has become final under the laws of the jurisdiction. In addition, reference should be furnished to the constitution or statutes of the State conferring jurisdiction upon the court and regulating the manner in which such jurisdiction may be exercised. The Secretary of the Treasury in any case may require such further information, documents, and security as he deems necessary.

"2. *Bankruptcy or insolvency.*—Payment (but not reissue) of a savings bond will be made to a duly qualified receiver or trustee in bankruptcy of the estate of the registered owner, adjudicated bankrupt or insolvent, upon request for payment duly executed by such receiver or trustee and supported by satisfactory proof of his appointment and qualification.

#### "XVII. PLEDGE WITH SECRETARY OF TREASURY

"1. *Use in lieu of surety under Department Circular No. 154.*—Notwithstanding any other provisions of this or any other circular, a savings bond may be pledged by the registered owner in lieu of surety under the provisions of Department Circular No. 154, amended: *Provided,* That the bond approving officer is the Secretary of the Treasury. In such cases an irrevocable power of attorney shall be executed authorizing the Secretary to request payment, and payment of the bond will, if it becomes necessary, be made upon such request at the then appropriate redemption value. No pledge to a bond approving officer other than the Secretary of the Treasury will be permitted. In no other case are savings bonds suitable for use as collateral, nor will a power of attorney to request payment be recognized in any other case.

#### "XVIII. REISSUE AND DENOMINATIONAL EXCHANGE

"1. *In general.*—Reissue of a savings bond in a different form of registration will be made only in the following instances:

- "(a) To correct an established error in the original issue;
- "(b) To show a change in the name of an owner or beneficiary whether by marriage or in any other legal manner;
- "(c) As specifically provided in this circular.

Reissues pursuant to (b) and (c) above will be made only at the Treasury Department, Division of Loans and Currency, Washington, D. C., and requests therefor should be made on appropriate forms, copies of which may be obtained from that Division or from any Federal Reserve Bank. In any case where reissue is authorized by these regulations, the Treasury Department reserves the right to treat the receipt of a bond and appropriate request for reissue thereof by a Federal Reserve Bank or the Treasury Department as determining the date upon which reissue as requested is effective. Bonds held in excess of the lawful limit, calculated in accordance with section IV hereof, will not be reissued except insofar as reissue may be made pursuant to (a) above.

"2. *Restrictions on denominational exchange.*—Exchange as between authorized denominations of savings bonds will not be permitted except in cases of partial redemption or authorized cases of reissue.

"3. *Description of new bonds.*—In all cases of reissue the savings bonds will be of the same series, will bear the same issue dates as the savings bonds surrendered, and will mature on the same dates.

#### "XIX. FURTHER PROVISIONS

"1. *Regulations prescribed.*—These regulations are prescribed by the Secretary of the Treasury as governing United States savings bonds issued under the authority of the Second Liberty Bond Act, approved September 24, 1917, as amended, and the provisions of Treasury Department Circular No. 300, as amended, have no application to such savings bonds except as hereinbefore specifically provided.

"2. *Additional proof; bond of indemnity.*—The Secretary of the Treasury, in any case arising under these regulations, may require such additional proof as he may consider necessary or advisable in the premises; and may require a bond of indemnity with satisfactory sureties, or an agreement of indemnity, in any case where he may consider such a bond or agreement necessary for the protection of the interests of the United States.

"3. *Supplements, amendments, or revisions.*—The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental, amendatory, or revised rules and regulations governing United States savings bonds.

"HENRY MORGENTHAU, JR.,  
"Secretary of the Treasury."

#### Exhibit 17

*Announcement by the Secretary of the Treasury March 22, 1940, relative to the registration and sale of United States savings bonds*

Secretary of the Treasury Morgenthau announced today that effective April 1, 1940, the registration of United States savings bonds sold on and after that date will be restricted to individuals.

The permissible registration will be in one name only, in two names as co-owners, or in one name with another individual designated as beneficiary. Registration of bonds sold on and after that date will no longer be permitted in the names of corporations, partnerships, associations, trustees, guardians, etc. Likewise, the sale of savings bonds on and after April 1 will be restricted to residents of the United States, its Territories and insular possessions, the Canal Zone, the Philippine Islands and to citizens of the United States temporarily residing abroad.

In explanation of these changes in conditions governing the registration of savings bonds, the Secretary stated that these bonds are intended primarily to furnish a type of Government security which will be attractive to any citizen desiring to lay aside funds for future use. These bonds are particularly intended as a repository for savings in relatively small amounts. These new restrictions are made in further emphasis of the basic purpose of these securities.

An average of 200,000 investors buy savings bonds each month, and the bonds purchased are the nucleus of funds set aside for the education of children, for the purchase of homes, for rainy-day reserves, and for old-age security.

Through March 18 of this year, approximately 12,000,000 savings bonds with a maturity value of \$3,805,957,700 had been bought. Less than 10 percent of the total, after 5 years of the sale of these bonds, have been redeemed.

## Miscellaneous

## Exhibit 18

*An act to amend the Second Liberty Bond Act, as amended*

[Public No. 201, 76th Cong., H. R. 5748]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 21 of the Second Liberty Bond Act (49 Stat. 21, as amended; U. S. C., Supp. IV, title 31, sec. 757b), is amended by striking out the following proviso: "Provided, That the face amount of bonds issued under the authority of this Act shall not exceed in the aggregate \$30,000,000,000 outstanding at any one time."*

Approved, July 20, 1939.

## Exhibit 19

*Title III of the act to provide for the expenses of national preparedness by raising revenue and issuing bonds, to provide a method for paying for such bonds, and for other purposes (Public No. 656, June 25, 1940)*

SEC. 301. The Secretary of the Treasury shall, as soon as practicable after the end of each quarter, determine the additional amount of taxes collected attributable to the increases in taxes made, and to the floor stocks taxes imposed, by the amendments to the Internal Revenue Code in title II of this act (not including the amount of taxes attributable solely to section 209 and not including any amount collected under section 1700 (a) (1) of the Internal Revenue Code attributable to a basic admission charge of more than 40 cents), and the amounts so determined shall be set aside as a special fund which shall be available only for the retirement of any of the obligations issued pursuant to the authority contained in section 21 (b) of the Second Liberty Bond Act, as amended. If at any time the amounts in the fund are not sufficient for such purpose, the Secretary of the Treasury is authorized and directed to transfer to the fund moneys out of the general fund of the Treasury. Any amounts in the special fund not necessary for the retirement of such obligations shall be deposited in the general fund of the Treasury.

SEC. 302. Section 21 of the Second Liberty Bond Act, as amended, is hereby further amended by inserting "(a)" after "21." and by adding at the end of such section a new paragraph as follows:

"(b) In addition to the amount authorized by the preceding paragraph of this section, any obligations authorized by sections 5 and 18 of this act, as amended, not to exceed in the aggregate \$4,000,000,000 outstanding at any one time, less any retirements made from the special fund made available under section 301 of the Revenue Act of 1940, may be issued under said sections to provide the Treasury with funds to meet any expenditures made, after June 30, 1940, for the national defense, or to reimburse the general fund of the Treasury therefor. Any such obligations so issued shall be designated 'National Defense Series'."

## Exhibit 20

*Regulations governing adjusted service bonds of 1945*

[Second amendment to Department Circular No. 560, Revised, as amended, dated December 30, 1936. Public Debt]

TREASURY DEPARTMENT,  
Washington, September 5, 1939.

*To Owners of Adjusted Service Bonds, and Others Concerned:*

1. Paragraph 12 (g) of Department Circular No. 560, Revised, as amended, dated December 30, 1936, is hereby amended to read as follows:

"In the Philippine Islands: In addition to the officers designated elsewhere in this paragraph, the United States High Commissioner, his Administrative Assistant, and the Chief Clerk in his office, under the High Commissioner's seal; Provincial and Municipal Treasurers, and City Treasurers in Manila and Baguio, under their respective seals; Philippine postmasters under the stamp of their



office; and, in Manila, Post Office inspectors assigned in Manila, under the seal of the Bureau of Posts: *Provided, however*, That the requests for payment witnessed and certified to by these officials shall be supported by the fingerprints of the veterans in the place provided therefor on the back of the bonds, and that the bonds be then forwarded to the Treasury of the Philippine Islands or to the Treasurer of the United States for payment."

2. This amendment shall be effective September 15, 1939, and the Secretary of the Treasury may at any time, or from time to time, withdraw or amend any or all of the provisions thereof.

HERBERT E. GASTON,  
*Acting Secretary of the Treasury.*

## SECURITIES GUARANTEED BY THE UNITED STATES

### Exhibit 21

#### *Offering of ½ percent notes of series D of the Commodity Credit Corporation*

On July 24, 1939, Secretary of the Treasury Morgenthau, on behalf of the Commodity Credit Corporation, invited subscriptions for 2 year, ½ percent notes of series D of the Corporation in the amount of \$200,000,000, or thereabouts.

[Department Circular No. 617. Public Debt]

TREASURY DEPARTMENT,  
*Washington, July 24, 1939.*

#### I. OFFERING OF NOTES

1. The Secretary of the Treasury, on behalf of the Commodity Credit Corporation, invites subscriptions, at par and accrued interest, from the people of the United States for notes of the Commodity Credit Corporation, designated ½ percent notes of series D. The amount of the offering is \$200,000,000, or thereabouts.

#### II. DESCRIPTION OF NOTES

1. The notes will be dated August 1, 1939, and will bear interest from that date at the rate of ½ percent per annum, payable semiannually on February 1 and August 1 in each year until the principal amount becomes payable. They will mature August 1, 1941, and will not be subject to call for redemption prior to maturity.

2. These notes are issued under the authority of the act approved March 8, 1938 (Public No. 442, 75th Cong.) which provides that these notes shall be fully and unconditionally guaranteed both as to interest and principal by the United States; that they shall be deemed and held to be instrumentalities of the Government of the United States, and as such they and the income derived therefrom shall be exempt from Federal, State, municipal, and local taxation (except surtaxes, estate, inheritance, and gift taxes); and that the notes shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof.

3. The authorizing act further provides that in the event the Commodity Credit Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such obligations, the Secretary of the Treasury shall pay to the holder the amount thereof which is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such obligations.

4. Bearer notes with interest coupons attached will be issued in denominations of \$1,000, \$5,000, \$10,000, and \$100,000. The notes will not be issued in registered form.

#### 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. Others than banking institutions will not be permitted to enter subscriptions

except for their own account. Subscriptions from banks and trust companies for their own account will be received without deposit but will be restricted in each case to an amount not exceeding one-half of the combined capital and surplus of the subscribing bank or trust company. Subscriptions from all others must be accompanied by payment of 10 percent of the amount of notes applied for. The Secretary of the Treasury reserves the right to close the books as to any or all subscriptions or classes of subscriptions at any time without notice.

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, to make allotments in full upon applications for smaller amounts and to make reduced allotments upon, or to reject, applications for larger amounts, or to adopt any or all of said methods or such other methods of allotment and classification of allotments as shall be deemed by him to be in the public interest; and his action in any or all of these respects shall be final. Allotment notices will be sent out promptly upon allotment, and the basis of the allotment will be publicly announced.

#### IV. PAYMENT

1. Payment at par and accrued interest, if any, for notes allotted hereunder must be made or completed on or before August 1, 1939, or on later allotment. In every case where payment is not so completed, the payment with application up to 10 percent of the amount of notes applied for shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited to the United States.

#### V. 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.

HENRY MORGENTHAU, JR.,  
Secretary of the Treasury.

#### Exhibit 22

*Subscriptions and allotments, Commodity Credit Corporation notes of series D (from press releases, July 25, 27, and 31, 1939<sup>1</sup>)*

On July 24, 1939, Secretary of the Treasury Morgenthau announced that the subscription books for the offering of ½ percent notes of series D of the Commodity Credit Corporation closed at the close of business July 24, 1939. Reports from the Federal Reserve Banks showed that subscriptions aggregated \$2,853,368,000, of which \$202,553,000 was allotted. Subscriptions were allotted 7 percent, but not less than \$1,000 on any one subscription. Subscriptions and allotments were divided among the Federal Reserve districts as follows:

Federal Reserve district	Subscriptions received	Subscriptions allotted	Federal Reserve district	Subscriptions received	Subscriptions allotted
Boston.....	\$214,936,000	\$15,132,000	St. Louis.....	\$63,996,000	\$4,673,000
New York.....	1,416,910,000	99,409,000	Minneapolis.....	31,724,000	2,287,000
Philadelphia.....	141,049,000	9,958,000	Kansas City.....	46,762,000	3,383,000
Cleveland.....	166,078,000	11,795,000	Dallas.....	46,553,000	3,448,000
Richmond.....	83,654,000	6,014,000	San Francisco.....	210,290,000	14,756,000
Atlanta.....	74,780,000	6,319,000			
Chicago.....	356,631,000	25,379,000	Total.....	2,853,368,000	202,553,000

<sup>1</sup>Revised August 18, 1939.

## Exhibit 23

*Offering of 1 percent notes of series E of the Commodity Credit Corporation*

On October 17, 1939, Secretary of the Treasury Morgenthau, on behalf of the Commodity Credit Corporation, invited subscriptions for 1 percent notes of series E of the Corporation, dated November 2, 1939, and maturing November 15, 1941, in exchange for notes of series C of the Corporation maturing November 2, 1939. The amount of the offering was limited to the amount of notes of series C tendered, but, to the extent the maturing notes were not tendered for payment for the new notes, an additional amount of the new notes might be offered for cash. In the related press release it was stated that about \$206,000,000 of series C notes would mature November 2, 1939.

[Department Circular No. 620. Public Debt]

TREASURY DEPARTMENT,  
Washington, October 17, 1939.

## I. OFFERING OF NOTES

1. The Secretary of the Treasury, on behalf of the Commodity Credit Corporation, invites subscriptions, at par, from the people of the United States for notes of the Commodity Credit Corporation, designated 1 percent notes of series E, the amount of the offering under this circular to be limited to an amount equal to the amount of series C notes of the Corporation, maturing November 2, 1939, tendered for payment in accordance with sections III and IV of this circular.

2. The right is reserved to offer for cash subscription, upon such terms and conditions as may be prescribed by the Commodity Credit Corporation with the approval of the Secretary of the Treasury, an additional amount of notes of series E approximately equal to the amount of notes of series C not tendered for payment in accordance with the provisions of this circular.

## II. DESCRIPTION OF NOTES

1. The notes will be dated November 2, 1939, and will bear interest from that date at the rate of 1 percent per annum, payable on a semiannual basis on May 15 and November 15 in each year until the principal amount becomes payable, the first coupon being dated May 15, 1940. They will mature November 15, 1941, and will not be subject to call for redemption prior to maturity.

2. These notes are issued under the authority of the act approved March 8, 1938 (Public No. 442, 75th Cong.), as amended, which provides that these notes shall be fully and unconditionally guaranteed both as to interest and principal by the United States;<sup>1</sup> \* \* \*

## III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions will be received at the Federal Reserve Banks and branches and at the Treasury Department, Washington, and should be accompanied by notes of series C tendered for payment, to a par amount equal to the par amount of notes of series E subscribed for. 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. The Secretary of the Treasury reserves the right to close the books as to any or all subscriptions or classes of subscriptions at any time without notice.

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, to make allotments in full upon applications for smaller amounts and to make reduced allotments upon, or to reject, applications for larger amounts, or to adopt any or all of said methods or such other methods of allotment and classification of allotments as shall be deemed by him to be in the public interest; and his action in any or all of 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 subscribed for hereunder must be made on or before November 2, 1939, or on later allotment, and may be made only through application of the proceeds of payment of a like par amount of notes of series C, maturing November 2, 1939, tendered hereunder.

<sup>1</sup> Omitted portion similar to corresponding section of Department Circular No. 617, p. 443.

## V. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions<sup>1</sup> \* \* \*

HENRY MORGENTHAU, Jr.,  
Secretary of the Treasury.

## Exhibit 24

*Allotments, Commodity Credit Corporation notes of series E (from press releases, October 17 and 23, 1939<sup>2</sup>)*

On October 17, 1939, Secretary of the Treasury Morgenthau announced that the subscription books for the offering of 1 percent notes of series E of the Commodity Credit Corporation would close at the close of business October 18, 1939. Reports from the Federal Reserve Banks showed that \$204,241,000 of notes of series C were tendered for payment for the new notes. Subscriptions were allotted in full.

Allotments were divided among the Federal Reserve districts and the Treasury as follows:

Federal Reserve district	Subscriptions received and allotted	Federal Reserve district	Subscriptions received and allotted
Boston.....	\$6,645,000	Minneapolis.....	\$1,714,000
New York.....	136,469,000	Kansas City.....	3,838,000
Philadelphia.....	1,610,000	Dallas.....	3,449,000
Cleveland.....	8,742,000	San Francisco.....	3,550,000
Richmond.....	2,118,000	Treasury.....	345,000
Atlanta.....	3,148,000		
Chicago.....	28,272,000	Total.....	204,241,000
St. Louis.....	4,341,000		

## Exhibit 25

*Offering of 1 percent notes of series S of the Reconstruction Finance Corporation*

On October 31, 1939, Secretary of the Treasury Morgenthau, on behalf of the Reconstruction Finance Corporation, offered for subscription 1 percent notes of series S of the Corporation, in the amount of \$250,000,000, or thereabouts.

[Department Circular No. 624. Public Debt]

TREASURY DEPARTMENT,  
Washington, October 31, 1939.

## I. OFFERING OF NOTES

1. The Secretary of the Treasury, on behalf of the Reconstruction Finance Corporation, invites subscriptions, at par and accrued interest, from the people of the United States for notes of the Reconstruction Finance Corporation, designated 1 percent notes of series S. The amount of the offering is \$250,000,000, or thereabouts.

## II. DESCRIPTION OF NOTES

1. The notes will be dated November 10, 1939, and will bear interest from that date at the rate of 1 percent per annum, payable on a semiannual basis on January 1 and July 1 in each year until the principal amount becomes payable. They will mature July 1, 1942, and will not be subject to call for redemption prior to maturity.

2. The notes will be issued under authority of an act of Congress (known as "Reconstruction Finance Corporation Act") approved January 22, 1932, as amended and supplemented, which provides that the notes shall be fully and unconditionally guaranteed both as to interest and principal by the United States and such guaranty shall be expressed on the face thereof; and that they shall be exempt both as to principal and interest from all taxation (except sur-

<sup>1</sup> Omitted portion similar to corresponding section of Department Circular No. 617, p. 443.

<sup>2</sup> Revised November 13, 1939.

taxes, 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. These notes shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof.

3. The authorizing act further provides that in the event the Reconstruction Finance Corporation shall be unable to pay upon demand, when due, the principal of or interest on notes issued by it, the Secretary of the Treasury shall pay the amount thereof, which is authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes.

4. Bearer notes with interest coupons attached will be issued in denominations of \$1,000, \$5,000, \$10,000 and \$100,000. The notes will not be issued in registered form.

### 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. Others than banking institutions will not be permitted to enter subscriptions except for their own account. Subscriptions from banks and trust companies for their own account will be received without deposit but will be restricted in each case to an amount not exceeding one-half of the combined capital and surplus of the subscribing bank or trust company. Subscriptions from all others must be accompanied by payment of 10 percent of the amount of notes applied for. The Secretary of the Treasury reserves the right to close the books as to any or all subscriptions or classes of subscriptions at any time without notice.

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, to make allotments in full upon applications for smaller amounts and to make reduced allotments upon, or to reject, applications for larger amounts, or to adopt any or all of said methods or such other methods of allotment and classification of allotments as shall be deemed by him to be in the public interest; and his action in any or all of these respects shall be final. Allotment notices will be sent out promptly upon allotment, and the basis of the allotment will be publicly announced.

### IV. PAYMENT

1. Payment at par and accrued interest, if any, for notes allotted hereunder must be made or completed on or before November 10, 1939, or on later allotment. In every case where payment is not so completed, the payment with application up to 10 percent of the amount of notes applied for shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited to the United States.

### V. 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.

HENRY MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

## Exhibit 26

*Subscriptions and allotments, Reconstruction Finance Corporation notes of series S (from press releases, November 1, 3, and 6, 1939<sup>1</sup>)*

On October 31, 1939, Secretary of the Treasury Morgenthau announced that the subscription books for the offering of 1 percent notes of series S of the Reconstruction Finance Corporation closed at the close of business October 31, 1939. Reports from the Federal Reserve Banks showed that subscriptions aggregated \$3,618,674,000, of which \$275,868,000 was allotted. Subscriptions were allotted 7½ percent, but not less than \$1,000 on any one subscription.

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

Federal Reserve district	Subscriptions received	Subscriptions allotted	Federal Reserve district	Subscriptions received	Subscriptions allotted
Boston.....	\$209,255,000	\$15,938,000	Minneapolis.....	\$52,033,000	\$4,017,000
New York.....	1,814,510,000	136,825,000	Kansas City.....	56,813,000	4,402,000
Philadelphia.....	184,934,000	14,024,000	Dallas.....	59,696,000	4,811,000
Cleveland.....	257,111,000	19,585,000	San Francisco.....	247,506,000	18,665,000
Richmond.....	111,658,000	8,845,000	Treasury.....	1,250,000	94,000
Atlanta.....	86,792,000	7,802,000			
Chicago.....	460,900,000	35,220,000	Total.....	3,618,674,000	275,868,000
St. Louis.....	76,222,000	5,940,000			

## Exhibit 27

*Partial redemption, before maturity, of 2¾ percent mutual mortgage insurance fund debentures, series B (second call)*

[Department Circular No. 621. Public Debt]

TREASURY DEPARTMENT,  
Washington, October 6, 1939.

*To Holders of 2¾ Percent Mutual Mortgage Insurance Fund Debentures, Series B:*

**I. NOTICE OF SECOND CALL FOR PARTIAL REDEMPTION, BEFORE MATURITY, OF 2¾ PERCENT MUTUAL MORTGAGE INSURANCE FUND DEBENTURES, SERIES B**

The Federal Housing Administrator, 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 mutual mortgage insurance fund debentures, series B:

"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 B, of the denominations and serial numbers designated below, are hereby called for redemption, at par and accrued interest, on January 1, 1940, on which date interest on such debentures shall cease:

Denomination	Serial numbers	
	Regular series (All numbers inclusive)	Star series
\$50.....	107 to 247	
\$100.....	348 to 773	
\$500.....	154 to 476	14 and 15
\$1,000.....	501 to 1,042	
\$5,000.....	21 to 64	3
\$10,000.....	5 to 8	

"The debentures first issued, as determined by the serial numbers, were selected for redemption by the Federal Housing Administrator, 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, 1939. This does not affect the right of the holder of a debenture to sell and assign the debenture on or after October 1, 1939, and provision will be made for the payment of final interest due January 1, 1940, with the principal thereof to the actual owner, as shown by the assignments thereon.

<sup>1</sup> Revised November 24, 1939.

"The Federal Housing Administrator hereby offers to purchase any called debentures at any time from October 1, to January 1, 1940, 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, 1940, or for purchase prior to that date will be given by the Secretary of the Treasury."

## II. TRANSACTIONS IN SECOND-CALLED DEBENTURES

1. The debentures included in the foregoing notice of call for partial redemption on January 1, 1940, are hereby designated *second-called* 2½ percent mutual mortgage insurance fund debentures, series B, and are hereinafter referred to as *second-called* debentures.

2. Transfers and denominational exchanges in *second-called* debentures terminated at the close of business on September 30, 1939.

## III. REDEMPTION OR PURCHASE

1. Holders of *second-called* debentures will be entitled to have such debentures redeemed and paid at par on January 1, 1940, with interest in full to that date, at the rate of \$13.75 per \$1,000. Interest on *second-called* debentures will cease on January 1, 1940.

2. Holders of *second-called* debentures have the privilege of presenting such debentures at any time prior to January 1, 1940, for purchase at par and accrued interest, at the rate of \$0.074728 per \$1,000 per day from July 1, 1939, 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 Administrator for the redemption and purchase of *second-called* debentures. In accordance with regulations adopted by the Federal Housing Administrator and approved by the Secretary of the Treasury, the assignment, redemption, and purchase of *second-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. *Second-called* debentures presented for redemption on January 1, 1940, or for purchase prior to that date, must be assigned by the registered payee or assignees thereof or by their duly constituted representatives in the form indicated in paragraph 3 hereof, and should thereafter be presented and surrendered to any Federal Reserve Bank or to the Division of Loans and Currency, Treasury Department, Washington, D. C., accompanied by appropriate written advice. (Use Form PD 1632 attached hereto.) The debentures must be delivered at the expense and risk of the holders. (See par. 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 Administrator for redemption" or to "The Federal Housing Administrator for purchase," according to whether the debentures are to be presented for redemption on January 1, 1940, 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 Administrator 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 *second-called* debentures, whether purchased prior to, or redeemed on or after January 1, 1940, 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. A *second-called* debenture registered in the name of, or assigned to, a corporation, will be paid to such corporation on or after January 1, 1940, 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, 1940, and in case of assignments for redemption on or after January 1, 1940, 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, 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.

9. In order to facilitate the redemption of *second-called* debentures on January 1, 1940, any such debentures may be presented and surrendered in the manner herein prescribed in advance of that date but not before December 1, 1939. 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 *second-called* debentures under this circular may be obtained from any Federal Reserve Bank or from the Division of Loans and Currency, Treasury Department, Washington, 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 *second-called* debentures.

HERBERT E. GASTON,  
*Acting Secretary of the Treasury.*

TREASURY DEPARTMENT  
*Public Debt Service*  
Form PD 1632

*Form of Advice to Accompany Second-Called 2½ Percent Mutual Mortgage Insurance Fund Debentures, Series B, Presented for Redemption on January 1, 1940, or for Purchase Prior to That Date*

To the FEDERAL RESERVE BANK OF -----,  
or

TREASURY DEPARTMENT, DIVISION OF LOANS AND CURRENCY, Washington,  
D. C.:

Pursuant to the provisions of Treasury Department Circular No. 621, dated October 6, 1939, the undersigned presents and surrenders herewith for -----

(Indicate whether for immediate purchase or for redemption on January 1, 1940)

\$-----, face amount of *second-called* 2½ percent mutual mortgage insurance fund debentures, series B, registered in the name of ----- and



duly assigned to "The Federal Housing Administrator for \_\_\_\_\_,"  
as follows:

Number of debentures	Denomination	Serial numbers of debentures	Face amount
-----	\$50	-----	\$-----
-----	100	-----	-----
-----	500	-----	-----
-----	1,000	-----	-----
-----	5,000	-----	-----
-----	10,000	-----	-----
Total	-----	-----	\$-----

and requests that remittance covering payment therefor be forwarded to the undersigned at the address indicated below.

Signature-----  
Name (please print)-----  
Address in full-----

Date-----

### Exhibit 28

*Partial redemption, before maturity, of 2¾ percent mutual mortgage insurance fund debentures, series B (third call)*

[Department Circular No. 633. Public Debt]

TREASURY DEPARTMENT,  
Washington, March 26, 1940.

*To Holders of 2¾ Percent Mutual Mortgage Insurance Fund Debentures, Series B:*

#### I. NOTICE OF THIRD CALL FOR PARTIAL REDEMPTION, BEFORE MATURITY, OF 2¾ PERCENT MUTUAL MORTGAGE INSURANCE FUND DEBENTURES, SERIES B

The Federal Housing Administrator, 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 mutual mortgage insurance fund debentures, series B:

"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 B, of the denominations and serial numbers designated below, are hereby called for redemption, at par and accrued interest, on July 1, 1940, on which date interest on such debentures shall cease:

Denomination	Serial numbers (All numbers inclusive)
\$50-----	248 to 426
\$100-----	774 to 1,460
\$500-----	477 to 751
\$1,000-----	1,043 to 1,914
\$5,000-----	65 to 115
\$10,000-----	9 to 13

"The debentures first issued, as determined by the serial numbers, were selected for redemption by the Federal Housing Administrator, 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, 1940. This does not affect the right of the holder of a debenture to sell and assign the debenture on or after April 1, 1940, and provision will be made for the payment of final interest due July 1, 1940, with the principal thereof to the actual owner, as shown by the assignments thereon.

\*Debentures presented for immediate purchase should be assigned to "The Federal Housing Administrator for purchase"; debentures presented for redemption on January 1, 1940, should be assigned to "The Federal Housing Administrator for redemption."

"The Federal Housing Administrator hereby offers to purchase any debentures included in this call at any time from April 1 to June 30, 1940, 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, 1940, or for purchase prior to that date will be given by the Secretary of the Treasury."

## II. TRANSACTIONS IN THIRD-CALLED DEBENTURES

1. The debentures included in the foregoing notice of call for partial redemption on July 1, 1940, are hereby designated *third-called* 2½ percent mutual mortgage insurance fund debentures, series B, and are hereinafter referred to as *third-called* debentures.

2. Transfers and denominational exchanges in *third-called* debentures will terminate at the close of business on March 31, 1940.

## III. REDEMPTION OR PURCHASE

1. Holders of *third-called* debentures will be entitled to have such debentures redeemed and paid at par on July 1, 1940, with interest in full to that date, at the rate of \$13.75 per \$1,000. Interest on *third-called* debentures will cease on July 1, 1940.

2. Holders of *third-called* debentures have the privilege of presenting such debentures at any time from April 1 to June 30, 1940, inclusive, for purchase at par and accrued interest, at the rate of \$0.075549 per \$1,000 per day from January 1, 1940, 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 Administrator for the redemption and purchase of *third-called* debentures. In accordance with regulations adopted by the Federal Housing Administrator and approved by the Secretary of the Treasury, the assignment, redemption, and purchase of *third-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. *Third-called* debentures presented for redemption on July 1, 1940, or for purchase from April 1 to June 30, 1940, inclusive, must be assigned by the registered payee or assignee thereof or by their duly constituted representatives in the form indicated in paragraph 3 hereof, and should thereafter be presented and surrendered to any Federal Reserve Bank or to the Division of Loans and Currency, Treasury Department, Washington, D. C., accompanied by appropriate written advice. (Use Form PD 1641 attached hereto.) The debentures must be delivered at the expense and risk of the holders. (See par. 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 Administrator for redemption" or to "The Federal Housing Administrator for purchase," according to whether the debentures are to be presented for redemption on July 1, 1940, 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 Administrator 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 *third-called* debentures, whether purchased prior to, or redeemed on or after July 1, 1940, 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. A *third-called* debenture registered in the name of, or assigned to, a corporation, will be paid to such corporation on or after July 1, 1940, 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 July 1, 1940, and in case of assignments for redemption on or after July 1, 1940, 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, 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 *third-called* debentures on July 1, 1940, any such debenture may be presented and surrendered in the manner herein prescribed in advance of that date but not before June 1, 1940. 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 *third-called* debentures under this circular may be obtained from any Federal Reserve Bank or from the Division of Loans and Currency, Treasury Department, Washington, 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 *third-called* debentures.

D. W. BELL,

*Acting Secretary of the Treasury.*

TREASURY DEPARTMENT  
Public Debt Service  
Form PD 1641

*Form of Advice to Accompany Third-Called 2½ Percent Mutual Mortgage Insurance Fund Debentures, Series B, Presented for Redemption on July 1, 1940, or for Purchase Prior to That Date*

To the FEDERAL RESERVE BANK OF -----,

OR

TREASURY DEPARTMENT, DIVISION OF LOANS AND CURRENCY, Washington, D. C.:

Pursuant to the provisions of Treasury Department Circular No. 633, dated March 26, 1940, the undersigned presents and surrenders herewith for -----

(Indicate whether for immediate purchase or for redemption on July 1, 1940)

\$-----, face amount of *third-called* 2½ percent mutual mortgage insurance fund debentures, series B, registered in the name of ----- and

duly assigned to "The Federal Housing Administrator for -----,"  
as follows:

Number of debentures	Denomination	Serial numbers of debentures	Face amount
-----	\$50	-----	\$-----
-----	100	-----	-----
-----	500	-----	-----
-----	1,000	-----	-----
-----	5,000	-----	-----
-----	10,000	-----	-----
Total-----	-----	-----	\$-----

and requests that remittance covering payment therefor be forwarded to the undersigned at the address indicated below.

Signature-----  
Name (please print)-----  
Address in full-----  
-----

Date -----

\*Debentures presented for immediate purchase should be assigned to "The Federal Housing Administrator for purchase;" debentures presented for redemption on July 1, 1940, should be assigned to "The Federal Housing Administrator for redemption."

#### Exhibit 29

*Portion of the act to amend the Tennessee Valley Authority Act of 1933, relative to the issue of bonds by the Tennessee Valley Authority (Public No. 224, July 26, 1939)*

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Tennessee Valley Authority Act of 1933, as amended, is amended by adding after section 15a the following new sections:

"SEC. 15b. No bonds shall be issued by the Corporation after the date of enactment of this section under section 15 or section 15a.

"SEC. 15c. With the approval of the Secretary of the Treasury the Corporation is authorized, after the date of enactment of this section, to issue bonds not to exceed in the aggregate \$61,500,000. Such bonds may be sold by the Corporation to obtain funds which may be used for the following purposes only: \* \* \*.

"The Corporation shall file with the President and with the Congress in December of each year a financial statement and complete report as to the expenditure of funds derived from the sale of bonds under this section covering the period not covered by any such previous statement or report. Such bonds shall be in such forms and denominations, shall mature within such periods not more than fifty years from the date of their issue, may be redeemable at the option of the Corporation before maturity in such manner as may be stipulated therein, shall bear such rates of interest not exceeding 3½ per centum per annum, shall be subject to such terms and conditions, shall be issued in such manner and amount, and sold at such prices, as may be prescribed by the Corporation with the approval of the Secretary of the Treasury: *Provided*, That such bonds shall not be sold at such prices or on such terms as to afford an investment yield to the holders in excess of 3½ per centum per annum. Such bonds shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Corporation should not pay upon demand when due, the principal of, or interest on, such bonds, the Secretary of the Treasury shall pay to the holder the amount thereof, which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase

any bonds issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the Corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the Corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the Corporation shall be treated as public debt transactions of the United States. With the approval of the Secretary of the Treasury, the Corporation shall have power to purchase such bonds in the open market at any time and at any price. None of the proceeds of the bonds shall be used for the performance of any proposed contract negotiated by the Corporation under the authority of section 12a of this act until the proposed contract shall have been submitted to and approved by the Federal Power Commission. When any such proposed contract shall have been submitted to the said Commission, the matter shall be given precedence and shall be in every way expedited and the Commission's determination of the matter shall be final. The authority of the Corporation to issue bonds under this section shall expire January 1, 1941, except that if at the time such authority expires the amount of bonds issued by the Corporation under this section is less than \$61,500,000, the Corporation may, subject to the foregoing provisions of this section, issue, after the expiration of such period, bonds in an amount not in excess of the amount by which the bonds so issued prior to the expiration of such period is less than \$61,500,000, for refunding purposes, or, subject to the provisions of paragraph (5) of this section (limiting the purposes for which loans under section 12a of funds derived from bond proceeds may be made) to provide funds found necessary in the performance of any contract entered into by the Corporation prior to the expiration of such period, under the authority of section 12a."

## MONETARY DEVELOPMENTS <sup>1</sup>

### Exhibit 30

*An act to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised*

[Public No. 165, 76th Cong., H. R. 3325]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That subsection (a) of section 10 of the Gold Reserve Act of 1934, approved January 30, 1934, as amended, is further amended by striking out the period at the end of such subsection and adding thereto the words "and to the Congress."

SEC. 2. Subsection (c) of section 10 of the Gold Reserve Act of 1934, approved January 30, 1934, as amended, is further amended to read as follows:

"(c) All the powers conferred by this section shall expire June 30, 1941, unless the President shall sooner declare the existing emergency ended and the operation of the stabilization fund terminated."

SEC. 3. The second sentence added to paragraph (b) (2) of section 43, title III, of the Act approved May 12, 1933, by section 12 of said Gold Reserve Act of 1934, as amended, is further amended to read as follows: "The powers of the President specified in this paragraph shall be deemed to be separate, distinct, and continuing powers, and may be exercised by him, from time to time, severally or together, whenever and as the expressed objects of this section in his judgment may require; except that such powers shall expire June 30, 1941, unless the President shall sooner declare the existing emergency ended."

SEC. 4. (a) Each United States coinage mint shall receive for coinage into standard silver dollars any silver which such mint, subject to regulations prescribed by the Secretary of the Treasury, is satisfied has been mined subsequently to July 1, 1939, from natural deposits in the United States or any place subject to the jurisdiction thereof.

(b) The Director of such mint with the consent of the owner shall deduct and retain of such silver so received 45 per centum as seigniorage for services performed by the Government of the United States relative to the coinage and delivery of

<sup>1</sup> Newly mined domestic silver regulations of July 6, 1939, and the amendment of July 25, 1939, to the newly mined domestic silver regulations of January 16, 1939, are not reproduced here.

silver dollars. The balance of such silver so received, that is 55 per centum, shall be coined into standard silver dollars and the same or any equal number of other standard silver dollars shall be delivered to the owner or depositor of such silver, and no provisions of law taxing transfers of silver shall extend or apply to any delivery of silver to a United States mint under this section. The 45 per centum of such silver so deducted shall be retained as bullion by the Treasury or coined into standard silver dollars and held or disposed of in the same manner as other bullion or silver dollars held in or belonging to the Treasury.

(c) The Secretary of the Treasury is authorized to prescribe regulations to carry out the purposes of this section. Such regulations shall contain provisions substantially similar to the provisions contained in the regulations issued pursuant to the Act of Congress approved April 23, 1918 (40 Stat. L., p. 535), known as the Pittman Act, with such changes as he shall determine prescribing how silver tendered to such mints shall be identified as having been produced from natural deposits in the United States or any places subject to its jurisdiction subsequent to July 1, 1939.

Approved, July 6, 1939.

### Exhibit 31

*Proclamation, July 25, 1939, modifying the proclamation of December 21, 1933, as modified, relating to newly mined domestic silver*

Whereas by proclamation of the twenty-first day of December, 1933, as modified by proclamations of the ninth day of August, 1934, the tenth and twenty-fourth days of April, 1935, the thirtieth day of December, 1937, and the thirty-first day of December, 1938, the United States coinage mints are directed to receive for coinage and addition to the monetary stocks of the United States silver mined subsequently to December 21, 1933, from natural deposits in the United States or any place subject to the jurisdiction thereof;

And whereas such proclamation as so modified is subject to revocation or further modification as the interests of the United States may seem to require;

Now, therefore, finding that the interests of the United States require further modification of said proclamation of the twenty-first day of December, 1933, as so modified; by virtue of the power in me vested by the act of Congress cited in said proclamation, and other legislation designated for national recovery, and by virtue of all other authority in me vested;

I, Franklin D. Roosevelt, President of the United States of America, do hereby proclaim and direct that, unless repealed or further modified by act of Congress or by subsequent proclamation, the said proclamation of the twenty-first day of December 1933, as heretofore and hereby modified, shall remain in force and effect until the thirty-first day of December 1939, with respect to silver mined subsequently to December 21, 1933, and on or before July 1, 1939, from natural deposits in the United States or any place subject to the jurisdiction thereof; and I do further proclaim and direct that the proviso:

"that silver to be eligible for receipt under the said proclamation of the twenty-first day of December 1933, as heretofore and hereby modified, must be delivered to a United States coinage mint not later than June 30, 1939."

stated in the said proclamation of the thirty-first day of December, 1938, is hereby rescinded.

Notice is hereby given that I reserve the right by virtue of the authority vested in me to revoke or modify this proclamation as the interests of the United States may seem to require.

In witness whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the City of Washington this 25th day of July, in the year of our Lord nineteen hundred and thirty-nine, and of the Independence of the United States of America the one hundred and sixty-fourth.

By the President:

CORDELL HULL,  
Secretary of State.

FRANKLIN D. ROOSEVELT.

### Exhibit 32

*Statement by the Secretary of the Treasury, September 11, 1939, that the tripartite declaration relative to France continued in effect*

The Secretary of the Treasury stated that he had been advised by the Minister Finance of France of the emergency action of the French Government in setting

up a system of exchange control in France and in French territories overseas. The Secretary said that the United States Government recognized the emergency conditions which impelled this action, and stated that the tripartite declaration continues in effect.

### Exhibit 33

*Announcement of the Treasury Department, April 16, 1940, relative to the official rate for certain foreign currencies*

The Treasury Department today instructed collectors of customs and others concerned that the "official" rate for the British pound sterling as certified to the Treasury Department by the Federal Reserve Bank at New York is to be used in the collection of estimated duties, appraisement of merchandise, and the final liquidation of duties wherever the conversion of British pounds sterling into United States dollars is necessary for such purposes. Similar instructions were issued with respect to the Canadian dollar, Newfoundland dollar, and the Australian pound, for all of which currencies the Federal Reserve Bank at New York has been reporting two rates of exchange to the Treasury Department.

The Treasury Department will carefully observe future developments with respect to those foreign currencies for which more than one rate of exchange is reported by the Federal Reserve Bank with a view to examining the situation with respect to any of such currencies if changed conditions warrant it.

## TAXATION \*

### Exhibit 34

*Tax rate changes made by the Revenue Act of 1940 and the rates which they superseded*

A.—SURTAX RATES UNDER TITLE I OF THE REVENUE ACT OF 1940 AND UNDER PRIOR LAW

Amount of surtax net income		Rate under prior law	Rate under title I of Revenue Act of 1940 <sup>1</sup>
Exceeding	Not exceeding		
		Percent	Percent
\$4,000	\$6,000	4	4
\$6,000	8,000	5	6
\$8,000	10,000	6	8
\$10,000	12,000	7	10
\$12,000	14,000	8	12
\$14,000	16,000	9	15
\$16,000	18,000	11	18
\$18,000	20,000	13	21
\$20,000	22,000	15	24
\$22,000	26,000	17	27
\$26,000	32,000	19	30
\$32,000	38,000	21	33
\$38,000	44,000	24	36
\$44,000	50,000	27	40
\$50,000	56,000	31	44
\$56,000	60,000	35	44
\$60,000	62,000	35	47
\$62,000	68,000	39	47
\$68,000	70,000	43	47
\$70,000	74,000	43	50
\$74,000	80,000	47	50
\$80,000	90,000	51	53
\$90,000	100,000	55	56
\$100,000	150,000	58	58
\$150,000	200,000	60	60
\$200,000	250,000	62	62
\$250,000	300,000	64	64
\$300,000	400,000	66	66
\$400,000	500,000	68	68
\$500,000	750,000	70	70
\$750,000	1,000,000	72	72
\$1,000,000	2,000,000	73	73
\$2,000,000	5,000,000	74	74
\$5,000,000 and up		75	75

\* See page 139 for a résumé of the provisions of the revenue legislation enacted during 1940.

<sup>1</sup> Effective for taxable years beginning after December 31, 1939.

*Tax rate changes made by the Revenue Act of 1940 and the rates which they superseded—Continued*

**B.—RATES OF VARIOUS TAXES UNDER TITLE II (DEFENSE TAXES) OF THE REVENUE ACT OF 1940<sup>1</sup> AND UNDER PRIOR LAW**

Section of the Internal Revenue Code	Description of tax	Old rate	Defense tax rate <sup>2</sup>	Percentage of increase
1700 (b)	Box seats	10 percent	11 percent	10
1700 (c)	Sales outside box office	10 percent	11 percent	10
1700 (e)	Cabaret	1½ cents	2 cents	33½
1710 (a) (1)	Dues	10 percent	11 percent	10
1710 (a) (2)	Initiation fees	10 percent	11 percent	10
1801	Corporate securities	10 cents	11 cents	10
1802 (a)	Capital stock issues	10 cents	11 cents	10
1802 (a)	Capital stock issues	2 cents	3 cents	50
1802 (b)	Capital stock transfers	4 cents	5 cents	25
1802 (b)	Capital stock transfers	5 cents	6 cents	20
1804	Insurance policies	3 cents	4 cents	33½
1806	Passage tickets	\$1	\$1.10	10
1806	Passage tickets	\$3	\$3.30	10
1806	Passage tickets	\$5	\$5.50	10
1807	Playing cards	10 cents	11 cents	10
1850 (a)	Safe-deposit boxes	10 percent	11 percent	10
2000 (c) (2)	Cigarettes	\$3	\$3.25	8¼
2000 (c) (2)	Cigarettes	\$7.20	\$7.80	8¼
2700 (a)	Pistols and revolvers	10 percent	11 percent	10
2800 (a) (1)	Distilled spirits generally	\$2.25	\$3	33¼
2800 (a) (1)	Brandy	\$2	\$2.75	37½
2800 (a) (3)	Imported perfumes	\$2.25	\$3	33¼
3030 (a) (1) (A)	Still wines	5 cents	6 cents	20
3030 (a) (1) (A)	Still wines	15 cents	18 cents	20
3030 (a) (1) (A)	Still wines	25 cents	30 cents	20
3030 (a) (2)	Sparkling wines	2½ cents	3 cents	20
3030 (a) (2)	Sparkling wines	1¼ cents	1½ cents	20
3030 (a) (2)	Liqueurs, cordials, etc.	1¼ cents	1½ cents	20
3150 (a)	Fermented malt liquors	\$5	\$6	20
3250 (a) (1)	Wholesalers in liquor	\$100	\$110	10
3250 (b)	Retailers in liquor	\$25	\$27.50	10
3250 (c)	Brewers	\$100	\$110	10
3250 (c)	Brewers	\$50	\$55	10
3250 (d)	Wholesalers in malt liquors	\$50	\$55	10
3250 (e)	Retailers	\$20	\$22	10
3250 (e) (3)	Special cases	\$2	\$2.20	10
3250 (f) (1)	Rectifiers	\$200	\$220	10
3250 (f) (1)	Rectifiers	\$100	\$110	10
3250 (j)	Stillis	\$50	\$55	10
3250 (j)	Stillis	\$20	\$22	10
3400 (1)	Tires	2½ cents	2½ cents	11
3400 (2)	Tubes	4 cents	4½ cents	12½
3401	Toilet preparations	10 percent	11 percent	10
3403 (a)	Automobile truck chassis, etc.	2 percent	2½ percent	25
3403 (b)	Automobiles, etc.	3 percent	3½ percent	16½
3403 (c)	Parts	2 percent	2½ percent	25
3404	Radios	5 percent	5½ percent	10
3405	Mechanical refrigerators	5 percent	5½ percent	10
3407	Firearms	10 percent	11 percent	10
3409	Matches	5 cents	5½ cents	10
3411	Electrical energy	3 percent	3½ percent	11½
3412	Gasoline	1 cent	1½ cents	50
3413	Lubricating oils	4 cents	4½ cents	12½
3460 (a) (1), (2), and (3)	Transportation of oil	4 percent	4½ percent	12½
3481 (a)	Transfer of bonds	4 cents	5 cents	25
3482	Conveyances	50 cents	55 cents	10

<sup>1</sup> The following taxes are dealt with in the body of the report and are not included in this table: Income, excess-profits, capital stock, estate and gift taxes, and the tax on transfers to avoid income tax. Section 211 of the Revenue Act of 1940 provides that, after June 30, 1940, and before July 1, 1945, the admissions tax under section 1700 (a) (1) shall be applicable to admissions in excess of 20 cents.

<sup>2</sup> Effective for the period after June 30, 1940, and before July 1, 1945.

**Exhibit 35**

*Title I of the act to expedite national defense, and for other purposes (Public No. 671, June 28, 1940), relating to Army, Navy, and Coast Guard contracts*

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That whenever in the opinion of the President of the United States such course would be in the best interests of national defense during the national emergency declared by the President on September 8, 1939, to exist, the Secretary of the Navy, or the Secretary of the Treasury in the case of*



Coast Guard contracts, is authorized to advance, from appropriations available therefor, payments to contractors in amounts not exceeding 30 per centum of the contract price, upon such terms as such Secretary shall prescribe, and adequate security for the protection of the Government for the payments so made shall be required. The Secretary concerned is further authorized in his discretion to make partial payments on the balance of the contract price from time to time during the progress of the work, such partial payments not to exceed the value of the work already done, but to be subject to a lien as provided by the Act of August 22, 1911 (37 Stat. 32; U. S. C., title 34, sec. 582), entitled "An Act authorizing the Secretary of the Navy to make partial payments for work already done under public contracts": *Provided*, That the Secretary concerned shall report every three months to the Congress the advance payments made under the authority of this section.

SEC. 2. (a) That whenever deemed by the President of the United States to be in the best interests of the national defense during the national emergency declared by the President on September 8, 1939, to exist, the Secretary of the Navy is hereby authorized to negotiate contracts for the acquisition, construction, repair, or alteration of complete naval vessels or aircraft, or any portion thereof, including plans, spare parts, and equipment therefor, that have been or may be authorized, and also for machine tools and other similar equipment, with or without advertising or competitive bidding upon determination that the price is fair and reasonable, and deliveries of material under all orders placed pursuant to the authority of this section and all other naval contracts or orders and all Army contracts and orders shall, in the discretion of the President, take priority over all deliveries for private account or for export: *Provided*, That the Secretary of the Navy shall report every three months to the Congress the contracts entered into under the authority of this section: *Provided further*, That contracts negotiated pursuant to the provisions of this section shall not be deemed to be contracts for the purchase of such materials, supplies, articles, or equipment as may usually be bought in the open market within the meaning of section 9 of the Act entitled "An Act to provide conditions for the purchase of supplies and the making of contracts by the United States, and for other purposes", approved June 30, 1936 (49 Stat. 2036; U. S. C., Supp. V, title 41, secs. 35-45): *Provided further*, That nothing herein contained shall relieve a bidder or contractor of the obligation to furnish the bonds under the requirements of the Act of August 24, 1935 (49 Stat. 793; 40 U. S. C. 270 (a) to (d)): *Provided further*, That the cost-plus-a-percentage-of-cost system of contracting shall not be used under the authority granted by this subsection to negotiate contracts; but this proviso shall not be construed to prohibit the use of the cost-plus-a-fixed-fee form of contract when such use is deemed necessary by the Secretary of the Navy: *And provided further*, That the fixed fee to be paid the contractor as a result of any contract entered into under the authority of this subsection, or any War Department contract entered into in the form of cost-plus-a-fixed-fee, shall not exceed 7 per centum of the estimated cost of the contract (exclusive of the fee as determined by the Secretary of the Navy or the Secretary of War, as the case may be).

(b) After the date of approval of this Act no contract shall be made for the construction or manufacture of any complete naval vessel or any Army or Navy aircraft, or any portion thereof, under the provisions of this section or otherwise, unless the contractor agrees, for the purposes of section 3 of the Act of March 27, 1934 (48 Stat. 505; 34 U. S. C. 496), as amended—

(1) to pay into the Treasury profit in excess of 8 per centum (in lieu of the 10 per centum and 12 per centum specified in such section 3) of the total contract prices of such contracts within the scope of this subsection as are completed by the particular contracting party within the income taxable year;

(2) that any profit in excess of 8.7 per centum of the cost of performing such contracts except prime contracts made on a cost-plus-a-fixed-fee basis as are completed by the contracting party within the income taxable year shall be considered to be profit in excess of 8 per centum of the total contract prices of such contracts; and

(3) that he will make no subcontract which is within the scope of such section 3, unless the subcontractor agrees to the foregoing conditions.

SEC. 3. The provisions of section 3 of the Act of March 27, 1934 (48 Stat. 505), as amended by the Acts of June 25, 1936 (49 Stat. 1926), and April 3, 1939 (53 Stat. 560; U. S. C., Supp. V, title 34, sec. 496), and as made applicable to contracts for aircraft or any portion thereof for the Army by such Act of April 3, 1939, shall, in the case of contracts or subcontracts entered into after the date of approval of

this Act and during the period of the national emergency declared by the President on September 8, 1939, to exist, be limited to contracts or subcontracts where the award exceeds \$25,000.

SEC. 4. In the case of every contract or subcontract for the construction or manufacture of any complete naval vessel or Army or Navy aircraft or any portion thereof which is entered into (whether before or after the date of approval of this Act), the Secretary of War or the Secretary of the Navy, as the case may be, after agreement with the contractor or subcontractor, shall certify to the Commissioner of Internal Revenue as to (a) the necessity and cost of special additional equipment and facilities acquired to facilitate, during the national emergency declared by the President on September 8, 1939, to exist, the completion of such naval vessel or Army or Navy aircraft or portion thereof in private plants; and (b) the percentage of cost of such special additional equipment and facilities to be charged against such contract or subcontract. For all purposes of section 3 of the Act of March 27, 1934 (48 Stat. 505; 34 U. S. C. 496), as amended, such certification shall be subject to such regulations as the President may prescribe, but shall be binding upon the Commissioner of Internal Revenue, unless, within five days after receipt of such certification, he make formal objection thereto to the Secretary of the Navy or the Secretary of War as the case may be. The part of such cost chargeable against the contract or subcontract in pursuance of such certification, shall, for the purposes of such section 3, be considered to be a reduction of the contract price of the contract or subcontract. The amount charged against the contract or subcontract in pursuance of such certification shall, for the purposes of such section 3, be applied against and reduce the cost or other basis of such special additional equipment and facilities as of the date of installation thereof: *Provided*, That the Secretary of War or the Secretary of the Navy, as the case may be, shall report to the Congress, every three months, the cost of such special additional equipment and facilities to be borne by the Government under each contract.

SEC. 5. (a) Notwithstanding the provisions of any other law, the regular working hours of the Navy Department and the Coast Guard and their field services shall be eight hours a day or forty hours per week during the period of the national emergency declared by the President on September 8, 1939, to exist: *Provided*, That under such regulations as the head of the Department concerned may prescribe, and where additional employees cannot be obtained to meet the exigencies of the situation, these hours may be exceeded: *Provided further*, That compensation for employment in excess of forty hours in any administrative work-week computed at a rate not less than one and one-half times the regular rate shall be paid only to monthly, per diem, hourly, and piece-work employees, whose wages are set by the Act of July 16, 1862 (12 Stat. 587), as amended or modified; and also to professional and subprofessional employees and to blueprinters, photostat and rotaprint operators, inspectors, supervisory planners and estimators, and supervisory progressmen, and assistants to shop and plant superintendents of the CAF service, as defined by the Classification Act of March 4, 1923 (42 Stat. 1488; U. S. C. 5, ch. 13), as amended: *Provided further*, That in determining the overtime compensation of per annum Government employees the pay for one day shall be considered to be one three-hundred-and-sixtieth of their respective per annum salaries: *Provided further*, That the President is authorized to suspend, in whole or in part, for the War and Navy Departments and for the Coast Guard and their field services, during the period of the national emergency declared by him on September 8, 1939, to exist, the provisions of the Act of March 3, 1931 (46 Stat. 1482; U. S. C. 5, 26 (a)), if in his judgment such course is necessary in the interest of national defense, and any regulations issued pursuant to the Act of March 14, 1936 (49 Stat. 1161; U. S. C., Supp. V, title 5, sec. 29 (a)), may be modified accordingly: *And provided further*, That notwithstanding the provisions of any other law, the President is hereby authorized, in his discretion, to prescribe regulations to establish such uniformity among the War and Navy Departments and the Coast Guard and their field services in regard to hours of work and compensation for overtime of their civilian employees as he may deem necessary in the interest of national defense.

(b) During the national emergency declared by the President on September 8, 1939, to exist, the provisions of the law prohibiting more than eight hours' labor in any one day of persons engaged upon work covered by Army, Navy, and Coast Guard contracts shall be suspended.

SEC. 6. Notwithstanding the provisions of section 2 of the Act of May 29, 1930 (46 Stat. 468), and section 204 of the Act of June 30, 1932 (47 Stat. 404), any person heretofore or hereafter retired under the Civil Service Retirement Act of May 29, 1930, as amended, may be reemployed in the service of the War and Navy Departments: *Provided*, That there shall be deducted and withheld

from the basic salary, pay, or compensation of such person and credited to his account as provided in section 12 (a) of the Act of May 29, 1930, as amended, the regular deductions prescribed by the said Act: *Provided further*, That upon separation from the service for any cause such person may elect to receive a refund of the total deductions so withheld together with interest at 4 per centum per annum compounded on June 30 of each year, or receive credit for the additional service in the computation of any annuity awarded thereafter: *Provided further*, That payment of the annuity of such person shall be suspended during the period of such employment: *Provided further*, That during the national emergency declared by the President on September 8, 1939, to exist, the provisions of section 6 of the Act of August 24, 1912 (37 Stat. 555; U. S. C., title 5, sec. 652), shall not apply to any civil-service employee of the War or Navy Departments or of the Coast Guard, or their field services, whose immediate removal is, in the opinion of the Secretary concerned, warranted by the demands of national security, but nothing herein shall be construed to repeal, modify, or suspend the proviso in that section. Those persons summarily removed under the authority of this section may, if in the opinion of the Secretary concerned, subsequent investigation so warrants, be reinstated, and if so reinstated shall be allowed compensation for the period of such removal at the rate they were receiving on the date of removal: *And provided further*, That within thirty days after such removal any such person shall have an opportunity personally to appear before the official designated by the Secretary concerned and be fully informed of the reasons for such removal, and to submit, within thirty days thereafter, such statement or affidavits, or both, as he may desire to show why he should be retained and not removed.

SEC. 7. The Act of March 14, 1936, entitled "An Act to provide for vacations to Government employees and for other purposes" (49 Stat. 1161) is hereby amended by adding, after section 7, a new section to read as follows:

"Sec. 8. Employees of the Navy Department and the Naval Establishment and of the Coast Guard may, during the period of the national emergency declared by the President on September 8, 1939, to exist, be employed during the time they would otherwise be on vacation without deprivation of their vacation pay for the time so worked. Employees who forego their vacations in accordance with the provisions of this section may be paid, in addition to their regular pay, the equivalent of the pay they would have drawn during the period of such vacation. The provisions of this section shall be applicable only to employees whose services at the time cannot, in the judgment of the Secretary of the Navy or the Secretary of the Treasury, as the case may be, be spared without detriment to the national defense."

SEC. 8. (a) The limit of cost of the vessels authorized by the Act of July 30, 1937 (50 Stat. 544), and any statutory limitation with respect to the cost of any other individual naval project of construction are hereby increased as may be necessary to expedite national defense and otherwise effectuate the purposes of this Act: *Provided*, That the monetary limitations on payments out of appropriations available to the Navy Department for employees in the Navy Department and for employees in the field service assigned to group IV (b) and those performing similar services carried under the Native and Alien Schedules of Wages of civil employees in the field services of the Navy Department shall be suspended during the limited national emergency declared by the President on September 8, 1939, to exist: *Provided further*, That the Secretary of the Navy is authorized to employ such additional personnel at the seat of government and elsewhere, and to provide out of any appropriations available to the Navy Department, for their salaries and for such printing and binding, communication service, supplies, and travel expenses, as he may deem necessary to carry out the purposes of this Act.

(b) Whenever the Secretary of the Navy finds it impossible to make contracts or obtain facilities to effectuate the purposes of this Act in the procurement or construction of items authorized in connection with national defense he is hereby authorized to provide, out of appropriations available to the Navy Department for such purposes, the necessary buildings, facilities, utilities, and appurtenances thereto on Government owned land or elsewhere, and to operate them, either by means of Government personnel or otherwise: *Provided*, That the Secretary of the Navy is further authorized, under the general direction of the President, whenever he deems any existing manufacturing plant or facility necessary for the national defense, and whenever he is unable to arrive at an agreement with the owner of any such plant or facility for its use or operation, to take over and operate such plant or facility either by Government personnel or by contract with private firms: *Provided further*, That the Secretary of the Navy is authorized to fix the compensation to the owner of such plant or facility: *And provided further*, That the Secretary of

the Navy shall report to the Congress, every three months, the contracts entered into under the provisions of this subsection.

Sec. 9. The Secretary of the Navy and the Secretary of the Treasury are hereby authorized to modify existing contracts, including Coast Guard contracts, as the Secretary concerned may deem necessary to expedite military and naval defense, and to otherwise effectuate the purposes of this Act.

Sec. 10. Hereafter the approval of the Secretary of the Navy, acting by direction of the President, shall constitute approval by the President as required by section 4 of the Act approved April 25, 1939 (53 Stat. 590, 592), necessary to the validity of any contract entered into under authority contained in said section.

Sec. 11. (a) No aliens employed by a contractor in the performance of secret, confidential, or restricted Government contracts shall be permitted to have access to the plans or specifications, or the work under such contracts, or to participate in the contract trials, unless the written consent of the head of the Government department concerned has first been obtained, and any person who willfully violates or through negligence permits the violation of the provisions of this subsection shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

(b) Any alien who obtains employment on secret, confidential, or restricted Government contracts by willful misrepresentation of his alien status, or who makes such willful misrepresentation while seeking such employment, shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

(c) For the purpose of this section, the term "person" shall be construed to include an individual, partnership, association, corporation, or other business enterprise.

Sec. 12. The provisions of all preceding sections of this Act shall terminate June 30, 1942, unless the Congress shall otherwise provide.

Sec. 13. Section 6 of the Act approved June 30, 1936 (49 Stat. 2036; U. S. C., Supp. V, title 41, secs. 35-45), is hereby amended by adding "Provided, That whenever in his judgment such course is in the public interest, the President is authorized to suspend any or all of the representations and stipulations contained in section 1 of this Act."

Sec. 14. (a) Notwithstanding the provision of any other law, no military or naval weapon, ship, boat, aircraft, munitions, supplies, or equipment, to which the United States has title, in whole or in part, or which have been contracted for, shall hereafter be transferred, exchanged, sold, or otherwise disposed of in any manner whatsoever unless the Chief of Naval Operations in the case of naval material, and the Chief of Staff of the Army in the case of military material, shall first certify that such material is not essential to the defense of the United States.

(b) The Secretary of War and the Secretary of the Navy as the case may be are hereby requested and directed to furnish or cause to be furnished to the respective chairmen of the Committees on Military Affairs and the Committees on Naval Affairs of the Senate and House of Representatives a copy of each contract, order, or agreement covering exchange of deteriorated, unserviceable, obsolescent, or surplus military or naval equipment, munitions, or supplies exchanged for other military or naval equipment, munitions or supplies, and a copy of each contract, order, or agreement shall be furnished regarding any other disposition of military or naval equipment, munitions and supplies by which the title passes, either de jure or de facto, from the United States, or by which delivery of material thereunder is deferred, where the original cost of such military or naval equipment, munitions or supplies exceeded or exceeds \$2,000. The copies of each contract, order or agreement herein referred to shall be transmitted to the respective chairmen of the committees not later than twenty-four hours after such contract, order or agreement is made, and the chairman of each committee shall consider such contracts, orders or agreements confidential unless a majority of the members of his committee shall direct the particular transaction to be made public.

(c) Nothing herein shall be construed to repeal or modify sections 3 and 6, title V of the Act approved June 15, 1917 (40 Stat. 222; U. S. C., title 18, secs. 33 and 36).

## Exhibit 36

*An act to eliminate the tax on brandy and wine spirits used in the fortification of wine; to increase the tax on wine; to compensate for the loss of revenue occasioned by the elimination of the tax on brandy and wine spirits used in the fortification of wine; and for other purposes*

[Public No. 655, 76th Cong., H. R. 9117]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, effective July 1, 1940, section 3030 (a) (1) (A), Internal Revenue Code, is amended to read as follows:*

"(A) IMPOSITION.—Upon all still wines, including vermouth, and all artificial or imitation wines or compounds sold as still wine produced in or imported into the United States after June 30, 1940, or which on July 1, 1940, were on any winery premises or other bonded premises or in transit thereto or at any customhouse, there shall be levied, collected, and paid taxes at rates as follows, when sold or removed for consumption or sale:

"On wines containing not more than 14 per centum of absolute alcohol, 5 cents per wine-gallon, the per centum of alcohol under this section to be reckoned by volume and not by weight;

"On wines containing more than 14 per centum and not exceeding 21 per centum of absolute alcohol, 15 cents per wine-gallon;

"On wines containing more than 21 per centum and not exceeding 24 per centum of absolute alcohol, 25 cents per wine-gallon;

"All such wines containing more than 24 per centum of absolute alcohol by volume shall be classed as distilled spirits and shall pay tax accordingly.

"Any such wines may, under such regulations as the Commissioner may prescribe, with the approval of the Secretary, be sold or removed tax-free for the manufacture of vinegar, or for the production of dealcoholized wines containing less than one-half of 1 per centum of alcohol by volume.

"The taxes imposed by this subparagraph (A) of this paragraph shall not apply to dealcoholized wines containing less than one-half of 1 per centum of alcohol by volume; nor, subject to regulations prescribed by the Commissioner, with the approval of the Secretary, to wines produced for the family use of the duly registered producer thereof and not sold or otherwise removed from the place of manufacture and not exceeding in any case two hundred gallons per year."

SEC. 2. Effective July 1, 1940, section 3030 (a) (2), Internal Revenue Code, is amended to read as follows:

"(2) SPARKLING WINES, LIQUEURS, AND CORDIALS.—Upon the following articles which are produced in or imported into the United States, after June 30, 1940, or which on July 1, 1940, are on any winery premises or other bonded premises or in transit thereto or at any customhouse, there shall be levied, collected, and paid, in lieu of the internal-revenue taxes imposed thereon by law prior to such date, taxes at rates as follows, when sold, or removed for consumption or sale:

"On each bottle or other container of champagne or sparkling wine, 2½ cents on each one-half pint or fraction thereof;

"On each bottle or other container of artificially carbonated wine, 1¼ cents on each one-half pint or fraction thereof;

"On each bottle or other container of liqueurs, cordials, or similar compounds, by whatever name sold or offered for sale, containing sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, prune wine, plum wine, pear wine, or apple wine, fortified, respectively, with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, prune brandy, plum brandy, pear brandy, or apple brandy, 1¼ cents on each one-half pint or fraction thereof.

"Any of the foregoing articles containing more than 24 per centum of absolute alcohol by volume (except vermouth, liqueurs, cordials, and similar compounds made in rectifying plants and containing tax-paid sweet wine, citrus-fruit wine, peach wine, cherry wine, berry wine, apricot wine, prune wine, plum wine, pear wine, or apple wine, fortified, respectively, with grape brandy, citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, prune brandy, plum brandy, pear brandy, or apple brandy) shall be classed as distilled spirits and shall be taxed accordingly.

"The Commissioner, under regulations prescribed by him, with the approval of the Secretary, is authorized to remit, refund, and pay back the amount of all taxes on such liqueurs, cordials, and similar compounds paid by or assessed against rectifiers at the distilled spirits rate prior to June 26, 1936."

SEC. 3. Effective July 1, 1940, section 3031 (a), Internal Revenue Code, is amended to read as follows:

"(a) WITHDRAWAL OF SPIRITS FOR FORTIFICATION.—Under such regulations and official supervision and upon the giving of such notices and entries as the Commissioner, with the approval of the Secretary, may prescribe, any producer of wines defined under the provisions of this subchapter may withdraw from any fruit distillery or internal revenue bonded warehouse grape brandy (hereafter in this section included in the term 'brandy'), or wine spirits, for the fortification of such wines on the premises where actually made, and any producer of citrus-fruit wines, peach wines, cherry wines, berry wines, apricot wines, prune wines, plum wines, pear wines, or apple wines (hereafter in this section included in the term 'wines') may similarly withdraw citrus-fruit brandy, peach brandy, cherry brandy, berry brandy, apricot brandy, prune brandy, plum brandy, pear brandy, or apple brandy (hereafter in this section included in the term 'brandy') for the fortification of wines as set forth in section 3032, Internal Revenue Code, on the premises where actually made. The amounts of tax at the rate imposed by law on such brandy or wine spirits shall be charged immediately upon withdrawal against the producer withdrawing the same: *Provided*, That whenever such brandy or wine spirits shall be lawfully used in the fortification of wines and accounted for in the manner provided by law and regulations, the producer shall be credited in the amount of the internal revenue tax on so much of the brandy or wine spirits so withdrawn as was so used. Every producer of wines who withdraws such brandy or wine spirits shall give bond to fully cover at all times the payment of the internal revenue tax on such brandy or wine spirits shall be assessed against the producer of such wines who has withdrawn brandy or wine spirits for use in the fortification of such wines when such brandy or wine spirits are not lawfully used in the fortification of wines, or when such brandy or wine spirits are not so accounted for in the manner provided by law and regulations as to warrant remission of the tax.

"Nothing contained in this section shall be construed as exempting any wines, cordials, liqueurs, or similar compounds from the payment of any tax provided for in this subchapter.

"Any such wines may, under such regulations as the Commissioner may prescribe, with the approval of the Secretary, be sold or removed tax-free for the manufacture of vinegar, or for the production of dealcoholized wines containing less than one-half of 1 per centum of alcohol by volume.

"The taxes imposed by this subchapter shall not apply to dealcoholized wines containing less than one-half of 1 per centum of alcohol by volume."

SEC. 4. Upon the filing of a claim therefor by the proprietor of any bonded winery or bonded storeroom in which there was stored on June 30, 1940, or to which there was in transit on that date, wine lawfully fortified with brandy or wine spirits, and containing more than 14 per centum of absolute alcohol by volume, and not exceeding 24 per centum of absolute alcohol by volume, the Commissioner of Internal Revenue is authorized to issue to such proprietor suitable documents entitling such proprietor to a credit of 5 cents per gallon in respect to each gallon of such fortified wine which the Commissioner shall find was on such proprietor's bonded winery or bonded storeroom premises on June 30, 1940, or in transit thereto. The amount of such credit shall be allowed in whole or in part in the purchase of wine stamps. The claim shall be supported by an inventory, prepared and filed by the proprietor in such form and manner as the Commissioner of Internal Revenue shall prescribe by regulations, approved by the Secretary of the Treasury, and by such other proof as the Commissioner may from time to time require. The aforesaid credit to the proprietor may be transferred by the proprietor to whom issued to the proprietor of any other bonded winery or bonded storeroom. All claims under this section must be filed on or before October 1, 1940.

SEC. 5. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe and publish all needful rules and regulations for the enforcement of this Act.

Approved, June 24, 1940.



## Exhibit 37

## Taxes of the United States, 1913 to 1940

## RATES, EXEMPTIONS, AND CREDITS

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Income tax:</b>									
On individuals: <sup>1</sup> 2									
Personal exemptions:									
Married or head of family <sup>3</sup> .....	\$4,000.	No change.	No change <sup>4</sup>	No change.	\$2,000.	No change.	\$2,500 <sup>4</sup>	\$2,500.	\$3,500.
Single .....	\$3,000.	No change.	No change.	No change.	\$1,000.	No change.	No change.	No change.	\$1,500.
Credit for dependents .....					\$200.	No change.	\$400.	No change.	No change.
Normal tax rate:									
1st \$2,000 of net income in excess of certain credits .....	1%.	No change.	2%.	No change.	No change.	6% <sup>5</sup>	4% <sup>6</sup>	2%.	1½%.
2d \$2,000 of net income in excess of certain credits .....	1%.	No change.	2%.	No change.	4%.	6% <sup>5</sup>	4% <sup>6</sup>	2%.	1½%.
Next \$4,000 of net income in excess of certain credits .....	1%.	No change.	2%.	No change.	4%.	12% <sup>5</sup>	8% <sup>6</sup>	4%.	3%.
Over \$8,000 of net income in excess of certain credits .....	1%.	No change.	2%.	No change.	4%.	12% <sup>5</sup>	8% <sup>6</sup>	6%.	5%.

NOTE.—This exhibit does not include (1) customs duties, (2) miscellaneous fines and fees, (3) the tax with respect to certain hydraulic mining (act of Mar. 1, 1893, as amended by the act of June 19, 1934), and (4) various taxes levied in the District of Columbia for expenses of the District of Columbia.

The Internal Revenue Code, approved Feb. 10, 1939, which was enacted as law, codified certain general laws of the United States and parts of such laws relating exclusively to internal revenue, in force on Jan. 2, 1939, and repealed all such laws and parts of laws codified therein to the extent that they related exclusively to internal revenue, as of the effective dates of the respective corresponding provisions of the Code. For rates, exemptions, and credits, with respect to income, estate, gift, and certain miscellaneous and temporary taxes, in effect under the Code prior to amendment thereof, see the columns in the exhibit headed "Revenue Act of 1938" with respect to such taxes. The references in the exhibit to the Revenue Acts of 1939 and 1940 are to the respective amendments of the Code as contained in such acts.

<sup>1</sup> For rates and exemptions with respect to nonresident alien individuals see Supplement A, p. 528.

Estates and trusts: The act of 1913 did not tax estates and trusts. Under the acts of 1916 to 1940, the income tax rates for estates and trusts are the same as those for individuals; and the personal exemptions are the same as those allowed single individuals, except for certain limitations under the 1937 act and that under the 1938 to 1940 acts trusts are allowed a credit of \$100 against net income in lieu of personal exemption.

<sup>2</sup> For tax treatment of capital gains and losses see Supplement B, p. 530.

<sup>3</sup> Under the Revenue Act of 1916 and subsequent acts the personal exemption allowed to married persons was also allowed to heads of families.

<sup>4</sup> For individuals with net income in excess of \$5,000 the personal exemption is \$2,000.

<sup>5</sup> For the calendar years 1919 and 1920 the normal tax rates were 4% on the first \$4,000 of normal tax net income and 8% on the balance of such net income over \$4,000.

<sup>6</sup> Tax for 1923 reduced 25% by credit or refund under section 1200 (a), Revenue Act of 1924.



Title of tax	Revenue Act of —								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Income tax:</b>									
On individuals: <sup>7</sup> <sup>8</sup>									
Personal exemptions:									
Married or head of family.....	\$3,500	\$2,500	No change	No change	No change	No change	No change	No change	\$2,000
Single.....	\$1,500	\$1,000	No change	No change	No change	No change	No change	No change	\$500
Credit for dependents.....	\$400	No change	No change	No change	No change	No change	No change	No change	No change
Normal tax rate:									
1st \$4,000 of net income in excess of certain credits.....	1½% <sup>9</sup>	4%	No change	No change	No change	No change	No change	No change <sup>10</sup>	No change <sup>11</sup>
2d \$4,000 of net income in excess of certain credits.....	3% <sup>9</sup>	8%	4%	No change	No change	No change	No change	No change <sup>10</sup>	No change <sup>11</sup>
Over \$8,000 of net income in excess of certain credits.....	5% <sup>9</sup>	8%	4%	No change	No change	No change	No change	No change <sup>10</sup>	No change <sup>11</sup>

<sup>7</sup> See footnote 1, p. 466.<sup>8</sup> See footnote 2, p. 466.<sup>9</sup> Rates for 1929 reduced to ½%, 2%, and 4%, respectively.<sup>10</sup> In the case of compensation (a) received for personal services rendered by an individual in his individual capacity, or as a member of a partnership, and covering a period of five calendar years or more from the beginning to the completion of such services, (b) paid (or not less than 95% of which is paid) only on the completion of such services, and (c) required to be included in gross income of such individual for any taxable year beginning after December 31, 1938, the tax attributable to such compensation shall not be greater than the aggregate of taxes which would have been paid had the income been received in equal portions in each of the years in the period.<sup>11</sup> For taxable years beginning after December 31, 1939, and before January 1, 1945, the sum of the normal tax and surtax computed under the above rates shall be increased by a defense tax of 10% of the amount of the tax, limited, however, to 10% of the excess of the net income over the sum of the normal and surtax.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Income tax—Continued.</b>									
On individuals—Con.									
Surtax:									
Minimum rate.....	1%-----	No change.	No change.....	No change.	No change.....	No change.....	No change <sup>12 13</sup> .	1%-----	No change.
Maximum rate.....	6%-----	No change.	13%-----	No change.	63%-----	65%-----	50% <sup>12 13</sup> .	40%-----	20%.
Minimum rate applies to por- tion of surtax net income.	\$20,000-\$50,000.	No change.	\$20,000-\$40,000.	No change.	\$5,000-\$7,500.	\$5,000-\$6,000.	\$6,000-\$10,000 <sup>13</sup> .	\$10,000-\$14,000.	No change.
Maximum rate applies to por- tion of surtax net income.	Over \$500,000.	No change.	Over \$2,000,000.	No change.	No change.	Over \$1,000,000.	Over \$200,000 <sup>13</sup> .	Over \$500,000.	Over \$100,000.
Dividends.....	Exempt from normal tax.	No change.	No change.....	No change.	No change.	No change.	No change.	No change.	No change.
Earned income cred- it. <sup>14</sup>								25% of normal tax on earned net income.	25% of total tax on earned net income.
On corporations: <sup>15 16</sup>									
Specific exemption <sup>17</sup> .						\$2,000.	\$2,000 <sup>18</sup> .	No change.	No change.
Dividend exemption.					( <sup>19</sup> )	100%-----	No change.	No change.	No change.

<sup>12</sup> See footnote 6, p. 466.<sup>13</sup> For calendar years 1922 and 1923.<sup>14</sup> Under the acts of 1924 to 1928 the credit was against tax; under the act of 1932 no credit was allowed for the years 1932 and 1933; and under the 1934 and subsequent acts the credit is against net income. In the 1924 act the credit was limited to 25% of normal tax on ordinary net income and in the 1926 and 1928 acts to the sum of 25% of normal tax on ordinary net income and 25% of surtax on earned net income. The amount of net income accounted as earned income for purposes of the earned income credit is as follows: Under the 1924 act all net income up to \$5,000, whether earned or not, and up to \$10,000, if earned; under the 1926 act all net income up to \$5,000, whether earned or not, and up to \$20,000, if earned; under the 1928 act all net income up to \$5,000, whether earned or not, and up to \$30,000, if earned; under the 1934 and subsequent acts all net income up to \$3,000, whether earned or not, and up to \$14,000, if earned. A maximum of 20% of net profit from trade or business involving personal services may be included within the earned income category.<sup>15</sup> See footnote 2, p. 466.<sup>16</sup> Under the Revenue Acts of 1913 to 1918, a corporation that permitted an unreasonable accumulation of profits was not subject to the ordinary corporation income tax, but the individual stockholders were taxed upon their proportionate shares of its net income, whether distributed or not. Under the Revenue Acts of 1913 to 1917, such shares were subject only to the individual surtax rates, while under the 1918 act they were subject to both the normal tax and surtax rates.<sup>17</sup> Allowed to domestic corporations only.<sup>18</sup> Allowed only to corporations with net incomes of \$25,000 or less, but if the net income is more than \$25,000 the tax shall not exceed the tax which would be payable if the \$2,000 credit were allowed, plus the amount of the net income in excess of \$25,000.<sup>19</sup> Intercorporate dividends were fully taxable under the acts of 1913 to 1916, but were fully exempt under the Revenue Act of 1918. The Revenue Act of 1917 provided the transition in the tax treatment of intercorporate dividends by the imposition of three different rates as follows: 1% applicable to dividends from earnings of 1913, 1914, and 1915; 2% applicable to dividends from earnings of 1916 and 1917 and to other corporate income; and 4% applicable to corporate income, exclusive of all intercorporate dividends.

Title of tax	Revenue Act of—								
	1923	1932	1934	1935	1936	1937	1938	1939	1940
<b>Income tax—Continued.</b>									
On individuals—Con.									
Surtax:									
Minimum rate.....	1%.....	No change.....	4%.....	No change.....	No change.....	No change.....	No change.....	No change <sup>20</sup> .....	No change <sup>21 22</sup> .....
Maximum rate.....	20%.....	55%.....	59%.....	75%.....	No change.....	No change.....	No change.....	No change <sup>20</sup> .....	No change <sup>21 22</sup> .....
Minimum rate applies to portion of surtax net income.	\$10,000—\$14,000.....	\$6,000—\$10,000.....	\$4,000—\$6,000.....	No change.....	No change.....	No change.....	No change.....	No change <sup>20</sup> .....	No change.....
Maximum rate applies to portion of surtax net income.	Over \$100,000.....	Over \$1,000,000.....	No change.....	Over \$5,000,000.....	No change.....	No change.....	No change.....	No change <sup>20</sup> .....	No change.....
Dividends <sup>23</sup> .....	Exempt from normal tax.	No change.....	No change.....	No change.....	Not exempt from normal tax.	No change.....	No change.....	No change.....	No change.....
Earned income credit <sup>24</sup> .....	25% of total tax on earned net income.	None.....	10% of amount of earned net income but not in excess of 10% of amount of net income to be credited against net income for normal tax.	No change.....	No change.....	No change.....	No change.....	No change.....	No change.....
On corporations: <sup>25</sup>									
Specific exemption.....	\$3,000 <sup>26</sup> .....	Inapplicable after Dec. 31, 1931.							
Dividend exemption.....	100%.....	No change.....	No change.....	90% <sup>27</sup> .....	85%.....	No change.....	No change <sup>28</sup> .....	No change.....	No change.....

<sup>20</sup> See footnote 10, p. 467.

<sup>21</sup> While the minimum and maximum surtax rates have not been changed, the surtaxes have been increased on surtax net incomes in excess of \$6,000 and not in excess of \$100,000. From that point the rates of section 12 (b) I. R. C. are retained. (For explanation of Internal Revenue Code see note on p. 466.)

<sup>22</sup> See footnote 11, p. 467.

<sup>23</sup> An excise tax of 5% was imposed by section 213 of the National Industrial Recovery Act, effective on dividends declared between June 16, 1933, and December 31, 1933 (or in the case of taxpayers on a fiscal year basis, dividends declared until the end of the fiscal year 1933). Under the Revenue Acts of 1923 and 1932 the exemption applied to dividends received from domestic and certain foreign corporations; under the Revenue Act of 1934 the exemption applied only to dividends received from domestic corporations.

<sup>24</sup> See footnote 14, p. 468.

<sup>25</sup> See footnote 2, p. 466.

<sup>26</sup> Allowable to domestic corporations with net income of \$25,000 or less, but if the net income is more than \$25,000, the tax shall not exceed the tax which would be payable if the \$3,000 credit were allowed, plus the amount of the net income in excess of \$25,000.

<sup>27</sup> Never effective. Superseded by the Revenue Act of 1936.

<sup>28</sup> But not in excess of 85% of the adjusted net income.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Income tax</b> —Continued. On corporations—Continued.									
Income tax.....	1%.....	No change..	2%.....	No change..	6% <sup>29</sup> .....	12% for calendar year 1918. 10% for calendar years 1919-20.	10% for calendar year 1921. 12½% for calendar years 1922-23.	12½% for calendar year 1924. -----	13% for calendar year 1925. <sup>30</sup> 13½% for calendar years 1926-27. <sup>30</sup>

<sup>29</sup> See footnote 19, p. 468.<sup>30</sup> Income of domestic insurance companies, exclusive of mutual companies other than life, taxable at 12½%.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Income tax—Continued.</b>									
On corporations—Con.									
Normal tax rate:									
1st \$2,000 of net income...	12% <sup>31</sup>	13¼% <sup>32</sup>	No change.	12½% <sup>33</sup>	8% <sup>34</sup>	No change.	Net income of \$25,000 or less: <sup>35</sup>	Normal-tax net income of \$25,000 or less: <sup>35</sup>	Normal-tax net income of \$25,000 or less: <sup>35</sup>
Next \$13,000 of net income.	12% <sup>31</sup>	13¼% <sup>32</sup>	No change.	13% <sup>33</sup>	11% <sup>34</sup>	No change.	1st \$5,000 of special class net income 12½%.	1st \$5,000 of normal-tax net income 12½%.	1st \$5,000 of normal-tax net income 13¼% <sup>36</sup>
Next \$25,000 of net income.	12% <sup>31</sup>	13¼% <sup>32</sup>	No change.	14% <sup>33</sup>	13% <sup>34</sup>	No change.	Next \$15,000 of special class net income 14%.	Next \$15,000 of normal-tax net income 14%.	Next \$15,000 of normal-tax net income 15% <sup>36</sup>
Over \$40,000 of net income.	12% <sup>31</sup>	13¼% <sup>32</sup>	No change.	15% <sup>33</sup>	15% <sup>34</sup>	No change.	Over \$20,000 of special class net income 16%.	Over \$20,000 of normal-tax net income 16%.	Over \$20,000 of normal-tax net income 17% <sup>36</sup>
Surtax on undistributed profits: <sup>34</sup>							Net income over \$25,000: <sup>37</sup>	Over \$20,000 of normal-tax net income 16%.	Over \$20,000 of normal-tax net income 17% <sup>36</sup>
Undistributed net income equal to:							19% of adjusted net income less: <sup>38</sup>	Normal-tax net income over \$25,000: <sup>35 37</sup>	Normal-tax net income over \$25,000: <sup>35 37</sup>
1st 10% of adjusted net income. <sup>38</sup>	-----	-----	-----	-----	7%-----	No change.	(a) 16½% of dividends received credit; and	18% of normal-tax net income.	19% of normal-tax net income. <sup>38</sup>
Next 10% of adjusted net income.	-----	-----	-----	-----	12%-----	No change.	(b) 2½% of dividends paid credit, but not in excess of 2½% of adjusted net income. <sup>39</sup>		
Next 20% of adjusted net income.	-----	-----	-----	-----	17%-----	No change.	(Above corporation taxes shall not apply to any taxable year beginning after December 31, 1939.)		
Next 20% of adjusted net income.	-----	-----	-----	-----	22%-----	No change.			
Over 60% of adjusted net income.	-----	-----	-----	-----	27%-----	No change.			

<sup>31</sup> Rate for 1929 reduced to 11%.

<sup>32</sup> The rate of tax on consolidated returns for 1932 and 1933 was 14½%, and for 1934 and 1935, 15½%, except that in 1934 corporations with fiscal year returns were taxed 14¼% on their income attributable to 1934. Under the Revenue Acts of 1934 through 1938 only railroad corporations were permitted to file consolidated returns. The Revenue Act of 1939 extended the privilege to file consolidated returns to Pan-American trade corporations.

<sup>33</sup> See footnote 27, p. 469.

<sup>34</sup> Corporations exempt from surtax on undistributed profits (Revenue Acts of 1936 and 1937)—Banks (normal tax 15%, section 104); corporations in bankruptcy or receivership; insurance companies (normal tax 15%, sections 201, 204, or 207); foreign corporations—resident (normal tax 22%), nonresident (normal tax 15% but on dividends 10% except corporations from contiguous countries, rate as provided by treaty but not less than 5%); corporations deriving a large portion of their gross income from sources within a possession of the United States (normal tax 15%, section 251 (c)); corporations organized under the China Trade Act, 1922 (normal tax 15%, section 261); joint stock land banks organized under the Federal Farm Loan Act, as amended.

<sup>35</sup> For tax on special classes of corporations under the Revenue Acts of 1938 to 1940, see Supplement C, p. 534.

<sup>36</sup> For taxable years beginning after December 31, 1939, and before January 1, 1945, all corporations, including the special classes of corporations, personal holding companies and corporations improperly accumulating surplus, are subject to a defense tax of 10% of the total taxes computed at the above rates.

<sup>37</sup> For corporations with net income slightly over \$25,000, the tax may be computed under alternative tax methods provided in section 13 (d) of Revenue Act of 1938, section 13 (d) I. R. C., section 201 of Revenue Act of 1939, section 3 of Revenue Act of 1940, respectively, provided that the tax so computed is less than the tax would otherwise be. Under the 1939 act the alternative tax is \$3,525 plus 32% of the normal-tax net income in excess of \$25,000. Under the 1940 act, the total alternative tax is \$3,775 plus 33% of the normal-tax net income in excess of \$25,000, and plus a defense tax equal to 10% of the alternative tax.

<sup>38</sup> "Adjusted net income" as defined in the Revenue Act of 1938, is the net income minus the normal tax and interest received on certain obligations of the United States and Government corporations; under the 1938 act "adjusted net income" is net income minus the interest on certain obligations of the United States and Government corporations.

<sup>39</sup> In the case of corporations in bankruptcy and receivership, joint stock land banks, and rental housing corporations, the tax shall be reduced by 2½% of the adjusted net income instead of 2¼% of the dividends paid credit.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Income tax—Continued.</b>									
On corporations—Continued.									
Surtax on corporations improperly accumulating surplus.						( <sup>40</sup> )	25% <sup>41</sup>	50%	No change. <sup>41</sup>
<b>Munition manufacturer's excise tax on net profits.</b>			12½%	No change.	10%	Repealed Jan. 1, 1918.			
<b>Undistributed net income, additional tax.</b>					10% <sup>42</sup>	Repealed Feb. 25, 1919.			

<sup>40</sup> See footnote 16, p. 468.<sup>41</sup> Not applicable if all shareholders of the corporation include in their gross income their entire proportionate shares, whether distributed or not, of the net income of the corporation for the taxable year.<sup>42</sup> Applicable to total net income (excluding any income taxes paid by the corporation within the year) undistributed six months after the end of each calendar or fiscal year, in excess of undistributed net income which is actually invested and employed in the business or is retained for employment in the reasonable requirements of the business or is invested in obligations of the United States issued after September 1, 1917.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Income tax—Continued.</b>									
On corporations—Continued.									
Surtax on personal holding companies: <sup>44</sup>									
1st \$2,000 of undistributed adjusted net income.			30%-----	20% <sup>45</sup> -----	8%-----	65%-----	No change.	No change.	No change. <sup>46</sup>
Next \$98,000 of undistributed adjusted net income.			30%-----	30% <sup>45</sup> -----	18%-----	75%-----	No change.	No change.	No change. <sup>46</sup>
Next \$400,000 of undistributed adjusted net income.			40%-----	40% <sup>45</sup> -----	28%-----	75%-----	No change.	No change.	No change. <sup>46</sup>
Next \$500,000 of undistributed adjusted net income.			40%-----	50% <sup>45</sup> -----	38%-----	75%-----	No change.	No change.	No change. <sup>46</sup>
Over \$1,000,000 of undistributed adjusted net income.			40%-----	60% <sup>45</sup> -----	48%-----	75%-----	No change.	No change.	No change. <sup>46</sup>
Surtax on corporations improperly accumulating surplus (tax base):									
Net income-----	50% <sup>47</sup>	No change.							
Adjusted net income:									
Not over \$100,000-----			25% <sup>47</sup>	No change.					
Over \$100,000-----			35% <sup>47</sup>	No change.					
Retained net income: <sup>48</sup>									
Not over \$100,000-----					15% <sup>47 49</sup>	No change.	25%-----	No change.	No change. <sup>46</sup>
Over \$100,000-----					25% <sup>47 49</sup>	No change.	35%-----	No change.	No change. <sup>46</sup>
Tax on unjust enrichment-----					In cases involving excise taxes, 80% of net income (in excess of certain credits) arising from—	No change.	No change.	No change.	No change.
					(a) Taxes shifted to vendees but not paid.				
					(b) Taxes shifted by vendee for which he was reimbursed by the vendor.				
					(c) Refunds or credits of taxes shifted to others.				

<sup>44</sup> Section 353 of the Revenue Act of 1936, added by section 1 of the Revenue Act of 1937, broadened the definition of personal holding company income to include therein income from estates and trusts, amounts received from contracts for personal services, amounts received for the use of property, certain amounts received as rent, and income from futures transactions in commodities (except gains on bona fide hedging transactions). In the case of foreign personal holding companies, United States shareholders are required to include in their gross income their share in the undistributed net income of the foreign personal holding company.

<sup>45</sup> Under the Revenue Act of 1938, the tax base was altered slightly and the tax imposed on "undistributed Title IA net income" (for definition see Revenue Act of 1938, sec. 405). Under the Internal Revenue Code, the reference to this tax base was changed to "undistributed subchapter A net income" (for definition see I. R. C. sec. 504).

<sup>46</sup> See footnote 27, p. 469.

<sup>47</sup> See footnote 36, p. 471.

<sup>48</sup> See footnote 41, p. 472.

<sup>49</sup> Under the Revenue Act of 1938 and the Internal Revenue Code, the tax base is referred to as "undistributed section 102 net income" (for definition see I. R. C. sec. 102).

<sup>50</sup> For corporations not subject to the surtax on undistributed profits the rate of tax is 25% and 35%, respectively.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Excess-profits taxes:</b>									
On individuals:									
Salaries and income from business having no invested capital in excess of \$6,000. <sup>50</sup>					8%-----	Repealed Jan. 1, 1918..			
Net income from business having invested capital: <sup>51</sup>									
Net income equal to 15% of invested capital, less credit. <sup>52</sup>					20%-----				
Net income in excess of 15% of invested capital but not in excess of 20% of invested capital.					25%-----				
Net income in excess of 20% of invested capital but not in excess of 25% of invested capital.					35%-----	Repealed Jan. 1, 1918..			
Net income in excess of 25% of invested capital but not in excess of 33% of invested capital.					45%-----				
Net income in excess of 33% of invested capital.					60%-----				
On corporations and partnerships:									
Net income in excess of the sum of (a) \$5,000 and (b) 8% of the actual invested capital. <sup>53</sup>				8%-----	Repealed, Oct. 3, 1917.				
Net income from business having no invested capital or not more than a nominal capital in excess of credit. <sup>54</sup>					8%-----	Repealed Jan. 1, 1918..			

<sup>50</sup> In excess of \$3,000 for nonresident aliens.<sup>51</sup> Nonresident aliens having business with invested capital, reported only that proportion of invested capital which net income from sources within the United States was of the entire net income.<sup>52</sup> Credit (not allowable to nonresident aliens), \$6,000 plus an amount equal to the same percentages of invested capital for taxable year as the average annual pre-war income was of pre-war invested capital (not less than 7% nor more than 9%). If not established during at least one whole year of the pre-war period, 8%. If, during the pre-war period, the individual had a deficit or a very small income from business, or if invested capital cannot be determined, same percent as that of representative businesses (see sec. 210, Revenue Act of 1917).<sup>53</sup> For foreign corporations and partnerships, the tax is on the net income from sources in the United States in excess of 8% of the capital invested in the United States and that proportion of \$5,000 which the capital invested in the United States bears to the entire capital invested. If no capital is invested in the United States the tax is on the net income in excess of 8% of that proportion of entire capital invested in the business which the net income from sources in the United States bears to entire net income and that proportion of \$5,000 which the net income from sources in the United States bears to the entire net income.<sup>54</sup> Credit: \$3,000 for a domestic corporation; \$6,000 for a domestic partnership; and in the case of all other trades or business, no credit.



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Title of tax	Revenue Act of —								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Excess-profits taxes:</b> <sup>55</sup>									
On corporations:									
Net income in excess of 10% but not in excess of 12½% of adjusted declared value of capital stock.				6%.....	No change.	No change.	No change.	No change.	No change. <sup>56</sup>
Do. 12½-15%.....		5% (N. I. R. A., 1933) .....	No change.	6% .....	No change.	No change.	No change.	No change.	No change. <sup>56</sup>
Do. over 15%.....		5% (N. I. R. A., 1933) .....	No change.	12%.....	No change.	No change.	No change.	No change.	No change. <sup>56</sup>

<sup>55</sup> Prior to the Revenue Act of 1936, the income tax was allowed as a deduction in the computation of the net income for excess-profits tax purposes and dividends received from domestic corporations subject to income taxation were fully exempt from the excess-profits tax. Under the 1936 and subsequent acts, the income tax is not allowed as a deduction and 15% of dividends received are included in the computation of net income for excess-profits tax.

<sup>56</sup> For income-tax taxable years ending after June 30, 1940, and before July 1, 1945, there shall be added to the excess-profits tax computed at the above rates, 10% of the amount of such tax, as a defense tax.

*Taxes of the United States, 1913 to 1940—Continued*

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Excess-profits taxes—Continued.</b>									
On corporations and partnerships—Cont.									
Net income from business having invested capital:									
Net income equal to 15 % of invested capital, less credit. <sup>57</sup>					20%	Repealed Jan. 1, 1918.			
Net income in excess of 15 % but not in excess of 20 % of invested capital.					25%				
Net income in excess of 20 % but not in excess of 25 % of invested capital.					35%				
Net income in excess of 25 % but not in excess of 33 % of invested capital.					45%				
Net income in excess of 33 % of invested capital.					60%				
On corporations: <sup>58</sup>									
Net income equal to 20 % of invested capital, less credit. <sup>59</sup>					30% <sup>60</sup>		20% <sup>61</sup>		
Net income in excess of 20 % of invested capital.					65% <sup>60</sup>		40% <sup>61</sup>		
War-profits tax: <sup>58</sup>									
Net income in excess of war-profits credit. <sup>62</sup>						80% (less the amount of the excess-profits tax). <sup>60</sup>	Repealed Jan. 1, 1921.		
Income from Government contracts: <sup>58</sup>									
Total amount of net income derived from Government contracts made between April 6, 1917, and November 11, 1918, if in excess of \$10,000. <sup>63</sup>						Excess-profits and war-profits tax rates of Revenue Act of 1918, as limited by section 301 (c).	No change <sup>64</sup>		

<sup>57</sup> Credit: \$3,000 (not allowable to foreign corporations) plus: An amount equal to the same percentage of invested capital for the taxable year as the average annual pre-war income was of pre-war invested capital (not less than 7% nor more than 9%); or if corporation was not in existence during at least one whole year of the pre-war period, 8% of invested capital for taxable year; or if during pre-war period, corporation had either no net income or very small net income or if invested capital cannot be determined, same percent as that of representative corporations (see sec. 210, Revenue Act of 1917).

<sup>58</sup> In the case of corporations mining gold, that portion of the net income derived from such mining is exempt.

<sup>59</sup> Credit: \$3,000 (not allowable to foreign corporations) plus: 8% of the invested capital for the taxable year.

<sup>60</sup> Applicable to taxable year 1918 only. The act provides that in no case shall the sum of the excess-profits tax and the war-profits tax for the year 1918 be more than 30% of the net income in excess of \$3,000, and not in excess of \$20,000, plus 80% of the net income in excess of \$20,000 (see sec. 302, Revenue Act of 1918). For 1919 and 1920 the excess-profits tax rates were reduced to 20% and 40% with the proviso that in no case shall the tax be more than 20% of the net income in excess of \$3,000 and not in excess of \$20,000 plus 40% of the net income in excess of \$20,000.

<sup>61</sup> Not applicable for taxable years subsequent to 1921. Tax is not to exceed 20% of the net income in excess of \$3,000 and not in excess of \$20,000 plus 40% of the amount of net income in excess of \$20,000.

<sup>62</sup> Credit, \$3,000 (not allowable to foreign corporations) plus either an amount equal to the average pre-war net income plus or minus 10% of the increase or decrease of invested capital for the taxable year as compared with average pre-war invested capital, or 10% of the invested capital for the taxable year, whichever is greater. If corporation was not in existence during the whole of at least one calendar year during pre-war period, the credit (with certain exceptions) shall be the sum of \$3,000 and an amount equal to the same percentage of invested capital for the taxable year as the average percentage of net income to invested capital for pre-war period of representative corporations, but such amount shall in no case be less than 10% of the invested capital of the taxpayer for the taxable year (see sec. 311, Revenue Act of 1918).

<sup>63</sup> A corporation subject to this tax was exempt from the excess-profits tax.

<sup>64</sup> Tax not applicable for taxable years subsequent to 1921.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Excess-profits taxes—Continued.</b> Excess-profits, certain governmental contracts. <sup>65</sup>			All profits exceeding 10% of contract price for vessels or aircraft for Navy.	No change.	No change.	No change.	No change.	All profits exceeding 10% of contract price for vessels and 12% of contract price for aircraft for Army or Navy.	All profits exceeding 8% of contract price for vessels and aircraft for Army or Navy. <sup>66</sup>

<sup>65</sup> The tax shown in the 1934, 1939, and 1940 columns for "Excess profits, certain governmental contracts" was imposed by sec. 3 of the act of Mar. 27, 1934 (Vinson Act) (48 Stat. 505), as amended by the act of June 25, 1936 (49 Stat. 1926), the act of April 3, 1939 (53 Stat. 560), and the act of June 28, 1940 (Pub. No. 671, 76th Cong.).

<sup>66</sup> Any profits in excess of 8.7% of the cost of performing such contracts except prime contracts made on a cost-plus-a-fixed-fee basis completed within the income taxable year shall be considered profits in excess of 8% of the contract price. In a contract entered into on a cost-plus-a-fixed-fee basis, the fee shall not exceed 7% of the estimated cost of the contract (exclusive of the fee as determined by the Secretary of the Navy or the Secretary of War, as the case may be).

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Capital stock tax:</b> Per \$1,000 of fair average value of the capital stock for the preceding year. <sup>67</sup>			50¢	No change	No change	\$1	No change	No change	Repealed June 30, 1926.
<b>Estate tax:</b> Specific exemption <sup>68</sup>			\$50,000	No change	No change	No change	No change	No change	\$100,000. <sup>69</sup>
Rate of tax:									
Minimum rate			1%	1½%	2%	1%	No change	No change <sup>70</sup>	No change.
Maximum rate			10%	15%	25%	No change	No change	No change <sup>70</sup>	20%.
Minimum rate applies to portion of net estate not exceeding.			\$50,000	No change	No change	No change	No change	No change	No change.
Maximum rate applies to portion of net estate.			Over \$5,000,000	No change	Over \$10,000,000	No change	No change	No change	No change.
Credit for State death taxes paid—credit not to exceed.								25% of Federal tax	80% of Federal tax.
<b>Gift tax:</b> <sup>71</sup> Specific exemption <sup>68</sup>								\$50,000 each calendar year.	
Annual exclusion								Gifts not exceeding \$500 to any one person.	
Rate of tax:									
Minimum rate								1% <sup>70</sup>	
Maximum rate								25% <sup>70</sup>	
Minimum rate applies to portions of net gifts not exceeding.								\$50,000	
Maximum rate applies to portions of net gifts.								Over \$10,000,000	

<sup>67</sup> Under the Revenue Act of 1916, domestic corporations are allowed an exemption of \$99,000 and foreign corporations an exemption equal to such proportion of \$99,000 as the amount invested in the transaction of business in the United States bears to the total amount invested in the transaction of business; under the Revenue Acts of 1918, 1921, and 1924, domestic corporations are allowed an exemption of \$5,000.

<sup>68</sup> Allowed to resident decedents only.

<sup>69</sup> Specific exemption of \$100,000 allowed in the case of nonresident citizens dying on or after May 11, 1934, under 1926 act as amended by 1934 act, and under the acts of 1934 and 1935 nonresident citizen decedents are allowed the specific exemptions of \$50,000 and \$40,000, respectively.

<sup>70</sup> Under the 1924 act the rates ranged from 1% to 40%. The Revenue Act of 1926 amended those rates retroactively and provided for the same schedule as was in effect for the estate tax under the 1921 act.

<sup>71</sup> Effective June 2, 1924, to December 31, 1925.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Capital stock tax:</b>									
Per \$1,000 of adjusted declared value. <sup>72</sup>		\$1 (N. I. R. A., 1933).	No change.	\$1.40 <sup>73</sup>	\$1.....	No change.	No change.	No change.	\$1.10. <sup>74</sup>
<b>Estate tax:</b> <sup>75</sup>									
Specific exemption	\$100,000 <sup>76</sup>	\$50,000	No change <sup>76</sup>	\$40,000 <sup>76</sup>	No change.	No change.	No change.	No change.	No change.
Rate of tax:									
Minimum rate.	1%.....	No change	No change	2%.....	No change.	No change.	No change.	No change.	No change. <sup>77</sup>
Maximum rate.	20%.....	45%.....	60%.....	70%.....	No change.	No change.	No change.	No change.	No change. <sup>77</sup>
Minimum rate applies to portion of net estate not exceeding.	\$50,000.....	\$10,000.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Maximum rate applies to portion of net estate.	Over \$10,000,000..	No change.	No change.	Over \$50,000,000..	No change.	No change.	No change.	No change.	No change.
Credit for State death taxes paid—credit not to exceed.	80% of Federal tax.								
<b>Gift tax:</b>									
Specific exemption <sup>78</sup>		\$50,000	No change	\$40,000	No change.	No change.	No change.	No change.	No change.
Rate of tax:									
Minimum rate		3%.....	No change.	1½%.....	No change.	No change.	No change.	No change.	No change. <sup>79</sup>
Maximum rate		33½%.....	45%.....	52½%.....	No change.	No change.	No change.	No change.	No change. <sup>79</sup>
Minimum rate applies to portion of net gifts not exceeding.		\$10,000	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Maximum rate applies to portion of net gifts.		Over \$10,000,000..	No change.	Over \$50,000,000..	No change.	No change.	No change.	No change.	No change.

<sup>72</sup> The capital stock tax applies to the adjusted declared value of capital stock of domestic corporations and adjusted declared value of capital employed by foreign corporations in the transaction of business in the United States. The taxpayers' first declaration of the value of capital stock was made under the National Industrial Recovery Act of 1933. A new declaration was permitted under the Revenue Act of 1934, and again under the Revenue Act of 1935, as amended by the Revenue Act of 1936. Under section 601 (f) of the 1938 act, codified as section 1202 I. R. C., a new declaration was permitted for the year ending June 30, 1938, and each third year thereafter. Under the Revenue Act of 1939 corporations are permitted to increase their capital stock tax valuations for the fiscal years ending June 30, 1939, and June 30, 1940, but not to decrease such value for such years.

<sup>73</sup> See footnote 27, p. 469.

<sup>74</sup> Defense tax for the year ending June 30, 1940, and for the four succeeding years ending June 30, in lieu of the \$1 tax.

<sup>75</sup> Subsequent to June 6, 1932, estates are subject to 2 estate taxes—the basic tax under the provisions of the Revenue Act of 1926 plus an additional tax under the Revenue Act of 1932 or 1932 as amended. The rates, exemptions, and credits shown in the 1928 column are for purposes of determining the basic estate tax; those in the 1932 to 1939 columns for determining the additional estate tax. The total tax is the amount determined under the basic rate plus the difference between the basic and the additional tax.

<sup>76</sup> See footnote 69, p. 478.

<sup>77</sup> In the case of a decedent dying after the enactment of the Revenue Act of 1940 (June 25, 1940, 11:45 a. m., E. S. T.) and before the expiration of five years after such date, there shall be added to the net tax (after deductions of the credits for gift taxes and State death taxes) computed at the above rates, 10% of the amount of such net tax, as a defense tax.

<sup>78</sup> Allowed but once and taken all in one year or over a period of years at option of donor. In addition an annual exemption was allowed for each donee (except for gifts of future interests in property) of \$5,000 under the Revenue Acts of 1932 to 1937. The Revenue Act of 1938 reduced the annual exemption to \$4,000, and added gifts in trust to the exclusions from the exemption.

<sup>79</sup> A defense tax of 10% of the gift tax computed at the above rates is applicable to gifts made in the calendar year 1940 (determined by proration), and to gifts made in each of the calendar years 1941 to 1945.

*Taxes of the United States, 1913 to 1940—Continued*

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Tobacco taxes:<sup>80</sup></b>									
<b>Cigarettes:</b>									
Weighing not more than 3 lbs. per M.	\$1.25 per M.	No change	No change	No change	\$2.05 per M. <sup>81</sup>	\$3 per M. <sup>82</sup>	No change	No change	No change.
Weighing more than 3 lbs. per M.	\$3.60 per M.	No change	No change	No change	\$4.80 per M. <sup>81</sup>	\$7.20 per M. <sup>82</sup>	No change	No change	No change.
<b>Cigarette papers:</b>									
Package of 26-50 sheets					1¢	No change	No change	No change	No change.
Package of 51-100 sheets					1¢	No change	No change	No change	No change.
Per additional 50 sheets or fraction thereof					1¢	Repealed Feb. 25, 1919.	No change	No change	No change.
Per additional 100 sheets or fraction thereof					1¢	Repealed Feb. 25, 1919.	No change	No change	No change.
<b>Cigarette tubes:</b>									
Per 50 or fraction thereof					2¢	Repealed Feb. 25, 1919.	No change	No change	No change.
Per 100 or fraction thereof					2¢	Repealed Feb. 25, 1919.	No change	No change	No change.
<b>Cigars:</b>									
Weighing not more than 3 lbs. per M.	75¢ per M.	No change	No change	No change	\$1 per M. <sup>81</sup>	\$1.50 per M. <sup>82</sup>	No change	No change	75¢ per M.
Weighing more than 3 lbs. per M; intended retail price:									
Less than 4¢ each	\$3 per M	No change	No change	No change	No change	Repealed Feb. 25, 1919.			
4¢ and not more than 7¢ each	\$3 per M	No change	No change	No change	\$4 per M. <sup>81</sup>				
More than 7¢ and not more than 15¢ each	\$3 per M	No change	No change	No change	\$6 per M. <sup>81</sup>				
More than 15¢ and not more than 20¢ each	\$3 per M	No change	No change	No change	\$8 per M. <sup>81</sup>				
More than 20¢ each	\$3 per M	No change	No change	No change	\$10 per M. <sup>81</sup>				
Not more than 5¢ each						\$4 per M. <sup>82</sup>	No change	No change	\$2 per M.
More than 5¢ and not more than 8¢ each						\$6 per M. <sup>82</sup>	No change	No change	\$3 per M.
More than 8¢ and not more than 15¢ each						\$9 per M. <sup>82</sup>	No change	No change	\$5 per M.
More than 15¢ and not more than 20¢ each						\$12 per M. <sup>82</sup>	No change	No change	\$10.50 per M.
More than 20¢ each						\$15 per M. <sup>82</sup>	No change	No change	\$13.50 per M.
Leaf tobacco, penalty tax on leaf tobacco sold, removed, or shipped by dealers in leaf to- bacco in violation of law (un- der section 3360 of the Revised Statutes).						18¢ per lb.	No change	No change	No change.
Tobacco and snuff	8¢ per lb.	No change	No change	No change	13¢ per lb. <sup>81</sup>	18¢ per lb.	No change	No change	No change.

<sup>80</sup> With the exception of the penalty tax on leaf tobacco, and the taxes on dealers and manufacturers, the tobacco taxes apply to products manufactured or imported into the United States and sold or removed for consumption or sale.

<sup>81</sup> If removed after passage of act from factory or customhouse, but before act becomes effective, the increase in tax payable equals 50% of the increase in tax imposed.

<sup>82</sup> Floor tax payable equal to difference between former rate and 1918 rate on goods removed on or before passage of 1918 act, if, upon passage of 1918 act, such goods are held and intended for sale.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Tobacco taxes: <sup>83</sup></b>									
Cigarettes:									
Weighing not more than 3 lbs. per M.	\$3.00 per M.	No change..	No change..	No change..	No change..	No change..	No change..	No change..	\$3.25 per M. <sup>84</sup>
Weighing more than 3 lbs. per M., and not more than 6½ inches in length.	\$7.20 per M.	No change..	No change..	No change..	No change..	No change..	No change..	No change..	\$7.80 per M. <sup>84</sup>
Weighing more than 3 lbs. per M., and more than 6½ inches in length.	\$7.20 per M.	No change..	\$3.00 per M. <sup>85</sup>	No change..	No change..	No change..	No change..	No change..	\$3.25 per M. <sup>84</sup> <sup>85</sup>
Cigarette papers:									
Package of 25-50 sheets.....	½¢.....	No change..	No change..	No change..	No change..	No change..	No change..	No change..	No change.
Per additional 50 sheets or fraction thereof.	½¢.....	No change..	No change..	No change..	No change..	No change..	No change..	No change..	No change.
Cigarette tubes—per 50 or fraction thereof.	1¢.....	No change..	No change..	No change..	No change..	No change..	No change..	No change..	No change.
Cigars:									
Weighing not more than 3 lbs. per M.	75¢ per M....	No change..	No change..	No change..	No change..	No change..	No change..	No change..	No change.
Weighing more than 3 lbs. per M., retailing at:									
Not more than 5¢ each.....	\$2.00 per M.	No change..	No change..	No change..	No change..	No change..	No change..	No change..	No change.
More than 5¢ and not more than 8¢ each.....	\$3.00 per M.	No change..	No change..	No change..	No change..	No change..	No change..	No change..	No change.
More than 8¢ and not more than 15¢ each.....	\$5.00 per M.	No change..	No change..	No change..	No change..	No change..	No change..	No change..	No change.
More than 15¢ and not more than 20¢ each.....	\$10.50 per M.	No change..	No change..	No change..	No change..	No change..	No change..	No change..	No change.
More than 20¢ each.....	\$13.50 per M.	No change..	No change..	No change..	No change..	No change..	No change..	No change..	No change.
Leaf tobacco, penalty tax on leaf tobacco sold, removed or shipped by dealers in leaf tobacco in violation of law (under section 3360 of the Revised Statutes).	18¢ per lb....	No change..	No change..	No change..	No change..	No change..	No change..	No change..	No change.
Tobacco and snuff.....	18¢ per lb....	No change..	No change..	No change..	No change..	No change..	No change..	No change..	No change.
Floor stocks tax on cigarettes.....									No change. 25¢ per M small cigarettes; 60¢ per M large cigarettes.

<sup>83</sup> See footnote 80, p. 480.<sup>84</sup> Defense tax for 5 years, effective July 1, 1940, through June 30, 1945, in lieu of tax under prior law.<sup>85</sup> Counting each 2¾ inches (or fraction thereof) of the length of each as one cigarette.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926	Revenue Acts of 1928 to 1940
<b>Tobacco taxes—Continued.</b>										
Dealers:										
Leaf tobacco:										
Annual sales 1,001-50,000 lbs.		\$6.-----	Repealed Jan. 1, 1917.							
Annual sales 50,001-100,000 lbs.		\$12.-----								
Annual sales exceeding 100,000 lbs.		\$24.-----								
Other tobacco:										
Annual sales exceeding \$200.		\$4.80 per establishment in which tobacco is sold.	Repealed Jan. 1, 1917.							
<b>Manufacturers:</b>										
Cigarettes:										
Annual sales not exceeding 1,000,000 cigarettes.		\$12.-----	3¢ per 10 M or fraction thereof.	No change.	No change.	6¢ per 10 M or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Annual sales 1,000,001-2,000,000.		\$24.-----	3¢ per 10 M or fraction thereof.	No change.	No change.	6¢ per 10 M or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Annual sales 2,000,001-5,000,000.		\$60.-----	3¢ per 10 M or fraction thereof.	No change.	No change.	6¢ per 10 M or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Annual sales 5,000,001-10,000,000.		\$120.-----	3¢ per 10 M or fraction thereof.	No change.	No change.	6¢ per 10 M or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Annual sales 10,000,001-50,000,000.		\$600.-----	3¢ per 10 M or fraction thereof.	No change.	No change.	6¢ per 10 M or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Annual sales 50,000,001-100,000,000.		\$1,200.-----	3¢ per 10 M or fraction thereof.	No change.	No change.	6¢ per 10 M or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Annual sales exceeding 100,000,000.		\$2,496.-----	3¢ per 10 M or fraction thereof.	No change.	No change.	6¢ per 10 M or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	



Cigars:									
Annual sales not exceeding 50,000 cigars.	\$3	\$2	No change.	No change.	\$4	No change.	No change.	Repealed June 30, 1926.	
Annual sales 50,001-100,000.	\$3	No change.	No change.	No change.	\$6	No change.	No change.	Repealed June 30, 1926.	
Annual sales 100,001-200,000.	\$6	No change.	No change.	No change.	\$12	No change.	No change.	Repealed June 30, 1926.	
Annual sales 200,001-400,000.	\$12	No change.	No change.	No change.	\$24	No change.	No change.	Repealed June 30, 1926.	
Annual sales 400,001-1,000,000.	\$30	5¢ per M or fraction thereof.	No change.	No change.	\$24 plus 10¢ per M or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Annual sales 1,000,001-5,000,000.	\$150	5¢ per M or fraction thereof.	No change.	No change.	\$24 plus 10¢ per M or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Annual sales 5,000,001-20,000,000.	\$600	5¢ per M or fraction thereof.	No change.	No change.	\$24 plus 10¢ per M or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Annual sales 20,000,001-40,000,000.	\$1,200	5¢ per M or fraction thereof.	No change.	No change.	\$24 plus 10¢ per M or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Annual sales exceeding 40,000,000.	\$2,496	5¢ per M or fraction thereof.	No change.	No change.	\$24 plus 10¢ per M or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Small cigars weighing not more than 3 lbs. per M.		3¢ per 10-M or fraction thereof.	No change.	No change.	6¢ per 10-M or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Other tobacco:									
Annual sales not exceeding 50,000 lbs.	\$6	\$3	No change.	No change.	\$6	No change.	No change.	Repealed June 30, 1926.	
Annual sales 50,001-100,000 lbs.	\$6	No change.	No change.	No change.	\$12	No change.	No change.	Repealed June 30, 1926.	
Annual sales 100,001-200,000 lbs.	\$12	No change.	No change.	No change.	\$24	No change.	No change.	Repealed June 30, 1926.	
Annual sales 200,001-400,000 lbs.	\$24	8¢ per M lbs. or fraction thereof.	No change.	No change.	\$24 plus 16¢ per M lbs. or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Annual sales 400,001-1,000,000 lbs.	\$60	8¢ per M lbs. or fraction thereof.	No change.	No change.	\$24 plus 16¢ per M lbs. or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Annual sales 1,000,001-5,000,000 lbs.	\$300	8¢ per M lbs. or fraction thereof.	No change.	No change.	\$24 plus 16¢ per M lbs. or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Annual sales 5,000,001-10,000,000 lbs.	\$600	8¢ per M lbs. or fraction thereof.	No change.	No change.	\$24 plus 16¢ per M lbs. or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Annual sales 10,000,001-20,000,000 lbs.	\$1,200	8¢ per M lbs. or fraction thereof.	No change.	No change.	\$24 plus 16¢ per M lbs. or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	
Annual sales exceeding 20,000,000 lbs.	\$2,496	8¢ per M lbs. or fraction thereof.	No change.	No change.	\$24 plus 16¢ per M lbs. or fraction thereof.	No change.	No change.	Repealed June 30, 1926.	

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Liquor taxes:</b>									
Excise taxes: <sup>86</sup>									
Distilled spirits.....	\$1.10 per proof or wine gal. if below proof.	No change.....	No change. <sup>87</sup> .....	No change.....	\$2.20 per proof or wine gal. if below proof. <sup>88</sup>	\$2.20 per proof or wine gal. if below proof. <sup>88</sup>	No change.....	No change.....	\$2.20 per proof or wine gal. if be- low proof. <sup>89</sup>
Fermented liquors.....	\$1 per bbl.....	\$1.50 per bbl..... (Per ¼ pint or less, ¼¢. Over ¼ pint and not over ½ pint, ½¢. Over ½ pint and not over 1 pint, 1¢. Over 1 pint and not over 1 quart, 2¢. Per gallon, 8¢.)	No change.....	No change.....	\$3 per bbl.....	\$6 per bbl.....	No change.....	No change.....	No change.
Still wines.....			Repealed Sept. 9, 1916.						
Still wines containing the following per- centages of absolute alcohol by volume:									
Not over 14%.....			4¢ per wine gal..	No change.....	8¢ per wine gal..	16¢ per wine gal..	No change.....	No change.....	No change.
Over 14 but not over 21%.....			10¢ per wine gal..	No change.....	20¢ per wine gal..	40¢ per wine gal..	No change.....	No change.....	No change.
Over 21 but not over 24%.....			25¢ per wine gal..	No change.....	50¢ per wine gal..	\$1 per wine gal..	No change.....	No change.....	No change.
Over 24%.....			\$1.10 per proof or wine gal. if below proof.	No change.....	\$2.20 per proof or wine gal. if below proof. <sup>88</sup>	\$2.20 per proof or wine gal. if below proof. <sup>88</sup>	No change.....	No change.....	No change. <sup>89</sup>
Artificial or imitation wine.	Per pint or less, 10¢. Over 1 pint and not over 1 quart, 20¢; larger quanti- ties at similar rate.	No change.....	Repealed Sept. 9, 1916.						

<sup>86</sup> With the exception of the taxes on fermented malt liquors, spirits used in fortification of wines and rectification of distilled spirits and wines, the liquor excise taxes apply to products imported into the United States as well as to domestic products.

<sup>87</sup> Gin of not less than 80% proof may, at any time after entry in bond at any distillery, be bottled in bond for export without payment of tax.

<sup>88</sup> If withdrawn for beverage purposes or for use in the manufacture or production of any article used or intended for use as a beverage, the tax was \$3.20 under the Revenue Act of 1917 and \$6.40 per proof or wine gallon if below proof under the Revenue Act of 1918.

<sup>89</sup> Under section 900 of the Revenue Act of 1926, taxes on distilled spirits were imposed as follows: Until January 1, 1927—\$2.20; on and after January 1, 1927, to January 1, 1928—\$1.65; and on and after January 1, 1928—\$1.10 per proof or wine gallon if below proof. The same section imposed a tax of \$6.40 on distilled spirits diverted to beverage purposes and provided that any taxes paid at the rate of \$2.20, \$1.65, or \$1.10 could be taken as a credit in computing the \$6.40 tax.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Liquor taxes:<sup>90</sup></b>									
Excise taxes: <sup>91</sup>									
Distilled spirits, except brandy.	\$1.10 per proof or wine gal. if below proof. <sup>92</sup>	No change.	\$2.00 per proof or wine gal. if below proof.	No change.	No change.	No change.	\$2.25 per proof or wine gal. if below proof.	No change.	\$3.00 per proof or wine gal. if below proof. <sup>93</sup>
Brandy	\$1.10 per proof or wine gal. if below proof. <sup>92</sup>	No change.	\$2.00 per proof or wine gal. if below proof.	No change.	No change.	No change.	No change.	No change.	\$2.75 per proof or wine gal. if below proof. <sup>93</sup>
Fermented malt liquors containing $\frac{1}{2}$ of 1% or more of alcohol by volume.	\$6.00 per bbl.	No change.	\$5.00 per bbl.	No change.	No change.	No change.	No change.	No change.	\$6.00 per bbl. <sup>93</sup>
Fermented malt and vinous liquors containing $\frac{1}{2}$ of 1% or more of alcohol by volume and not more than 3.2% of alcohol by weight.		\$5.00 per bbl. <sup>94</sup>	Repealed Jan. 12, 1934. <sup>94</sup>						
Still wine containing following percentages of absolute alcohol by volume:									
Not over 14%.	4¢ per wine gal.	No change.	10¢ per wine gal.	No change.	5¢ per wine gal.	No change.	No change.	No change.	6¢ per wine gal. <sup>95</sup>
Over 14 but not over 21%.	10¢ per wine gal.	No change.	20¢ per wine gal.	No change.	10¢ per wine gal.	No change.	No change.	No change.	18¢ per wine gal. <sup>95</sup>
Over 21 but not over 24%.	25¢ per wine gal.	No change.	40¢ per wine gal.	No change.	20¢ per wine gal.	No change.	No change.	No change.	30¢ per wine gal. <sup>95</sup>
Over 24%.	\$1.10 per proof or wine gal. if below proof. <sup>92</sup>	No change.	\$2.00 per proof or wine gal. if below proof.	No change.	No change.	No change.	\$2.25 per proof or wine gal. if below proof, if containing distilled spirits other than brandy; or \$2.00 per proof or wine gal. if below proof, if brandy only is contained therein.	No change.	\$3.00 per proof or wine gal. if below proof, if containing distilled spirits other than brandy; or \$2.75 per proof or wine gal. if below proof if brandy only is contained therein. <sup>95</sup>

<sup>90</sup> The rate changes for the liquor taxes shown in the 1934, 1936, 1937, 1938, and 1940 columns, were made by the Liquor Taxing Act of 1934; the Liquor Tax Administration Act of 1936; Public No. 198, 75th Cong., approved July 9, 1937; the Revenue Act of 1938; Public Resolution No. 114, 75th Cong., approved June 16, 1938; and the Revenue Act of 1940, respectively.

<sup>91</sup> See footnote 86, p. 484.

<sup>92</sup> See footnote 89, p. 484.

<sup>93</sup> See footnote 84, p. 481.

<sup>94</sup> Imposed by the Cullen Act, approved March 22, 1933. Subsection (a) of section 1 of this act providing for the taxation of fermented malt and vinous liquors containing  $\frac{1}{2}$  of 1% or more alcohol by volume and not more than 3.2% of alcohol by weight was repealed by the Liquor Taxing Act of 1934.

<sup>95</sup> Defense tax for 5 years, effective July 1, 1940, through June 30, 1945, in lieu of following rates imposed by Public No. 655, 76th Cong., approved June 24, 1940: On still wine containing the following percentages of absolute alcohol by volume: Not over 14%, 5¢ per wine gallon; over 14% but not over 21%, 15¢ per wine gallon; over 21 but not over 24%, 25¢ per wine gallon; over 24% taxed as distilled spirits; artificially carbonated wine, 14¢ on each one-half pint or fraction thereof; champagne or sparkling wine, 24¢ on each one-half pint or fraction thereof; and liqueurs, cordials, or similar compounds, 14¢ on each one-half pint or fraction thereof.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Liquor taxes—Continued.</b>									
Excise taxes—Continued:									
Artificially carbonated wine.	-----	Per ½ pint or less 5¢. Over ½ pint and not over 1 pint 10¢. Over 1 pint and not over 1 quart 20¢. Per quart 20¢.	1½¢ per half pint.	No change.	3¢ per half pint.	6¢ per half pint.	No change.	No change.	No change.
Liqueurs, cordials, or similar compounds.	-----	1½¢ per half pint.	No change.	No change.	3¢ per ½ pint.	6¢ per half pint.	No change.	No change.	No change.
Champagne or sparkling wine.	-----	Per ½ pint or less 5¢. Over ½ pint and not over 1 pint 10¢. Over 1 pint and not over 1 quart 20¢. Per quart 20¢.	3¢ per ½ pint.	No change.	6¢ per ½ pint.	12¢ per half pint.	No change.	No change.	No change.
Grape brandy or wine spirits withdrawn and used in the fortification of wine.	-----	55¢ per taxable gal.	10¢ per proof gal.	No change.	30¢ per proof gal.	60¢ per proof gal.	No change.	No change.	No change.
Rectification tax, distilled spirits, and wines.	-----				15¢ per proof gal. <sup>96</sup>	30¢ per proof gal. <sup>96</sup>	No change.	No change.	No change.
Bay rum or any article con- taining alcohol imported from Puerto Rico for con- sumption. <sup>97</sup>	\$1.10 per proof gal.	No change.	No change.	No change.	\$2.20 per proof gal.	No change.	No change.	No change.	No change.
Perfume, imported, contain- ing distilled spirits.	-----				\$1.10 per wine gal.	No change.	No change.	No change.	No change.
Special (occupational) taxes: <sup>98</sup>									
Distilled spirits or wine:									
Wholesale dealers in.....	\$100 per yr.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Retail dealers in.....	\$25 per yr.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.

<sup>96</sup> Does not apply to gin produced by the redistillation of a pure spirit over juniper berries and other aromatics.<sup>97</sup> Supreme Court Decision, *Jordan v. Roche* (1913), 228 U. S. 436, and Internal Revenue Treasury Decision 1349, May 5, 1913, vol. 15, p. 156, classified bay rum as a distilled spirit.<sup>98</sup> Under the acts of 1913 to 1934, in addition to other taxes, a tax of \$1,000 annually was imposed on every person carrying on the business of brewer, distiller, wholesale or retail liquor dealer, wholesale or retail dealer in malt liquor, or manufacturer of stills in any State, Territory, or district of the United States contrary to the laws of such State, Territory, or district, or in any place therein in which carrying on such business is prohibited by local or municipal law. This tax was made inoperative after June 30, 1935, by provision of the Revenue Act of 1935.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Liquor taxes—Continued.</b>									
<b>Excise taxes—Contd.</b>									
Artificially carbonated wine.	6¢ per half pint....	No change.	2½¢ per half pint...	No change.	1¼¢ per pint.....	No change.	No change....	No change.	1½¢ per pint. <sup>99</sup>
Liqueurs, cordials, or similar compounds.	6¢ per half pint....	No change.	2½¢ per half pint...	No change.	1¼¢ per half pint...	No change.	No change....	No change.	1½¢ per half pint. <sup>99</sup>
Champagne or sparkling wine.	12¢ per half pint...	No change.	5¢ per half pint....	No change.	2½¢ per half pint...	No change.	No change....	No change.	3¢ per half pint. <sup>99</sup>
Grape brandy, citrus-fruit, peach, cherry, berry, apricot, apple, prune, plum, and pear brandy or wine spirits withdrawn and used in fortification of wines. <sup>100</sup>	10¢ per proof gal...	No change.	20¢ per proof gal...	No change.	10¢ per proof gal...	No change.	No change....	No change.	Eliminated, effective on or after July 1, 1940. <sup>101</sup>
Rectification tax, distilled spirits and wines.	30¢ per proof gal. in addition to tax on distilled spirits or wines.	No change.	No change.....	No change.	No change.....	No change.	No change....	No change.	No change.
Bay rum or any article containing alcohol imported from Puerto Rico for consumption. <sup>102</sup>	\$1.10 per proof gal.	No change.	\$2.00 per proof or wine gal. if below proof.	No change.	No change.....	No change.	\$2.25 per proof or wine gal. if below proof.	No change.	\$3.00 per proof or wine gal. if below proof. <sup>103</sup>
Perfume, imported, containing distilled spirits.	\$1.10 per wine gal..	No change.	\$2.00 per wine gal..	No change.	No change.....	No change.	\$2.25 per wine gal.	No change.	\$3.00 per wine gal. <sup>103</sup>
Special (occupational) taxes: <sup>104</sup>									
Distilled spirits or wine:									
Wholesale dealers in.	\$100 per year.....	No change.	No change.....	No change.	No change.....	No change.	No change....	No change.	\$110 per yr. <sup>105</sup>
Retail dealers in ..	\$25 per year.....	No change.	No change.....	No change.	No change <sup>105</sup> .....	No change.	No change....	No change.	\$27.50 per yr. <sup>105</sup> <sup>105</sup>

<sup>99</sup> See footnote 95, p. 485.<sup>100</sup> Prior to 1936, only grape brandy and wine spirits withdrawn were taxable; prior to 1938, prune, plum, and pear brandy or wine spirits withdrawn were not taxable.<sup>101</sup> Eliminated by Public No. 655, 76th Cong., approved June 24, 1940.<sup>102</sup> See footnote 97, p. 486.<sup>103</sup> See footnote 84, p. 481.<sup>104</sup> See footnote 98, p. 486.<sup>105</sup> Retailers of wines or malt liquors to members, guests, or patrons at fairs, dances, picnics, etc., shall pay a tax for each calendar month in which such sales are made in lieu of the regular tax, provided that the person or organization retailing the wine or malt liquor is not otherwise engaged in business as a dealer in wine or malt liquors. Prior to the Revenue Act of 1940, the rate was \$2 per month. Under the Revenue Act of 1940, the rate was increased to \$2.20 per month.

*Taxes of the United States, 1913 to 1940—Continued*

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Liquor taxes—Continued.</b>									
Special (occupational) taxes—Con.									
Fermented liquors:									
Brewers according to production, per brewery.	\$50-\$100 per year.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Wholesalers.	\$50 per year.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Retailers.	\$20 per year.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Rectifiers, according to production.	\$100-\$200 per year.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Manufacturers of stills.	\$50 per year.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Stills or worms manufactured for distilling spirits.	\$20 per still or worm.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Stamp taxes on distilled spirits:									
Container stamps, distilled spirits in containers upon which all internal revenue taxes have been paid.	Not required.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Case stamps, distilled spirits in bond.	10¢ per case.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Export stamps, distilled spirits intended for export.	10¢ per package.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Floor stock taxes:									
Distilled spirits.					\$1.10 or \$2.10 per proof gallon according to tax-paid rate.	\$3.20 per proof gallon if produced or imported for beverage purposes.			
Fermented liquor.		50¢ per bbl.							
Still wines containing the following percentages of absolute alcohol by volume:									
Not over 14%.						8¢ per wine gallon.			
Over 14 but not over 21%.						20¢ per wine gallon.			
Over 21 but not over 24%.						50¢ per wine gallon.			
Over 24%.						\$3.20 per proof or wine gallon if below proof.			
Artificially carbonated wine.						3¢ per half pint.			
Liqueurs, cordials, or similar compounds.						3¢ per half pint.			
Champagne or sparkling wine.						6¢ per half pint.			
Grape brandy or wine spirits withdrawn and used in fortification of wine.					30¢ per proof gallon. <sup>108</sup>	30¢ per proof gallon.			
Rectification.						15¢ per proof gal.			

<sup>108</sup> If withdrawn by producer for purpose of fortifying and not used prior to the passage of this act; 20¢ if only used in fortification.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Liquor taxes—Continued.</b>									
Special (occupational) taxes—Continued.									
Fermented malt liquors:									
Brewers according to production, per brewery.	\$50-\$100 per year.	\$1,000 per year. <sup>107</sup>	\$50-\$100 per year.	No change.	No change.	No change.	No change.	No change.	\$55-\$110 per year. <sup>108</sup>
Wholesalers.	\$50 per year.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	\$55 per year. <sup>108</sup>
Retailers.	\$20 per year.	No change.	No change.	No change.	No change. <sup>109</sup>	No change.	No change.	No change.	\$22 per year. <sup>108, 109</sup>
Rectifiers according to production.	\$100-\$200 per year.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	\$110-\$220 per year. <sup>108</sup>
Manufacturers of stills.	\$50 per year.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	\$55 per year. <sup>108</sup>
Stills or worms manufactured for distilling spirits.	\$20 per still or worm.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	\$22 per still or worm. <sup>108</sup>
Stamp taxes on distilled spirits:									
Container stamps, distilled spirits in containers upon which all internal revenue taxes have been paid.	Not required.	Not required.	Per container of less than $\frac{1}{2}$ pint, $\frac{1}{4}$ ¢; $\frac{1}{2}$ pint or more, 1¢.	No change.	No change.	No change.	No change.	No change.	No change.
Case stamps, distilled spirits in bond.	10¢ per case.	No change.	No change.	No change.	No change.	Per container of less than $\frac{1}{2}$ pint, $\frac{1}{4}$ ¢; $\frac{1}{2}$ pint or more, 1¢.	No change.	No change.	No change.
Export stamps, distilled spirits intended for export.	10¢ per pkg.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Floor stock taxes:									
Distilled spirits.			0-35¢ or 90¢ per proof gal. according to tax-paid rate.				25¢ per proof gal. of distilled spirits except brandy.		75¢ per proof gal. <sup>110</sup>
Fermented malt liquors.									\$1.00 per barrel. <sup>111</sup>

<sup>107</sup> See footnote 94, p. 485.<sup>108</sup> See footnote 84, p. 481.<sup>109</sup> See footnote 105, p. 487.<sup>110</sup> Tax does not apply to 100 wine gallons of the retail stocks of distilled spirits held by any person on premises to which such person has incurred occupational tax as a retail dealer in liquors for the period beginning on July 1, 1940, and as to which no other occupational tax with respect to dealing in distilled spirits has been incurred by such person for a period beginning on July 1, 1940.<sup>111</sup> Tax does not apply to retail stocks of fermented malt liquors held by a person on premises as to which such person has incurred occupational tax as a dealer in liquors or a retail dealer in malt liquors for the period beginning on July 1, 1940, and as to which no other occupational tax with respect to dealing in distilled spirits, wines, or malt liquors has been incurred by such person for a period beginning on July 1, 1940.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Stamp taxes:</b>									
<b>Documentary:</b>									
Bills of lading, manifests, etc., where charge is in excess of 5¢.		1¢ each <sup>112</sup>	Repealed Sept. 9, 1916.						
Brokers notes, memorandum of sale, etc.		10¢ each	Repealed Sept. 9, 1916.						
Certificates of damage and certificates issued by port warden or margin surveyor.		25¢ each	Repealed Sept. 9, 1916.						
Certificates of profits or certificate or memorandum showing an interest in property of association or corporation.		2¢ per \$100 face value or fraction.	Repealed Sept. 9, 1916.						
Certificates not specifically provided for.		10¢ each	Repealed Sept. 9, 1916.						
Conveyances (deed, instrument, or writing conveying realty).		Value: \$100.01-\$500, 50¢; each additional \$500 or fraction, 50¢. <sup>113</sup>	Repealed Sept. 9, 1916.		Value: \$100.01-\$500, 50¢; each additional \$500 or fraction, 50¢. <sup>113</sup>	No change.	No change.	No change.	Repealed Mar. 28, 1926.
Entry of goods at any custom-house.		Value: Not over \$100, 25¢; \$100.01-\$500, 50¢; over \$500, \$1.	Repealed Sept. 9, 1916.		Value: Not over \$100, 25¢; \$100.01-\$500, 50¢; over \$500, \$1.	No change.	No change.	No change.	Repealed Mar. 28, 1926.
Entry for the withdrawal of goods from customs bonded warehouse.		50¢ each	Repealed Sept. 9, 1916.		50¢ each	No change.	No change.	No change.	Repealed Mar. 28, 1926.
Foreign insurance policies.						3¢ per \$1 or fraction of premium. <sup>114</sup>	No change.	No change.	No change.
Indemnifying and other bonds not specifically provided for.		50¢ each <sup>115</sup>	Repealed Sept. 9, 1916.		50¢ each <sup>115 116</sup>	No change.	Repealed Jan. 1, 1922.		
Issues of bonds, debentures, certificates of indebtedness, etc.		5¢ per \$100 face value or fraction.	Repealed Sept. 9, 1916.		5¢ per \$100 face value or fraction.	No change.	No change.	No change.	No change.

<sup>112</sup> Except shipments of newspapers delivered to points within the county in which the same are published.<sup>113</sup> Tax does not apply to instruments given to secure a debt.<sup>114</sup> Policies of reinsurance exempt.<sup>115</sup> Bonds required in legal proceedings exempt.<sup>116</sup> When a premium is charged, for execution, the tax shall be 1¢ for each \$1 or fractional part thereof of the premium.



Title of tax	Revenue Act of —								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Stamp taxes:</b>									
Documentary:									
Conveyances (deed, instrument, or writing conveying realty).	-----	Value: \$100.01-\$500, 50¢; each additional \$500 or fraction, 50¢.	No change..	No change..	No change..	No change..	No change..	No change..	Value: \$100.01-\$500, 55¢; each additional \$500 or fraction, 55¢. <sup>117</sup>
Foreign insurance policies.	3¢ per dollar or fraction of premium. <sup>118</sup>	No change-----	No change..	No change..	No change..	No change..	No change..	No change..	4¢ per dollar or fraction of premium. <sup>119</sup>
Issues of bonds, debentures, certificates of indebtedness, etc.	5¢ per \$100 face value or fraction thereof.	10¢ per \$100 face value or fraction thereof.	No change..	No change..	No change..	No change..	No change..	No change..	11¢ per \$100 face value or fraction thereof. <sup>120</sup>

<sup>117</sup> Defense tax for five years, effective July 1, 1940, through June 30, 1945.

<sup>118</sup> See footnote 114, p. 490.

<sup>119</sup> See footnote 84, p. 481.

<sup>120</sup> Defense tax for five years, effective July 1, 1940, through June 30, 1945; thereafter rate will be reduced to 50% of the rate under prior law.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Stamp taxes—Continued.</b> <b>Documentary—Continued.</b> Issues of capital stock.....		5¢ per \$100 face value or fraction.	Repealed Sept. 9, 1916.		5¢ per \$100 face value or fraction or if without face value 5¢ per share. However, if actual value is over \$100, 5¢ per \$100 of actual value or fraction.	No change..	5¢ per \$100 face value or if without face value: (a) If actual value is less than \$100, 1¢ on each \$20 or fraction; (b) if actual value is over \$100, 5¢ on each \$100 or fraction.	No change....	No change.
Power of attorney or proxy for voting for officers of corporations or associations. <sup>121</sup>		10¢ each.....	Repealed Sept. 9, 1916.		10¢ each.....	No change..	No change.....	No change....	Repealed Mar. 28, 1926.
Power of attorney to sell, lease real estate, collect rents, etc.		25¢ each.....	Repealed Sept. 9, 1916.		25¢ each.....	No change..	No change.....	No change....	Repealed Mar. 28, 1926.
Promissory notes.....		2¢ per \$100 or fraction. <sup>122</sup>	Repealed Sept. 9, 1916.		2¢ per \$100 or fraction. <sup>122</sup>	No change <sup>123</sup>	No change.....	Repealed July 2, 1924.	
Protest of notes, bills, etc.....		25¢ each.....	Repealed Sept. 9, 1916.						
Sales of produce for future delivery.		1¢ per \$100 value or fraction.	Repealed Sept. 9, 1916.		2¢ per \$100 value or fraction.	No change..	No change.....	1¢ per \$100 value or fraction.	No change.
Transfers of capital stock.....		2¢ per \$100 face value or fraction.	Repealed Sept. 9, 1916.		2¢ per \$100 face value or fraction or if without face value 2¢ per share. However, if actual value is over \$100, 2¢ per \$100 of actual value or fraction.	No change..	2¢ per \$100 face value or fraction or if without par or face value, 2¢ per share.	No change....	No change.

<sup>121</sup> Except on powers of attorney or proxies for voting at elections for officers of religious, charitable, or literary societies, or public cemeteries.<sup>122</sup> Bank notes issued for circulation are exempt.<sup>123</sup> Tax does not apply to promissory notes secured by the pledge of United States bonds or obligations issued after April 24, 1917, or secured by promissory note which is itself secured by such obligations.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
Stamp taxes—Con. Documentary—Con. Issues of capital stock-----	5¢ per \$100 face value or if without face value: (a) If actual value is less than \$100, 1¢ on each \$20 or fraction. (b) If actual value is over \$100, 5¢ on each \$100 or fraction.	10¢ per \$100 face value or if without face value: (a) If actual value is less than \$100, 2¢ on each \$20 or fraction. (b) If actual value is over \$100, 10¢ on each \$100 or fraction.	No change...	No change.	No change.	No change.	No change....	No change.	11¢ per \$100 face value or if without face value: (a) If actual value is less than \$100, 3¢ on each \$20 or fraction. (b) If actual value is over \$100, 11¢ on each \$100 or fraction. <sup>124</sup>
Sales of produce for future delivery. Transfers of bonds. Transfers of capital stock-----	1¢ per \$100 or fraction.	5¢ per \$100 or fraction.. 4¢ per \$100 face value..	3¢ per \$100 or fraction. No change...	No change. No change.	No change. No change.	No change. No change.	Repealed July 1, 1933. No change....	----- No change.	5¢ per \$100 face value. <sup>125</sup>
	2¢ per \$100 face value or fraction or if without par or face value 2¢ per share.	4¢ per \$100 par or face value or fraction; or if without par or value 4¢ per share. However, if selling price is \$20 or over, whether with or without par or face value, rate is 5¢ instead of 4¢.	No change...	No change.	No change.	No change.	No change....	No change.	5¢ per \$100 par or face value or fraction; or if without par or face value 5¢ per share. However, if selling price is \$20 or over, whether with or without par or face value, rate is 6¢ instead of 5¢. <sup>126</sup>

<sup>124</sup> See footnote 120, p. 491.<sup>125</sup> See footnote 117, p. 491.<sup>126</sup> Defense tax for 5 years, effective July 1, 1940, through June 30, 1945; thereafter rate will be 2¢ per \$100 face value or 2¢ per no par share.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Stamp taxes—Continued.</b>									
Other:									
Checks, drafts, etc.					Not over \$100, 2¢; over \$100, 2¢ per \$100 or fraction.	No change..	No change..	Repealed July 2, 1924.	
Parcel post packages					1¢ per 25¢ or fraction of postage charge if 25¢ or more.	No change..	Repealed Jan. 1, 1922.		
Passage tickets over \$10 sold for passage by vessel to a foreign port.		Costing: \$10.01-\$30, 1¢; \$30.01-\$60, 3¢; over \$60, 5¢.	Repealed Sept. 9, 1916.		Costing: \$10.01 - \$30, 1¢; \$30.01-\$60, 3¢; over \$60, 5¢. <sup>127</sup>	No change..	No change..	No change....	No change.
Playing cards	2¢ per pack	No change	No change	No change	7¢ per pack	8¢ per pack	No change..	10¢ per pack	No change.

<sup>127</sup> Except for passage to Canada or Mexico.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Stamp taxes—Continued.</b>									
Other:									
Passage tickets over \$10 sold for passage by vessel to a foreign port.	Costing: <sup>128</sup> \$10.01–\$30, \$1; \$30.01–\$60, \$3; over \$60, \$5.	No change..	No change.....	No change..	No change..	No change..	No change..	No change..	Costing: <sup>129</sup> \$10.01–\$30, \$1.10; \$30.01–\$60, \$3.30; over \$60, \$5.50.
Playing cards.....	10¢ per package of not more than 54.	No change..	No change.....	No change..	No change..	No change..	No change..	No change..	11¢ per package of not more than 54. <sup>129</sup>
Silver bullion sales or transfers <sup>130</sup> .....			50% of amount by which the selling price exceeds cost plus allowed expenses.	No change..	No change..	No change..	No change..	No change..	No change.

<sup>128</sup> Exemption from tax extended to Cuba by the Revenue Act of 1928, and to Puerto Rico by Public No. 400, 75th Cong., approved August 28, 1937.

<sup>129</sup> See footnote 84, p. 481.

<sup>130</sup> Imposed by the Silver Purchase Act of 1934.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Excise and miscellaneous taxes:</b>									
<b>Admissions:</b>									
Admissions, general.....					1¢ for every 10¢ or fraction thereof. <sup>131</sup>	1¢ for every 10¢ or fraction thereof.	1¢ for every 10¢ or fraction thereof if over 10¢.	1¢ for every 10¢ or fraction thereof if over 50¢.	1¢ for every 10¢ or fraction thereof if over 75¢.
Admissions sold by proprietors in excess of established price.					50% of excess.....	No change.....	No change.....	No change.....	No change.
Leases of boxes or seats.....					10% of amount for which sim- ilar accommo- dations are sold.	No change.....	No change.....	No change.....	No change.
Roof gardens, caba- rets, etc.					1¢ per each 10¢ or fraction there- of.	1½¢ per each 10¢ or fraction thereof of amount tax- able. <sup>132</sup>	No change.....	1½¢ for each 10¢ or fraction thereof of amount tax- able. <sup>132</sup>	No change.
Ticket broker sales at prices in excess of regular or estab- lished price.					5% of excess if excess does not exceed 50¢; otherwise 50%.	No change.....	No change.....	No change.....	No change.
<b>Adulterated and pro- cessed butter:</b>									
Adulterated butter:									
Adulterated butter.....	10¢ per lb. ....	No change.....	No change.	No change.	No change.....	No change.....	No change.....	No change.....	No change.
Manufacturers.....	\$600 per yr. ....	No change.....	No change.	No change.	No change.....	No change.....	No change.....	No change.....	No change.
Retailers.....	\$48 per yr. ....	No change.....	No change.	No change.	No change.....	No change.....	No change.....	No change.....	No change.
Wholesalers.....	\$480 per yr. ....	No change.....	No change.	No change.	No change.....	No change.....	No change.....	No change.....	No change.
<b>Processed butter:</b>									
Processed butter.....	1½¢ per lb. ....	No change.....	No change.	No change.	No change.....	No change.....	No change.....	No change.....	No change.
Manufacturers.....	\$50 per yr. ....	No change.....	No change.	No change.	No change.....	No change.....	No change.....	No change.....	No change.
Alaskan railroads.....	\$100 per mi. per year on each mile operated.	1% of gross an- nual in- come. <sup>134</sup>	No change.	No change.	No change.....	No change.....	No change.....	No change.....	No change.

<sup>131</sup> Tax does not apply to admission charges of not more than 5¢, or to admissions of not more than 10¢ in the case of shows, rides, etc., outdoor amusement parks, or to admissions to such parks. The tax on admissions of children under 12 years to any place where admission tax is charged shall be 1¢.

<sup>132</sup> Amount taxable is the amount of admission charge which is deemed to be 20% of the total paid for refreshments, services, and merchandise.

<sup>133</sup> Amount taxable is the amount of admission charge, which is deemed to be 20% of the total paid for refreshments, services, and merchandise. Where amount paid for admission is 50¢ or less, no tax shall be paid.

<sup>134</sup> Imposed by act of July 18, 1914.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Excise and miscellaneous taxes:</b>									
Admissions:									
Admissions, general.....	1¢ for every 10¢ or fraction thereof if over \$3. <sup>135</sup>	1¢ for every 10¢ or fraction thereof if over 40¢.	No change.	No change.	No change.	No change.	No change. <sup>136</sup>	No change.	1¢ for every 10¢ or fraction thereof if over 20¢. <sup>136 137</sup>
Admissions sold by proprietors in excess of established price.	50% of excess.....	No change.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Leases of boxes or seats.....	10% of amount for which similar accommodations are sold.	No change.....	No change.	No change.	No change.	No change.	No change.	No change.	11% of amount for which similar accommodations are sold. <sup>138</sup>
Roof gardens, cabarets, etc.	1½% per each 10¢ or fraction thereof of amount taxable. <sup>139</sup>	No change.....	No change.	No change.	No change.	No change.	No change.	No change.	2¢ per each 10¢ or fraction thereof of amount taxable. <sup>138 139</sup>
Ticket broker sales at prices in excess of regular or established price.	5% of excess if excess does not exceed 75¢, otherwise 50%.	10% of excess..	No change.	No change.	No change.	No change.	No change.	No change.	11% of excess. <sup>138</sup>
Adulterated and processed butter:									
Adulterated butter:									
Adulterated butter.....	10¢ per lb.....	No change.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Manufacturers.....	\$600 per yr.....	No change.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Retailers.....	\$48 per yr.....	No change.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Wholesalers.....	\$480 per yr.....	No change.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Processed butter:									
Processed butter.....	¼¢ per lb.....	No change.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Manufacturers.....	\$50 per yr.....	No change.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Alaskan railroads.....	1% of gross annual income.	No change.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.

<sup>135</sup> In the case of admissions to prize fights, etc., where the admission charge is \$5 or more, the tax is 25% of the admission charge.

<sup>136</sup> In the case of cards of admission to any spoken play sold at the ticket office of theaters at reduced rates the tax shall be based upon the price for which sold.

<sup>137</sup> Effective July 1, 1945, admissions of \$3 or less will be exempt from taxation.

<sup>138</sup> See footnote 84, p. 481.

<sup>139</sup> See footnote 133, p. 496.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Excise and miscellaneous taxes—Continued.</b>									
Automobiles, etc.:									
Automobile trucks or wagons.					3% of manufacturer's sale price. <sup>140</sup>	No change.	No change.	3% of manufacturer's sale price. <sup>141</sup>	Repealed Feb. 26, 1926.
Automobiles other than trucks or wagons.					3% of manufacturer's sale price. <sup>140</sup>	5% of manufacturer's sale price.	No change.	No change.	3% of manufacturer's sale price.
Motorcycles.					3% of manufacturer's sale price. <sup>140</sup>	5% of manufacturer's sale price.	No change.	No change.	3% of manufacturer's sale price.
Accessories.						5% of manufacturer's sale price. <sup>142</sup>	No change.	2½% of manufacturer's sale price. <sup>142</sup>	Repealed Feb. 26, 1926.
Tires and inner tubes.						5% of manufacturer's sale price. <sup>142</sup>	No change.	2½% of manufacturer's sale price. <sup>142</sup>	Repealed Feb. 26, 1926.
Automatic slot vending machines.						5% of manufacturer's sale price. <sup>143</sup>	No change.	No change.	Repealed Feb. 26, 1926.
Automatic slot vending weighing machines.						10% of manufacturer's sale price. <sup>143</sup>	No change.	5% of manufacturer's sale price. <sup>143</sup>	Repealed Feb. 26, 1926.
Bank circulation, etc., taxes:									
Circulation of Federal Reserve Bank notes.	½ of 1%.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Circulation of national bank notes:									
Notes secured by 2% bonds.	½ of 1%.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Other notes.	1%.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.

<sup>140</sup> Floor stock tax equal to 50% of rate imposed if goods were held for sale, at the time of the passage of this act, by anyone other than (1) a retailer who was not also a wholesaler or (2) the manufacturer, producer, or importer thereof.

<sup>141</sup> Tax does not apply to automobile truck chassis and automobile wagon chassis sold or leased for less than \$1,000, and automobile truck and automobile wagon bodies sold or leased for less than \$200 (including in both cases tires, inner tubes, parts, and accessories sold on or in connection therewith).

<sup>142</sup> If accessories, tires, and inner tubes are sold on or in connection with automobile trucks and automobile wagons the rate of tax is 3%.

<sup>143</sup> If the manufacturer, producer, or importer of any such machine operates it for profit he shall pay a tax in respect to each machine, at an equivalent rate, based on its fair market value.



Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Excise and miscellaneous taxes—</b>									
Continued.									
Automobiles, etc.: <sup>144</sup>									
Automobile bodies.....		3% of sale price....	No change.	No change.	No change.	No change.	No change.....	No change.	3¼% of sale price.
Automobile chassis.....		3% of sale price....	No change.	No change.	No change.	No change.	No change.....	No change.	3¼% of sale price.
Automobile truck bodies.....		2% of sale price....	No change.	No change.	No change.	No change.	No change.....	No change.	2¼% of sale price.
Automobile truck chassis.....		2% of sale price....	No change.	No change.	No change.	No change.	No change.....	No change.	2¼% of sale price.
Motorcycles.....		3% of sale price....	No change.	No change.	No change.	No change.	No change.....	No change.	3¼% of sale price.
Parts and accessories.....		2% of sale price....	No change.	No change.	No change.	No change.	No change.....	No change.	2¼% of sale price.
Tires and tubes:									
Inner tubes.....		4¢ per lb.....	No change.	No change.	No change.	No change.	No change.....	No change.	4¼¢ per lb.
Rubber tires.....		2¼¢ per lb.....	No change.	No change.	No change.	No change.	No change.....	No change.	2¼¢ per lb.
Tractors <sup>145</sup> .....							2% of sale price....	No change.	2¼% of sale price.
Bank circulation, etc., taxes:									
Circulation of Federal Reserve Bank notes.....	½ of 1%....	No change.....	No change.	No change.	No change.	No change.	No change.....	No change.	No change.
Circulation of national bank notes:									
Notes secured by 2% bonds.....	½ of 1%....	No change.....	No change.	No change.	No change.	No change.	No change.....	No change.	No change.
Other notes.....	1%.....	No change.....	No change.	No change.	No change.	No change.	No change.....	No change.	No change.

<sup>144</sup> In the case of automobiles, parts, and accessories, tires and inner tubes, the tax expires on July 31, 1945.

<sup>145</sup> Tax applies only to tractors of the kind used chiefly for highway transportation in combination with a trailer or semi-trailer.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Excise and miscellaneous taxes—Continued.</b>									
Bank circulation, etc., taxes—Continued:									
Circulation other than of national banks: <sup>146</sup>									
(a) On average cir- culation out- standing:									
Entire cir- culation.	½ of 1% each month.	No change.....	No change.....	No change.	No change.	No change.....	No change.....	No change.....	No change.
Circulation exceeding 90% of cap- ital.	¼ of 1% each month (addi- tional tax).	No change.....	No change.....	No change.	No change.	No change.....	No change.....	No change.....	No change.
(b) Circulation paid out.	10%.....	No change.....	No change.....	No change.	No change.	No change.....	No change.....	No change.....	No change.
Earnings of Federal intermediate credit banks.								50% of net earn- ings until sur- plus fund equals subscribed capi- tal stock, there- after 90% of net earnings (act of March 4, 1923).	No change.
Earnings of Federal Reserve Banks.	50% of net earnings after payment of cumulative annual dividend of 6% until sur- plus fund equals 40% of paid-in capital stock, thereafter 100% of net earnings.	No change.....	No change.....	No change.	No change.	None of net earn- ings until sur- plus fund equals 100% of sub- scribed capital, thereafter 90% of net earnings af- ter payment of cumulative an- nual dividend of 6%. <sup>147</sup>	No change.....	No change.....	No change.
Bankers capital.....		\$1 per \$1,000 cap- ital, surplus, and undivided profits.	Repealed Jan. 1, 1916.						
Boats, use of: <sup>148</sup>									
Motor boats with fixed engines, not over 5 net tons.					\$5 each.....	\$10 each.....	Repealed Jan. 1, 1922.		

<sup>146</sup> Outstanding circulation shall be exempt from taxation (1) whenever such circulation of any bank, association, corporation, company, or person is reduced to not over 5% of the capital existing at the time the same was issued; and (2) whenever any bank which has ceased to issue notes for circulation deposits in the Treasury of the United States, in lawful money, the amount of its outstanding circulation, to be redeemed at par.

<sup>147</sup> Imposed by act of March 3, 1919.

<sup>148</sup> Except boats used exclusively for trade, fishing, or national defense.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Excise and miscellaneous taxes—Continued.</b>									
Bank circulation etc., taxes—Continued.									
Circulation other than of national banks: <sup>149</sup>									
(a) On average circulation outstanding:									
Entire circulation.....	1/2 of 1% each month	No change.....	No change.	No change.	No change.	No change.....	No change.	No change.	No change.
Circulation exceeding 90% of capital.....	1/2 of 1% each month (additional tax).	No change.....	No change.	No change.	No change.	No change.....	No change.	No change.	No change.
(b) Circulation paid out.....	10%	No change.....	No change.	No change.	No change.	No change.....	No change.	No change.	No change.
Earnings of Federal intermediate credit banks.	50% of net earnings until surplus fund equals subscribed capital stock, thereafter 90% of net earnings.	50% of net earnings after surplus fund equals subscribed capital stock.	No change.	No change.	No change.	25% of net earnings remaining after provision for expenses, losses, and reserve requirements for the fiscal year.	No change.	No change.	No change.
Earnings of Federal Reserve Banks.	None of net earnings until surplus fund equals 100% of subscribed capital, thereafter 90% of net earnings after payment of cumulative annual dividend of 6%.	Eliminated, effective July 1, 1932. <sup>150</sup>							
Boats, use of: <sup>151</sup>									
Motor boats with fixed engines, not over 5 net tons.									

<sup>149</sup> See footnote 146, p. 500.<sup>150</sup> Eliminated by act of June 16, 1933.<sup>151</sup> See footnote 148, p. 500.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Excise and miscellaneous taxes—Continued.</b>									
<b>Boats, use of—Continued.</b>									
Yachts, pleasure boats, power boats, motor boats with fixed engines, and sailing boats of over 5 net tons.					50¢ per ft.—\$2 per ft. per year according to size.	\$1 per ft.—\$4 per ft. per year according to size.	\$1 per ft.—\$4 per ft. per year according to size. <sup>152</sup>	No change.	Repealed June 30, 1926.
Foreign-built yachts, pleasure boats, power boats, motor boats with fixed engines, and sailing boats of over 5 net tons.									\$2 per ft.—\$8 per ft. per year according to size. <sup>153</sup>
Yachts, motor boats, pleasure boats, and canoes.						10% of manufacturer's sale price if sold for over \$15.	10% of manufacturer's sale price if sold for over \$100.	Repealed June 30, 1924.	
<b>Brokers:</b>									
Commercial.....		\$20 per yr.	Repealed Jan. 1, 1916.						
Customhouse.....		\$10 per yr.	No change.	No change.	No change.	\$50 per year.	No change.	No change.	Repealed June 30, 1926.
Pawnbrokers.....		\$50 per yr.	No change.	No change.	No change.	\$100 per year.	No change.	No change.	Repealed June 30, 1926.
Ship.....			\$20 per year.	No change.	No change.	\$50 per year.	No change.	No change.	Repealed June 30, 1926.
Stock, etc.....		\$30 per yr. <sup>154</sup>	No change.	No change.	No change.	\$50 per year <sup>154</sup>	No change <sup>154</sup>	No change <sup>154</sup>	Repealed June 30, 1926.

<sup>152</sup> Tax does not apply to boats under 32 feet in length.<sup>153</sup> If broker paid tax as a banker, the tax on brokers did not apply.<sup>154</sup> If broker owns seat on exchange, an additional tax is imposed according to the average value of the seat during the preceding year as follows: Under the Revenue Acts of 1918 and 1921, \$100-\$150; under the Revenue Act of 1924, \$100-\$250.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Excise and miscellaneous taxes—Continued.</b>									
Boats, use of—Continued.									
Yachts, pleasure boats, power boats, motor boats with fixed engines, and sailing boats, of over 5 net tons.									
Foreign-built yachts, pleasure boats, power boats, motor boats with fixed engines, and sailing boats, of over 5 net tons.	Repealed July 1, 1928.								
Yachts, motor boats, pleasure boats, and canoes.									
Yachts, pleasure boats, power boats, sailing boats, and motor boats with fixed or outboard engines:									
Domestic construction.....		\$10-\$200 according to size or type.	Repealed July 1, 1934.						
Foreign construction.....		\$20-\$400 according to size or type.	Repealed July 1, 1934.						
Brewer's wort, malt, etc.....		Brewer's wort 15¢ per gal. Malt 3¢ per lb.	No change.	No change.	No change.	No change.	Repealed July 1, 1938.		

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Excise and miscellaneous taxes—Continued.</b>									
Cameras.....					3% of manufacturer's sale price. <sup>155</sup>	10% of manufacturer's sale price. <sup>156</sup>	No change <sup>157</sup> .....	No change.....	Repealed Feb. 26, 1926.
Canal Zone taxes.....			Ad valorem taxes (not in excess of 1% of the value of the property), excise and franchise taxes (not to exceed 2% of gross earnings). <sup>158</sup>	No change.	No change.....	No change.....	No change.....	No change.....	No change.
Candy.....						5% of manufacturer's sale price.	3% of manufacturer's sale price.	Repealed July 2, 1924.	
Carpets and rugs (including fiber).						10% of retail sale price on amount over \$5 per square yard. <sup>159</sup>	5% of manufacturer's sale price on amount over \$4.50 per sq. yd. in the case of carpets and \$6 per sq. yd. in the case of rugs.	Repealed July 2, 1924.	
Chewing gum.....		Retail value per carton; not over \$1. 4¢; over \$1. 4¢ per \$1 or fraction. <sup>160</sup>	Repealed Sept. 9, 1916.		2% of manufacturer's sale price. <sup>161</sup>	3% of manufacturer's sale price.	Repealed Jan. 1, 1922.		
Child labor, employment of.						10% of net income.	No change <sup>162</sup> .....	Repealed June 2, 1924.	
Cigar and cigarette holders of meerschbaum or amber, and humidors.						10% of manufacturer's sale price.	No change.....	No change.....	Repealed Feb. 26, 1926.
Commission merchants.		\$20 per year	Repealed Jan. 1, 1916.						
Cotton futures, contracts of sale of cotton for future delivery, which do not conform with the regulations of the Secretary of Agriculture.		2¢ per lb. <sup>163</sup>	No change	No change.	No change	No change.....	No change.....	No change.....	No change.

<sup>155</sup> See footnote 140, p. 498.<sup>156</sup> Excludes cameras weighing more than 100 pounds.<sup>157</sup> Tax applies also to lenses for such cameras.<sup>158</sup> Imposed by act of Aug. 21, 1916, authorizing the President to issue regulations for levying, assessing, and collecting license taxes in the Canal Zone.<sup>159</sup> Stamp tax.<sup>160</sup> Excludes imported and American rugs made principally of wool.<sup>161</sup> Floor stock tax equal to 50% of rate imposed if goods were held for sale at time of the passage of this act by anyone other than (1) a retailer who was not also a wholesaler, or (2) the manufacturer, producer, or importer thereof.<sup>162</sup> Tax declared unconstitutional by the U. S. Supreme Court, May 15, 1922.<sup>163</sup> Imposed by the act of Aug. 18, 1914.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Excise and miscellaneous taxes—Continued.</b>									
Cameras and lenses <sup>154</sup>		10% of sale price.	No change	No change	No change	No change	Repealed, July 1, 1938.		
Canal Zone taxes	Ad valorem taxes (not to exceed 1% of the value of the property), excise and franchise taxes (not to exceed 2% of gross earnings). <sup>155</sup>	No change	No change	No change	No change	No change	No change	No change	No change.
Candy		2% of sale price.	Repealed May 11, 1934.						
Checks, drafts, or orders for payment of money.		2¢ each	Repealed Jan. 1, 1935.						
Chewing gum		2% of sale price.	No change	No change	No change	No change	Repealed July 1, 1938.		
Cotton futures, contracts of sale of cotton for future delivery, which do not conform with regulations of Secretary of Agriculture.	2¢ per lb.	No change	No change	No change	No change	No change	No change	No change	No change.
Crude petroleum, producers.			$\frac{1}{16}$ of 1¢ per bbl. of 42 gals. <sup>156</sup>	$\frac{1}{2}$ s of 1¢ per bbl. of 42 gals. <sup>156</sup>	No change	No change	Repealed July 1, 1938.		
Crude petroleum, refined or processed in the United States.			$\frac{1}{16}$ of 1¢ per bbl. of 42 gals.	$\frac{1}{2}$ s of 1¢ per bbl. of 42 gals.	No change	No change	Repealed July 1, 1938.		

<sup>154</sup> Excludes aerial cameras and cameras weighing more than 100 lbs.

<sup>155</sup> See footnote 158, p. 504.

<sup>156</sup> Tax does not apply to crude petroleum produced from any well which is not capable of producing more than 5 barrels per day.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Excise and miscellaneous taxes—Continued.</b>									
Dirk knives, daggers, brass knuckles, etc.						100% of manufacturer's sale price.	No change.	Repealed July 2, 1924.	No change.
Dues and initiation fees.					10% of amount paid. <sup>167</sup>	No change.	No change.	No change.	No change.
Exhibiting or leasing for exhibition motion-picture film.						5% of rental value.	Repealed Jan. 1, 1922.		
Fans.						10% of retail sale price on amount over \$1 each.	5% of manufacturer's sale price on amount over \$1 each.	Repealed July 2, 1924.	
Filled cheese:									
Domestic.	1¢ per lb.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Imported.	8¢ per lb. in addition to import duties.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Manufacturers, per factory.	\$400 per yr.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Retail dealers.	\$12 per yr.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Wholesale dealers.	\$250 per yr.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Firearms, shells, and cartridges.						10% of manufacturer's sale price.	No change.	No change.	No change. <sup>168</sup>
Fur articles (of which fur is component of chief value).						10% of manufacturer's sale price.	Repealed Jan. 1, 1922.		
Hunting and bowie knives.						10% of manufacturer's sale price.	No change.	Repealed July 2, 1924.	
Hunting and shooting garments, riding habits.						10% of manufacturer's sale price.	No change.	Repealed July 2, 1924.	
Immigration head tax.	\$4 per person	No change.	No change.	\$8 per person, 16 yrs. or over (act Feb. 5, 1917).	No change.	No change.	No change.	No change.	No change.

<sup>167</sup> Under the 1917 act, if such dues or fees exceed \$12 per year. Under the acts of 1918 to 1926, in the case of (1) dues, if the dues of active resident annual members exceed \$10 per year; (2) initiation fees, if such fees exceed \$10 per year, or if the dues of actual resident annual members exceed \$10 per year.

<sup>168</sup> Applicable to pistols and revolvers only.



Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Excise and miscellaneous taxes—Continued.</b>									
Dues and initiation fees.....	10% of amount paid. <sup>169</sup>	No change..	No change....	No change....	No change....	No change....	No change....	No change....	11% of amount paid. <sup>169 170</sup>
Electrical energy for domestic or commercial consumption. <sup>171</sup>		3% of sale price.	No change....	No change....	No change....	No change....	No change....	No change....	3½% of sale price.
Filled cheese:									
Domestic.....	1¢ per lb.	No change..	No change....	No change....	No change....	No change....	No change....	No change....	No change.
Imported.....	8¢ per lb. in addition to import duties.	No change..	No change....	No change....	No change....	No change....	No change....	No change....	No change.
Manufacturers, per factory.....	\$400 per year	No change..	No change....	No change....	No change....	No change....	No change....	No change....	No change.
Retail dealers.....	\$12 per year	No change..	No change....	No change....	No change....	No change....	No change....	No change....	No change.
Wholesale dealers.....	\$250 per year	No change..	No change....	No change....	No change....	No change....	No change....	No change....	No change.
Firearms, shells, and cartridges <sup>172</sup>		10% of sale price.	No change....	No change....	No change....	No change....	No change....	No change....	11% of sale price. <sup>170</sup>
Firearms (National Firearms Act of 1934): <sup>173</sup>									
Dealers.....			\$200 per year	No change....	No change....	No change....	No change <sup>173</sup>	No change....	No change.
Importers or manufacturers.....			\$500 per year	No change....	No change....	No change....	No change <sup>173</sup>	No change....	No change.
Pawnbrokers.....			\$300 per year	No change....	No change....	No change....	No change....	No change....	No change.
Transfer of firearms.....			\$200 per fire arm.	No change....	No change....	No change....	No change <sup>173</sup>	No change....	No change.
Fur articles (of which fur is component of chief value).		10% of sale price.	No change <sup>174</sup>	No change....	3% of sale price.	No change....	Repealed July 1, 1938.		
Gasoline and other motor fuels <sup>171</sup>		1 to 1½¢ per gal. <sup>175</sup>	1¢ per gal.	No change....	No change....	No change....	No change....	No change....	1½¢ per gal.
Gasoline, refined or recovered from natural gas.			¼ of 1¢ per bbl. of 42 gals.	½ of 1¢ per bbl. of 42 gals.	No change....	No change....	Repealed July 1, 1938.		
Grape concentrate of more than 35% sugar content by weight.		20¢ per gal.	No change....	No change....	Repealed July 27, 1936. <sup>176</sup>				
Immigration head tax.....	\$8 per person, 16 years or over.	No change..	No change....	No change....	No change....	No change....	No change....	No change....	No change.

<sup>169</sup> In the case of (1) dues, if the dues of active resident annual members exceed \$25 per year; (2) initiation fees, if such fees exceed \$10 per year, or if the dues of active resident annual members exceed \$25 per year, not including initiation fees.

<sup>170</sup> See footnote 84, p. 481.

<sup>171</sup> Tax expires June 30, 1945.

<sup>172</sup> Excludes pistols and revolvers and certain firearms on which a tax has been paid under the National Firearms Act of 1934.

<sup>173</sup> Firearms are defined in the National Firearms Act of 1934 to include shotguns and rifles with barrels of less than 18 inches in length, other guns capable of being concealed (except pistols and revolvers), machine guns, and mufflers and silencers. The National Firearms Act of 1934, as amended by Public No. 651, 75th Cong., approved June 16, 1938, provides that: In the case of manufacturers and dealers in guns with two attached barrels from which only a single discharge can be made from either barrel without manual reloading, the tax shall be \$25 per year for manufacturers and \$1 per year for dealers; and the transfer tax on such guns, the barrels of which are twelve inches or more in length, shall be at the rate of \$1.

<sup>174</sup> Section 608 of the Revenue Act of 1934 exempted from the tax articles selling for less than \$75.

<sup>175</sup> Under section 617 (a), Revenue Act of 1932, the rate of tax was 1¢. Under section 211 (a) of the National Industrial Recovery Act this rate was increased to 1½¢, effective June 17, 1933; under section 217 (b) of this act it was reduced to 1¢ effective January 1, 1934.

<sup>176</sup> Repealed by section 336 of the Liquor Tax Administration Act.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Excise and miscellaneous taxes—Continued.</b>									
Insurance: <sup>177</sup>									
Casualty.....		$\frac{1}{2}$ of $1\frac{1}{2}$ per \$1 or fraction of premium.	Repealed Sept. 9, 1916.		$1\frac{1}{2}$ per \$1 or fraction of premium.	No change <sup>178</sup> .....	Repealed Jan. 1, 1922.		
Life.....					$8\frac{1}{2}$ per \$100 or fraction of amount of insurance. <sup>179</sup>	No change <sup>180</sup> .....	Repealed Jan. 1, 1922.		
Marine, inland and fire.....		$\frac{1}{2}$ of $1\frac{1}{2}$ per \$1 or fraction of premium.	Repealed Sept. 9, 1916.		$1\frac{1}{2}$ per \$1 or fraction of premium.	No change.....	Repealed Jan. 1, 1922.		
Jewelry.....					3% of manufacturer's sale price. <sup>181</sup>	5% of retail sale price. <sup>182</sup>	No change.....	No change.	Repealed Feb. 26, 1926.

<sup>177</sup> Policies of insurance and policies issued by persons, partnerships, or corporations whose income is exempt under title I of the Revenue Act of 1916, and policies of reinsurance are exempt.

<sup>178</sup> Except that in the case of policies of insurance issued on the industrial or weekly or monthly payment plan the tax shall be 40% of the amount of the first weekly premium or 20% of the amount of the first monthly premium.

<sup>179</sup> Except that in the case of life insurance policies of less than \$500 issued on the industrial or weekly payment plan of insurance, the tax shall be 40% of the first weekly premium.

<sup>180</sup> Except that in the case of (1) life insurance policies of less than \$500 issued on the industrial or weekly payment plan of insurance, the tax shall be 40% of the first weekly premium or 20% of first monthly premium; (2) policies of group life insurance, covering groups of not less than 25 lives in the employ of the same person, for the benefit of persons other than the employer, the tax shall be equivalent to 4¢ on each \$100 of the aggregate amount for which the group policy is issued and of any net increase in the amount of the insurance under such policy; and (3) all policies covering life, health, and accident insurance combined in one policy by which a life is insured not in excess of \$500 issued on the industrial or weekly or monthly payment plan of insurance, the tax shall be 40% of the first weekly premium or 20% of the first monthly premium.

<sup>181</sup> See footnote 16L, p. 504.

<sup>182</sup> Under the 1918 and subsequent acts, the tax does not apply to surgical instruments; under the 1921 and 1924 acts the tax does not apply to eyeglasses and spectacles; and under the 1924 act the tax does not apply to musical instruments, silver-plated flat tableware, articles used for religious purposes, or articles selling for \$30 or less.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Excise and miscellaneous taxes—Continued.</b>									
Imports of:									
Coal, coke, etc. <sup>183</sup> 184		10¢ per 100 lbs.	No change..	No change.	No change....	No change.	No change...	No change.	No change.
Copper and copper concentrates. <sup>183</sup>									
Articles containing 4% or more of copper by weight.		3% ad valorem or ¾¢ per lb., whichever is lower.	No change..	No change.	No change....	No change.	No change...	No change.	No change.
Articles in which copper is component material of chief value.		3¢ per lb.	No change..	No change.	No change....	No change.	No change...	No change.	No change.
Copper-bearing ores and concentrates and articles specified in Tariff Act of 1930.		4¢ per lb. of copper therein.	No change..	No change.	No change....	No change.	No change...	No change.	No change.
Crude petroleum, fuel oil, gas oil, and liquid derivatives (except gasoline and lubricating oils) <sup>183</sup>		½¢ per gal.	No change..	No change.	No change....	No change.	No change...	No change.	No change.
Gasoline and other motor fuel. <sup>183</sup>		2¼¢ per gal.	No change..	No change.	No change....	No change.	No change...	No change.	No change.
Hempseed					2¢ per lb.	No change.	1.24¢ per lb.	No change.	No change.
Lubricating oils <sup>183</sup>		4¢ per gal.	No change..	No change.	No change....	No change.	No change...	No change.	No change.
Lumber (except flooring of maple, birch, and beech) <sup>183</sup>		\$3 per M feet.	No change..	No change.	No change <sup>185</sup> ...	No change.	No change <sup>186</sup> ...	No change.	No change.
Oils: <sup>187</sup>									
Sunflower, rapeseed, sesame, kapok, hempseed, and perilla oils, etc. <sup>188</sup>					4½¢ per lb.	No change.	No change...	No change.	No change.
Whale oil (except sperm oil), fish oil (except cod oil, cod liver oil, and halibut liver oil), marine animal oil or any combination of the foregoing, etc. <sup>189</sup>			3¢ per lb.	No change.	No change....	No change.	No change...	No change.	No change.
Paraffin and other petroleum wax products. <sup>183</sup>		1¢ per lb.	No change..	No change.	No change....	No change.	No change...	No change.	No change.
Perilla seed					2¢ per lb.	No change.	1.38¢ per lb.	No change.	No change.
Rapeseed, kapok seed					2¢ per lb.	No change.	No change...	No change.	No change.
Sesame seed					2¢ per lb.	No change.	1.18¢ per lb.	No change.	No change.
Jewelry		10% of sale price <sup>190</sup>	No change <sup>191</sup>	No change.	Repealed June 23, 1936.				

<sup>183</sup> See footnote 171, p. 507.<sup>184</sup> Applies only on imports if imports from a country exceed exports to it.<sup>185</sup> Rate reduced to \$1.50 per M feet under the trade agreement with Canada effective January 1, 1936. This rate applies also to imports of lumber from other countries having trade agreements with the United States. Lumber imported from Cuba is taxed at the rate of \$1.20 per M feet in accordance with treaty provisions granting products from Cuba a rate 20% below that granted products from any other country having a trade agreement with the United States.<sup>186</sup> Northern white pine, Norway pine, and Western white spruce are exempt from the tax effective July 1, 1938.<sup>187</sup> Effective July 1, 1938, tax shall not apply to any article, merchandise, or combination if any coconut oil or derivative thereof produced in Guam or American Samoa is contained therein.<sup>188</sup> Effective July 1, 1938, tax shall not apply to rapeseed oil imported for use in the manufacture of rubber substitutes or lubricating oil.<sup>189</sup> After June 30, 1939, no whale oil (except sperm oil), fish oil, or marine animal oil of any kind shall enter tax-free unless such oil was produced on vessels of the United States or in the United States or its possessions, from whale, fish, or marine animals or parts thereof taken and captured by vessels of the United States.<sup>190</sup> Tax does not apply to religious articles or any article (other than watch parts or clock parts) sold for less than \$3. <sup>191</sup> Tax does not apply to articles sold for less than \$25.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Excise and miscellaneous taxes—Con.</b>									
Mah-jongg, pung chow, and similar tile sets and the components thereof.								10% of manu- facturer's sale price.	Repealed Feb. 26, 1926.
Matches, white phosphorus.	2¢ per 100.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Mixed flour.	4¢ per bbl. <sup>192</sup>	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Mixed flour, manufacturers, packers, or repackers.	\$12 per year.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Moving picture film:									
Positive (containing a picture ready for projection).					½ of 1¢ per linear ft.	Repealed Feb. 25, 1919.			
Unexposed.					¼ of 1¢ per linear ft.	Repealed Feb. 25, 1919.			
<b>Narcotics:</b>									
Opium, coca leaves, etc.						1¢ per oz.	No change.	No change.	No change.
Opium manufactured for smok- ing purposes.		\$300 per lb. <sup>193</sup>	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Opium importers, manufacturers, producers, or compounders.		\$1 per yr. <sup>194</sup>	No change.	No change.	No change.	\$24 per yr.	No change.	No change.	No change.
Persons not otherwise taxed dis- pensing preparations of limited narcotic content.		\$1 per yr. <sup>194</sup>	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Practitioners.						\$3 per yr.	No change.	No change.	\$1 per yr.
Retail dealers.		\$1 per yr. <sup>194</sup>	No change.	No change.	No change.	\$6 per yr.	No change.	No change.	No change.
Wholesale dealers.		\$1 per yr. <sup>194</sup>	No change.	No change.	No change.	\$12 per yr.	No change.	No change.	No change.

<sup>192</sup> A barrel contains more than 98 pounds but not more than 196 pounds. The tax on smaller amounts of mixed flour is as follows: 2¢ per half barrel containing more than 49 pounds but not more than 98 pounds; 1¢ per quarter barrel containing more than 24½ pounds but not more than 49 pounds; ½¢ per one-eighth barrel containing less than 24½ pounds.

<sup>193</sup> Imposed by the act of January 17, 1914.

<sup>194</sup> Imposed by the act of December 17, 1914.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Excise and miscellaneous taxes—Continued</b>									
Leases of safe deposit boxes.....		10% of amount collected.	No change.	No change.	No change.	No change.	No change.	No change.	11% of amount collected. <sup>195</sup>
Lubricating oils, domestic <sup>196</sup>		4¢ per gal.	No change.	No change.	No change.	No change.	No change.	No change.	4½¢ per gal.
Matches:									
Paper, in books.....		½¢ per M.	No change.	No change.	No change.	No change.	Repealed July 1, 1938.		
White, phosphorous.....	2¢ per 100	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Wood, fancy <sup>196</sup>		2¢ per M.	5¢ per M.	No change.	No change.	No change.	No change.	No change.	5½¢ per M.
Wood, plain.....		2¢ per M.	No change.	No change.	No change.	No change.	Repealed July 1, 1938.		
Mixed flour.....	4¢ per bbl. <sup>197</sup>	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Mixed flour, manufacturers, packers, or repackers.	\$12 per year.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Narcotics:									
Marihuana:									
Importers, manufacturers, and compounders.						\$24 per year.	No change.	No change.	No change.
Persons engaged in laboratory research.						\$1 per year.	No change.	No change.	No change.
Persons, other than practitioners who deal in, dispense, or give away.						\$3 per year.	No change.	No change.	No change.
Practitioners.						\$1 per year.	No change.	No change.	No change.
Producers.						\$1 per year.	No change.	No change.	No change.
Transfers of:									
To any person who has paid the special tax as indicated above.						\$1 per ounce or fraction thereof on each transfer.	No change.	No change.	No change.
To any person who has not paid the special tax as indicated above.						\$100 per ounce or fraction thereof on each transfer.	No change.	No change.	No change.
Opium:									
Importers, manufacturers, and compounders.	\$24 per year.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Opium, coca leaves, etc.....	1¢ per oz.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Opium manufactured for smoking purposes.	\$300 per lb.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Persons engaged in laboratory research.					\$1 per year.	No change.	No change.	No change.	No change.
Persons not otherwise taxed, dispensing preparations of limited narcotic content.	\$1 per year.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Practitioners.....	\$1 per year.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Retail dealers.....	\$3 per year.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Wholesale dealers.....	\$12 per year.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.

<sup>195</sup> See footnote 84, p. 481.<sup>196</sup> See footnote 171, p. 507.<sup>197</sup> See footnote 192, p. 510.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Excise and miscellaneous taxes—Continued.</b>									
Oleomargarine:									
Colored.....	10¢ per lb.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Uncolored.....	4¢ per lb.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Imported.....	15¢ per lb. in addition to import du- ties.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Manufacturers.....	\$600 per yr.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Retail colored oleomar- garine dealers.	\$48 per yr.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Retail uncolored oleo- margarine dealers.	\$6 per yr.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Wholesale colored oleo- margarine dealers.	\$480 per yr.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Wholesale uncolored oleo- margarine dealers.	\$200 per yr.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Operating passenger au- tomobiles for hire.						\$10 or \$20 each, ac- cording to seat- ing capacity.	No change.	No change.	Repealed June 30, 1926.
Patent medicines.....					2% of manufac- turer's sale price. <sup>198</sup>	1¢ per 25¢ or frac- tion of retail sale price.	Repealed Jan. 1 1922.		
Photographic films and plates (other than mov- ing picture films).						5% of manufac- turer's sale price.	No change.	No change <sup>199</sup> .	Repealed Feb. 26, 1926.
Piano players, phono- graphs, records, etc.					3% of manufac- turer's sale price. <sup>198</sup>	5% of manufac- turer's sale price.	Repealed Jan. 1, 1922.		
Pianos and organs (other than pipe organs).						5% of manufac- turer's sale price.	Repealed Jan. 1, 1922.		
Picture frames.....						10% of retail sale price on amount over \$10 each.	Repealed Jan. 1, 1922.		
Portable electric fans.....						5% of manufac- turer's sale price.	Repealed Jan. 1, 1922.		
Portable lighting fixtures, lamps, and shades.						10% of retail sale price on amount over \$25 each.	5% of manufac- turer's sale price on amount over \$10 each.	Repealed July 2, 1924.	
Proprietors:									
Bowling alleys and bil- liard rooms.		\$5 per alley or table.	No change.	No change.	No change.	\$10 per alley or table.	No change.	No change.	Repealed June 30, 1926.
Circuses.....		\$100 per yr. per State.	No change.	No change.	No change.	No change.	No change.	Repealed June 30, 1924.	

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Excise and miscellaneous taxes—</b>									
Continued.									
Oils, first domestic processing:									
Coconut <sup>200</sup>			3¢ per lb. <sup>201</sup>	No change.	No change.	No change.	No change.	No change.	No change.
Palm <sup>202</sup>			3¢ per lb.	No change.	No change.	No change.	No change.	No change.	No change.
Palm kernel.			3¢ per lb.	No change.	No change.	No change.	No change.	No change.	No change.
Sesame.			3¢ per lb.	No change.	Repealed Aug. 21, 1936.				
Sunflower.			3¢ per lb.	No change.	Repealed Aug. 21, 1936.				
Oleomargarine:									
Colored.	10¢ per lb.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Uncolored.	14¢ per lb.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Imported.	15¢ per lb. in addition to import duties.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Manufacturers.	\$600 per yr.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Retail colored oleomargarine dealers.	\$48 per yr.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Retail uncolored oleomargarine dealers.	\$6 per yr.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Wholesale colored oleomargarine dealers.	\$480 per yr.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Wholesale uncolored oleomargarine dealers.	\$200 per yr.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Phonograph records.		5% of sale price.	No change.	No change.	No change.	No change.	Repealed July 1, 1938.		
Pistols and revolvers.	10% of price for which sold or leased.	No change.	No change.	No change.	No change.	No change.	No change.	No change.	11% of price for which sold or leased. <sup>203</sup>
Radios and radio accessories <sup>204</sup>		5% of sale price.	No change.	No change.	No change.	No change.	No change.	No change.	5½% of sale price.
Refrigerators, mechanical household type. <sup>204</sup>		5% of sale price.	No change.	No change.	No change.	No change.	No change.	No change.	5½% of sale price.

<sup>200</sup> Tax collected on processing of coconut oil from the Philippines paid into the Philippine treasury.

<sup>201</sup> 3¢ per lb. if coconut oil is not from the Philippines or other possessions of the United States.

<sup>202</sup> Under the Revenue Acts of 1934 to 1937, tax did not apply to palm oil used in the manufacture of tin plate; under the Revenue Act of 1938, the exemption is extended to include palm oil used in the manufacture of terne plate, or any subsequent use of palm oil residue resulting from the manufacture of tin plate or terne plate.

<sup>203</sup> See footnote 84, p. 481.

<sup>204</sup> See footnote 171, p. 507.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Excise and miscellaneous taxes—Continued.</b>									
Proprietors—Continued.									
Other exhibitions not enumerated.		\$10 per yr.	No change <sup>205</sup>	No change	No change	\$15 per yr. <sup>205</sup>	No change	Repealed June 30, 1924.	
Riding academies.						\$100 each per yr.	No change	No change	Repealed June 30, 1926.
Shooting galleries.						\$20 each per yr.	No change	No change	Repealed June 30, 1926.
Theaters, museums, concert halls.		\$25-\$100 according to seating capacity.	No change <sup>206</sup>	No change	No change	\$50-\$200 according to seating capacity. <sup>206</sup>	No change	Repealed June 30, 1924.	
Purses, pocketbooks, etc.						10% of retail price on amount over \$7.50 each.	5% of manufacturer's sale price on amount over \$5 each.	Repealed July 2, 1924.	
Sculpture, paintings, statuary.						10% of sale price except sales by artists. <sup>207</sup>	5% of sale price except sales by artists. <sup>208</sup>	No change	Repealed Feb. 28, 1928.
Smoking stands.						10% of manufacturer's sale price.	No change	Repealed July 2, 1924.	
Soft drinks:									
Carbonic acid gas.					5¢ per lb.	Repealed Feb. 25, 1919.	4¢ per lb.	Repealed June 2, 1924.	
Cereal beverages containing less than ½ of 1% of alcohol by vol.					1¢ per gal.	15% of manufacturer's sale price.	2¢ per gal.	Repealed June 2, 1924.	½ of 1¢ per gal. or fraction thereof.
Ice cream sodas, etc.						1¢ per 10¢ or fraction of retail sale price.	Repealed Jan. 1, 1922.		
Natural, mineral, or table waters.					1¢ per gal. if manufacturer's sale price over 10¢ per gal.	2¢ per gal. if manufacturer's sale price over 10¢ per gal.	2¢ per gal. if manufacturer's sale price over 12½¢ per gal.	Repealed June 2, 1924.	
Syrups and extracts.					5¢-20¢ per gal. acc. to manufacturer's sale price.	Repealed Feb. 25, 1919.	9¢ per gal. <sup>209</sup>	Repealed June 2, 1924.	
Still drinks containing less than ½ of 1% alcohol by volume.							2¢ per gal.	Repealed June 2, 1924.	
Unfermented grape juice, artificial mineral water, carbonated beverages.					1¢ per gal.	10% of manufacturer's sale price.	2¢ per gal.	Repealed June 2, 1924.	

<sup>205</sup> Provided that an aggregation of entertainments known as a street fair shall not pay a larger tax than \$100.<sup>206</sup> Except that in cities, towns, or villages of 5,000 inhabitants or less the amounts are one-half of those stated.



Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Excise and miscellaneous taxes—Con.</b>									
Soft drinks:									
All unfermented fruit juices (except grape) and carbonated beverages.		2¢ per gal....	Repealed May 11, 1934.						
Carbonic acid gas.		4¢ per lb.....	Repealed May 11, 1934.						
Cereal beverages—alcoholic content less than ½ of 1% by volume.		1¼¢ per gal....	Repealed May 11, 1934.						
Fountain syrups.		6¢ per gal....	Repealed May 11, 1934.						
Mineral waters, natural or artificial. <sup>210</sup>		2¢ per gal....	Repealed May 11, 1934.						
Still drinks of less than ½ of 1% of alcoholic content by volume.		2¢ per gal....	Repealed May 11, 1934.						
Syrups for bottled carbonated beverages.		5¢ per gal....	Repealed May 11, 1934.						
Unfermented grape juice.		5¢ per gal....	Repealed May 11, 1934.						

<sup>210</sup> Tax applies only to mineral waters sold for more than 12 $\frac{1}{4}$ ¢ per gallon.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
Excise and miscellaneous taxes—Continued.									
Sporting goods.....					3% of manufacturer's sale price. <sup>211</sup>	10% of manufacturer's sale price.	Repealed Jan. 1, 1922.		
Telephone, telegraph, radio messages, etc.: Cable messages.....						5¢ if charge is over 14¢ but not over 50¢; 10¢ if over 50¢.	No change	Repealed July 2, 1924.	
Leased wires.....						10% of amount paid.	No change	Repealed July 2, 1924.	
Radio messages.....		1¢ per message if charge is 15¢ or over. <sup>212</sup>	Repealed Sept. 9, 1916.		5¢ per message if charge is 15¢ or over.	5¢ if charge is over 14¢ but not over 50¢; 10¢ if over 50¢.	No change	Repealed July 2, 1924.	
Telegraph messages.....		1¢ per message if charge is 15¢ or over. <sup>212</sup>	Repealed Sept. 9, 1916.		5¢ per message if charge is 15¢ or over.	5¢ if charge is over 14¢ but not over 50¢; 10¢ if over 50¢.	No change	Repealed July 2, 1924.	
Telephone messages.....		1¢ per message if charge is 15¢ or over. <sup>212</sup>	Repealed Sept. 9, 1916.		5¢ per message if charge is 15¢ or over.	5¢ if charge is over 14¢ but not over 50¢; 10¢ if over 50¢.	No change	Repealed July 2, 1924.	
Thermos and thermosatic bottles, etc.						5% of manufacturer's sale price.	Repealed Jan. 1, 1922.		
Toilet preparations.....		Per sale price not over 5¢, ⅓ of 1¢; over 5¢ and not over 10¢, ⅔ of 1¢; over 10¢ and not over 15¢, ⅔ of 1¢; over 15¢ and not over 25¢, ⅔ of 1¢; each additional 25¢ or fraction thereof, ⅔ of 1¢. <sup>213</sup>	Repealed Sept. 9, 1916.		2% of manufacturer's sale price. <sup>211</sup>	1¢ per 25¢ or fraction of retail sale price. <sup>213</sup>	Repealed Jan. 1, 1922.		
Tonnage tax, entry of vessel from foreign port. <sup>214</sup>	2¢ to \$2 as provided by law.	No change	No change	No change	No change	No change	No change	No change	No change.

<sup>211</sup> Floor stock tax equal to 50% of rate imposed if goods were held for sale at the time of the passage of this act by anyone other than (1) a retailer who was not also a wholesaler or (2) the manufacturer, producer, or importer thereof.

<sup>212</sup> Stamp tax.

<sup>213</sup> Toilet soaps and toilet soap powders, 3% of manufacturer's sale price.

<sup>214</sup> Certain vessels are specifically exempt from the tax. (See part 2 of title 28, Code of Federal Regulations.)

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
<b>Excise and miscellaneous taxes—</b>									
Continued.									
Sporting goods and games.....	-----	10% of sale price.....	No change.	No change.	No change.	No change.	Repealed July 1, 1938.	-----	
Telephone, telegraph, radio mes-									
sages, etc. <sup>215</sup>	-----	10¢ per message.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Cable messages <sup>216</sup>	-----	5% of amount charged.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Leased wires <sup>216</sup>	-----	10¢ per message.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Radio messages <sup>216</sup>	-----	5% of amount charged.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Telegraph messages <sup>216</sup>	-----	10¢ if charge is 50¢-99¢; 15¢ if charge is \$1.00-\$1.99; 20¢ if charge is \$2.00 or more.	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Telephone messages <sup>216</sup>	-----	10% of sale price.....	No change.	No change.	No change.	No change.	No change.	No change.	11% of sale price.
Toilet preparations:									
Perfumes, cosmetics, etc. <sup>216</sup>	-----	5% of sale price.....	No change.	No change.	No change.	No change.	Repealed July 1, 1938.	-----	
Toothpastes, toilet soaps, etc.	-----	No change.....	No change.	No change.	No change.	No change.	No change.	No change.	No change.
Tonnage tax, entry of vessel from foreign port. <sup>217</sup>	2¢ to \$2 as provided by law.								

<sup>215</sup> No tax is imposed upon any payment received from any person for services utilized in collection of news for public press or radio broadcasting, or in the dissemination of news through the public press or by means of radio broadcasting if the charge for such services is billed to such person.

<sup>216</sup> See footnote 171, p. 507.

<sup>217</sup> See footnote 214, p. 516.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Excise and miscellaneous taxes—Continued.</b>									
Transportation:									
Freight by rail, water, or motor carrier.					3% of amount paid.	No change.	Repealed Jan. 1, 1922.		
Oil by pipe line.					5% of amount paid.	8% of amount paid.	Repealed Jan. 1, 1922.		
Parcels or packages by express.					1¢ per 20¢ or fraction of a m o u n t paid.	No change.	Repealed Jan. 1, 1922.		
Persons by rail, water, or motor carrier.					8% of amount paid. <sup>218</sup>	No change.	Repealed Jan. 1, 1922.		
Seats or berths in parlor cars, sleeping cars, etc.		1¢ each <sup>219</sup> .	Repealed Sept. 9, 1916.		10% of amount paid.	8% of amount paid.	Repealed Jan. 1, 1922.		
Trunks.						10% of retail sale price on amount over \$50 each.	5% of manufacturer's sale price on amount over \$35 each.	Repealed July 2, 1924.	
Umbrellas, etc.						10% of retail sale price on amount over \$4 each.	Repealed Jan. 1, 1922.		
Valises, suitcases, etc.						10% of retail sale price on amount over \$25 each.	5% of manufacturer's sale price on amount over \$25 each.	Repealed July 2, 1924.	
Watches, clocks, binoculars.						5% of retail sale price.	No change.	5% of retail sale price. <sup>220</sup>	Repealed Feb. 26, 1926.
Wearing apparel:									
Housecoats, bathrobes, smoking jackets.						10% of retail sale price on amount over \$7.50 each.	Repealed Jan. 1, 1922.		
Kimonos, petticoats, waists.						10% of retail sale price on amount over \$15 each.	Repealed Jan. 1, 1922.		
Liveries, boots, and hats.						10% of manufacturer's sale price.	No change.	Repealed July 2, 1924.	
Men's and boys' caps.						10% of retail sale price on amount over \$2 each.	Repealed Jan. 1, 1922.		
Men's and boys' hats.						10% of retail sale price on amount over \$5 each.	Repealed Jan. 1, 1922.		

<sup>218</sup> Commutation tickets for trips less than 30 miles, or transportation, the fare for which does not exceed 35¢ under the Revenue Act of 1917 and 42¢ under the Revenue Act of 1918, exempt.

Title of tax	Revenue Act of—								
	1928	1932	1934	1935	1936	1937	1938	1939	1940
Excise and miscellaneous taxes—Con. Transfers to avoid income tax.	-----	25% of the excess of (1) the value of the stock or securities transferred over; (2) its adjusted basis in the hands of the transferor as determined under section 113 of the Revenue Act of 1932. <sup>221</sup>	No change.	No change.	No change.	No change.	No change.	No change.	27½% of the excess of (1) the value of the stock or securities transferred over; (2) its adjusted basis in the hands of the transferor as determined under section 113 of the Revenue Act of 1932. <sup>221</sup> <sup>222</sup>
Transportation of oil by pipe line. <sup>223</sup>	-----	4% of amount paid for transportation. <sup>224</sup>	No change.	No change.	No change.	No change.	No change.	No change.	4½% of amount paid for transportation. <sup>225</sup>

<sup>221</sup> The tax is imposed upon the transfer of stock or securities by a citizen or resident of the United States, or by a domestic corporation, partnership, or trust to a foreign corporation as paid in surplus or as a contribution to capital, or to a foreign partnership or trust.

<sup>222</sup> See footnote 84, p. 481.

<sup>223</sup> See footnote 171, p. 507.

<sup>224</sup> If no charge is made, or charge is less than "fair charge," the tax is 4% of the fair charge for transportation.

<sup>225</sup> If no charge is made, or charge is less than "fair charge," the tax is 4½% of the fair charge for transportation.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Taxes in effect Dec. 31, 1913	Act of Oct. 22, 1914	Revenue Act of 1916 (Sept. 8, 1916)	Act of Mar. 3, 1917	Revenue Act of 1917 (Oct. 3, 1917)	Revenue Act of 1918 (Feb. 24, 1919)	Revenue Act of 1921	Revenue Act of 1924	Revenue Act of 1926
<b>Excise and miscellaneous taxes—Continued.</b>									
Wearing apparel—Con.									
Men's and boys' neckties.						10% of retail sale price on amount over \$2 each.	Repealed Jan. 1, 1922.		
Men's and boys' silk hose.						10% of retail sale price on amount over \$1 per pair.	Repealed Jan. 1, 1922.		
Men's shirts.						10% of retail sale price on amount over \$3 each.	Repealed Jan. 1, 1922.		
Men's waistcoats, sold separately from suits.						10% of retail sale price on amount over \$5 each.	Repealed Jan. 1, 1922.		
Pajamas, nightgowns, underwear.						10% of retail sale price on amount over \$5 each.	Repealed Jan. 1, 1922.		
Shoes, except orthopedic shoes.						10% of retail sale price on amount over \$10 per pair.	Repealed Jan. 1, 1922.		
Women's hats.						10% of retail sale price on amount over \$15 each.	Repealed Jan. 1, 1922.		
Women's silk hose.						10% of retail sale price on amount over \$2 per pair.	Repealed Jan. 1, 1922.		

<sup>227</sup> The Commissioner of Internal Revenue shall determine the fair market value thereof. Such fair market value shall equal the current market price at the mine of coal of a comparable kind, quality, and size produced for market in the locality where the coal so disposed of is produced.

## Taxes of the United States, 1913 to 1940—Continued

Title of tax	Revenue Act of— 220						
	1913 to 1934	1935	1936	1937	1938	1939	1940
<b>Social Security Act, 1935, and amendments of 1939:</b>							
Taxes with respect to employment (except carriers):							
Income tax on employees' wages. <sup>230</sup>		Calendar years: 1937—1939—1%; 1940—1942—1½%; 1943—1945—2%; 1946—1948—2½%; 1949 and thereafter—3%.	No change.	No change.	No change.	Calendar years: 1939—1942—1%; 1943—1945—2%; 1946—1948—2½%; 1949 and thereafter—3%.	No change.
Excise tax on employers (except carriers) based on wages paid. <sup>230</sup>		1937—1939—1%; 1940—1942—1½%; 1943—1945—2%; 1946—1948—2½%; 1949 and thereafter—3%.	No change.	No change.	No change.	1939—1942—1%; 1943—1945—2%; 1946—1948—2½%; 1949 and thereafter—3%.	No change.
Tax on employers of 8 or more based on total wages. <sup>231</sup>		1936—1%; 1937—2%; 1938 and thereafter—3%.	No change.	No change.	No change.	1939 and thereafter—3%. <sup>230</sup>	No change.
<b>Carriers Taxing Acts, 1935 and 1937:</b>							
Taxes with respect to employment (carriers):							
Income tax on wages of employees of carriers.		3½% of compensation not in excess of \$300 per month received after effective date—March 1, 1936.	No change.	On compensation not in excess of \$300 per month earned after December 31, 1936. Calendar years: 1937—1939—2¾%; 1940—1942—3%; 1943—1945—3¼%; 1946—1948—3½%; 1949 and thereafter—3¾%.	No change.	No change.	No change.



Income tax on representatives of employees of carriers.	-----	7% of compensation not in excess of \$300 per month.	No change.	On compensation not in excess of \$300 per month earned after December 31, 1936. Calendar years: 1937-1939—5½%; 1940-1942—6%; 1943-1945—6½%; 1946-1948—7%; 1949 and thereafter—7½%.	No change.	No change.	No change.
Excise tax on carriers based on wages.	-----	3½% of compensation not in excess of \$300 per month paid by carrier to its employees after effective date March 1, 1936.	No change.	On compensation not in excess of \$300 per month earned after December 31, 1936. Calendar years: 1937-1939—2¾%; 1940-1942—3%; 1943-1945—3¼%; 1946-1948—3½%; 1949 and thereafter—3¾%.	No change.	No change.	No change.
<b>Railroad Unemployment Insurance Act, 1938:</b>							
Excise tax on carriers.	-----				3% of compensation not in excess of \$300 per month paid by carrier to employee after June 30, 1939.	No change.	No change.
Income tax on representatives of employees of carriers.	-----				3% of compensation not in excess of \$300 per month earned after June 30, 1939.	No change.	No change.

<sup>229</sup> See footnote 226, p. 521.

<sup>230</sup> "Wages" shall not include that part of the remuneration over \$3,000.

<sup>231</sup> A credit up to 90% of the tax is allowed for contributions paid into an unemployment fund under a State law.

*Taxes of the United States, 1913 to 1940—Continued*

Title of tax	Revenue Act of—232					
	1913 to 1932	1933	1934	1935		1936 to 1940
<b>Taxes for purposes of agricultural adjustment: 233</b>						
Processing taxes on farm products:						
Wheat.....		(Effective 7/9/33), 30¢ per bushel of 60 lbs.	No change.....	No change.....		
Cotton.....		(Effective 8/1/33), 4.2¢ per lb. of lint cotton.	No change.....	No change.....		
Tobacco:						
A. Farm sales weight:						
(1) Cigar leaf:		Effective		Effective	Effective	
a. Used in cigars:		10/1/33:		2/1/35:	10/1/35:	
1. Fire-cured.....		3¢ per lb.....	No change.....	No change.....	No change.....	
2. Other.....		3¢ per lb.....	No change.....	No change.....	No change.....	
b. Used in scrap chewing and smoking.....		3¢ per lb.....	No change.....	2¢ per lb.....	No change.....	
(2) Maryland.....		1.7¢ per lb.....	(Effective 10/1/34) no tax.....	No tax.....	3.62¢ per lb.....	
(3) Burley:			Effective 10/1/34:			
a. Used in plug and twist chewing tobacco.....		2¢ per lb.....	4.1¢ per lb.....	2.5¢ per lb.....	No change.....	
b. Used in chewing tobacco other than plug and twist.....		2¢ per lb.....	6.1¢ per lb.....	2.5¢ per lb.....	No change.....	
c. Other.....		2¢ per lb.....	6.1¢ per lb.....	No change.....	3.5¢ per lb.....	
(4) Flue-cured:			Effective 8/1/34:			
a. Used in plug and twist chewing tobacco.....		4.2¢ per lb.....	3.3¢ per lb.....	2¢ per lb.....	1.89¢ per lb.....	
b. Used in chewing tobacco.....		4.2¢ per lb.....	No change.....	2¢ per lb.....	1.89¢ per lb.....	
c. Other.....		4.2¢ per lb.....	No change.....	No change.....	1.89¢ per lb.....	
(5) Fire-cured:						
a. Used in chewing tobacco.....		2.9¢ per lb.....	No change.....	2¢ per lb.....	2.14¢ per lb.....	
b. Other.....		2.9¢ per lb.....	No change.....	No change.....	2.14¢ per lb.....	
(6) Dark air-cured:						
a. Used in chewing tobacco.....		3.3¢ per lb.....	No change.....	2¢ per lb.....	No change.....	
b. Other.....		3.3¢ per lb.....	No change.....	No change.....	No change.....	
B. Stem not removed:						
(1) Cigar leaf:						
a. Used in cigars:						
1. Fire-cured.....		3.75¢ per lb.....	No change.....	3.25¢ per lb.....	No change.....	
2. Other.....		3.75¢ per lb.....	No change.....	No change.....	No change.....	
b. Used in scrap chewing and smoking.....		3.75¢ per lb.....	No change.....	2.5¢ per lb.....	No change.....	
(2) Maryland.....		1.8¢ per lb.....	(Effective 10/1/34) no tax.....	No tax.....	3.85¢ per lb.....	

(3) Burley:			Effective 10/1/34:		
a. Used in plug and twist chewing tobacco.....	2.3¢ per lb.....	4.7¢ per lb.....	2.9¢ per lb.....	No change..	
b. Used in chewing tobacco other than plug and twist.....	2.3¢ per lb.....	7.0¢ per lb.....	2.9¢ per lb.....	No change..	
c. Other.....	2.3¢ per lb.....	7.0¢ per lb.....	No change..	4¢ per lb.....	
(4) Flue-cured:		Effective 8/1/34:			
a. Used in plug and twist chewing tobacco.....	4.7¢ per lb.....	3.7¢ per lb.....	2.3¢ per lb.....	2.13¢ per lb.....	
b. Used in chewing tobacco.....	4.7¢ per lb.....	No change.....	2.3¢ per lb.....	2.13¢ per lb.....	
c. Other.....	4.7¢ per lb.....	No change.....	No change.....	2.13¢ per lb.....	
(5) Fire-cured:					
a. Used in chewing tobacco.....	3.2¢ per lb.....	No change.....	2.2¢ per lb.....	2.36¢ per lb.....	
b. Other.....	3.2¢ per lb.....	No change.....	No change.....	2.36¢ per lb.....	
(6) Dark air-cured:					
a. Used in chewing tobacco.....	3.8¢ per lb.....	No change.....	2.3¢ per lb.....	No change..	
b. Other.....	3.8¢ per lb.....	No change.....	No change.....	No change..	
C. Stem removed:					
(1) Cigar leaf:					
a. Used in cigars:					
1. Fire-cured.....	5¢ per lb.....	No change.....	4.3¢ per lb.....	No change..	
2. Other.....	5¢ per lb.....	No change.....	No change.....	No change..	
b. Used in scrap chewing and smoking.....	5¢ per lb.....	No change.....	3.3¢ per lb.....	No change..	
(2) Maryland.....	2.4¢ per lb.....	(Effective 10/1/34) no tax.....	No tax.....	5.2¢ per lb.....	
(3) Burley:		Effective 10/1/34:			
a. Used in plug and twist chewing tobacco.....	3.1¢ per lb.....	6.4¢ per lb.....	3.9¢ per lb.....	No change..	
b. Used in chewing tobacco other than plug and twist.....	3.1¢ per lb.....	9.5¢ per lb.....	3.9¢ per lb.....	No change..	
c. Other.....	3.1¢ per lb.....	9.5¢ per lb.....	No change.....	5.4¢ per lb.....	
(4) Flue-cured:		Effective 8/1/34:			
a. Used in plug and twist chewing tobacco.....	6.1¢ per lb.....	4.8¢ per lb.....	2.9¢ per lb.....	2.73¢ per lb.....	
b. Used in chewing tobacco.....	6.1¢ per lb.....	No change.....	2.9¢ per lb.....	2.73¢ per lb.....	
c. Other.....	6.1¢ per lb.....	No change.....	No change.....	2.73¢ per lb.....	
(5) Fire-cured:					
a. Used in chewing tobacco.....	4.1¢ per lb.....	No change.....	2.9¢ per lb.....	3.1¢ per lb.....	
b. Other.....	4.1¢ per lb.....	No change.....	No change.....	3.1¢ per lb.....	
(6) Dark air-cured:					
a. Used in chewing tobacco.....	5.1¢ per lb.....	No change.....	3.1¢ per lb.....	No change..	
b. Other.....	5.1¢ per lb.....	No change.....	No change.....	No change..	
Field corn.....	(Effective 11/5/33) 5¢ per bu. of 56 lbs.	No change.....	No change.....	No change..	

<sup>232</sup> Rates shown on this page were imposed by special acts as shown in the column "Title of tax" and apply to years shown in respective columns.

<sup>233</sup> The taxes for purposes of agricultural adjustment were imposed under the authority of the Agricultural Adjustment Act of May 12, 1933, and the amending act of August 24, 1935. With certain limitations, these acts delegated to the Secretary of Agriculture the power to determine and proclaim rates and rate changes. In addition to the processing taxes on basic commodities the Agricultural Adjustment Act also levied floor stock taxes and compensatory import taxes determined by application of conversion factors to the respective processing tax rates. On January 6, 1936, the processing taxes imposed under authority of the Agricultural Adjustment Act, as amended, were invalidated by the Supreme Court (*U.S. v. William M. Butler et al.*, receivers of the Hoosac Mills Corporation, 297 U. S. 1); the taxes imposed under the Potato Act, the Kerr Tobacco Act, and the Bankhead Cotton Act were repealed by the act of February 10, 1936 (49 Stat. 1106.).

*Taxes of the United States, 1913 to 1940—Continued*

Title of tax	Revenue Act of —234				
	1913 to 1932	1933	1934	1935	1936 to 1940
<b>Taxes for purposes of agricultural adjustment—Continued.</b>					
Processing taxes on farm products—Continued.					
Hogs.....		(Effective 11/5/33) 50¢ per 100 lbs. live weight. (Effective 12/1/33) \$1 per 100 lbs. live weight.	(Effective 2/1/34) \$1.50 per 100 lbs. live weight. (Effective 3/1/34) \$2.25 per 100 lbs. live weight.	No change.....	
Sugar beets and sugarcane:			Effective 6/8/34:		
Direct consumption sugar.....			0.5¢ per lb. of sugar, raw value.....	No change.....	
Sirup of cane juice and edible molasses from sugarcane.....			0.125¢ per lb. of sugar content raw value.....	No change.....	
Peanuts (other than those used in manufacture of peanut oils).			(Effective 10/1/34) 1¢ per lb., farmers' stock weight.	No change.....	
Rice.....				(Effective 4/1/35) 1¢ per lb. rough rice.....	
Paper—used in:		Effective 12/1/33:	Effective 6/12/34:		
Multi-wall bags.....		2.04¢ per lb. of paper.....	Taxed as bags, other than open-mesh.....	No change.....	
Coated bags.....		3.36¢ per lb. of coated paper.....		No change.....	
Open-mesh paper bags.....		2.14¢ per lb. of open-mesh fabric.....	No change.....	No change.....	
Paper towels.....		0.715¢ per lb. of paper.....	0.346¢ per lb. of paper.....	No change.....	
Gummed paper tape.....		4.06¢ per lb. of paper.....	No change.....	No change.....	
Bags, as defined, other than open-mesh:					
4.5 to 5.4 lb. size.....			\$1.24 per 1,000 bags.....	No change.....	
5.5 to 7.9 lb. size.....			\$1.47 per 1,000 bags.....	No change.....	
8 to 10.9 lb. size.....			\$2.02 per 1,000 bags.....	No change.....	
11 to 12.9 lb. size.....			\$2.25 per 1,000 bags.....	No change.....	
13 to 16.9 lb. size.....			\$3.11 per 1,000 bags.....	No change.....	
17 to 29.9 lb. size.....			\$3.96 per 1,000 bags.....	No change.....	
30 to 74.9 lb. size.....			\$7.91 per 1,000 bags.....	No change.....	
Reinforced paper fabric tapes.....				(Effective 11/1/35) 21.7¢ per 1,000 1-inch yards.....	

Jute:				
Fabric into bags.....		Effective 12/1/33:	Effective 6/12/34:	No change.....
Yarn into twine.....		2.9¢ per lb. of fabric.....	2.1¢ per lb. of fabric.....	No change.....
Rye.....		2.9¢ per lb. of yarn.....	No change.....	(Effective 9/1/35) 30¢ per bushel of 56 lbs.
Other agricultural adjustment taxes:				
Potato Act of 1935:				
Stamp tax on either the first sale or the first change in form of potatoes harvested during crop year Dec. 1 to Nov. 30 in the continental United States, to be paid by seller or owner.				¾ of 1¢ per lb., except that tax-exempt stamps were to be issued by the Secretary of Agriculture or agent for an amount of potatoes equal to the farmers' allotment of production. (Effective 12/1/35.)
Kerr Tobacco Act, 1934:				
Tax on sale of tobacco produced in the United States and possessions <sup>233</sup> during crop year May 1 to April 30.			25% of sale price, except that non-transferable tax-payment warrants issued in connection with agreements with producers providing for reduction in acreage or in production for market were to be accepted in payment of this tax. Tax for crop year 1934-1935 applies to all tobacco except Maryland tobacco; Virginia sun-cured tobacco; and cigar-leaf tobacco. (Effective 5/1/34.)	33½% of sale price, except that non-transferable tax-payment warrants issued in connection with agreements with producers providing for reduction in acreage or in production for market were to be accepted in payment of this tax. Tax applies only to specific types of flue-cured tobacco; fire-cured tobacco; burley tobacco; dark air-cured tobacco; or cigar filler and binder tobacco. (Effective 7/1/35.)
Bankhead Cotton Act, 1934:				
Tax on ginning of cotton harvested in the United States and possessions <sup>234</sup> during crop year June 1 to May 31.			50% of average central market price per lb. of lint cotton but not less than 5¢ per lb., except that tax-exemption certificates may be issued in connection with agreements with producers providing for reduction in acreage or in production for market: Effective rate (6/1/34) 5.67¢	No change.....  Effective rate (6/18/35) <sup>234</sup> 6¢ Effective rate (10/21/35) 5.45¢

<sup>234</sup> See footnote 232, p. 525.

<sup>235</sup> Except Philippine Islands, Virgin Islands, American Samoa, the Canal Zone, and the Island of Guam.

## Taxes of the United States, 1913 to 1940—Continued

## SUPPLEMENT A.—PERSONAL EXEMPTION, CREDIT FOR DEPENDENTS, AND NORMAL TAX RATES APPLICABLE TO NONRESIDENT ALIEN INDIVIDUALS OF CONTIGUOUS AND OTHER FOREIGN COUNTRIES

Revenue Act of—	Income year	Personal exemption and credit for dependents			Net income in excess of certain credits subject to normal tax	Normal tax rates <sup>1</sup>	
		Married or head of family	Single	Credit for dependents		Contiguous country <sup>2</sup>	Other foreign country
1913.....	Mar. 1, 1913, to Dec. 31, 1915.....				All.....	Percent 1	Percent 1
1916.....	1916.....	\$4,000	\$3,000		All.....	2	2
1916 as amended and 1917.....	1917.....				All.....	2	2
1918.....	1918.....	(3)	(3)	(3)	All.....	12	12
1918.....	1919, 1920.....	(3)	(3)	(3)	All.....	8	8
1921.....	1921.....	1,000	1,000	(4)	All.....	8	8
1921.....	1922, 1923 <sup>5</sup> .....	1,000	1,000	(4)	First \$4,000.....	4	8
					Balance over \$4,000.....	8	
1924.....	1924.....	1,000	1,000	(4)	First \$4,000.....	2	
					Second \$4,000.....	4	6
					Balance over \$8,000.....	6	
1926.....	1925.....	1,500	1,500	(4)	First \$4,000.....	1½	
	1926.....				Second \$4,000.....	3	5
	1927.....				Balance over \$8,000.....	5	
					First \$4,000.....	1½	
	1928.....	1,500	1,500	(4)	Second \$4,000.....	3	5
					Balance over \$8,000.....	5	
1928.....	1929 <sup>6</sup> .....	1,500	1,500	(4)	First \$4,000.....	1½	
					Second \$4,000.....	2	4
					Balance over \$8,000.....	4	
					First \$4,000.....	1½	
	1930, 1931.....	1,500	1,500	(4)	Second \$4,000.....	3	5
					Balance over \$8,000.....	5	
1932.....	1932, 1933.....	1,000	1,000	(4)	First \$4,000.....	4	
					Balance over \$4,000.....	8	8
1934.....	1934, 1935.....	1,000	1,000	(4)	All.....	4	4
1936.....	1936.....	1,000	1,000	(4)	All.....	7 4 or 10	10
1937.....	1937.....	1,000	1,000	(4)	All.....	7 4 or 10	10
1938.....	1938, 1939.....	1,000	1,000	(4)	All.....	7 4 or 10	10
1940 <sup>8</sup> .....	1940 to 1944.....	800	800	(4)	All.....	7 4 4 or 16½	16½

<sup>1</sup> For the years 1913 to 1935, the normal tax on all nonresident aliens was withheld at source and applied to net income from all sources within the United States except dividends. In addition, nonresident aliens were subject to the surtax on such income including dividends. For 1936 and subsequent years, nonresident aliens engaged in trade or business in the United States or having an office or place of business therein are subject to the normal rate of 4% and the surtax on net income from all sources within the United States. For taxable years beginning after December 31, 1939, and before January 1, 1945, such nonresident aliens are subject to a defense tax equal to 10% of the sum of the normal and surtax, limited, however, to 10% of net income in excess of the tax computed without regard to the defense tax. In lieu of these normal and surtax rates, nonresident aliens not engaged in trade or business in the United States and not having an office or place of business therein are subject to the 10% rate for the years 1936 through 1939 and 16½% for the period after June 25, 1940, and before January 1, 1945, withheld at source on all annual or periodical gains, profits, and income from sources within the United States, except gains from sale of capital assets. For 1937 through 1939, such nonresident aliens (other than those affected by a treaty with a contiguous country) who report gross income of more than \$21,600 are subject to the normal tax and surtax on such income after allowance of deductions and credits allocable thereto; but the total tax thus computed shall not be less than 10% of the gross income. For 1940, if such nonresident aliens report gross income of more than \$24,000, they are liable to the normal tax and surtax; but the total tax shall in no case be less than 15% of the gross income. In addition, such nonresident aliens are subject to the 10% defense tax applicable to taxable years beginning after December 31, 1939, and before January 1, 1945.

<sup>2</sup> In the case of nonresident aliens of contiguous countries (Canada or Mexico), for the years 1922 to 1933, the top normal tax rate is applicable to net income from all sources within the United States excluding dividends, except that the lower rates provided for United States citizens apply on net income attributable to compensation for labor or personal services actually performed in the United States, after deducting the personal exemption and credit for dependents. The top normal tax rate was withheld on all sources of net income including compensation for labor or personal services actually performed in the United States. The excess tax withheld from compensation paid alien residents of a contiguous country was released to such alien by the employer if the nonresident alien filed a claim establishing the fact that he was a resident of Canada or Mexico.

<sup>3</sup> Nonresident aliens are allowed the same personal exemption (\$2,000 if married, \$1,000 if single) and credit for each dependent (\$200) as citizens and residents of the United States only when the country of which nonresident alien is a citizen either imposes no income tax or allows similar credits to citizens of the United States not residing within such foreign country.

<sup>4</sup> For the years 1922 through 1935, nonresident aliens of contiguous countries (Canada or Mexico) allowed credit of \$400 for each dependent.

<sup>5</sup> Tax for 1923 reduced 25% by credit or refund under section 1200 (a) of the Revenue Act of 1924.

<sup>6</sup> Rates for 1929 reduced by Public Resolution No. 133, approved December 16, 1929.

<sup>7</sup> The 10% and 16½% rate, applicable to nonresident aliens not in trade or business within the United States or not having an office or place of business therein, may be reduced to such rate (not less than 5%) as may be provided by treaty with the contiguous country.

<sup>8</sup> Includes 10% defense tax.

*Taxes of the United States, 1913 to 1940—Continued*  
**SUPPLEMENT B.—TAX TREATMENT OF CAPITAL GAINS AND LOSSES**

**PART I. INDIVIDUALS**

Revenue Act of—	Income year	Treatment of—	
		Gains from sale or exchange of assets	Losses from sale or exchange of assets <sup>1</sup>
1913.....	Mar. 1, 1913, to Dec. 31, 1915.....	Included with other income subject to full normal and surtax rates.	Not allowed.
1916.....	1916.....	do.....	Allowed only to the extent of the gains from such sales.
1917.....	1917.....	do.....	Do.
1918.....	1918 to 1921.....	do.....	Allowed in full against income of any kind.
1921.....	1922 to 1923.....	Assets held 2 years or less	
		Included with other income subject to full normal and surtax rates.	Allowed in full against other income, but not against capital gains.
		Assets held over 2 years	
		At the election of the taxpayer, capital net gains were taxable at 12½% in lieu of the normal and surtax rates; but if such election were made, the total tax, including the tax on capital net gains, could in no case be less than 12½% of the total net income. <sup>2</sup>	Allowed in full against income of any kind.
1924.....	1924.....	Assets held 2 years or less	
		Same as 1921 act.....	Allowed in full against income of any kind.
		Assets held over 2 years	
		At the election of the taxpayer, capital net gains were taxable at 12½% in lieu of the normal and surtax rates.	Could be segregated from ordinary net income, and a tax credit of 12½% of the capital net loss taken, but in no case could the tax be less than the tax (computed at normal and surtax rates) would be if the capital net loss were deducted from ordinary net income.
1926.....	1926 to 1927.....	Same as 1924 act.....	Same as 1924 act.
1928.....	1928 to 1931.....	do.....	Do.



1932.....	1932.....	Assets held 2 years or less	
		Same as 1924 act.....	Losses from sales or exchanges of stocks and bonds were limited to the gains from such sales. It was provided, however, that such losses disallowed in 1 year (to an amount not in excess of the net income) could be carried over and applied against gains from such transactions in the succeeding taxable year. <sup>3</sup> Other losses were allowed in full against income of any kind.
		Assets held over 2 years	
		Same as 1924 act.....	Same as 1924 act.
N. I. R. A. ....	1933.....	Assets held 2 years or less	
		Same as 1924 act.....	Losses from sales or exchanges of stocks and bonds were limited to the gains from such sales. Other losses were allowed in full against income of any kind.
		Assets held over 2 years	
		Same as 1924 act.....	Same as 1924 act.
1934 to 1936.....	1934 to 1937.....	Percentages of gains or losses recognized	
		Period assets are held	
		Percentages	
		1 year or less.....	
		Over 1 year but not over 2 years.....	
		Over 2 years but not over 5 years.....	
		Over 5 years but not over 10 years.....	
Over 10 years.....			
Net capital gains to the extent thus recognized are included in net income subject to full normal and surtax rates.		Net capital losses computed on basis of foregoing percentages are allowed in determining net income to the extent of the recognized capital gains plus \$2,000.	

Footnotes on p. 533.

## Taxes of the United States, 1913 to 1940—Continued

Revenue Act of—	Income year	Treatment of—	
		Gains from sale or exchange of assets	Losses from sale or exchange of assets
1938 to 1940.....	1938—.....	Percentages of gains or losses recognized	
		Period assets are held	Percentages
		18 months or less.....	100
		Over 18 months but not over 24 months.....	66 $\frac{2}{3}$
		Over 24 months.....	50
		Assets held 18 months or less	
		Capital gains not offset by allowed losses included with other income subject to full normal tax and surtax rates.	Capital losses allowed only to the extent of gains on such transactions but losses disallowed in 1 year (to an amount not exceeding net income) may be carried forward and applied against gains from such transactions in the succeeding taxable year.
		Assets held more than 18 months	
		Net capital gains computed on basis of foregoing percentages are included with other income and subject to normal tax and surtax rates or segregated and taxed at 30%, whichever method results in lesser total tax.	Net capital losses computed on basis of foregoing percentages are deducted from other income or 30% of such losses is credited against the tax, computed on net income before deducting the net loss, whichever method gives the greater tax.

PART II. CORPORATIONS

Revenue Act of—	Income year	Treatment of—	
		Gains from sale or exchange of assets	Losses from sale or exchange of assets
1913-28.....	1913 to 1931.....	Included with other income subject to full rate.	Allowed in full against income of any kind.
1932.....	1932.....	do.....	Losses from sales or exchanges of stocks and bonds held 2 years or less were limited to the gains from such sales. It was provided, however, that such losses disallowed in 1 year (to an amount not in excess of the net income) could be carried over and applied against gains from such transactions in the succeeding taxable year. <sup>3</sup>
N.I.R.A.....	1933.....	do.....	Other losses were allowed in full against income of any kind. Losses from sales or exchanges of stocks and bonds held 2 years or less were limited to the gains from such sales.
1934-38.....	1934 to 1939.....	do.....	Other losses were allowed in full against income of any kind. Allowed only to extent of \$2,000 plus capital gains.
1939-40.....	1940.....	do.....	Short-term losses (from sale or exchange of assets held 18 months or less) are allowed only to the extent of such gains, but losses disallowed in one year (to an amount not in excess of the net income) may be carried forward and applied against gains from such transactions in the succeeding taxable year. <sup>4</sup> Long-term losses (from sale or exchange of assets held for more than 18 months) are allowed in full against income of any kind. <sup>4</sup>

<sup>1</sup> Losses must be in a transaction entered into for profit.

<sup>2</sup> Under the Revenue Act of 1921, capital assets were limited to assets acquired and held for profit or investment. The limitation was removed by the Revenue Act of 1924.

<sup>3</sup> The provision relating to the carry-forward of disallowed losses from sales or exchanges of stocks and bonds held 2 years or less was repealed by the National Industrial Recovery Act before it became effective.

<sup>4</sup> Not applicable to personal holding companies or foreign personal holding companies. The losses of such companies are allowed only to the extent of \$2,000 plus capital gains.

## Taxes of the United States, 1913 to 1940—Continued

## SUPPLEMENT C.—FEDERAL TAX RATES ON SPECIAL CLASSES OF CORPORATIONS UNDER THE REVENUE ACTS OF 1938 TO 1940

Type of corporation	Revenue Act of—		
	1938	1939	1940
Banks.....	16½% of special class net income.....	Same as other corporations.....	No change. <sup>1</sup>
China Trade Act corporations.....	do.....	do.....	Do. <sup>1</sup>
Domestic corporations deriving a large portion of their gross income from sources within a possession of the United States (section 251).....	do.....	do.....	Do. <sup>1</sup>
Foreign corporations:			
Resident.....	19% of special class net income.....	18% of normal-tax net income.....	19% of normal-tax net income. <sup>1</sup>
Nonresident:			
Dividends (tax withheld at source).....	10% (except with respect to corporations from contiguous countries, rate as provided by treaty but not less than 5%).	No change.....	15% <sup>1</sup> (except with respect to corporations from contiguous countries, rate provided by treaty but not less than 5%).
Other income (tax withheld at source).....	15%.....	do.....	No change. <sup>1</sup>
Insurance companies.....	16½% of special class net income.....	Same as other corporations.....	Do. <sup>1</sup>
Mutual investment companies.....	16½% of Supplement Q net income.....	18% of Supplement Q net income.....	19% of Supplement Q net income. <sup>1</sup>

<sup>1</sup> For taxable years beginning after Dec. 31, 1939, and before Jan. 1, 1945, subject to a defense tax of 10% of the total tax computed at the above rates.

## GOVERNMENT LOSSES IN SHIPMENT

## Exhibit 38

*An act to amend the Government Losses in Shipment Act*

[Public No. 378, 76th Cong., H. R. 6614]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the second proviso of section 3 of the Government Losses in Shipment Act, approved July 8, 1937 (50 Stat. 480; U. S. C., 1934 edition, Supp. IV, title 5, sec. 134b), is hereby amended to read as follows: "*Provided further*, That the fund shall be available for the replacement of any loss or destruction of, or damage to, valuables shipped by or on behalf of the Public Debt Service of the Treasury Department prior to the effective date of this amendment, the replacement of which was chargeable against the securities trust fund established under authority of the indefinite appropriation 'Expenses of loans, Act of September 24, 1917, as amended and extended' (U. S. C., 1934 edition, title 31, secs. 760, 761); and the Secretary of the Treasury is hereby authorized and directed to transfer on the books of the Treasury Department the amount standing to the credit of the securities trust fund and credit the same to the fund."

SEC. 2. The Government Losses in Shipment Act (50 Stat. 479; U. S. C., 1934 edition, Supp. IV, title 5, secs. 134-134h; title 31, secs. 528, 738a), is hereby amended by adding the following sections to the end of section 3 thereof:

"SEC. 3a. All losses or destruction of, or damage to, internal revenue or other stamps, United States securities, or other obligations of the United States, and funds, occurring heretofore or hereafter, but not prior to February 4, 1935, while such stamps, securities, obligations, or funds were in the custody or possession of, or charged to, the Post Office Department or Postal Service while it was acting as agent for, or on behalf of, the Treasury Department for the sale of such stamps, securities, or obligations and for the collection of such funds, irrespective of the manner in which such loss, destruction, or damage occurred, shall be replaced out of the fund under such regulations as the Secretary of the Treasury may prescribe: *Provided, however*, That no postmaster, Navy mail clerk, or assistant Navy mail clerk having the custody or possession of such stamps, securities, obligations, or funds at the time of the loss, destruction, or damage shall be relieved of any liability to the United States or receive credit in his accounts for such loss, destruction, or damage under the provisions of the Act of March 17, 1882, as amended (U. S. C., 1934 edition, title 39, sec. 49), until the Postmaster General and the Secretary of the Treasury have jointly determined that such loss, destruction, or damage resulted from no fault or negligence on the part of such postmaster, Navy mail clerk, or assistant Navy mail clerk.

"SEC. 3b. The Secretary of the Treasury is hereby authorized to execute and deliver, on behalf of the United States, such binding agreements of indemnity as he may deem necessary and proper to enable the United States to obtain the replacement of any instrument or document received by the United States or any agent of the United States in his official capacity which, after having been so received, became lost, destroyed, or so mutilated as to impair its value: *Provided, however*, That no such agreement of indemnity shall operate to obligate the United States in any case in which the obligee named therein makes any payment or delivery not required by law on the original of the instrument or document covered thereby. The fund shall be available for the payment of any obligation arising out of any agreement executed by the Secretary of the Treasury under this section."

SEC. 3. Section 7 (a) of the Government Losses in Shipment Act (50 Stat. 480, U. S. C., 1934 edition, Supp. IV, title 5, sec. 134f (a)), is hereby amended to read as follows:

"(a) The term 'valuables' means any articles or things or representatives of value in which the United States has any interest, or in connection with which it has any obligation or responsibility, direct or indirect, and which are declared to be valuables within the meaning of this Act by the Secretary of the Treasury. No articles or things shall be declared to be valuables by the Secretary of the Treasury unless he determines that replacement thereof in accordance with the procedure established herein, in the event of loss, destruction, or damage in the course of shipment, would be in the public interest. The term 'United States' as used in this subsection and in section 3b means the United States, its executive departments, independent establishments, and agencies, including wholly owned

corporations, and officers and employees of any of the foregoing while acting in their official capacity."

SEC. 4. So much of section 8 (b) (4) of the Government Losses in Shipment Act (50 Stat. 482; U. S. C., 1934 edition, Supp. IV, title 31, sec. 738a (b) (4)), as precedes the proviso is hereby amended to read as follows:

"(4) if the owner or holder is the United States or an officer or employee thereof in his official capacity, a State, the District of Columbia, a Territory or possession of the United States, including the Commonwealth of the Philippine Islands, a municipal corporation or political subdivision of any of the foregoing, a corporation the whole of whose capital is owned by the United States, a foreign government, or a Federal Reserve bank:"

SEC. 5. Section 9 (b) (1) of the Government Losses in Shipment Act (50 Stat. 483, U. S. C., 1934 edition, Supp. IV, title 31, sec. 528 (b) (1)), is hereby amended by changing the phrase included within the parentheses to read as follows: "including the Postal Service when carrying mail for any officer, employee, agent, or agency of the United States when performing services in connection with an official function of the United States, but not including the Postal Service when otherwise acting solely in its capacity as a public carrier of the mail."

SEC. 6. So much of section 9 (b) (5) of the Government Losses in Shipment Act (50 Stat. 483; U. S. C., 1934 edition, Supp. IV, title 31, sec. 528 (b) (5)), as precedes the proviso is hereby amended to read as follows:

"(5) if the owner or holder is the United States or an officer or employee thereof in his official capacity, a State, the District of Columbia, a Territory or possession of the United States, including the Commonwealth of the Philippine Islands, a municipal corporation or political subdivision of any of the foregoing, a corporation the whole of whose capital is owned by the United States, a foreign government, or a Federal Reserve bank:"

SEC. 7. Section 9 (f) of the Government Losses in Shipment Act (50 Stat. 484; U. S. C., 1934 edition, Supp. IV, title 31, sec. 528 (f)), is hereby amended to read as follows:

"(f) The term 'original check' wherever used in this section means any check, warrant, or other order for the payment of money, payable upon demand and not bearing interest, drawn by a duly authorized officer or agent of the United States, the District of Columbia, or the District Unemployment Compensation Board, on their behalf against an account or funds of the United States, the District of Columbia, or the District Unemployment Compensation Board, including instruments issued by any corporation or other entity owned or controlled by the United States, the funds of which are deposited and covered into the Treasury of the United States or deposited with the Treasurer of the United States, but does not include money, coins, or currency of the United States; as used in subsection (d) of this section it means such an instrument drawn by a duly authorized officer or employee of the Post Office Department."

Approved, August 10, 1939.

### Exhibit 39

*Declaration of valuables, August 28, 1939, under the Government Losses in Shipment Act, July 8, 1937, amended August 10, 1939<sup>1</sup>*

TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
August 28, 1939.

*To the Heads of the Executive Departments, Independent Establishments, Agencies, Wholly Owned Corporations, Officers and Employees of the United States, Federal Reserve Banks and branches when acting for or on behalf thereof, and Others Concerned:*

262.1. Pursuant to the provisions of section 7 (a) of the Government Losses in Shipment Act, approved July 8, 1937 (50 Stat. 480; U. S. C., 1934 ed., Supp. IV, title 5, section 134 f (a)), as amended, Public No. 378, 76th Congress, first session, approved August 10, 1939, which reads:

"7 (a). The term 'valuables' means any articles or things or representatives of value in which the United States has any interest, or in connection with which it has any obligation or responsibility, direct or indirect, and which are declared to

<sup>1</sup> The authority for sections 262.1 and 262.2 is section 7 (a) of the Government Losses in Shipment Act, approved July 8, 1937, 50 Stat. 480 (U. S. C., 1934 ed., Supp. IV, title 5, section 134 f (a)), as amended, Public No. 378, 76th Cong., first session, approved August 10, 1939.

be valuables within the meaning of this Act by the Secretary of the Treasury. No articles or things shall be declared to be valuables by the Secretary of the Treasury unless he determines that replacement thereof in accordance with the procedure established herein, in the event of loss, destruction, or damage in the course of shipment, would be in the public interest. The term 'United States' as used in this subsection and in section 3 (b) means the United States, its executive departments, independent establishments, and agencies, including wholly owned corporations, and officers and employees of any of the foregoing while acting in their official capacity."

it has been determined that replacement, in accordance with the procedure established under section 3 of that act, of the articles or things or representatives of value enumerated and referred to hereinafter would be in the public interest; accordingly, the same are hereby declared to be "valuables" within the meaning of the act, effective August 10, 1939.

#### A. MONEY OF THE UNITED STATES AND FOREIGN COUNTRIES

Currency, including mutilated currency and canceled currency, coins, including uncurrent coins, and specie.

#### B. SECURITIES AND OTHER INSTRUMENTS OR DOCUMENTS, PRIVATE AND PUBLIC

Abstracts of title.

Assignments.

Bills.

Bonds.

Certificates of deposit.

Certificates of indebtedness.

Checks, drafts, and money orders.

Coupons.

Debentures.

Deeds.

Equipment trust certificates.

Mortgages.

Notes.

Stamps, including postage, revenue, license, food order, and public debt.

Stamped envelopes and postal cards.

Stock certificates.

Trust receipts.

Voting trust certificates.

Warehouse receipts.

Warrants.

And other instruments or documents similar to the foregoing and whether complete, incomplete, mutilated, canceled, in definitive form, or represented by interim documents.

#### C. PRECIOUS METALS AND STONES

Diamonds and other precious stones.

Gold, silver, in such state or condition that its value depends primarily upon its gold or silver content and not upon its form.

262.2 The Secretary of the Treasury may, at any time, or from time to time, make supplemental or amendatory declarations of valuables.

HERBERT E. GASTON,  
*Acting Secretary of the Treasury.*

## FOREIGN FUNDS CONTROL

## Exhibit 40

*Joint resolution to amend section 5 (b) of the act of October 6, 1917, as amended, and for other purposes*

[Pub. Res. No. 69, 76th Cong., S. J. Res. 252]

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of subdivision (b) of section 5 of the Act of October 6, 1917 (40 Stat. 411), as amended, is hereby amended to read as follows:*

"During time of war or during any other period of national emergency declared by the President, the President may, through any agency that he may designate, or otherwise, investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange, transfers of credit between or payments by or to banking institutions as defined by the President, and export, hoarding, melting, or earmarking of gold or silver coin or bullion or currency, and any transfer, withdrawal or exportation of, or dealing in, any evidences of indebtedness or evidences of ownership of property in which any foreign state or a national or political subdivision thereof, as defined by the President, has any interest, by any person within the United States or any place subject to the jurisdiction thereof; and the President may require any person to furnish under oath, complete information relative to any transaction referred to in this subdivision or to any property in which any such foreign state, national or political subdivision has any interest, including the production of any books of account, contracts, letters, or other papers, in connection therewith in the custody or control of such person, either before or after such transaction is completed."

SEC. 2. Executive Order Numbered 8389 of April 10, 1940, and the regulations and general rulings issued thereunder by the Secretary of the Treasury are hereby approved and confirmed.

SEC. 3. Nothing in this Joint Resolution shall be deemed to repeal or to modify in any manner any of the provisions of the Act of April 13, 1934, 48 Stat. 574 (the Johnson Act) or of the Neutrality Act of 1939 (Public Resolution Numbered 54, Seventy-sixth Congress).

Approved, May 7, 1940.

## Exhibit 41

*Executive orders relating to foreign funds control*

EXECUTIVE ORDER NO. 8389, APRIL 10, 1940<sup>1</sup>

AMENDMENT OF EXECUTIVE ORDER NO. 6560, DATED JANUARY 15, 1934,<sup>2</sup> REGULATING TRANSACTIONS IN FOREIGN EXCHANGE, TRANSFERS OF CREDIT, AND THE EXPORT OF COIN AND CURRENCY

By virtue of the authority vested in me by section 5 (b) of the act of October 6, 1917 (40 Stat. 411), as amended by section 2 of the act of March 9, 1933 (48 Stat. 1), and by virtue of all other authority vested in me, I, Franklin D. Roosevelt, President of the United States of America, do hereby amend Executive Order No. 6560, dated January 15, 1934, regulating transactions in foreign exchange, transfers of credit, and the export of coin and currency by adding the following sections after section 8 thereof:

"SECTION 9. Notwithstanding any of the provisions of sections 1 to 8, inclusive, of this order, all of the following are prohibited, except as specifically authorized in regulations or licenses issued by the Secretary of the Treasury pursuant to this order, if involving property in which Norway or Denmark or any national thereof has at any time on or since April 8, 1940, had any interest of any nature whatsoever, direct or indirect:

"A. All transfers of credit between any banking institutions within the United States; and all transfers of credit between any banking institution within the United States and any banking institution outside the United States (including any principal, agent, home office, branch, or correspondent outside of the United States, of a banking institution within the United States);

<sup>1</sup> Amended May 10 and June 17, 1940.

<sup>2</sup> Executive Order No. 6560, January 15, 1934, appears on p. 214 of the annual report for 1934.



"B. All payments by any banking institution within the United States;

"C. All transactions in foreign exchange by any person within the United States;

"D. The export or withdrawal from the United States, or the earmarking of gold or silver coin or bullion or currency by any person within the United States; and

"E. Any transaction for the purpose or which has the effect of evading or avoiding the foregoing prohibitions.

"SECTION 10. *Additional reports.*

"A. Reports under oath shall be filed, on such forms, at such time or times and from time to time, and by such persons, as provided in regulations prescribed by the Secretary of the Treasury, with respect to all property of any nature whatsoever of which Norway or Denmark or any national thereof is or was the owner, or in which Norway or Denmark or any national thereof has or had an interest of any nature whatsoever, direct or indirect, and with respect to any acquisition, transfer, disposition, or any other dealing in such property.

"B. The Secretary of the Treasury may require the furnishing under oath of additional and supplemental information, including the production of any books of account, contracts, letters or other papers with respect to the matters concerning which reports are required to be filed under this section.

"SECTION 11. *Additional definitions.*—In addition to the definitions contained in section 7, the following definitions are prescribed:

"A. The terms 'Norway' and 'Denmark,' respectively, mean the State and the Government of Norway and Denmark on April 8, 1940, and any political subdivisions, agencies and instrumentalities thereof, including territories, dependencies and possessions, and all persons acting or purporting to act directly or indirectly for the benefit or on behalf of the foregoing. The terms 'Norway' and 'Denmark,' respectively, shall also include any and all other governments (including political subdivisions, agencies, and instrumentalities thereof and persons acting or purporting to act directly or indirectly for the benefit or on behalf thereof) to the extent and only to the extent that such governments exercise or claim to exercise de jure or de facto sovereignty over the area which, on April 8, 1940, constituted Norway or Denmark.

"B. The term 'national' of Norway or Denmark shall include any person who has been or whom there is reasonable cause to believe has been domiciled in, or a subject, citizen or resident of Norway or Denmark at any time since April 8, 1940, but shall not include any individual domiciled and residing in the United States on April 8, 1940, and shall also include any partnership, association, or other organization, including any corporation organized under the laws of, or which on April 8, 1940, had its principal place of business in Norway or Denmark or which on or after such date has been controlled by, or a substantial part of the stock, shares, bonds, debentures, or other securities of which has been owned or controlled by, directly or indirectly, one or more persons, who have been, or whom there is reasonable cause to believe have been, domiciled in, or the subjects, citizens or residents of Norway or Denmark at any time on or since April 8, 1940, and all persons acting or purporting to act directly or indirectly for the benefit or on behalf of the foregoing.

"C. The term 'banking institution' as used in section 9 includes any person engaged primarily or incidentally in the business of banking, of granting or transferring credits, or of purchasing or selling foreign exchange or procuring purchasers and sellers thereof, as principal or agent, or any person holding credits for others as a direct or incidental part of his business, or brokers; and, each principal, agent, home office, branch or correspondent of any person so engaged shall be regarded as a separate 'banking institution'.

"SECTION 12. *Additional regulations.*—The Regulations of November 12, 1934, are hereby modified insofar as they are inconsistent with the provisions of sections 9 to 11, inclusive, of this order, and except as so modified are hereby continued in full force and effect. The Secretary of the Treasury is authorized and empowered to prescribe from time to time regulations to carry out the purposes of sections 9 to 11, inclusive, of this order as amended, and to provide in such regulations or by rulings made pursuant thereto, the conditions under which licenses may be granted by such agencies as the Secretary of the Treasury may designate."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, April 10, 1940, 6 p. m., E. S. T.

## EXECUTIVE ORDER NO. 8405, MAY 10, 1940

AMENDMENT OF EXECUTIVE ORDER NO. 8389 OF APRIL 10, 1940, AMENDING EXECUTIVE ORDER NO. 6560, DATED JANUARY 15, 1934

Executive Order No. 8389 of April 10, 1940, is amended to read as follows:

"Amendment of Executive Order No. 6560, dated January 15, 1934, regulating transactions in foreign exchange, transfers of credit, and the export of coin and currency

"By virtue of the authority vested in me by section 5 (b) of the act of October 6, 1917 (40 Stat. 411), as amended, and by virtue of all other authority vested in me, I, Franklin D. Roosevelt, President of the United States of America, do hereby amend Executive Order No. 6560, dated January 15, 1934, regulating transactions in foreign exchange, transfers of credit, and the export of coin and currency by adding the following sections after section 8 thereof:

"SECTION 9. Notwithstanding any of the provisions of sections 1 to 8, inclusive, of this order, all of the following are prohibited, except as specifically authorized in regulations or licenses issued by the Secretary of the Treasury pursuant to this order, if involving property in which Norway or Denmark or any national thereof has at any time on or since April 8, 1940, had any interest of any nature whatsoever, direct or indirect, or if involving property in which the Netherlands, Belgium or Luxembourg or any national thereof has at any time on or since May 10, 1940, had any interest of any nature whatsoever, direct or indirect:

"A. All transfers of credit between any banking institutions within the United States; and all transfers of credit between any banking institution within the United States and any banking institution outside the United States (including any principal, agent, home office, branch, or correspondent outside of the United States, of a banking institution within the United States);

"B. All payments by or to any banking institution within the United States;

"C. All transactions in foreign exchange by any person within the United States;

"D. The export or withdrawal from the United States, or the earmarking of gold or silver coin or bullion or currency by any person within the United States;

"E. All transfers, withdrawals or exportations of, or dealings in, any evidences of indebtedness or evidences of ownership of property by any person within the United States; and

"F. Any transaction for the purpose or which has the effect of evading or avoiding the foregoing prohibitions.

"SECTION 10. *Additional reports.*

"A. Reports under oath shall be filed on such forms, at such time or times and from time to time, and by such persons, as provided in regulations prescribed by the Secretary of the Treasury, with respect to all property of any nature whatsoever of which Norway, Denmark, the Netherlands, Belgium or Luxembourg or any national thereof is or was the owner, or in which Norway, Denmark, the Netherlands, Belgium or Luxembourg or any national thereof has or had any interest of any nature whatsoever, direct or indirect, and with respect to any acquisition, transfer, disposition, or any other dealing in such property.

"B. The Secretary of the Treasury may require the furnishing under oath of additional and supplemental information, including the production of any books of account, contracts, letters or other papers with respect to the matters concerning which reports are required to be filed under this section.

"SECTION 11. *Additional definitions.*—In addition to the definitions contained in section 7, the following definitions are prescribed:

"A. The terms "Norway" and "Denmark," respectively, mean the State and the Government of Norway and Denmark on April 8, 1940, the terms "the Netherlands," "Belgium," and "Luxembourg," mean the State and the Government of the Netherlands, Belgium and Luxembourg on May 10, 1940, and any political subdivisions, agencies and instrumentalities of any of the foregoing, including territories, dependencies and possessions, and all persons acting or purporting to act directly or indirectly for the benefit or on behalf of any of the foregoing. The terms "Norway," "Denmark," "the Netherlands," "Belgium," and "Luxembourg" respectively, shall also include any and all other governments (including political subdivisions, agencies, and instrumentalities thereof and persons acting or purporting to act directly or indirectly for the benefit or on behalf thereof) to the extent and only to the extent that such governments exercise or claim to exercise de jure or de facto sovereignty over the area which, on April 8, 1940, constituted Norway and Denmark and which on May 10, 1940, constituted the Netherlands, Belgium and Luxembourg.

"B. The term "national" of Norway or Denmark shall include any person who has been or whom there is reasonable cause to believe has been domiciled in, or a subject, citizen or resident of Norway or Denmark at any time on or since April 8, 1940, but shall not include any individual domiciled and residing in the United States on April 8, 1940, and shall also include any partnership, association, or other organization, including any corporation organized under the laws of, or which on April 8, 1940, had its principal place of business in Norway or Denmark or which on or after such date has been controlled by, or a substantial part of the stock, shares, bonds, debentures, or other securities of which has been owned or controlled by, directly or indirectly, one or more persons, who have been, or whom there is reasonable cause to believe have been, domiciled in, or the subjects, citizens or residents of Norway or Denmark at any time on or since April 8, 1940, and all persons acting or purporting to act directly or indirectly for the benefit or on behalf of the foregoing.

"C. The term "national" of the Netherlands, Belgium or Luxembourg shall include any person who has been or whom there is reasonable cause to believe has been domiciled in, or a subject, citizen or resident of the Netherlands, Belgium or Luxembourg at any time on or since May 10, 1940, but shall not include any individual domiciled and residing in the United States on May 10, 1940, and shall also include any partnership, association, or other organization, including any corporation organized under the laws of, or which on May 10, 1940, had its principal place of business in the Netherlands, Belgium or Luxembourg, or which on or after such date has been controlled by, or a substantial part of the stock, shares, bonds, debentures, or other securities of which has been owned or controlled by, directly or indirectly, one or more persons, who have been, or whom there is reasonable cause to believe have been, domiciled in, or the subjects, citizens or residents of the Netherlands, Belgium or Luxembourg, at any time on or since May 10, 1940, and all persons acting or purporting to act directly or indirectly for the benefit or on behalf of the foregoing.

"D. The term "banking institution" as used in section 9 includes any person engaged primarily or incidentally in the business of banking, of granting or transferring credits, or of purchasing or selling foreign exchange or procuring purchasers and sellers thereof, as principal or agent, or any person holding credits for others as a direct or incidental part of his business, or brokers; and, each principal, agent, home office, branch or correspondent of any person so engaged shall be regarded as a separate "banking institution."

"SECTION 12. *Additional regulations.*—The Regulations of November 12, 1934, are hereby modified insofar as they are inconsistent with the provisions of sections 9 to 11, inclusive, of this order, and except as so modified are hereby continued in full force and effect. The Secretary of the Treasury is authorized and empowered to prescribe from time to time regulations to carry out the purposes of sections 9 to 11, inclusive, of this order as amended, and to provide in such regulations or by rulings made pursuant thereto, the conditions under which licenses may be granted by such agencies as the Secretary of the Treasury may designate."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, May 10, 1940, 7:55 a. m., E. S. T.

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EXECUTIVE ORDER NO. 8446, JUNE 17, 1940

AMENDMENT OF EXECUTIVE ORDER NO. 8389 OF APRIL 10, 1940, AS AMENDED

By virtue of the authority vested in me by section 5 (b) of the act of October 6, 1917 (40 Stat. 411), as amended, and by virtue of all other authority vested in me, I, Franklin D. Roosevelt, President of the United States of America, do hereby amend Executive Order No. 8389 of April 10, 1940, as amended, so as to extend all the provisions thereof to, and with respect to, property in which France or any national thereof has at any time on or since June 17, 1940, had any interest of any nature whatsoever, direct or indirect; except that, in defining "France" and "national" of France the date "June 17, 1940" shall be substituted for the dates appearing in the definitions of countries and nationals thereof.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, June 17, 1940.

## Exhibit 42

*Regulations of the Secretary of the Treasury relating to foreign funds control*

REGULATIONS OF MAY 10, 1940

TREASURY DEPARTMENT,  
Washington, May 10, 1940.

The Regulations of April 10, 1940, are amended to read as follows:

## " Regulations

"Relating to transactions in foreign exchange, transfers of credit, payments, and the export or withdrawal of coin, bullion, and currency, and transfers, withdrawals, and exportations of, or dealings in, evidences of indebtedness or ownership; and to reports of foreign property interests in the United States.

"SECTION 130.1. *Authority for regulations.*—These regulations are prescribed and issued under authority of Section 5 (b) of the act of October 6, 1917 (40 Stat. 411), as amended, and Executive Order No. 6560, dated January 15, 1934, as amended.

"SECTION 130.2. *Definitions.*

"(a) The term 'order' shall refer to Executive Order No. 6560, of January 15, 1934, as amended.

"(b) The term 'regulations' shall refer to these regulations.

"(c) The terms 'property' and 'property interest' or 'property interests' shall include, but not by way of limitation, money, checks, drafts, bullion, bank deposits, savings accounts, any debts, indebtedness or obligations, financial securities commonly dealt in by bankers, brokers, and investment houses, notes, debentures, stocks, bonds, coupons, bankers' acceptances, mortgages, pledges, liens or other right in the nature of security, warehouse receipts, bills of lading, trust receipts, bills of sale, any other evidences of title, ownership or indebtedness, goods, wares, merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, vendors' sales agreements, land contracts, real estate and any interest therein, leaseholds, ground rents, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks, copyrights, insurance policies, safe deposit boxes and their contents, annuities, et cetera.

"(d) Safe deposit boxes shall be deemed to be in the 'custody' not only of all persons having access thereto but also of the lessors of such boxes whether or not such lessors have access to such boxes. The foregoing shall not in any way be regarded as a limitation upon the meaning of the term 'custody.'

"(e) For the meaning of other terms reference should be made to the definitions contained in the order.

"SECTION 130.3. *Licenses to engage in foreign exchange transactions, etc.*—Applications for licenses to engage in foreign exchange transactions, transfers of credit, payments, the export or withdrawal from the United States or the earmarking of gold or silver coin or bullion or currency, or the transfer, withdrawal or exportation of, or dealing in, any evidences of indebtedness or evidences of ownership of property, involving property in which Norway or Denmark or any national thereof has at any time on or since April 8, 1940, had any interest of any nature whatsoever, direct or indirect, or in which the Netherlands, Belgium or Luxembourg or any national thereof has at any time on or since May 10, 1940, had any interest of any nature whatsoever, direct or indirect, shall be filed in duplicate with the Federal Reserve Bank of the district or the Governor or High Commissioner of the Territory or possession of the United States in which the applicant resides or has his principal place of business or principal office or agency, or with the Federal Reserve Bank of New York if the applicant has no legal residence or principal place of business or principal office or agency in a Federal Reserve district or a Territory or possession of the United States. Application forms may be obtained from any Federal Reserve Bank, mint or assay office, or the Secretary of the Treasury, Washington, D. C. Applications shall be executed under oath before an officer authorized to administer oaths, or if executed outside of the United States, before a diplomatic or consular officer of the United States. The applicant shall furnish such further information as shall be requested of him by the Secretary of the Treasury or the Federal Reserve Bank or other agency at which the application is filed. Licenses will be issued by the Secretary of the Treasury, acting directly or through any agencies that he may designate, and by the Federal Reserve Banks acting in accordance with such rules, regulations, and

instructions as the Secretary of the Treasury may from time to time prescribe in such cases or classes of cases as the Secretary of the Treasury may determine in rules, regulations, and instructions prescribed by him. The Federal Reserve Bank or other agency at which an application is filed will advise the applicant of the granting or denial of the license. Licenses for the export or withdrawal of currency or gold or silver coin or bullion or evidences of indebtedness or evidences of ownership of property, after having been canceled by the collector of customs or the postmaster through whom the exportation or withdrawal was made, may be returned by such collector of customs or postmaster to the licensee. Appropriate forms for applications and licenses will be prescribed by the Secretary of the Treasury. Licensees may be required to file reports upon the consummation of the transactions. The decision of the Secretary of the Treasury with respect to the approval or disapproval of an application shall be final.

*"SECTION 130.4. Reports of property interests of Norway, Denmark, the Netherlands, Belgium, Luxembourg and nationals thereof.*

*"(a) On or before May 15, 1940, reports shall be filed on Form TFR-100, duly executed under oath, containing the information called for in such form, with respect to all property situated in the United States on April 8, 1940, in which Norway or Denmark or any national thereof has at any time on or since April 8, 1940, had any interest of any nature whatsoever, direct or indirect. Within thirty days of the publication of these regulations in the Federal Register, reports shall be filed on Form TFR-100, duly executed under oath, containing the information called for in such form, with respect to all property situated in the United States on May 10, 1940, in which the Netherlands, Belgium or Luxembourg or any national thereof has at any time on or since May 10, 1940, had any interest of any nature whatsoever, direct or indirect. Such reports shall be filed by:*

*"(1) Every person in the United States directly or indirectly holding, or having title to, or custody, control, or possession of such property including, without any limitation whatsoever of the foregoing, every partnership, association, or corporation organized under the laws of the United States or any State or Territory of the United States or having its principal place of business in the United States, in the shares of whose stock or in whose debentures, notes, bonds, coupons, or other obligations or securities Norway or Denmark or any national thereof has at any time on or since April 8, 1940, had any interest of any nature whatsoever, direct or indirect, or in which the Netherlands, Belgium, or Luxembourg or any national thereof has at any time on or since May 10, 1940, had any interest of any nature whatsoever, direct or indirect; and*

*"(2) Every agent or representative in the United States for Norway, Denmark, the Netherlands, Belgium or Luxembourg or any national thereof having any information with respect to any such property.*

*"Provided, That no report on Form TFR-100 need be filed where the total value of all property interests to be reported is less than \$250.*

*"(b) Reports shall be executed and filed in triplicate with the Federal Reserve Bank of the district or the Governor or High Commissioner of the Territory or possession of the United States in which the party filing the report resides or has his principal place of business or principal office or agency, or if such party has no legal residence or principal place of business or principal office or agency in a Federal Reserve district or a Territory or possession of the United States, then with the Federal Reserve Bank of New York. A report shall be deemed to have been filed when it is received by the proper Federal Reserve Bank or other agency or when it is properly addressed and mailed and bears a postmark dated prior to midnight of the date upon which the report is due. The Federal Reserve Bank and other agencies shall promptly forward two copies of every report filed with it to the Secretary of the Treasury.*

*"(c) (1) All spaces in the report must be properly filled in. Reports found not to be in proper form, or lacking in essential details, shall not be deemed to have been filed in compliance with the order.*

*"(2) Where space in the report form does not permit full answers to questions, the information required may be set forth in supplementary papers incorporated by reference in the report and submitted therewith. Supplementary documents and papers must be referred to in the principal statement in chronological or other appropriate order and be described in such manner that they can be identified.*

*"(d) A separate report under oath must be filed by each person required to file a report except that persons holding property jointly may file a joint report.*

*"(e) The Secretary of the Treasury may, in his discretion, grant such extensions of time as he deems advisable for the making of any or all of the reports required by these regulations.*

"(f) Report Form TFR-100 may be obtained from any Federal Reserve Bank, mint or assay office, and the Secretary of the Treasury, Washington, D. C.

"SECTION 130.5. *Penalties.*—Section 5 (b) of the act of October 6, 1917, as amended by section 2 of the act of March 9, 1933, provides in part:

"\* \* \* Whoever willfully violates any of the provisions of this subdivision or of any license, order, rule or regulation issued thereunder, shall, upon conviction, be fined not more than \$10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both. As used in this subdivision the term "person" means an individual, partnership, association, or corporation."

"SECTION 130.6. *Modification or revocation.*—These regulations and any forms or instructions issued hereunder may be modified or revoked at any time."

HENRY MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

Approved May 10, 1940, 7:55 a. m., E. S. T.  
FRANKLIN D. ROOSEVELT.

#### AMENDMENT, JUNE 17, 1940, TO REGULATIONS

TREASURY DEPARTMENT,  
*Washington, June 17, 1940.*

The Regulations of April 10, 1940, as amended (Sections 130.1 to 130.6), are further amended so as to extend all the provisions thereof to, and with respect to, property in which France or any national thereof has at any time on or since June 17, 1940, had any interest of any nature whatsoever, direct or indirect; except that reports on Form TFR-100 with respect to all property situated in the United States on June 17, 1940, in which France or any national thereof has at any time on or since June 17, 1940, had any interest of any nature whatsoever, direct or indirect, shall be filed by July 17, 1940.

H. MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

Approved June 17, 1940.  
FRANKLIN D. ROOSEVELT.

### OBLIGATIONS OF FOREIGN GOVERNMENTS

#### Exhibit 43

*Correspondence exchanged between the Government of the United States and various foreign governments, legislation, statements, etc., concerning foreign debts owing to the United States*

#### BELGIUM

*To the Secretary of State from the Belgian Ambassador, December 15, 1939*

[Translation]

#### EXCELLENCY:

I had the honor to receive the note of December 2, 1939, by which Your Excellency was good enough to transmit to me a statement of the payment envisaged by the Belgian-American debt agreement of August 18, 1925, and by the moratorium agreement of June 10, 1932.

I did not fail to transmit this communication to my Government which has now instructed me to inform the Government of the United States that the Royal Government keenly regrets to find that the reasons which have forced it to suspend, since December 15, 1932, the service of its debt to the United States, have lost none of their validity.

No new element having arisen which would permit Belgium to modify its attitude, my country finds it impossible to effect, on December 15, 1939, the payment in question.

I avail myself [etc.].

VAN DER STRATEN.

*To the Secretary of State from the Belgian Ambassador, June 14, 1940*

EXCELLENCY:

I had the honor to receive the note of June 1, 1940, by which Your Excellency was good enough to transmit to me a statement of the payment envisaged by the Belgian-American debt agreement of August 18, 1925, and by the moratorium agreement of June 10, 1932.

I did not fail to transmit this communication to my Government which has now instructed me to inform the Government of the United States that the Royal Government keenly regrets to find that the reasons which have forced it to suspend, since December 15, 1932, the service of its debt to the United States, have lost none of their validity.

No new element having arisen which would permit Belgium to modify its attitude, my country finds it impossible to effect, on June 15, 1940, the payment in question.

I avail myself [etc.].

VAN DER STRATEN.

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ESTONIA

*To the Secretary of State from the Acting Consul General of Estonia, December 13, 1939*

EXCELLENCY:

Acknowledging the receipt of your note of December 2, 1939, I have the honor to inform you that the Government of Estonia regret to be unable, for reasons stated in their previous notes, to effect the payment of installments falling due on December 15, 1939, under terms of the debt funding agreement of October 28, 1925, and the moratorium agreement of June 11, 1932, between Estonia and the United States.

I avail myself [etc.].

JOHANNES KAIV.

*To the Secretary of State from the Acting Consul General of Estonia, June 13, 1940*

EXCELLENCY:

Acknowledging the receipt of your note of June 1, 1940, I have the honor to inform you that the Government of Estonia regret to be unable, for reasons stated in their previous notes, to effect the payment of installments falling due on June 15, 1940, under terms of the debt funding agreement of October 28, 1925, and the moratorium agreement of June 11, 1932, between Estonia and the United States.

I avail myself [etc.].

JOHANNES KAIV.

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FINLAND

*Communication from the President to the Congress, January 16, 1940, suggesting legislation to assist Finland to finance the purchase of agricultural surpluses and manufactured products*

MY DEAR MR. PRESIDENT:

(MY DEAR MR. SPEAKER:)

Last month when the Republic of Finland paid the regular installment on her debt to the United States, I directed the Secretary of the Treasury to place the money in a separate account pending such action, if any, as the Congress might desire to take with respect to it.

There is without doubt in the United States a great desire for some action to assist Finland to finance the purchase of agricultural surpluses and manufactured products, not including implements of war. There is at the same time undoubted opposition to the creation of precedents which might lead to large credits to nations in Europe, either belligerents or neutrals. No one desires a return to such a status.

The facts in regard to Finland are just as fully in the possession of every Member of the Congress as they are in the Executive Branch of the Government. There is no hidden information; and the matter of credits to that Republic is wholly within the jurisdiction of the Congress.

This Government will have early occasion to consider a number of applications for loans to citizens and small countries abroad, especially in Scandinavia and South America. That raises the question for the determination of the Congress as to whether my recommendation made to the Congress some months ago, for enlarging the revolving fund in a relatively small sum, for relatively small loans, should be considered. It goes without saying that if the applications for loans can be acted upon favorably by the Congress, this matter will be kept within the realm of our neutrality laws and our neutrality policies.

An extension of credit at this time does not in any way constitute or threaten any so-called "involvement" in European wars. That much can be taken for granted.

It seems to me that the most reasonable approach would be action by the Congress authorizing an increase in the revolving credit fund of the Export-Import Bank and authorizing the Reconstruction Finance Corporation to purchase loans and securities from the Export-Import Bank to enable it to finance exportation of agricultural surpluses and manufactured products, not including implements of war.

It is wholly within the discretion of the Congress to place a ceiling on the amount of such loans. Whether this legislation should include an additional increase in the revolving credit fund of the Export-Import Bank, in order to provide for additional loans to increase our trade with South and Central America, is also within the discretion of the Congress.

Very sincerely yours,  
FRANKLIN D. ROOSEVELT.

*Joint resolution authorizing the postponement of payment of amounts payable to the United States by the Republic of Finland on its indebtedness under agreements between that Republic and the United States, dated May 1, 1923, and May 23, 1932*

(Public Res. No. 84, 76th Cong., S. J. Res. 272)

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Republic of Finland, at its option, may postpone the payment of amounts payable to the United States of America during the period from January 1, 1940, to December 31, 1940, inclusive, under the agreements between that Republic and the United States of America dated May 1, 1923, and May 23, 1932; and, in the event of the exercise of the option herein granted, the Secretary of the Treasury is authorized to make, on behalf of the United States of America, an agreement with the Republic of Finland for the payment of the postponed amount, with interest at the rate of 3 per centum per annum beginning January 1, 1941, in ten annuities, the first to be paid during the calendar year beginning January 1, 1941, and one during each of the nine calendar years following, each annuity payment to be payable in one or more installments: *Provided, however*, That the amounts postponed shall bear interest at the rate of 3 per centum per annum from the date payment of such amounts was postponed to January 1, 1941.

SEC. 2. The agreement authorized in the first section of this joint resolution shall be in such form that annuity payments thereunder shall, unless otherwise provided in such agreement, (1) be in accordance with the agreement with the Republic of Finland dated May 1, 1923, and (2) be subject to the same terms and conditions as payment under the agreement dated May 1, 1923.

Approved June 15, 1940.

*Announcing the receipt of payments due from Finland (Treasury Department press release, June 15, 1940)*

The Treasury received today the sum of \$159,398.00 from the Government of Finland, representing the semiannual payment of interest in the amount of \$140,367.50 under the funding agreement of May 1, 1923, and \$19,030.50 as the fourteenth semiannual annuity due under the moratorium agreement of May 23, 1932. This payment represents the entire amount due on this date from the Government of Finland.



## FRANCE

*To the Secretary of State from the French Ambassador, December 14, 1939*

[Translation]

EXCELLENCY:

I have the honor to acknowledge the receipt of Your Excellency's note, dated December 2, 1939, transmitting a statement of the amounts due by France to the United States on December 15 next, under the terms of the agreements signed by the French Government.

In presenting this statement, you took occasion to reiterate that the Government of the United States is fully disposed to discuss, through diplomatic channels, any proposals which the French Government may desire to put forward in regard to the settlement of this indebtedness and to give them careful consideration with a view to their eventual submission to the American Congress.

The French Government thanks the Government of the United States for having been so kind as to renew these assurances and desires on its part to emphasize again its sincere desire to seek the basis for a debt settlement acceptable to both countries.

As soon as a satisfactory development of the situation will permit, the French Government will not fail to seize the opportunity, which it hopes will be soon, to enter into conversations for the negotiation of an agreement to the conclusion of which, like the Government of the United States, it attaches great importance.

Please accept [etc.].

R. DE SAINT-QUENTIN.

*To the Secretary of State from the French Ambassador, June 10, 1940*

EXCELLENCY:

I have the honor to acknowledge the receipt of Your Excellency's note, dated June 1, 1940, transmitting a statement of the amounts due by France to the United States on June 15 next, under the terms of the agreements signed by the French Government.

In presenting this statement, you took occasion to reiterate that the Government of the United States is fully disposed to discuss, through diplomatic channels, any proposals which the French Government may desire to put forward in regard to the settlement of this indebtedness and to give them careful consideration with a view to their eventual submission to the American Congress.

The French Government thanks the Government of the United States for having been so kind as to renew these assurances and desires on its part to emphasize again its sincere desire to seek the basis for a debt settlement acceptable to both countries.

As soon as a satisfactory development of the situation will permit, the French Government will not fail to seize the opportunity, which it hopes will be soon, to enter into conversations for the negotiation of an agreement to the conclusion of which, like the Government of the United States, it attaches great importance.

Please accept [etc.].

R. DE SAINT-QUENTIN.

## GREAT BRITAIN

*To the Secretary of State from the British Ambassador, December 15, 1939*

SIR:

In accordance with instructions from His Majesty's Principal Secretary of State for Foreign Affairs, I have the honour to acknowledge the receipt of your note of the 2nd December enclosing a statement of the amounts due from His Majesty's Government in the United Kingdom under the provisions of the debt agreement of the 19th June, 1923, and the moratorium agreement of the 4th June, 1932.

I am directed to express the appreciation of His Majesty's Government of the assurance that the Government of the United States is fully disposed to discuss any proposals which His Majesty's Government may desire to put forward in regard to the payment of this indebtedness; and in return I am to assure you that His Majesty's Government will be willing to reopen discussions on the subject whenever circumstances are such as to warrant the hope that a satisfactory result might be reached.

I have the honour [etc.].

LOTHIAN.

*To the Secretary of State from the British Ambassador, June 7, 1940*

SIR:

In accordance with instructions from His Majesty's Principal Secretary of State for Foreign Affairs, I have the honour to acknowledge the receipt of your note of the 1st June enclosing a statement of the amounts due from His Majesty's Government in the United Kingdom under the provisions of the debt agreement of the 19th June, 1923, and the moratorium agreement of the 4th June, 1932.

I am directed to express the appreciation of His Majesty's Government of the assurance that the Government of the United States is fully disposed to discuss any proposals which His Majesty's Government may desire to put forward in regard to the payment of this indebtedness; and in return I am to assure you that His Majesty's Government will be willing to reopen discussions on the subject whenever circumstances are such as to warrant the hope that a satisfactory result might be reached.

I have the honour [etc.].

LOTHIAN.

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HUNGARY

*To the Secretary of State from the Hungarian Minister, December 14, 1939*

SIR:

By order of my Government, I beg to inform you that the amount of \$9,828.16 has been deposited to-day in the Federal Reserve Bank of New York on account of Hungary's indebtedness to the American Government.

May I again express the earnest hope of my Government that the Congress of the United States will give favorable consideration to the offer of my Government submitted in the Aide Memoire of February 7th, 1938, seeking to regularize its debt payments by a new agreement on a permanent basis, which would pay off completely the original debt, without interest, in equal installments in the lifetime of the present generation, that is approximately in thirty years.]

Accept [etc.].

JOHN PELÉNYI.

*To the Secretary of State from the Hungarian Minister, June 14, 1940*

SIR:

By order of my Government, I have the honor to inform you that the amount of \$9,828.16 has been deposited today in the Federal Reserve Bank of New York on account of the relief indebtedness of Hungary to the Government of the United States.

I take the occasion to recall that in response to the repeated indications expressed by the United States Government in semi-annual notices "that this Government is fully disposed to discuss, through diplomatic channels, any proposals which your Government may desire to put forward in regard to the payment of this indebtedness, and to assure that such proposals would receive careful consideration with a view to eventual submission to the American Congress," my Government, in an Aide Memoire of February 7, 1938, submitted a proposal seeking to regularize its debt payments by a new agreement on a permanent basis, which would pay off completely the original relief debt, without interest, in equal installments in the lifetime of the present generation, that is, in approximately thirty years. It has been a source of disappointment to my Government that so far no definitive action has been taken on this proposal.

May I call attention to the fact that the President in his message to Congress on March 23, 1938, said:

"The indebtedness of the Government of Hungary to the Government of the United States is not a war debt but is properly designated as a relief debt, having been contracted in May 1920 under the authority of the act of March 30, 1920, which authorized the United States Grain Corporation, with the approval of the Secretary of the Treasury, to sell or dispose of flour in its possession for cash or on credit at such prices and on such terms or conditions as considered necessary to relieve the populations in the countries of Europe or countries contiguous thereto suffering for the want of food. The American Relief Administration acted as the fiscal agent of the United States Grain Corporation in dispensing this relief.

"The original indebtedness, the principal amount of which was \$1,685,835.61, with interest accrued thereon from May 1920 to December 1923, at the rate of 4¼ percent per annum, was funded as of the latter date, by agreement made in April 1924, into bonds of Hungary in the aggregate principal amount of \$1,939,000,

maturing serially in the succeeding years for 62 years, bearing 3 percent for the first 10 years and thereafter at the rate of 3½ percent per annum."

May I recall further the following facts as stated in the Aide Memoire of February 7, 1938:

"The failure of Hungary to effect payments to the United States under the terms of its debt contract had no relations whatsoever with the defaults of other debtors of the United States. In December 1931, 6 months before the Hoover moratorium expired, the sudden withdrawal of foreign short-term credits completely exhausted the gold and foreign exchange reserve of the National Bank of Hungary and forced the Government, in order to safeguard the financial stability of the country, to decree a transfer moratorium on all foreign debts.

"The annuities due under the funding agreement of 1924 were included, however, by the Hungarian Government in every budget passed by Parliament from 1932 to 1937, and on each payment date the United States Government was informed that in lieu of transfer, Treasury bills in the national currency were deposited in its favor.

"Since the summer of 1937 the Hungarian Government has been emerging from the moratorium which for several years had interrupted payments on all kinds of Hungarian foreign debts to all classes of creditors in all parts of the world. Arrangements on a provisional and temporary basis have been worked out with various groups of creditors. Concurrently a payment of \$9,828.16 was made to the American Government on December 15, 1937."

The same amounts were paid on June 15 and December 15, 1938, and June 15 and December 15, 1939.

In conclusion, may I again express the earnest hope of my Government that the Congress of the United States will give favorable consideration to the offer of my Government submitted in the Aide Memoire of February 7, 1938.

Accept [etc.].

JOHN PELENYI.

*Announcements concerning the receipt of payments from Hungary (State Department press releases, December 14, 1939, and June 14, 1940)*

DECEMBER 14, 1939.

The Hungarian Government has informed the Department that it is again making a partial payment on its relief debt. While such payments have been made regularly since December 1937, their continuance at the present time is a source of special gratification.

At the same time the Hungarian Government has again expressed the hope that the Congress will give favorable consideration to its offer to undertake a new debt agreement on a permanent basis, whereby payment of the original debt, without interest, would be completed in about thirty equal annual installments. In recommending these proposals, made in February 1938, to the consideration of the Congress, the President, in his message of March 28, 1938, expressed the belief that they represented a noteworthy wish and effort of the Hungarian Government to meet its obligations to this Government.

JUNE 14, 1940.

The Hungarian Government has informed the Department that it is again making a partial payment on its relief debt contracted in 1920 for the purchase of flour in May 1920 from the United States Grain Corporation through the American Relief Administration. While such payments have been made regularly since December 1937, their continuance in the difficult circumstances of the present time is a source of special gratification.

At the same time the Hungarian Government has recalled attention to its offer to undertake a new agreement on a permanent basis, whereby payment of the original relief debt, without interest, would be completed in about thirty equal annual installments, and has again expressed the hope that the Congress will give favorable consideration to the offer. In recommending these proposals, made in February 1938, to the consideration of the Congress, the President, in his message of March 28, 1938, expressed the belief that they represented a noteworthy wish and effort of the Hungarian Government to meet its obligations to this Government.

## ITALY

*To the Secretary of State from the Italian Ambassador, December 14, 1939*

HONORABLE SIR:

I have the honor to acknowledge the receipt of your note of December 2, 1939, whereby you have sent me a statement of the amounts due from the Italian Government up to December 15, 1939, under the provision of the debt agreement of November 14, 1925 and the moratorium agreement of June 3, 1932.

My Government has taken note with appreciation of the renewed assurance that the United States Government is fully disposed to discuss, through diplomatic channels, any proposals which the Italian Government may desire to put forward in regard to the payment of its indebtedness and that such proposals would receive careful consideration with a view to eventual submission to the American Congress.

While thanking you for the above communication, my Government regrets to be still unable, at the present moment, to submit any proposals and wishes to refer to the considerations previously brought to the attention of the Federal Government.

Accept [etc.].

A. COLONNA.

*To the Secretary of State from the Italian Ambassador, June 10, 1940*

HONORABLE SIR:

I have the honor to acknowledge the receipt of your note of June 1st, 1940, whereby you have sent me a statement of the amounts due from the Italian Government up to June 15, 1940, under the provisions of the debt agreement of November 14, 1925, and the moratorium agreement of June 3, 1932.

My Government has taken note with appreciation of the renewed assurance that the United States Government is fully disposed to discuss, through diplomatic channels, any proposals which the Italian Government may desire to put forward in regard to the payment of its indebtedness and that such proposals would receive careful consideration with a view to eventual submission to the American Congress.

While thanking you for the above communication, my Government regrets to be still unable, at the present moment, to submit any proposals and wishes to refer to the considerations previously brought to the attention of the Federal Government.

Accept [etc.].

A. COLONNA.

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LATVIA

*To the Secretary of State from the Latvian Minister, December 14, 1939*

SIR:

In reply to your note of December 2nd and referring to my note No. 410.63/532 of June 13, 1939, I have the honor to inform you that in the interval which has elapsed since the despatch of the note referred to above no changes have been observed in the general position and in the circumstances of a nature that could have altered the attitude of the Latvian Government in regard to the settlement of the Latvian indebtedness to the United States.

In view of the above, and maintaining their present view and attitude in regard to the subject as expressed in the relevant correspondence, I have the honor to inform you that to their regret the Latvian Government find it impossible to effect the payment of the installment of their debt to the United States which becomes due on December 15th.

Accept [etc.].

ALFRED BILMANIS.

*To the Secretary of State from the Latvian Minister, June 13, 1940*

SIR:

In reply to your note of June 1st and referring to my note No. 410.63/973 of December 14, 1939, I have the honor to inform you that in the interval which has elapsed since the despatch of the note referred to above no changes have been observed in the general position and in the circumstances of a nature that could

have altered the attitude of the Latvian Government in regard to the settlement of the Latvian indebtedness to the United States.

In view of the above, and maintaining their present view and attitude in regard to the subject as expressed in the relevant correspondence, I have the honor to inform you that to their regret the Latvian Government find it impossible to effect the payment of the installment of their debt to the United States which becomes due on June 15th.

Accept [etc.].

ALFRED BILMANIS.

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LITHUANIA

*To the Secretary of State from the Lithuanian Minister, December 8, 1939*

SIR:

I have the honor to acknowledge the receipt of your note of December 2, 1939, transmitting a statement showing the amounts due and payable June 15, 1933, to June 15, 1939, inclusive, and December 15, 1939, from my Government pursuant to the terms of the debt agreement of September 22, 1924, and the moratorium agreement of June 9, 1932.

In accordance with my Government's instructions, I have the honor to inform you that the Lithuanian Government, acknowledging its indebtedness to the United States of America, regrets exceedingly its continued inability to effect the payments due to the United States Government on December 15, 1939, for the reasons stated in my previous communications and because of the additional economic strain resulting from the war.

My Government has taken note of your reiteration that the United States Government is fully disposed to discuss, through diplomatic channels, any proposals which my Government may desire to put forward in regard to the payment of this indebtedness, and that such proposals would receive careful consideration with a view to eventual submission to the American Congress. The Lithuanian Government will avail itself of this opportunity when it will be found that discussions in this matter will be likely to produce mutually agreeable results.

Accept [etc.].

P. ZADEIKIS.

*To the Secretary of State from the Lithuanian Minister, June 14, 1940*

SIR:

I have the honor to acknowledge the receipt of your note of June 1, 1940, transmitting a statement showing the amounts due and payable June 15, 1933, to December 15, 1939, inclusive, and June 15, 1940, from my Government pursuant to the terms of the debt agreement of September 22, 1924, and the moratorium agreement of June 9, 1932.

In accordance with my Government's instructions, I have the honor to inform you that the Lithuanian Government, acknowledging its indebtedness to the United States of America, regrets exceedingly its continued inability to effect the payments due to the United States Government on June 15, 1940, for the reasons stated in this Legation's previous communications.

My Government has taken note of your reiteration that the United States Government is fully disposed to discuss, through diplomatic channels, any proposals which my Government may desire to put forward in regard to the payment of this indebtedness, and that such proposals would receive careful consideration with a view to eventual submission to the American Congress. The Lithuanian Government will avail itself of this opportunity when it will be found that discussions in this matter will be likely to produce mutually agreeable results.

Accept [etc.].

P. ZADEIKIS.

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POLAND

*To the Secretary of State from the Polish Ambassador, December 14, 1939*

SIR:

Acting upon instructions of my Government, and in answer to your note of December 2, 1939, I beg to thank you for the assurance that the United States Government is fully disposed to discuss, through diplomatic channels, any pro-

posals which my Government desire to put forward in regard to payments resulting from the terms of the debt agreement of November 14, 1924, and the moratorium agreement of June 10, 1932.

In connection with the above, I have the honor to inform you that, owing to the aggression against Poland by Germany and the U. S. S. R. and the subsequent invasion of her territory by the forces of the said countries, which unfortunately enhances the reasons as contained in the note of December 8, 1932, and confirmed by later declarations, the Polish Government are obliged to request similarly a deferment of payment of the installment payable on December 15, 1939, the Polish Government, to their great regret, still not being in a position to resume the service of the debt towards the United States.

Accept [etc.].

JERZY POTOCKI.

*To the Secretary of State from the Polish Ambassador, June 14, 1940*

SIR:

Acting upon instructions of my Government, and in answer to your note of June 1, 1940, I beg to thank you for the assurance that the United States Government is fully disposed to discuss, through diplomatic channels, any proposal which my Government desire to put forward in regard to payments resulting from the terms of the debt agreement of November 14, 1924, and the moratorium agreement of June 10, 1932.

In connection with the above, I have the honor to inform you that, owing to the aggression against Poland by Germany and the U. S. S. R. and the subsequent invasion of her territory by the forces of the said countries, which unfortunately enhances the reasons as contained in the note of December 8, 1932, and confirmed by later declarations, the Polish Government are obliged to request similarly a deferment of payment of the installment payable on June 15, 1940, the Polish Government, to their great regret, still not being in a position to resume the service of the debt towards the United States.

Accept [etc.].

POTOCKI.

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#### RUMANIA

*To the Secretary of State from the Rumanian Minister, December 14, 1939*

SIR:

I have the honor to acknowledge receipt of your note dated December 2, 1939 to which was appended a statement of amounts due and payable on June 15 1933 to June 15, 1939, inclusive, and December 15, 1939, from the Romanian Government, pursuant to the terms of the debt agreement of December 4, 1925, and the moratorium agreement of June 11, 1932.

As stated in my note of May 3, 1939, my Government earnestly desires to fulfill its obligations towards the United States but, because of circumstances and reasons beyond its control, my Government finds it impossible to carry out the terms of the debt settlement reached in December 1925.

It is obvious that the greatest and unsurmountable difficulty is the transfer of Romanian currency into dollars, when Romanian purchases in the United States are several times larger than American purchases in Romania and when triangular exchange transactions are rendered impossible by clearing agreements blocking the proceeds of Romanian exports in countries with which we have a favourable trade balance. Moreover, owing to present disrupted conditions in Europe, important and exceptional national defence expenditures have been imposed upon my country.

I have therefore the honor to inform you that the Romanian Government deeply regrets to be unable to effect the payment of the installment falling due on December 15, 1939, under the terms of the debt funding agreement of December 4, 1925, and the moratorium agreement of June 11, 1932.

May I stress once more the desire of the Romanian Government to negotiate a new agreement to become effective on June 15, 1940.

Accept [etc.].

RADU IRIMESCU.

*Text of note from the Rumanian Minister to the Secretary of State, relative to the indebtedness of Rumania to the United States (State Department press release, June 15, 1940)*

SIR:

I have the honor to acknowledge receipt of your note of June 1, 1940, to which was appended a statement showing the amounts due and payable on June 15, 1933, to December 15, 1939, inclusive, and June 15, 1940, from the Romanian Government, pursuant to the terms of the debt agreement of December 4, 1925, and the moratorium agreement of June 11, 1932.

In view of the fact that in your note of June 1, 1940, you take occasion to reiterate that the American Government is fully disposed to discuss, through diplomatic channels, any proposals which the Romanian Government may desire to put forward in regard to the payment of this indebtedness, I take the liberty of referring to my note of May 3, 1939, in which I informed you that I had been designated by my Government to commence negotiations with the United States Government for the purpose of reaching a new agreement in respect to the debt owed by the Romanian Government to the United States.

This action on the part of the Romanian Government was taken at a time when it could not have been influenced by circumstances, which have since developed, but only as a further step within its policy of rehabilitation of public finances.

This policy, after achieving a balanced budget, has led to the fulfilling of all internal obligations and necessarily must have as its next objective the fulfillment of external obligations. It is obvious that in the case of Romania's obligations towards the United States, account has to be taken of the practical possibility of converting Romanian currency into dollars, when Romanian purchases from the United States are several times larger than American imports from Romania, and triangular exchange transactions are rendered impossible by clearing agreements blocking the proceeds from Romanian goods sold in countries where it has a favorable trade balance.

As stated in my note of May 3, 1939, and again in my note of December 14, 1939, my Government finds it impossible to carry out the terms of the debt settlement agreement reached in December 1925, because of circumstances and reasons beyond its control. However, may I stress again the desire of the Romanian Government to negotiate, as soon as possible, a new agreement.

At the same time, I beg to inform you that as a token of its good faith and of its real desire to reach a new agreement concerning my Government's indebtedness to the Government of the United States, the Romanian Government is paying, herewith, the sum of one hundred thousand (100,000) dollars to the American Government. This sum is to be held in a special account and is to be used if, as and when the new agreement to be negotiated by our two Governments will have entered in force, after having been ratified by the American Congress and the Romanian Parliament.

Since May 3, 1939, when the Romanian Government first approached the American Government in this matter, general international conditions, far from improving, have become still more disrupted and precarious. Therefore, it is only through the greatest financial effort, eloquently indicative of its sincere intentions, that the Romanian Government will do its utmost to eliminate the present existing situation in respect to its debt to the United States.

Accept [etc.].

R. IRIMESCU.

*Text of note from the Secretary of State to the Rumanian Minister (State Department press release, June 15, 1940)*

SIR:

I have the honor to acknowledge the receipt of your note of June 15, 1940 (No. 2378/P-3-1-10), regarding the indebtedness of your Government to the Government of the United States, together with the check for \$100,000 transmitted therewith.

The check and a copy of your note under acknowledgment were forwarded to the Treasury Department, and the following reply of the Acting Secretary of the Treasury to this Department's letter has now been received:

"Acknowledgment is made of the receipt of your letter of June 15, 1940, enclosing a copy of a note from the Rumanian Minister in Washington. In his note, the Rumanian Minister states in part as follows:

"At the same time, I beg to inform you that as a token of its good faith and of its real desire to reach a new agreement covering my Government's indebtedness to the Government of the United States, the Romanian Government is paying,

on June 15, 1940, the sum of one hundred thousand (100,000) dollars to the American Government. This sum is to be held in a special account and is to be used if, as and when the new agreement to be negotiated by our two Governments will have entered in force, after having been ratified by the American Congress and the Rumanian Parliament."

"The Treasury Department is without power to modify in any way the terms or provisions of the debt agreement of December 4, 1925, and the moratorium agreement of June 11, 1932, between the United States and Rumania. The Treasury Department will, however, receive the sum of \$100,000 under the conditions set forth in the note from the Rumanian Minister and will deposit such funds with the Treasurer of the United States in a special deposit account of the Secretary of the Treasury. Such receiving and holding of the funds under the condition set forth should not be deemed in any way to alter the provisions of the aforementioned agreements between the United States and Rumania or to prejudice the rights of the United States Government.

"The Department is giving consideration to the appropriate method of dealing with the suggestion of the Rumanian Government to negotiate a new debt agreement.

"It is assumed that you will advise the Rumanian Minister of the contents of this letter."

Accept [etc.].

CORDELL HULL.

*Announcement concerning the receipt of a payment from Rumania  
(Treasury Department press release, June 15, 1940)*

The Treasury received on June 15, 1940, through the Secretary of State, the sum of \$100,000 from the Rumanian Government which the Rumanian Minister stated was "a token of its good faith and of its real desire to reach a new agreement covering" Rumania's indebtedness to the United States. He also stated that "This sum is to be held in a special account and is to be used if, as and when the new agreement to be negotiated by our two Governments will have entered in force, after having been ratified by the American Congress and the Rumanian Parliament."

The Treasury has asked the Department of State to advise the Rumanian Minister that the Treasury Department is without power to modify in any way the terms or provisions of the debt agreement of December 4, 1925, and the moratorium agreement of June 11, 1932, between the United States and Rumania, and that the Treasury Department will, however, receive the sum of \$100,000 under the condition set forth in his note and will deposit such funds with the Treasurer of the United States in a special account of the Secretary of the Treasury.

The Rumanian Minister was also advised that such receiving and holding of the funds under the condition set forth should not be deemed in any way to alter the provisions of the aforementioned agreements between the United States and Rumania or to prejudice the rights of the United States Government.

The Treasury has asked the Department of State to advise the Rumanian Minister that the Treasury is giving consideration to the appropriate method of dealing with the suggestion of the Rumanian Government to negotiate a new debt agreement.

YUGOSLAVIA

*To the Secretary of State from the Minister of Yugoslavia, December 12, 1939*

MR. SECRETARY:

I have the honor to acknowledge the receipt of your letter of December 2, 1939, with which you were good enough to send me a statement showing the amount due and payable on June 15, 1932, to June 15, 1939, inclusive, and December 15, 1939, by the Yugoslav Government, pursuant to the terms of its debt agreement of May 3, 1926.

The Royal Government, while appreciating the willingness of the United States Government to discuss, through diplomatic channels, any proposal in regard to payment of this indebtedness, are, to their sincere regret, still unable to resume the payment under the said agreement or to bring forward, at the present moment, any new proposal to this effect.

Accept [etc.].

CONSTANTIN FOITICH.



*To the Secretary of State from the Minister of Yugoslavia, June 6, 1940*

MR. SECRETARY:

I have the honor to acknowledge the receipt of your letter of June 1, 1940, with which you were good enough to send me the statement showing the amount due and payable on June 15, 1932, to December 15, 1939, inclusive, and June 15, 1940, by the Yugoslav Government, pursuant to the terms of its debt agreement of May 3, 1926.

The Royal Government, while appreciating the willingness of the United States Government to discuss, through diplomatic channels, any proposal in regard to payment of this indebtedness, are, to their sincere regret, still unable to resume the payment under the said agreement or to bring forward, at the present moment, any new proposal to this effect.

Accept [etc.].

CONSTANTIN FOTITCH.

## ORGANIZATION AND PROCEDURE

### Exhibit 44

*Orders relating to organization and procedure in the Treasury Department*

TREASURY DEPARTMENT ORDER NO. 23, SEPTEMBER 7, 1939

Effective from and after this date, the following assignments to Mr. Herbert E. Gaston, Assistant Secretary of the Treasury, are hereby ordered:

1. United States Coast Guard.
2. Bureau of Narcotics.
3. Secret Service Division.

The coordinator of activities of the enforcement branches of the Treasury Department also will report to Assistant Secretary Gaston.

Department Circular No. 244 of February 1, 1937, is modified accordingly.

H. MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

TREASURY DEPARTMENT ORDER NO. 24, SEPTEMBER 19, 1939

Effective from and after this date, the Bureau of Customs is assigned to the supervision of Mr. Basil Harris, Assistant to the Secretary.

Department Circular No. 244 of February 1, 1937, is modified accordingly.

H. MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

TREASURY DEPARTMENT ORDER NO. 25, SEPTEMBER 19, 1939

Effective from and after this date, the following assignments to Mr. Harold N. Graves, Assistant to the Secretary, are hereby ordered:

1. Procurement Division.
2. Bureau of Engraving and Printing.
3. Bureau of the Mint.

Department Circular No. 244 of February 1, 1937, is modified accordingly.

H. MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

TREASURY DEPARTMENT ORDER NO. 26, OCTOBER 17, 1939

Effective from and after this date, the Committee on Enrollment and Disbarment will report to Mr. Herbert E. Gaston, Assistant Secretary of the Treasury.

H. MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

## TREASURY DEPARTMENT ORDER NO. 27, NOVEMBER 30, 1939

1. Effective from and after this date, all matters relating to obtaining or releasing quarters for agencies of the Treasury Department in the District of Columbia and the field, whether in Federal or privately owned buildings, will be under the direction and control of the Administrative Assistant to the Secretary, who will fix the details of procedure to be followed by departmental and bureau officers in such matters.

2. All requests for assignments of space in Federally owned or controlled buildings will be transmitted by the bureau or office concerned to the Administrative Assistant to the Secretary accompanied by any necessary substantiating data. After determining the need for the space requested, the Administrative Assistant to the Secretary will make the necessary reference to the Public Buildings Administration, the Post Office Department, or other governmental agency, as may be appropriate.

3. All requests for authority or clearance in connection with the leasing of quarters in privately owned buildings will likewise be submitted to the Administrative Assistant to the Secretary. After determining the need for the quarters, the Administrative Assistant to the Secretary will make the necessary reference to the Public Buildings Administration for the purpose of obtaining clearance.

H. MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

## TREASURY DEPARTMENT ORDER NO. 28, JANUARY 18, 1940

Effective from and after this date, the following assignments to Mr. Daniel W. Bell, Under Secretary of the Treasury, are hereby ordered:

1. The Finances.
2. Commissioner of Accounts and Deposits:
  - (a) Division of Bookkeeping and Warrants.
  - (b) Division of Disbursement.
  - (c) Division of Deposits.
  - (d) Section of Surety Bonds.
3. Commissioner of the Public Debt:
  - (a) Division of Loans and Currency.
  - (b) Office of the Register of the Treasury.
  - (c) Division of Public Debt Accounts and Audit.
  - (d) Division of Paper Custody.
4. Office of the Treasurer of the United States.
5. Division of Savings Bonds.
6. Office of the Comptroller of the Currency.

Mr. Bell will maintain contacts with departments, boards, corporations, and other branches of the Government with respect to their financial operations and the coordination of such operations with those of the Treasury.

Department Circular No. 244 of February 1, 1937, is modified accordingly, and Treasury Department Orders Nos. 20 and 21 are hereby superseded.

H. MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

## TREASURY DEPARTMENT ORDER NO. 29, JANUARY 18, 1940

Effective from and after this date, the following assignments to Mr. John L. Sullivan, Assistant Secretary of the Treasury, are hereby ordered:

1. Bureau of Internal Revenue.
2. Division of Tax Research.
3. Office of the Legislative Counsel, in charge of revenue matters.

Department Circular No. 244 of February 1, 1937, and Treasury Department Order No. 18, dated March 25, 1938, are modified accordingly.

H. MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

## TREASURY DEPARTMENT ORDER NO. 30, JUNE 12, 1940

SECTION 1. By virtue of and pursuant to the authority conferred upon me by sections 2 and 8 of Reorganization Plan No. III (House Document No. 681, 76th

Congress) prepared in accordance with the provisions of the Reorganization Act of 1939, and transmitted to the Congress by the President on April 2, 1940, by the joint resolution of June 4, 1940 (Pub. Res. No. 75, 76th Cong.), by section 3170 of the Internal Revenue Code, and by section 161 of the Revised Statutes (U. S. C., title 5, sec. 22), subpart A of Part 171 (Miscellaneous Regulations Related to Liquor) of title 26 of the Code of Federal Regulations is hereby amended by adding the following new sections at the end thereof to read as follows:

"171.1a *Basic Permit and Trade Practice Division Created.*—There is hereby established in the Alcohol Tax Unit in the Bureau of Internal Revenue a division to be known as the Basic Permit and Trade Practice Division, at the head of which shall be an Assistant Deputy Commissioner who shall be appointed by the Secretary of the Treasury under the provisions of section 2 (c) of the Federal Alcohol Administration Act (49 Stat. 977), and shall perform his duties under the immediate direction and supervision of the Deputy Commissioner of Internal Revenue in charge of the Alcohol Tax Unit, and under the general direction and supervision of the Commissioner of Internal Revenue and the Secretary of the Treasury.

"171.1b *Transfer of Federal Alcohol Administration Personnel and Property.*—Except as provided in Treasury Department Order No. 31 of June 12, 1940 (uncodified), relating to the transfer of certain legal personnel and property, there are hereby transferred to the Basic Permit and Trade Practice Division of the Alcohol Tax Unit all of the personnel, records, books, furniture, and supplies of the Federal Alcohol Administration and of the office of the Administrator thereof (other than the Administrator), which Administration and office were abolished by section 2 of Reorganization Plan No. III: *Provided, however,* That such transfer shall be in accordance with the provisions of section 10 (b) of the Reorganization Act of 1939 (53 Stat. 563), and shall be subject to the provisions of section 8 of Reorganization Plan No. III."

SECTION 2. By virtue of and pursuant to the authority set out in section 1 of this order, Part 171 of title 26 of the Code of Federal Regulations is hereby further amended by inserting between subpart B and subpart C thereof a new subpart B (A) to read as follows:

"SUBPART B (A)—ADDITIONAL DUTIES OF ALCOHOL TAX UNIT

"171.4a *Delegation of Federal Alcohol Administration Functions.*—Except as provided in par. 171.1a, relating to the appointment of an Assistant Deputy Commissioner, and except as provided in Treasury Department Order No. 31 of June 12, 1940 (uncodified), relating to certain legal and personnel functions, all functions of the Federal Alcohol Administration, and the office of the Administrator and the offices of the members thereof, are hereby delegated to the Deputy Commissioner of the Bureau of Internal Revenue in charge of the Alcohol Tax Unit, to be exercised by him under the direction and supervision of the Commissioner of Internal Revenue and the Secretary of the Treasury through the Basic Permit and Trade Practice Division, and the officers and employees thereof: *Provided, however,* That with the approval of the Commissioner of Internal Revenue and the Secretary of the Treasury, said Deputy Commissioner may exercise any of such functions through any other division of the Alcohol Tax Unit, and the officers and employees thereof.

"171.4b *Prior Regulations Adopted.*—Except as herein, or as may be hereafter, otherwise provided, all regulations prescribed, all orders and instructions issued, and all forms adopted for the enforcement of the laws heretofore administered by the Administrator of the Federal Alcohol Administration, the Federal Alcohol Administration, and the officers and employees thereof, will continue in effect as regulations, orders, instructions, and forms of the Alcohol Tax Unit of the Bureau of Internal Revenue. The term 'Administrator' wherever used in such regulations, orders, instructions, and forms, shall be held to mean 'Deputy Commissioner of Internal Revenue'."

SECTION 3. This order shall take effect on the date that Section 2 of Reorganization Plan No. III becomes effective.

H. MORGENTHAU, Jr.,  
Secretary of the Treasury.

TREASURY DEPARTMENT ORDER NO. 31, JUNE 12, 1940

By virtue of and pursuant to the authority conferred upon me by sections 2 and 8 of Reorganization Plan No. III (House Document No. 681, 76th Congress) prepared in accordance with the provisions of the Reorganization Act of 1939,

and transmitted to the Congress by the President on April 2, 1940, by the joint resolution of June 4, 1940 (Pub. Res. No. 75, 76th Cong.), by section 3170 of the Internal Revenue Code, by section 3930 of the Internal Revenue Code, and by section 161 of the Revised Statutes (U. S. C., title 5, sec. 22), the following order is issued:

SECTION 1. There are hereby transferred to the Legal Division of the Treasury Department all of the personnel, records, books, furniture, and supplies connected with the legal activities of the Federal Alcohol Administration. The transfer of personnel under this section shall be in accordance with the provisions of section 10 (b) of the Reorganization Act of 1939 (53 Stat. 563), and shall be subject to the provisions of section 8 of Reorganization Plan No. III. The provisions of Department Circular No. 519 of June 20, 1934, are hereby made applicable to all duties and functions incident to the administration of the legal activities of the Federal Alcohol Administration, and to all of the personnel, records, books, furniture, and supplies hereby transferred.

SECTION 2. All appointment and other personnel functions of the Administrator and members of the Federal Alcohol Administration, which functions are within the purview of section 404 of Reorganization Plan No. II (53 Stat. 1436) are vested in the Secretary of the Treasury. The provisions of Treasury Department Order No. 22 of June 30, 1939, issued under such section 404 of Reorganization Plan No. II and relating to submission to the Administrative Assistant to the Secretary of the Treasury of certain personnel actions enumerated therein for final approval, are hereby made applicable to all such personnel actions in connection with all personnel transferred to the Alcohol Tax Unit of the Bureau of Internal Revenue by Treasury Department Order No. 30 of this date, and to all such personnel actions in connection with the personnel transferred to the Legal Division by section 1 of this order.

SECTION 3. This order shall take effect on the date that section 2 of Reorganization Plan No. III becomes effective.

H. MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

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TREASURY DEPARTMENT ORDER NO. 32, JUNE 25, 1940

In accordance with Executive Order No. 7916 of June 24, 1938, and Treasury Department Appropriation Act 1941, a Division of Personnel is hereby established in the Office of the Secretary, effective July 1, 1940.

The general functions of the Division shall be to give effect to the Department's responsibility for personnel supervision under the provisions of Executive Order No. 7916 to the extent possible under the appropriation made for this purpose.

The Division of Appointments, Office of the Secretary, is hereby transferred and consolidated with the newly created Personnel Division, and its functions, personnel, records, furniture, and equipment are hereby transferred to the Personnel Division.

The office of Classification Officer, Treasury Department, is hereby abolished, and its functions, personnel, records, furniture, and equipment are hereby transferred to the Personnel Division.

The Director of Personnel shall assume the responsibilities of Chief of the Division of Personnel and will be under the direct supervision of the Administrative Assistant to the Secretary.

H. MORGENTHAU, Jr.,  
*Secretary of the Treasury.*

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Exhibit 45

*Extracts from Reorganization Plans Nos. III and IV submitted by the President to the Congress, pursuant to the provisions of the Reorganization Act of 1939, approved April 3, 1939*

REORGANIZATION PLAN NO. III

SECTION 1. *Fiscal Service of the Treasury Department.*—(a) *Establishment of Fiscal Service.*—(1) The office of the Commissioner of Accounts and Deposits, the Division of Bookkeeping and Warrants, the Division of Disbursement, the Division of Deposits, the Section of Surety Bonds, the office of the Commissioner of the Public Debt, the Division of Loans and Currency, the office of the Register of the Treasury, the Division of Public Debt Accounts and Audit, the Division of

Savings Bonds, the Division of Paper Custody, and the Office of the Treasurer of the United States and their functions are consolidated into one agency of the Treasury Department to be known as the Fiscal Service, at the head of which there shall be an officer who shall be known as the Fiscal Assistant Secretary.

(2) The Fiscal Service shall consist of the Office of the Fiscal Assistant Secretary, the Office of the Treasurer of the United States, a Bureau of Accounts, and a Bureau of the Public Debt. Except as is otherwise specifically provided herein, the Secretary of the Treasury may establish such divisions and other constituent units within these agencies as he deems necessary.

(3) The Division of Bookkeeping and Warrants and its functions are transferred to the Bureau of Accounts, at the head of which shall be the Commissioner of Accounts and Deposits, who shall hereafter be known as the Commissioner of Accounts.

(4) The office of the Commissioner of the Public Debt, the Division of Loans and Currency, the office of the Register of the Treasury, the Division of Public Debt Accounts and Audit, the Division of Savings Bonds, and the Division of Paper Custody and their functions are consolidated into and shall be administered as the Bureau of the Public Debt, at the head of which shall be the Commissioner of the Public Debt.

(5) The functions of the Office of the Treasurer of the United States shall be administered by the Treasurer of the United States.

(6) Such functions as are consolidated into or transferred to the Fiscal Service and which are not allocated herein to particular agencies or offices of the Fiscal Service shall be administered through such units of the Service as may be designated by the Fiscal Assistant Secretary with the approval of the Secretary of the Treasury.

(7) The Fiscal Assistant Secretary shall be appointed by the Secretary of the Treasury in accordance with the civil service laws and shall receive a salary at the rate of \$10,000 per annum. He shall, under the direction of the Secretary of the Treasury, supervise the administration of and coordinate the functions and activities consolidated into or transferred to the Fiscal Service and shall perform such other duties as the Secretary of the Treasury shall direct. In the absence or disability of the Fiscal Assistant Secretary or in the event of a vacancy in that office, the Secretary of the Treasury may designate any other officer of the Treasury Department to act as Fiscal Assistant Secretary.

(b) *Transfer of certain functions to Fiscal Service.*—All functions vested in the Under Secretary of the Treasury and any Assistant Secretary of the Treasury pertaining to (1) the administration of financing operations; (2) the supervision of the administration of the functions and activities of the Office of Commissioner of Accounts and Deposits, the Office of the Commissioner of the Public Debt, and the Office of the Treasurer of the United States; and (3) supervision of the administration of the accounting functions and activities in the Treasury Department and all its bureaus, divisions, and offices, are hereby transferred to and consolidated in the Fiscal Service, to be exercised by the Fiscal Assistant Secretary under the direction of the Secretary of the Treasury: *Provided*, That the functions included in item (3) shall be exercised through the Commissioner of Accounts.

(c) *Transfer of functions relating to accounting.*—All functions vested in any other officer or employee of the Treasury Department, except those excluded by section 3 (b) of the Reorganization Act of 1939, of authorizing the installation, maintenance, revision, and elimination of accounting records, reports, and procedures, are hereby transferred to and consolidated under the Fiscal Assistant Secretary, to be exercised by him through the Commissioner of Accounts.

(d) *Abolition of an office of Assistant Secretary of the Treasury.*—That office of Assistant Secretary of the Treasury which is now vacant is hereby abolished; and all the functions, rights, powers, and duties of such abolished office are hereby transferred to and vested in the Fiscal Assistant Secretary, to be exercised by him under the direction of the Secretary of the Treasury.

SEC. 2. *Federal Alcohol Administration.*—The Federal Alcohol Administration, the offices of the members thereof, and the office of the Administrator are abolished and their functions shall be administered under the direction and supervision of the Secretary of the Treasury through the Bureau of Internal Revenue in the Department of the Treasury.

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## GENERAL PROVISIONS

SEC. 8. *Transfer of records, property, and personnel.*—All records and property (including office equipment) of the several agencies, and all records and property used primarily in the administration of any functions, transferred or consolidated by this plan and all the personnel used in the administration of such agencies and functions (including officers whose chief duties relate to such administration and whose offices are not abolished) are transferred or consolidated, as the case may be, within the department or agency concerned, for use in the administration of the agencies and functions transferred or consolidated by this plan: *Provided*, That any personnel transferred or consolidated within any department or agency by this section found by the head of such department or agency to be in excess of the personnel necessary for the administration of the functions transferred or consolidated shall be retransferred under existing law to other positions in the Government service, or separated from the service subject to the provisions of section 10 (a) of the Reorganization Act of 1939.

SEC. 9. *Transfer of funds.*—So much of the unexpended balances of appropriations, allocations, or other funds available (including funds available for the fiscal year ending June 30, 1941) for the use of any agency in the exercise of any function transferred or consolidated by this plan, or for the use of the head of any department or agency in the exercise of any function so transferred or consolidated, as the Director of the Bureau of the Budget with the approval of the President shall determine, shall be transferred within the department or agency concerned for use in connection with the exercise of the function so transferred or consolidated. In determining the amount to be transferred the Director of the Bureau of the Budget may include an amount to provide for the liquidation of obligations incurred against such appropriations, allocations, or other funds prior to the transfer: *Provided*, That the use of the unexpended balances of appropriations, allocations, or other funds transferred by this section shall be subject to the provisions of section 4 (d) (3) and section 9 of the Reorganization Act of 1939.

## REORGANIZATION PLAN NO. IV

SEC. 2. *Approval of compromises.*—The functions of the Attorney General relating to the approval of compromises made in accordance with the provisions of section 7 of the Federal Alcohol Administration Act are transferred to the Secretary of the Treasury, to be exercised by him or under his direction and supervision by such officer in the Department of the Treasury as he shall designate: *Provided*, That exclusive jurisdiction to compromise cases arising under the Federal Alcohol Administration Act which are pending before the courts or which have been or may hereafter be referred to the Department of Justice for action shall be vested in the Attorney General, and may be exercised by him or by any officer in the Department of Justice designated by him.

## Exhibit 46

*Joint resolution providing for the taking effect of Reorganization Plans Nos. III, IV, and V*

[Pub. Res. No. 75, 76th Cong.; H. J. Res. 551]

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled*, That the provisions of Reorganization Plan Numbered V, submitted to the Congress on May 22, 1940, shall take effect on the tenth day after the date of enactment of this joint resolution, notwithstanding the provisions of the Reorganization Act of 1939.

SEC. 2. Nothing in such plan or this joint resolution shall be construed as having the effect of continuing any agency or function beyond the time when it would have terminated without regard to such plan or this joint resolution or of continuing any function beyond the time when the agency in which it was vested would have terminated without regard to such plan or this joint resolution.

SEC. 3. Any appropriation for the fiscal year ending June 30, 1941, made after the taking effect of such reorganization plan, for the use of the Immigration and

Naturalization Service or the Department of Labor in the exercise of functions transferred by such plan, shall, for the purposes of section 3 of such plan, be considered as having been made prior to the taking effect of such plan. Any provision, in any Act of Congress enacted at the third session of the Seventy-sixth Congress, after the taking effect of such plan, which confers upon the Secretary of Labor any function with respect to the Immigration and Naturalization Service or with respect to the immigration and naturalization laws, shall be construed as having conferred such function upon the Attorney General and not upon the Secretary of Labor.

SEC. 4. The provisions of Reorganization Plan Numbered III, submitted to the Congress on April 2, 1940, and the provisions of Reorganization Plan Numbered IV, submitted to the Congress on April 11, 1940, shall take effect on June 30, 1940, notwithstanding the provisions of the Reorganization Act of 1939.

Approved, June 4, 1940.

### Exhibit 47

#### *Supervision of bureaus, offices, and divisions of the Treasury Department*

[Department Circular No. 244. Chief Clerk]

TREASURY DEPARTMENT,  
Washington, June 28, 1940.

1. The following assignments of bureaus, offices, and divisions of the Treasury Department are hereby ordered, effective June 30, 1940:

The Under Secretary of the Treasury:

1. Office of the Comptroller of the Currency.
2. Director of Research and Statistics:
  - (a) Division of Research and Statistics.
3. Director of Monetary Research:
  - (a) Division of Monetary Research.

Assistant Secretary in Charge of Coast Guard, Narcotics, and Secret Service:

1. United States Coast Guard.
2. Bureau of Narcotics.
3. Secret Service Division.

Assistant Secretary in Charge of Internal Revenue:

1. Bureau of Internal Revenue.
2. Director of Tax Research.
  - (a) Division of Tax Research.
3. Office of the Legislative Counsel, in charge of revenue matters.

Fiscal Assistant Secretary of the Treasury:

1. The Finances.
2. Bureau of Accounts:
  - (a) Division of Bookkeeping and Warrants.
  - (b) Division of Disbursement.
  - (c) Division of Deposits.
  - (d) Section of Surety Bonds.
3. Bureau of the Public Debt:
  - (a) Division of Loans and Currency.
  - (b) Office of the Register of the Treasury.
  - (c) Division of Public Debt Accounts and Audit.
  - (d) Division of Paper Custody.
  - (e) Division of Savings Bonds.
4. Office of the Treasurer of the United States.

Assistant to the Secretary:

1. Bureau of Customs.

Assistant to the Secretary:

1. Procurement Division.
2. Bureau of Engraving and Printing.
3. Bureau of the Mint.

Administrative Assistant to the Secretary:

1. Chief Clerk of the Department.
2. Director of Personnel:
  - (a) Division of Personnel.
3. Division of Printing.
4. Secretary's Correspondence Division.
5. Office of Superintendent of Treasury Buildings.

2. The General Counsel for the Treasury shall have supervision over the Legal Division and will report directly to the Secretary.

3. The Administrative Assistant to the Secretary will act as Budget Officer of the Treasury, and is authorized to act, for and by direction of the Secretary of the Treasury, in any branch of the Department.

4. In the absence of the Secretary, the Under Secretary will act as Secretary of the Treasury. In the absence of the Secretary and the Under Secretary, the senior Assistant Secretary present will act as Secretary.

5. In the event of a vacancy in the office of Fiscal Assistant Secretary, the Under Secretary will act as Fiscal Assistant Secretary and perform all duties and functions assigned to that office hereunder.

6. In the absence of the Fiscal Assistant Secretary, the Under Secretary will act as Fiscal Assistant Secretary. In the absence of both the Under Secretary and the Fiscal Assistant Secretary, the Senior Assistant Secretary present will act as Fiscal Assistant Secretary.

7. This circular supersedes Treasury Department Circular No. 244, dated March 1, 1940, and all subsequent changes arising since March 1, 1940.

H. MORGENTHAU, Jr.,  
Secretary of the Treasury.

### Exhibit 48

#### *An act to amend the Annual and Sick Leave Acts of March 14, 1936*

[Public No. 419, 76th Cong., S. 2876]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the days of annual leave with pay provided for in the Act of March 14, 1936 (49 Stat. 1161), and the days of sick leave with pay provided for in the Act of March 14, 1936 (49 Stat. 1162), shall mean days upon which employees would otherwise work and receive pay, and shall be exclusive of Sundays which do not occur within a regular tour of duty, holidays, and all nonwork days established by Federal statute or by Executive or administrative order.

Approved, March 2, 1940.

### Exhibit 49

#### *Time and leave regulations, departmental service*

[Department Circular No. 187<sup>1</sup> (Third Revision). Chief Clerk]

TREASURY DEPARTMENT,  
Washington, June 17, 1940.

*To the Officers and Employees of the Treasury Department:*

#### ANNUAL LEAVE OF ABSENCE

Executive Order No. 8384, dated March 29, 1940, "Prescribing Regulations Relating to Annual Leave of Government Employees," is hereby promulgated for the information of all concerned:

"By virtue of and pursuant to the authority vested in me by section 7 of the act of March 14, 1936, entitled 'An act to provide for vacations to Government employees, and for other purposes' (49 Stat. 1161) as amended by the act of March 2, 1940, entitled 'An act to amend the Annual and Sick Leave Acts of March 14, 1936' (Public No. 419, 76th Congress, 3d session), I hereby prescribe the following regulations governing the granting of annual leave to civilian officers and employees of the United States, the District of Columbia, and all corporations included within the provisions of section 6 of the aforesaid act of March 14, 1936, except as provided in Part III hereof:

#### *"Part I. Definitions*

"SEC. 1. As used in these regulations:

"(a) 'Employee' and 'employees' include officer and officers, respectively.

"(b) 'Permanent employees' are those appointed without limitation as to length of service or for definite periods in excess of 6 months.

<sup>1</sup> This circular supersedes all previous circulars regarding time and leave regulations for the departmental service.



"(c) 'Temporary employees' are those appointed for definite periods of time not exceeding 6 months.

"(d) 'Emergency employees' are those whose compensation is paid from emergency funds and whose tenure of appointment is limited to the period for which the emergency funds are available.

"(e) 'Indefinite employees' are those appointed for the 'duration of the job' and those who, although paid only when actually employed, are continuously employed or required to be available for duty for a period of not less than one month, as distinguished from part-time or intermittent employees.

"(f) 'Accumulated leave' means the unused annual leave not exceeding 60 days which has accrued during years prior to the current year.

"(g) 'Current annual leave' means the leave authorized by statute for the current year.

"(h) 'Current accrued leave' means that part of the current annual leave which bears the same ratio to the current annual leave that the expired part of the current year bears to the full year.

"(i) 'Unaccrued leave' means that part of the current annual leave which bears the same ratio to the current annual leave as the unexpired part of the current year bears to the full year.

### *"Part II. General provisions*

"Sec. 2. Permanent employees who have been employed continuously for one year or more and who do not contemplate leaving the service during the current calendar year shall be entitled to current annual leave with pay at any time during such calendar year not in excess of 26 days. In addition to current annual leave such employees may be granted accumulated leave not to exceed 60 days.

"Sec. 3. Leave shall be granted at such time or times as may be deemed to be in the public interest.

"Sec. 4. (a) Unaccrued leave shall be granted only with the express understanding that if such leave is not later earned during the calendar year, deductions will be made for the unearned portion from any salary due the employee or from any deductions in the retirement fund to the credit of the employee.

"(b) In cases of separation where an employee is indebted to the Government for advanced annual leave, such indebtedness shall be charged against the employee on the basis of the salary rate obtaining during the period of advanced annual leave and on the basis of one day's pay for each day of absence on a day upon which such employee would otherwise work and receive pay, such days of absence being exclusive of Sundays which do not occur within a regular tour of duty, holidays, and all non-work days established by Federal statute or by Executive or administrative order. Absences for fractional parts of a day shall be charged proportionately. This subsection shall not apply in cases of death, retirement for age or disability, or reduction of force, or in case an employee who is not eligible for retirement is unable to return to duty because of disability, evidence of which shall be supported by an acceptable certificate from a registered practicing physician or other practitioner.

"Sec. 5. Employees, other than temporary, entering the service by original appointment or by reinstatement shall be entitled to annual leave with pay accruing at the rate of  $2\frac{1}{2}$  days for each month of service rendered until the completion of one year's service. Emergency and indefinite employees shall be entitled to annual leave with pay accruing at the rate of  $2\frac{1}{2}$  days per month for each month of service, and may in addition thereto be granted accumulated leave.

"Sec. 6. An employee transferred or reappointed without break in service from one permanent, emergency, or indefinite position to another permanent, emergency, or indefinite position within the same or a different governmental agency shall at the time of his transfer or reappointment be credited with such accumulated and current accrued leave as may be due him, or charged with any unaccrued leave which may have been advanced, provided such latter position is also within the purview of the said act of March 14, 1936. An employee transferred or appointed without break in service from one permanent, emergency, or indefinite position within the purview of the said act of March 14, 1936, to another position or employment in the Federal service which is not within the purview of that act, shall be credited with all leave accumulated and accrued on the date of such transfer or appointment at such time as he may be subsequently retransferred or reappointed to a position within the purview of that act, provided such subsequent retransfer or reappointment is also without break in service. 'Break in service' means separation from the Federal service for a period of one or more work days.

"SEC. 7. An employee voluntarily separated from the service without prejudice during any calendar year shall be entitled to all of his accumulated leave plus his current accrued leave to and including the date of separation.

"SEC. 8. An employee who is involuntarily separated from the service other than for cause due to his own misconduct shall be entitled to all of his accumulated leave and current accrued leave, and the date of his discharge shall be fixed so as to permit him to take such leave. The date of discharge of an employee separated from the service for cause due to his own misconduct may, within the discretion of the administrative office concerned, be fixed so as to permit the allowance of all or any part of accumulated leave and current accrued leave.

"SEC. 9. Leave without pay shall not be granted until all accumulated and current accrued leave allowable under these regulations is exhausted, except that

"(a) An employee injured in line of duty may be granted leave without pay, if desired, covering the period of absence necessary to recover from such injury, instead of covering such time by annual leave; and during absence because of such injury and while being paid by the Employees' Compensation Commission, such an employee shall continue to earn leave, which shall, however, be granted only in the event of his return to actual duty.

"(b) An employee who is ordered to active military, naval or Coast Guard duty may, prior to the exhaustion of his accumulated and current accrued leave, be granted leave or furlough without pay during all or any portion of the period necessary to perform such duty.

"SEC. 10. Annual leave shall accrue to an employee while in a leave-with-pay status. Except as provided in section 9 hereof, annual leave shall not accrue to an employee while in a non-pay status due to leave without pay or furlough when the duration of such non-pay status in any calendar year aggregates 30 calendar days or more: *Provided*, That when the duration of such non-pay status is in excess of 30 calendar days in any calendar year, such excess shall affect the accrual of annual leave only when it aggregates 10 calendar days, and likewise for each aggregate period of 10 calendar days thereafter. Annual leave shall not accrue during any period of suspension for disciplinary reasons.

"SEC. 11. Employees shall be charged with annual leave only for absences on days upon which they would otherwise work and receive pay. No charge shall be made against annual leave for absence on Sundays which do not occur within a regular tour of duty, holidays, and non-work days established by Federal statute or by Executive or administrative order: *Provided*, That in the case of employees whose terms or conditions of employment require that they regularly work on a Sunday or holiday and be off duty on another day of the week in lieu thereof, the Sunday or holiday occurring within a period of annual leave shall be charged as annual leave and the lieu day shall not be so charged.

"SEC. 12. The minimum charge for annual leave shall be 15 minutes, and additional leave shall be charged in like multiples. Annual leave granted for less than one day shall be charged in the ratio that the amount of annual leave granted bears to the number of work hours of the regular work day prevailing in the agency concerned. For the purposes of this section, Saturdays and part holidays shall not be considered regular work days, except as may be required under section 11 hereof.

"SEC. 13. Annual leave shall not be granted with pay at the beginning of a calendar year immediately following a period of absence in a non-pay status in the preceding year unless and until there is a return to duty, at which time leave may be retroactively granted. Leave without pay under any other circumstances may not later be converted into annual leave.

"SEC. 14. Temporary employees shall be granted  $2\frac{1}{2}$  days leave for each full month of service. After the first month of service such leave may be credited at the beginning of the month in which it accrues. Temporary employees shall be charged with annual leave only for absence on days upon which they would otherwise work and receive pay. No charge shall be made against annual leave for absence on Sundays which do not occur within a regular tour of duty, holidays, and non-work days established by Federal statute or by Executive or administrative order.

"SEC. 15. Temporary employees who subsequently receive indefinite, emergency, probational, or permanent appointments in the same department or agency without break in service shall be entitled to  $2\frac{1}{2}$  days annual leave for each full month of service to the date of such indefinite, emergency, probational, or permanent appointment and thereafter at the rate of  $2\frac{1}{2}$  days per month, and shall be credited with such accumulated and current accrued leave as may be due, or charged with any unaccrued leave which may have been advanced.

"Sec. 16. Nothing in these regulations shall be construed to prevent the continuance of any leave differential existing prior to January 1, 1936, for the benefit of employees of the Federal Government stationed without the continental limits of the United States. However, any department may, if it so desires, apply these regulations to employees stationed without the continental limits of the United States, subject to the continuance of such leave differential.

"Sec. 17. The annual leave authorized by these regulations shall, except as to temporary employees, be recorded and administered on a calendar-year basis.

"Sec. 18. The heads or governing bodies of the various governmental agencies to which this Executive order applies shall be responsible for the proper administration of these regulations insofar as they pertain to the granting of annual leave to employees under their respective jurisdictions, and they may, within the limits authorized by law, issue such regulations as are not inconsistent with these regulations.

*"Part III. Employees excepted*

"Sec. 19. These regulations shall not apply to:

"(a) Teachers and librarians of the public schools of the District of Columbia.

"(b) Officers and employees of the Panama Canal and Panama Railroad on the Isthmus of Panama.

"(c) Temporary employees engaged on construction work at hourly rates.

"(d) The Postmaster General and officers and employees in or under the Post Office Department, except those serving in the departmental service and in the Mail Equipment Shops.

"(e) Persons paid security or prevailing wages from funds allocated by the Work Projects Administration, Federal Works Agency, on State, municipal, or other public but non-Federal projects, or on a Federal project: *Provided*, That annual leave shall be granted in accordance with these regulations to employees in the central office of the Work Projects Administration, Federal Works Agency, in the District of Columbia and at district and local headquarters, and to other employees in administrative or clerical positions who receive other than security or prevailing wages, as prescribed in Executive orders.

"(f) Employees not required to be continuously employed during regular tour of duty, such as (1) per diem or per hour employees engaged in an emergency who may be employed for more than one 7- or 8-hour shift within 24 hours during the emergency; (2) part-time or intermittent employees; (3) persons engaged under contract; (4) employees engaged temporarily for less than a month on a piece-price basis; (5) employees who are paid at hourly rates but who are not engaged on construction work, such as mechanics, skilled laborers, and others engaged in various services on maintenance, repair, clean-up work, etc., where employment is more or less intermittent and not on a regular and continuous basis; and (6) employees paid on a fee basis, such as physicians, surgeons, and other consultants.

*"Part IV. Ratification; Revocation; Effective date*

"Sec. 20. All temporary regulations issued by the heads of the various departments and independent establishments under authority of Executive Order No. 7321 of March 21, 1936, are hereby ratified. All such temporary regulations and all other regulations relating to the granting of annual leave are hereby revoked in so far as they are inconsistent with these regulations.

"Sec. 21. This order shall supersede Executive Orders No. 7845 of March 21, 1938, No. 7879 of May 9, 1938, and No. 8226 of August 24, 1939, and shall be effective as of March 2, 1940, except that sections 6 and 9 shall be effective as of July 1, 1936, provided that the total amount of leave to the credit of any employee resulting from an adjustment of such leave on the basis of the regulations as herein amended shall not exceed the amount authorized to be accumulated by law.

"Sec. 22. This order shall be published in the Federal Register.

"FRANKLIN D. ROOSEVELT."

THE ABOVE EXECUTIVE ORDER, NO. 8384, WILL GOVERN THE GRANTING OF ANNUAL LEAVE TO EMPLOYEES OF THE TREASURY DEPARTMENT

Applications for leave for more than 2 days must be submitted in advance on the form prescribed therefor. Application for 2 days or less need not be made on this form, but the absence must be noted on the Daily List of Absentees.

Employees will be charged with the number of days of leave granted on applications unless request is made in writing for cancelation or modification thereof.

Absence under all classes of leave will be reported annually at the close of each calendar year to the Office of the Secretary (Personnel Division).

## SICK LEAVE OF ABSENCE

Executive Order No. 8385, dated March 29, 1940, "Prescribing Regulations Relating to Sick Leave of Government Employees," is hereby promulgated for the information of all concerned:

"By virtue of and pursuant to the authority vested in me by section 7 of the act of March 14, 1936, entitled 'An act to standardize sick leave and extend it to all civilian employees' (49 Stat. 1162) as amended by the act of March 2, 1940, entitled 'An act to amend the Annual and Sick Leave Acts of March 14, 1936' (Public No. 419, 76th Congress, 3d session), I hereby prescribe the following regulations governing the granting of sick leave to civilian officers and employees of the United States, the District of Columbia, and all corporations included within the provisions of section 6 of the aforesaid act of March 14, 1936, except as provided in Part III hereof:

*"Part I. Definitions*

"Sec. 1. As used in these regulations 'employee' and 'employees' shall include:

"(a) Officer and officers, respectively.

"(b) *Permanent employees.*—Those appointed without limitation as to length of service or for definite periods in excess of 6 months.

"(c) *Temporary employees.*—Those appointed for definite periods of time not exceeding 6 months.

"(d) *Emergency employees.*—Those whose compensation is paid from emergency funds and whose tenure of appointment is limited to the period for which the emergency funds are available.

"(e) *Indefinite employees.*—Those appointed for the 'duration of the job' and those who, although paid only when actually employed, are continuously employed or required to be available for duty for a period of not less than 1 month, as distinguished from part-time or intermittent employees.

*"Part II. General provisions*

"Sec. 2. Sick leave with pay shall be granted to employees when they are incapacitated for the performance of their duties by sickness, injury, or pregnancy and confinement, or when some member of the immediate family of the employee is afflicted with a contagious disease and requires the care and attendance of the employee, or when, through exposure to contagious disease, the presence of the employee at his post of duty would jeopardize the health of others.

"Sec. 3. Except as provided in section 4 hereof, employees shall be entitled to sick leave at the rate of  $1\frac{1}{4}$  days a month, and if such leave is not used it shall accumulate: *Provided*, That the total accumulation shall not exceed 90 days. Sick leave accruing during any month of service shall be available at any time during the month.

"Sec. 4. In cases of serious disability or ailments, and when the exigencies of the situation so require, sick leave may be advanced not in excess of 30 days in addition to the unused sick leave that has accumulated to the credit of the employee: *Provided*, That temporary employees shall not be entitled to an advance of sick leave: *And provided further*, That no advances of sick leave shall be made to any employee unless the absence from duty on account of illness is for a period, or periods, of not less than 5 consecutive work days, except that advanced leave in a less amount may be granted to supplement accrued leave to cover a continuous absence of 5 work days or more; that every case of advanced leave shall be supported by a certificate of a registered practicing physician or other practitioner; that the total of such advances shall not at any time exceed 30 days in excess of the accumulated sick leave; and that such advances shall be charged against sick leave subsequently accumulating.

"Sec. 5. When an employee applies for sick leave in excess of the amount accumulated to his credit and the circumstances do not justify such an advance, the excess leave applied for, if granted and used, shall be charged against any unused annual leave to which the employee is entitled, or, if there is no unused annual leave, the excess shall be charged as leave without pay, and such excess leave, however charged, shall not thereafter be converted into either sick or annual leave subsequently accumulating.

"Sec. 6. Sick leave shall not be advanced in an amount that would exceed the total that would accumulate during the period from the date of the advance to the termination of a limited appointment (not temporary in character) or one expiring on a specified date.

"SEC. 7. Advanced sick leave may be granted irrespective of whether the employee has to his credit unused annual leave.

"SEC. 8. Sick leave shall not be granted for slight illness or indisposition not incapacitating the employee for the performance of his regular duties, or for absence for the purpose of being treated professionally by a dentist or oculist in his office; but sick leave may be granted for detention at home or in a hospital by illness or disability due to causes as to which a dentist or oculist is qualified to certify.

"SEC. 9. An employee transferred or reappointed without break in service from one permanent, emergency, or indefinite position to another permanent, emergency, or indefinite position within the same or a different governmental agency shall at the time of his transfer or reappointment be credited with accumulated sick leave, and charged with sick leave previously advanced in excess of that accumulated, provided such latter position is also within the purview of the said act of March 14, 1936. An employee transferred or appointed without break in service from one permanent, emergency, or indefinite position within the purview of the said act of March 14, 1936, to another position or employment in the Federal service which is not within the purview of that act, shall be credited with all leave accumulated and accrued on the date of such transfer or appointment at such time as he may be subsequently retransferred or reappointed to a position within the purview of that act, provided such subsequent retransfer or reappointment is also without break in service. 'Break in service' means separation from the Federal service for a period of one or more work days.

"SEC. 10. Sick leave shall accrue to an employee while in a leave-with-pay status. Sick leave shall not accumulate to an employee while in a non-pay status due to leave without pay or furlough when the duration of such non-pay status in any calendar year aggregates 30 calendar days or more: *Provided*, That when the duration of such non-pay status is in excess of 30 calendar days in any calendar year, such excess shall affect the accumulation of sick leave only when it aggregates 10 calendar days, and likewise for each aggregate period of 10 calendar days thereafter. Sick leave shall not accrue during any period of suspension for disciplinary reasons.

"SEC. 11. In the case of voluntary separation or removal for cause of an employee to whom sick leave has been advanced in an amount in excess of that accumulated, the employee shall refund the amount paid him for the period of such excess, or deduction therefor shall be made from any salary due him or from any amount in the retirement fund to his credit. Such indebtedness shall be charged against the employee on the basis of the salary rate obtaining during the period of advanced sick leave and on the basis of one day's pay for each day of absence on a day upon which the employee would otherwise work and receive pay, such days of absence being exclusive of Sundays which do not occur within a regular tour of duty, holidays, and all non-workdays established by Federal statute or by Executive or administrative order. Absences for fractional parts of a day shall be charged proportionately. This section shall not apply in cases of death, retirement for age or disability, or reduction of force, or in case an employee who is not eligible for retirement is unable to return to duty because of disability, evidence of which shall be supported by an acceptable certificate from a registered practicing physician or other practitioner.

"SEC. 12. Employees shall be charged for sick leave only for absence on account of illness on days upon which they would otherwise work and receive pay. Absence on account of illness on Sundays not occurring within a regular tour of duty, on holidays, and on all non-workdays established by Federal statute or Executive or administrative order shall not be charged as sick leave.

"SEC. 13. The minimum charge for absence on account of sickness shall be one-half of a regular workday, which minimum charge shall likewise apply on Saturdays or other days on which 4 hours constitute a full workday; and additional sick leave authorized on the same day shall be charged in multiples of one-half hour.

"SEC. 14. Notification of absence on account of sickness shall be given as soon as possible on the first day of absence. If such notification is not made in accordance with this regulation, such absence may be charged to annual leave or leave without pay. Application for sick leave shall be filed within 2 days after return to duty. For periods of absence of 3 workdays or less, the total of which shall not exceed 12 workdays in any one calendar year, the applicant's signed statement on a prescribed form may be accepted.

"SEC. 15. In case of a period of absence in excess of 3 workdays a certificate of a registered practicing physician or other practitioner supporting the application for sick leave shall be filed not later than 15 days after return to duty. In remote

localities where such certificate cannot reasonably be obtained, the applicant's signed statement as to the nature of the illness and the reason why a certificate is not furnished may be accepted.

"SEC. 16. When sickness continuing for more than 5 workdays occurs within a period of annual leave, the period of illness may, upon presentation of the certificate of a registered practicing physician or other practitioner, be charged as sick leave, and the charge against annual leave reduced accordingly. No such charge against sick leave shall be made for illness which does not last more than 5 workdays. Application for such substitution of sick leave for annual leave shall be made within 2 days after the expiration of the annual-leave period: *Provided*, That this provision may be waived by the head of the department or agency concerned.

"SEC. 17. Sick leave may not be granted for a period immediately following a period of absence in a non-pay status, unless and until there is a return to actual duty, nor may such leave without pay be converted into sick leave.

"SEC. 18. Sick leave accumulated during temporary appointment shall be credited to an employee who receives an indefinite, emergency, probational, or permanent appointment in the same department or agency without break in service but shall not be transferable elsewhere under any circumstances.

"SEC. 19. In the case of an employee who was not entitled to sick leave under prior law, but who is now entitled thereto, sick leave as accumulated may be substituted for leave without pay or annual leave taken because of illness between January 1 and March 14, 1936.

"SEC. 20. Sick leave taken in excess of  $1\frac{1}{4}$  days a month during the period between January 1 and March 14, 1936, shall be charged against sick leave subsequently accumulating.

"SEC. 21. Nothing in these regulations shall be construed to prevent the continuance of any sick leave differential existing prior to January 1, 1936, for the benefit of employees of the Federal Government stationed without the continental limits of the United States. However, any department may, if it so desires, apply these regulations to employees stationed without the continental limits of the United States, subject to the continuance of such leave differential.

"SEC. 22. The heads or governing bodies of the various governmental agencies to which this order applies shall be responsible for the proper administration of these regulations insofar as they pertain to the granting of sick leave to employees under their respective jurisdiction; and they may, within the limits authorized by law, issue such regulations as are not inconsistent with these regulations.

### *"Part III. Employees excepted*

"SEC. 23. These regulations shall not apply to:

"(a) Teachers and librarians of the public schools of the District of Columbia.

"(b) Officers and members of the police and fire departments of the District of Columbia, other than civilian personnel.

"(c) Officers and employees of the Panama Canal and Panama Railroad on the Isthmus of Panama.

"(d) Temporary employees engaged on construction work at hourly rates.

"(e) The Postmaster General and officers and employees in or under the Post Office Department except those serving in the departmental service and in the Mail Equipment Shops.

"(f) Persons paid security or prevailing wages from funds allotted by the Work Projects Administration, Federal Works Agency, on a State, municipal, or other public but non-Federal project or on a Federal project: *Provided*, That sick leave shall be granted in accordance with these regulations to employees in the central office of the Work Projects Administration, Federal Works Agency, in the District of Columbia and at district and local headquarters, and to other employees in administrative or clerical positions who receive other than security or prevailing wages as prescribed in Executive orders.

"(g) Employees not required to be continuously employed during regular tour of duty, such as (1) per diem or per hour employees engaged in an emergency who may be employed for more than one 7- or 8-hour shift within 24 hours during the emergency; (2) part-time or intermittent employees; (3) persons engaged under contract; (4) employees engaged temporarily for less than a month on a piece-price basis; (5) employees who are paid at hourly rates but who are not engaged on construction work, such as mechanics, skilled laborers, and others engaged in many services on maintenance, repair, clean-up work, and the like, where employment is more or less intermittent and not on a regular or continuous

basis; and (6) employees paid on a fee basis, such as physicians, surgeons, and other consultants.

*"Part IV. Ratification; Revocation; Effective date*

"SEC. 24. All temporary regulations issued by the heads of the various departments and independent establishments under authority of Executive Order No. 7321 of March 21, 1936, are hereby ratified. All such temporary regulations and all other regulations relating to the granting of sick leave are hereby revoked insofar as they are inconsistent with these regulations.

"SEC. 25. This order shall supersede Executive Orders No. 7346 of March 21, 1938, No. 7880 of May 9, 1938, and No. 8227 of August 24, 1939, and shall be effective as of March 2, 1940, except that section 9 shall be effective as of July 1, 1936, provided that the total amount of leave to the credit of any employee resulting from an adjustment of such leave on the basis of the regulations as herein amended shall not exceed the amount authorized to be accumulated by law.

"SEC. 26. This order shall be published in the Federal Register.

"FRANKLIN D. ROOSEVELT."

THE ABOVE EXECUTIVE ORDER, NO. 8385, WILL GOVERN THE GRANTING OF SICK LEAVE TO EMPLOYEES OF THE TREASURY DEPARTMENT

Referring to part II, section 2, of Executive Order No. 8385 above quoted, cases of personal illness or exposure to contagious diseases must be reported at once to the office to which the employee is attached, which office in turn should immediately report all cases of contagious diseases to the chief clerk of the department, who will cause an investigation to be made. Proof of negligence or of willful misstatement in reporting such exposure to contagion will be sufficient cause for discipline.

The department will hold employees strictly accountable for the truth of statements appearing in applications for sick leave, and will investigate circumstances coming to its attention which may appear to be inconsistent with such statements. Proof of any willful misstatement or of any attempt of an employee to mislead or deceive official superiors, directly or indirectly, in regard to an application for leave on account of sickness, will be sufficient cause for discipline.

The personnel officer of the department will, upon request from an administrative officer, arrange for the detail of a proper officer to investigate and report facts in any case.

The administrative office shall forward all requests for advanced sick leave, accompanied by the employee's statement showing whether or not he was continuously confined to home or hospital and under the immediate care of a registered practicing physician or other practitioner, to the Secretary's Office (Personnel Division) for approval.

All requests for accrued and advanced sick leave on account of enforced absence, due to contagion, must be supported by a certificate from the local health officer, except that, in a community where there is no health officer, a statement from the attending physician will suffice.

The following Executive order, issued by the President under date of July 17, 1930, is made a part of these regulations:

"SPECIAL LEAVES OF ABSENCE TO BE GIVEN DISABLED VETERANS IN NEED OF MEDICAL TREATMENT

"With respect to medical treatment of disabled veterans who are employed in the executive civil service of the United States, it is hereby ordered that, upon the presentation of an official statement from duly constituted medical authority that medical treatment is required, such annual or sick leave as may be permitted by law and such leave without pay as may be necessary shall be granted by the proper supervisory officer to a disabled veteran in order that the veteran may receive such treatment, all without penalty to his efficiency rating.

"The granting of such leave is contingent upon the veteran's giving prior notice of definite days and hours of absence required for medical treatment in order that arrangements may be made for carrying on the work during his absence."

## LEAVE WITHOUT PAY

Applications for leave without pay for 1 day or more must be submitted on the form provided therefor and forwarded to the Secretary, Personnel Division, together with the recommendation of the head of the bureau, office, or division, or chief of division, Secretary's Office, in which the applicant is employed. Applications for less than 1 day need not be submitted on this form but the absence must be noted on the Daily List of Absentees. In case an employee is absent beyond the period fixed in these regulations for sick and annual leave, with no probability of an immediate return to duty, the administrative officer having jurisdiction will report the case to the Secretary, Personnel Division, giving a full statement of the facts, with such recommendation as may be deemed proper. Leave of absence without pay should be applied for in periods not exceeding 60 days at any one time, and such leave should be applied for in advance.

If leave without pay on account of sickness is applied for, a certificate of the attending physician should be attached, otherwise a statement to that effect will be accepted. If leave without pay is applied for, for any reasons other than that given above, a statement must be attached, showing the necessity for such leave.

Employees on leave of absence without pay all day on Saturday will be charged a full day. Any absence on leave without pay before 1 o'clock on a Saturday will be computed on a 4-hour day basis, each hour being counted one-fourth of a day. Where the employee reports for duty at the opening hour but leaves before the closing hour, he should be given no benefit of the shorter day, pay for the portion of the day worked to be computed on the basis of a regular working day. For example, where the employee is absent the last hour he will be paid for three-sevenths or three-eighths of a day, as the case may be, and will be charged and deductions made for four-sevenths or five-eighths of a day. (See Comp. Gen. Dec., vol. 11, p. 119.) When an employee is granted leave without pay for a Saturday or a day preceding a holiday and returns to duty at the opening hour on the following Monday or day following the holiday, he will be in a non-pay status for 1 day, but if he is absent without previously applying for the leave without pay, he will be in a non-pay status for 2 days.

## MILITARY LEAVE

Applications for military leave of not to exceed 15 days for all military organizations (except the National Guard), in any one year must be made in advance and be subsequently supported by a certificate of a competent officer of the organization authorized by law to the effect that the time served was in accordance with General Orders, and state the provision of law under which such time was served. Members of the National Guard of the District of Columbia may be granted military leave (1) on all days of service which they may be ordered to perform by the commanding general; and (2) on all days during which they shall be engaged in field or coast-defense training ordered or authorized under the provisions of the act of June 3, 1916.

## JURY LEAVE

In accordance with section 360, title 18, of the Code of the District of Columbia, as amended by the act approved August 22, 1935 (49 Stat. 682), Federal employees are qualified to serve as jurors in the District of Columbia and shall not be exempt from such service: *Provided*, That employees of the Government of the United States or of the District of Columbia in active service who are called upon to sit on juries shall not be paid for such jury service but their salary shall not be diminished during their term of service by virtue of such service, nor shall such period of service be deducted from any leave of absence authorized by law. Applications for leave because of such service shall be granted as jury leave, when supported by a statement from the clerk of the court, showing that the employee served on the days specified. Jury leave shall be granted only for the actual time served.

## COURT LEAVE

Employees who, in obedience to a subpoena or direction by proper authority, appear as witnesses for the Government in court proceedings, are entitled, under section 850, Revised Statutes, to their regular compensation while absent from duty and to any actual and necessary expenses, but are not entitled to any witness fees or mileage. Where an employee appears as a witness for a suitor other than the United States the provisions of section 850, Revised Statutes, are not appli-



cable and the employee is not entitled to his regular compensation while absent from his place of duty unless entitled to and granted annual leave for that purpose. (See 4 Comp. Gen. 91.)

#### ABSENCE WITHOUT AUTHORIZED LEAVE

An employee detained by causes beyond control, and unable to report for duty at the opening hour, must notify the office in which employed to that effect not later than 11 a. m., if practicable, on the first day of absence. Absence from duty for any cause, without prior permission, must be satisfactorily explained, and if not satisfactorily explained, will be cause for deduction in salary or other disciplinary measures.

#### HOURS OF SERVICE

The act of March 3, 1931 (46 Stat. 1482), provides for Saturday half holiday for certain Government employees. The statute grants part of a holiday and not additional leave of absence. As to employees whose regular workday is 8 hours the statute grants a half holiday, and as to employees whose regular workday is 7 hours the statute grants a part holiday of 3 hours. Where employees for special public reasons are required to work more than 4 hours on any Saturday, the act provides for "an equal shortening of the work on some other day." In such case the employee's regular working time on some other day will be reduced, without loss of pay or leave time, by a period equal to the time such employee was required to work in excess of 4 hours on the Saturday, except that such reduced working time shall not be for a period greater than the difference between 4 hours and the number of hours that constitute his regular workday. The Saturday overtime must be taken by the shortening of some day at the earliest time the public business will permit. Saturday overtime may not be used for the purpose of accumulating annual leave.

#### ADMINISTRATION

Employees must be at their desks or posts of duty at the opening hour, and continue on duty until the closing hour. A recess of half an hour for luncheon will be allowed—from 12:30 to 1 p. m.—unless other hours have been authorized: *Provided, however,* That administrative officers may vary the luncheon period of certain employees where the public business requires it.

The beginning of the luncheon period and the close of the workday will, except in cases governed by special luncheon or closing hours, be indicated by signal. Until such signal is sounded, employees will remain at their desks or posts of duty. Congregating at the exits of the building or in the corridors prior to the sounding of the dismissal signal is strictly prohibited.

Clerks and employees will not be permitted to visit one another or to receive visits during office hours except on official business, and then only with the knowledge and concurrence of their immediate official superiors. Frequenting or loitering in the corridors of the building will not be permitted.

The practice of eating luncheon during the working period and in addition thereto taking a half hour for other purposes, the reading of newspapers or other unofficial matter, conducting private correspondence, attending to business matters purely personal, using official time for private conversation and the discussion of unofficial subjects, loud and unnecessary talking and boisterous conduct of any nature, and smoking in the file rooms of the Department are positively prohibited. Chiefs of divisions, sections, or rooms will be held strictly responsible for the enforcement of this regulation, and violations thereof will be reported to the chief clerk of the Department through the proper official channels.

#### ARRIVAL AND DEPARTURE DURING OFFICE HOURS

Any employee leaving the building where employed during office hours must be provided with a pass on the prescribed form, completely filled out before being signed by the officer having authority to excuse. The pass will cover absence as indicated by the cross in the space provided therefor. It will be surrendered to the guard, who will note thereon the time of departure and retain it. When the employee returns, the time of entering the building will also be noted on the pass by the guard. This pass will not be required of employees leaving the building on official business who are provided with annual passes.

## OFFICIAL PASSES

Annual passes may be issued by the chief clerk of the Department upon the recommendation of the administrative officers in charge, as follows:

(1) Unlimited passes to those employees who are required to enter and leave the Treasury Building or any of its annexes on public business at all hours on week days, as well as to enter and leave the Treasury Building on Sundays and holidays.

(2) Limited passes to those employees who are habitually required during office hours to enter or leave the Treasury Building or any of its annexes on public business.

(3) Luncheon passes to those employees who are habitually required to take their luncheon period at some time other than the regular luncheon half hour.

The limited and unlimited passes are to be used solely on account of official business and are not to be used in cases of late arrival of the holder in the morning or at the luncheon hour, nor when excused. Luncheon passes are to be used solely when leaving and reentering the building in connection with lunch. The passes should be countersigned by heads of bureaus, offices, divisions, or chiefs of divisions, Secretary's office, who will be held to strict accountability for their proper use.

## TARDINESS

An employee arriving after the opening hour and before the authorized luncheon period, will be considered tardy unless when reporting he presents to the guard a written excuse (Form 2158) issued the day previous, signed by an authorized officer, or unless, where unavoidably detained by unforeseen circumstances, he advises his office of such fact and is excused. Tardy employees will register their names and the bureau, office, division, or division of Secretary's Office, in which employed, on the form provided by the guard, and then report the fact of their late arrival to the time clerks of their respective offices. The guard will in each case enter the time of arrival on the slip.

Heads of bureaus, offices, or divisions, and chiefs of divisions, Secretary's Office, will maintain daily tardy records in their offices and report monthly to the personnel officer of the Department the names of employees who have been tardy 10 times during the year. The personnel officer will see that these employees are officially reprimanded and warned to improve their records. All subsequent cases of tardiness in excess of 10 times during the year will also be made on the monthly report in order that disciplinary measures may be taken, the personnel officer to submit all such cases to the Secretary together with his recommendation as to appropriate action.

An employee leaving during the luncheon period and not returning until after 1 p. m., will fill out and sign the form provided by the guard, who will enter the time of return thereon, unless the employee has previously filed a pass authorizing absence from the building after 1 p. m., in which case the time of return will be entered thereon by the guard. Employees not regularly excused, who are late in reporting at the close of the luncheon period, must report that fact to their respective time clerks.

The forms above referred to which are collected by guards will be distributed to the several time clerks before 10 a. m., of the following day for check against the daily time reports of their respective bureaus, offices, and divisions.

So much of these regulations as relates to arrival and departure during office hours applies only to employees in buildings where guard forces are maintained. In buildings without guards, employees who are necessarily detained at the regular luncheon period will be excused for luncheon by the persons having authority to excuse.

Heads and deputy heads of bureaus, offices, and divisions, and chiefs and assistant chiefs of divisions in the Secretary's Office, are not required to observe the luncheon period, nor are they required to use passes when departing from or entering the building. The chief clerk of the Department will supply a list of the names of such officials for the information of the guards on duty at the several entrances.

## GENERAL PROVISIONS

Annual leave of absence or leave without pay for less than 1 day of employees who are required by departmental regulations to work 8 hours per day will be charged at the rate of one-eighth of a day for each hour of absence; of employees who are required to work 7 hours per day, at the rate of one-seventh of a day for each hour of absence. On Saturdays the computation will be on the basis of a 4-hour day.

Willful neglect on the part of any official or employee in charge of a daily time sheet or record to report the absence of any employee will be considered sufficient grounds for discipline.

Heads of bureaus, offices, or divisions, and chiefs of divisions, Secretary's Office, will be held to strict official responsibility for the enforcement of these regulations.

D. W. BELL,  
*Acting Secretary of the Treasury.*

### Exhibit 50

#### *Time and leave regulations, field forces*

[Department Circular No. 202<sup>1</sup> (Third Revision). Chief Clerk]

TREASURY DEPARTMENT,  
Washington, June 17, 1940.

*To the Officers and Employees of the Treasury Department Field Forces:*

#### ANNUAL LEAVE OF ABSENCE

Executive Order No. 8384, dated March 29, 1940, "Prescribing Regulations Relating to Annual Leave of Government Employees," is hereby promulgated for the information of all concerned:

[Executive Order No. 8384 omitted here, see p. 562.]

THE ABOVE EXECUTIVE ORDER, NO. 8384, WILL GOVERN THE GRANTING OF ANNUAL LEAVE TO EMPLOYEES OF THE TREASURY DEPARTMENT IN THE FIELD

The local field officer directly responsible to the head of his service in Washington is authorized to grant annual leave in accordance with these regulations.

Leave of absence for less than 1 day of employees who are required by law or regulations to work 7 or 8 hours per day will be computed on the basis of a 7- or 8-hour day, except Saturdays. Employees taking leave on Saturdays will be charged with the time actually taken, but not to exceed 4 hours.

Permanent employees stationed in Hawaii, Puerto Rico, Alaska, the Virgin Islands, the Philippine Islands, the Canal Zone, or abroad in countries not contiguous to the continental United States, will be allowed 30 days' annual leave, exclusive of Sundays and holidays. Such employees who are in the service at the beginning of the year and who have served continuously 1 year or more in the Treasury Department and are not leaving the service, may be granted leave at any time during a calendar year not to exceed 30 days, plus such unused leave as may have been accumulated from previous years, such leave to be allowed at the discretion of the head of the local field office when the public business will permit. Probational employees in the places named, in the service on January 1, who have served less than 6 months, and those entering the service after January 1, may be granted leave at the rate of 2½ days per month, as earned, for each month of service to the end of the calendar year. The leave of employees in the places named who have been accustomed to living on the mainland of the United States may be cumulative for a period not exceeding 3 years, but in no case shall leave in excess of 90 days be granted in any one calendar year.

No leave will be charged against a permanent employee who is granted leave under the provisions of the above paragraph who is stationed in Hawaii, Puerto Rico, Alaska, the Virgin Islands, the Philippine Islands, the Canal Zone, or abroad in countries not contiguous to the continental United States, who has been accustomed to living on the mainland of the United States, for the time necessarily consumed in travel from the employee's station direct to the mainland of the United States and return to his station.

Applications for annual leave for more than 2 days must be submitted in advance on department stock Form 2217. Applications for 2 days or less need not be made on this form, but the absence must be noted on the daily list of absentees, department stock Form 2242.

Employees will be charged with the number of days of leave granted on applications, unless request is made in writing for cancellation or modification thereof.

While in most instances local Field Officers are given authority, under these

<sup>1</sup> This circular supersedes all circulars regarding time and leave regulations for the field service.

regulations, to grant leave without referring the case to the Department, they will be held strictly responsible that such absence, so far as possible, shall be without additional expense to the Government. Whenever, in the discretion of the head of the service in Washington, it is necessary to assign a temporary employee to duty in order to grant sick and annual leave with pay to a permanent or probational employee, additional expense will be incurred with the understanding that not more than the amount of annual and sick leave authorized under these regulations shall be granted under this provision.

Willful neglect on the part of an official or employee in charge of a daily time sheet or record to report the absence of any employee will be considered sufficient grounds for discipline.

Absence under all classes of leave will be reported on the first working day of each month to the head of the service in Washington on department stock Form 2243, except that in the Customs Service such reports shall be rendered annually. A record of all classes of leave will be kept by each local field officer for this purpose on department stock Form 2152. The total leave granted in each calendar year should be noted on department stock Form 2240, which shall be the permanent record. Thereafter the yearly record on department stock Form 2152 may be disposed of.

Only such forms as are now provided by department regulations, or that may hereafter be authorized by the Secretary, will be used for time and leave records. The present department stock forms which may be used are as follows: 2242, Daily List of Absentees, to be used in reporting absentees to the local field officer, noting thereon under remarks the character of leave or the cause of tardiness; 2217, Application for Leave, to be used in requesting leave of whatever character; 2152, Record of Absence During the Year, to be used as the record of leave in the office of the local field officer for the year; 2240, Leave Record During Service, to be used for recording yearly leave record; 2243, Monthly Report of Absence, to be used for reporting monthly and annual leave of all employees to the department; 2243-A (continuation sheet); 2243-B, half-length form for offices having less than 12 employees.

#### SICK LEAVE OF ABSENCE

Executive Order No. 8385, dated March 29, 1940, "Prescribing Regulations Relating to Sick Leave of Government Employees", is hereby promulgated for the information of all concerned:

[Executive Order No. 8385 omitted here, see p. 566.]

#### THE ABOVE EXECUTIVE ORDER, NO. 8385, WILL GOVERN THE GRANTING OF SICK LEAVE TO EMPLOYEES OF THE TREASURY DEPARTMENT IN THE FIELD

The local field officer directly responsible to the head of his service in Washington is authorized to grant sick leave, in accordance with these regulations.

Referring to part II, section 2, of Executive Order No. 8385, above quoted, cases of personal illness or exposure to contagious disease must be reported at once to the office to which the employee is attached, which office in turn should immediately report all cases of contagious disease to the officer in charge, who will cause an investigation to be made of the circumstances. In cases of exposure to contagious disease such officer and employee shall be guided by local health laws and regulations. Proof of negligence in reporting or willful misstatement in connection with exposure to contagion will be sufficient cause for discipline.

The officer in charge will detail an officer or employee to investigate and report the facts in any case of absence without permission or in questionable cases of illness.

Local field officers will hold employees strictly accountable for the truth of statements appearing in applications for sick leave, and will investigate circumstances coming to their attention which may appear to be inconsistent with such statements. Proof of any willful misstatement, or of any attempt of an employee to mislead or deceive official superiors, directly or indirectly, in regard to an application for leave on account of sickness, will be sufficient cause for discipline.

Requests for advanced sick leave must be accompanied by the employee's statement showing whether or not he was continuously confined to home or hospital and under the immediate care of a registered practicing physician or other practitioner.

## SPECIAL LEAVES OF ABSENCE TO BE GIVEN DISABLED VETERANS IN NEED OF MEDICAL TREATMENT

The following Executive order issued by the President under date of July 17, 1930, is made a part of these regulations:

[Executive order of July 17, 1930, omitted here, see p. 569.]

## LEAVE WITHOUT PAY

Applications for leave without pay for 1 day or more must be submitted on stock Form 2217 to the head of the service in Washington who is authorized to grant the same. Applications for less than 1 day need not be submitted on this form but the absence must be noted on the daily report, stock Form 2242, to the head field officer. In case an employee is absent beyond the period fixed in these regulations for sick and annual leave, with no probability of an immediate return to duty, the head field officer having jurisdiction will report the case to the head of the service in Washington, giving a full statement of the facts, with such recommendation as may be deemed proper. Leave of absence without pay should be applied for in periods not exceeding 60 days at any one time, and such leave should be applied for in advance.

If leave without pay on account of sickness is applied for, a certificate of the attending physician should be attached. If no physician was in attendance, the reason therefor must be given. If leave without pay is applied for, for any reason other than sickness, a statement must be attached, showing the necessity for such leave.

When an employee is granted leave without pay for a Saturday or a day preceding a holiday and returns to duty at the opening hour on the following Monday or day following the holiday, he will be in a non-pay status for 1 day; but if he is absent without previously applying for the leave without pay, he will be in a non-pay status for 2 days. Employees on leave of absence without pay all day on Saturday will be charged a full day. Leave without pay for fractions of a day on Saturday will be charged as follows: Where the employee reports for duty after the opening hour and remains until the closing hour, time will be charged and deductions made on the basis of a 4-hour day, each hour being counted one-fourth of a day. Where the employee reports for duty at the opening hour, but leaves before the closing hour, he should be given no benefit of the shorter day, pay for the portion of the day worked to be computed on the basis of a regular working day. That is, where the employee is absent the last hour he will be paid for three-sevenths or three-eighths of a day, as the case may be, and will be charged and deductions made for four-sevenths or five-eighths of a day (11 Comp. Gen. 119).

## MILITARY LEAVE

Members of the National Guard may be granted military leave on all days in which they may be engaged in field or coast defense training, ordered or authorized under the act of June 3, 1916 (39 Stat. 203). Members of the Naval Reserve may be granted military leave on all days during which they are employed on training duty for periods not to exceed 15 days in any 1 calendar year (act of February 28, 1925, 43 Stat. 1089). Members of the Naval Militia may be granted military leave whenever they attend drills, cruises, or other ordered duty of the Naval Militia (act of August 29, 1916, 39 Stat. 594). Members of the Officers' Reserve Corps may be granted military leave on all days during which they shall be ordered to duty with troops or at field exercises, or for instruction, for periods not to exceed 15 days in any one calendar year (Army Appropriation Act of May 12, 1917, 40 Stat. 72). Members of the National Guard of the District of Columbia may be granted military leave whenever they may be called upon to perform service by the commanding general as authorized by section 49 of the act of March 1, 1889 (25 Stat. 779), as amended by the act of February 18, 1909 (35 Stat. 634). Applications for such leave, which shall be in addition to the annual leave, must be made in advance and be subsequently supported by the certificate of a competent officer of the organization of which the employee is a member. Temporary employees will not be granted military leave of absence.

## JURY LEAVE

In accordance with section 360, title 18, of the Code of the District of Columbia, as amended by the act approved August 22, 1935 (49 Stat. 682), Federal employees are qualified to serve as jurors in the District of Columbia and shall not be exempt from such service: *Provided*, That employees of the Government of the United

States or of the District of Columbia in active service who are called upon to sit on juries shall not be paid for such jury service but their salary shall not be diminished during their term of service by virtue of such service, nor shall such period of service be deducted from any leave of absence authorized by law. Applications for leave because of such service shall be granted as jury leave, when supported by a statement from the clerk of the court, showing that the employee served on the days specified. Jury leave shall be granted only for the actual time served.

#### COURT LEAVE

Employees who, in obedience to a subpoena or direction by proper authority, appear as witnesses for the Government in court proceedings, are entitled, under section 850, Revised Statutes, to their regular compensation while absent from duty and to any actual and necessary expenses, but are not entitled to any witness fees or mileage. Where an employee appears as a witness for a suitor other than the United States the provisions of section 850, Revised Statutes, are not applicable and the employee is not entitled to his regular compensation while absent from his place of duty unless entitled to and granted annual leave for that purpose (4 Comp. Gen. 91).

#### ABSENCE WITHOUT AUTHORIZED LEAVE

An employee detained by causes beyond control, and unable to report for duty at the prescribed hour of reporting, must notify the office in which employed to that effect within 2 hours, if practicable, of such prescribed hour, on the first day of absence. Absence from duty for any cause without prior permission must be satisfactorily explained, and if not satisfactorily explained will be cause for deduction in salary or other disciplinary measures.

#### HOURS OF SERVICE

The act of March 3, 1931 (46 Stat. 1482), provides for Saturday half holiday for certain Government employees. The statute grants part of a holiday and not additional leave of absence. As to employees whose regular workday is 8 hours, the statute grants a half holiday, and as to employees whose regular workday is 7 hours, the statute grants a part holiday of 3 hours. Where employees for special public reasons are required to work more than 4 hours on any Saturday, the act provides for "an equal shortening of the work on some other day." In such case the employee's regular working time on some other day will be reduced, without loss of pay or leave time, by a period equal to the time such employee was required to work in excess of 4 hours on the Saturday, except that such reduced working time shall not be for a period greater than the difference between 4 hours and the number of hours that constitute his regular workday. The Saturday overtime must be taken by the shortening of some day at the earliest time the public business will permit. Saturday overtime may not be used for the purpose of accumulating annual leave.

#### ADMINISTRATION

Employees must be at their desks or posts of duty at the opening hour, and continue on duty until the closing hour. A recess of half an hour for luncheon will be allowed—from 12:30 to 1 p. m.—unless other hours have been authorized: *Provided, however*, That local field officers may vary the luncheon period of certain employees where the public business requires it.

The time clerk shall report to the local field officer each day the names of all employees who were tardy that day, stating in each case the time of reporting for duty and the reason assigned for tardiness. An accurate check of an employee's tardiness should be kept and filed with that employee's record for consideration in connection with recommendation for promotion or demotion.

The practice of eating luncheon during the working period and, in addition thereto, taking a half hour for other purposes, the reading of newspapers or other unofficial matter, conducting private correspondence, attending to business matters purely personal, using official time for private conversation and the discussion of unofficial subjects, loud and unnecessary talking, and boisterous conduct of any nature, are positively prohibited. Officers in charge will be held strictly responsible for the enforcement of this regulation.

D. W. BELL,  
*Acting Secretary of the Treasury.*

## Exhibit 51

*Amendment, July 28, 1939, to Department Circular No. 591,<sup>1</sup> dated August 15, 1938, prescribing regulations governing the disclosure of official information*

TREASURY DEPARTMENT,  
Washington, July 28, 1939.

To Heads of Bureaus, Offices, and Divisions, Treasury Department:

Section 1.7 [par. 7 of Department Circular No. 591 (1938) entitled "Regulations governing the disclosure of official information"] is hereby amended by deleting "(e) (3)" immediately following "Customs Regulations of 1937, article 1465" (R. S. 161; 5 U. S. C. 22).

STEPHEN B. GIBBONS,  
Acting Secretary of the Treasury.

## MISCELLANEOUS

## Exhibit 52

*Letter of the Postmaster General to the Secretary of the Treasury, dated November 5, 1940, certifying extraordinary expenditures contributing to the deficiencies of postal revenues for the fiscal year 1940, in pursuance of Public No. 316, Seventy-first Congress, approved June 9, 1930 (46 Stat. 523)*

WASHINGTON, D. C., November 5, 1940.

THE HONORABLE THE SECRETARY OF THE TREASURY.

MY DEAR MR. SECRETARY: In accordance with the provisions of the act of June 9, 1930, embodied in section 260, Postal Laws and Regulations, the amounts set forth below with respect to certain mailings during the fiscal year ended June 30, 1940, are certified to you in order that they may be separately classified on the books of the Treasury Department in stating the expenditures made from the appropriation to supply the deficiency of postal revenues:

(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.....	\$39,905,033.00	
Registry fees, including surcharges.....	1,628,477.00	
		\$41,533,510.00
(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.....	\$1,217,346.00	
2. Others under the franking privilege.....	215.00	
		1,217,561.00
(c) The estimated amount which would have been collected during the year at regular rates of postage on publications going free in the country.....		606,260.00
(d) The estimated amount which would have been collected at regular rates of postage on matter mailed free to the blind during the year.....		254,001.00
(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.....		316,952.00
(f) The estimated excess during the year of the cost of aircraft service over the postage revenues derived from air mail.....		9,402,887.52
Total.....		53,331,171.52

Very truly yours,

SMITH W. PURDUM,  
Acting Postmaster General.

<sup>1</sup> For Department Circular No. 591, see annual report for 1939, page 305.

## Exhibit 53

*Section 201 of the act to amend the Social Security Act, and for other purposes (Public No. 379, August 10, 1939), creating the Federal old-age and survivors insurance trust fund*

## TITLE II—AMENDMENT TO TITLE II OF THE SOCIAL SECURITY ACT

SEC. 201. Effective January 1, 1940, title II of such act is amended to read as follows:

### "TITLE II—FEDERAL OLD-AGE AND SURVIVORS INSURANCE BENEFITS

#### "FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND

"SEC. 201. (a) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the 'Federal Old-Age and Survivors Insurance Trust Fund' (hereinafter in this title called the 'Trust Fund'). The Trust Fund shall consist of the securities held by the Secretary of the Treasury for the Old Age Reserve Account and the amount standing to the credit of the Old Age Reserve Account on the books of the Treasury on January 1, 1940, which securities and amount the Secretary of the Treasury is authorized and directed to transfer to the Trust Fund, and, in addition, such amounts as may be appropriated to the Trust Fund as hereinafter provided. There is hereby appropriated to the Trust Fund for the fiscal year ending June 30, 1941, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of the taxes (including interest, penalties, and additions to the taxes) received under the Federal Insurance Contributions Act and covered into the Treasury.

"(b) There is hereby created a body to be known as the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund (hereinafter in this title called the 'Board of Trustees') which Board of Trustees shall be composed of the Secretary of the Treasury, the Secretary of Labor, and the Chairman of the Social Security Board, all ex officio. The Secretary of the Treasury shall be the Managing Trustee of the Board of Trustees (hereinafter in this title called the 'Managing Trustee'). It shall be the duty of the Board of Trustees to—

"(1) Hold the Trust Fund;

"(2) Report to the Congress on the first day of each regular session of the Congress on the operation and status of the Trust Fund during the preceding fiscal year and on its expected operation and status during the next ensuing five fiscal years;

"(3) Report immediately to the Congress whenever the Board of Trustees is of the opinion that during the ensuing five fiscal years the Trust Fund will exceed three times the highest annual expenditures anticipated during that five-fiscal-year period, and whenever the Board of Trustees is of the opinion that the amount of the Trust Fund is unduly small.

The report provided for in paragraph (2) above shall include a statement of the assets of, and the disbursements made from, the Trust Fund during the preceding fiscal year, an estimate of the expected future income to, and disbursements to be made from, the Trust Fund during each of the next ensuing five fiscal years, and a statement of the actuarial status of the Trust Fund.

"(c) It shall be the duty of the Managing Trustee to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at par, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Trust Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all interest-bearing obligations of the United States then forming a part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 per centum, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 per centum next lower than such average rate. Such special obligations shall be issued only if the Managing Trustee determines that



the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest.

"(d) Any obligations acquired by the Trust Fund (except special obligations issued exclusively to the Trust Fund) may be sold by the Managing Trustee at the market price, and such special obligations may be redeemed at par plus accrued interest.

"(e) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

"(f) The Managing Trustee is directed to pay from the Trust Fund into the Treasury the amount estimated by him and the Chairman of the Social Security Board which will be expended during a three month period by the Social Security Board and the Treasury Department for the administration of Title II and Title VIII of this Act, and the Federal Insurance Contributions Act. Such payments shall be covered into the Treasury as repayments to the account for reimbursement of expenses incurred in connection with the administration of Titles II and VIII of this Act and the Federal Insurance Contributions Act. Such repayments shall not be available for expenditures but shall be carried to the surplus fund of the Treasury. If it subsequently appear that the estimates in any particular three month period were too high or too low, appropriate adjustments shall be made by the Managing Trustee in future payments.

"(g) All amounts credited to the Trust Fund shall be available for making payments required under this title."

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#### Exhibit 54

#### *Proclamation, June 27, 1940, relating to the control of vessels in the territorial waters of the United States*

Whereas a proclamation issued by me on September 8, 1939, proclaimed that a national emergency existed in connection with and to the extent necessary for the proper observance, safeguarding, and enforcing of the neutrality of the United States and the strengthening of our national defense within the limits of peacetime authorizations, and that specific directions and authorizations would be given from time to time for carrying out these two purposes,

Whereas the continuation of the conditions set forth in said proclamation of September 8, 1939, now calls for additional measures within the limits of peacetime authorizations,

Whereas under and by virtue of section 1 of title II of the act of Congress approved June 15, 1917, 40 Stat. 220 (U. S. C. title 50, sec. 191), it is provided as follows:

"SECTION 1. Whenever the President by proclamation or Executive order declares a national emergency to exist by reason of actual or threatened war, insurrection, or invasion, or disturbance or threatened disturbance of the international relations of the United States, the Secretary of the Treasury may make, subject to the approval of the President, rules and regulations governing the anchorage and movement of any vessel, foreign or domestic, in the territorial waters of the United States, may inspect such vessel at any time, place guards thereon, and, if necessary in his opinion in order to secure such vessels from damage or injury, or to prevent damage or injury to any harbor or waters of the United States, or to secure the observance of the rights and obligations of the United States, may take, by and with the consent of the President, for such purposes, full possession and control of such vessel and remove therefrom the officers and crew thereof and all other persons not specially authorized by him to go or remain on board thereof.

"Within the territory and waters of the Canal Zone the Governor of the Panama Canal, with the approval of the President, shall exercise all the powers conferred by this section on the Secretary of the Treasury."

And whereas it is essential, in order to carry into effect the provisions of said act, which are quoted herein, that the powers conferred therein upon the President, the Secretary of the Treasury, and the Governor of the Panama Canal be at this time exercised, or available for exercise, with respect to foreign and domestic vessels.

Now, therefore, I, Franklin D. Roosevelt, President of the United States of America, by virtue of the powers conferred upon me by the provisions of the said act of Congress quoted herein, do hereby declare the continuation of the conditions

set forth in my proclamation of September 8, 1939, and the existence of a national emergency by reason of threatened disturbance of the international relations of the United States.

And, I therefore consent to the exercise, with respect to foreign and domestic vessels, by the Secretary of the Treasury and the Governor of the Panama Canal, of all the powers conferred by the provisions of said act.

In witness whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the City of Washington this 27th day of June, in the year of our Lord nineteen hundred and forty, and of the Independence of the United States of America, the one hundred and sixty-fourth.

FRANKLIN D. ROOSEVELT.

By the President:

CORDELL HULL,

*Secretary of State.*

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### Exhibit 55

#### *An act for the relief of Katherine M. Drier*

[Private No. 509, 76th Cong., S. 3097]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, notwithstanding the provisions of section 4 (c) of the Settlement of War Claims Act of 1928, the Secretary of the Treasury is hereby authorized and directed to pay, out of the German special deposit account in the Treasury of the United States, to Katherine M. Drier, an American citizen, formerly resident in Germany, the sum of \$160,000, together with interest thereon at the rate of 5 per centum per annum from January 1, 1920, being the amount due said Katherine M. Drier pursuant to an agreement between the United States of America and the German Government under which all the claims of said Katherine M. Drier against the German Government were settled and adjusted: *Provided*, That payment of such sum of \$160,000 and interest thereon as herein provided shall be made as if an additional award in the sum of \$160,000 with interest at 5 per centum per annum from January 1, 1920, had been entered by the Mixed Claims Commission, United States and Germany, on behalf of Katherine M. Drier.

Approved, July 19, 1940.

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## TABLES

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## EXPLANATION OF BASES USED IN TABLES

Figures in the following tables are shown on various bases, namely: (1) Daily Treasury statements, unrevised (current cash); (2) daily Treasury statements, revised (actual); (3) warrants issued; (4) checks issued; and (5) collections reported by collecting officers.

**Daily Treasury statements (unrevised) (receipts and expenditures).**—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 Treasury officers and public depositaries 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 reflecting the financial operations of the Government covering a given period, and giving an accurate idea of the actual condition of the Treasury as far as it is ascertainable from day to day. This is known as "current cash basis," according to daily Treasury statements (unrevised). Table 3 (p. 612) shows receipts and expenditures on this basis. The current assets and liabilities of the Treasury and the outstanding public debt are also available on this basis.

**Daily Treasury statements (revised) (receipts and expenditures).**—On account of the distance of some of the Treasury offices and depositaries from the Treasury, it is obvious that the reports from all officers 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 necessary, therefore, in order to exhibit the actual receipts and expenditures for any given month or fiscal year, to take into consideration those reports covering the transactions for the last few days of the month or fiscal year concerned which have not been received in the Treasury until the succeeding month or fiscal year, and to eliminate receipts and expenditures relating to the preceding month. After taking into consideration these reports, the revised figures indicate the condition of the Treasury on the basis of actual transactions occurring during the period under review. This is known as "the basis of daily Treasury statements (revised)."

It is not practical to delay the publication of the daily Treasury statement in order to include the later reports, as the difference between the revised and the unrevised figures is not substantial. The unrevised figures as shown in current daily Treasury statements are the basis for the Budget estimates submitted to Congress by the President. The revised figures are of no practical use except to enable the use of a true General Fund balance on the monthly Statement of the Public Debt of the United States and to bring the daily Treasury statement figures into agreement with the figures based on warrants issued. The outstanding public debt (pp. 726 to 747) is available on this basis.

**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. The issuance of warrants by the Secretary of the Treasury, as provided by law, represents the formal covering of receipts into the Treasury.

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 will agree with the figures compiled on the basis of daily Treasury statements (revised). The details in table 1 (p. 586) show 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 the warrants are issued by the Secretary they are charged against the appropriate appropriations provided by law. Some of these warrants do not represent actual payments to claimants, but are merely advances of funds to be placed to the credit of disbursing officers of the Government with the Treasurer of the United States for the payment of Government obligations. The disbursing officer then issues his check on the Treasurer in payment of such obligations. As far as the appropriation accounts are concerned, the warrants issued and charged thereto constitute expenditures, but it will be observed that such expenditures necessarily include unexpended balances to the credit of the disbursing officers.

**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. The basis of checks issued differs from the basis of the daily Treasury statement (revised) in that the former includes checks outstanding at the end of the fiscal year, and excludes unpaid checks outstanding at the beginning 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. Table 2 (p. 596) shows expenditures on this basis.

**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 depository to the credit of the Treasurer of the United States, which depository renders a report to the Treasurer. The reports of the collecting officers and the depositories do not, of course, coincide, for the reason 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. On this account the two reports do not agree. 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. Tables 12 and 19 (pp. 664 and 678) show receipts on a collection basis.

### DESCRIPTION OF ACCOUNTS THROUGH WHICH TREASURY OPERATIONS ARE EFFECTED

All receipts of the Government are covered 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 accounts, as contrasted with those effected through special and trust accounts representing restricted or specially allocated receipts and expenditures chargeable thereto. This classification was first shown in published records for 1927 for the warrants and checks-issued bases and on the daily Treasury statements beginning with the July 1, 1930, 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, tax on national bank circulation, interest on public deposits, 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 four classes of appropriations payable through the general accounts of the Treasury, namely: (a) Annual, being those made each year in the several departmental supply bills and limited for obligation during the fiscal year

for which made; (b) continuing (no year) being available until expended or until the object for which appropriated has been accomplished, such as construction of public works; (c) permanent-specific, being fixed amounts provided for each of a series of years by permanent legislation, without annual action of Congress; and (d) permanent-indefinite, being indefinite amounts (so much as may be necessary) provided by permanent legislation without annual action of Congress, such as the indefinite appropriation to cover interest on the public debt.

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 most important items of receipts included under this heading, from the standpoint of amounts, are those applicable to the retirement of the public debt. Other important special account receipts are the reclamation fund and receipts under the 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.

**Trust accounts.**—Trust account receipts represent moneys received by the Government for the benefit of individuals or classes of individuals. 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; and (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.

**Checking accounts of governmental corporations.**—The manner in which certain checking accounts of governmental corporations are handled in the daily statement of the Treasury was explained in the announcement appearing on page 347 of the annual report for 1938.

## RECEIPTS AND EXPENDITURES

## General tables

TABLE 1.—*Details of receipts, by sources and accounts, fiscal year 1940*

[Details on basis of warrants issued with totals adjusted to basis of daily Treasury statements (unrevised), see p. 583. For explanation of accounts, see p. 584]

Source	General and special accounts	Trust accounts
<b>REVENUE</b>		
<b>Internal revenue:</b>		
Income tax.....	\$2, 102, 598, 926. 92	
Miscellaneous internal revenue taxes.....	2, 365, 075, 380. 49	
Unjust enrichment tax.....	8, 623, 625. 04	
Taxes under Social Security Act:		
Title VIII.....	607, 975, 376. 76	
Title IX.....	105, 032, 371. 65	
Taxes upon carriers and their employees.....	120, 967, 073. 92	
Processing tax on farm products.....	25. 85	
Total internal revenue, warrants-issued basis.....	5, 310, 272, 728. 93	
Adjustment between warrants issued and cash receipts.....	7, 138, 740. 64	
Total internal revenue, cash receipts.....	5, 303, 133, 988. 29	
<b>Customs:</b>		
Customs duties, warrants-issued basis.....	349, 205, 617. 03	
Adjustment between warrants issued and cash receipts.....	614, 981. 82	
Total customs duties, cash receipts.....	348, 590, 635. 21	
<b>Miscellaneous:</b>		
<b>Miscellaneous taxes:</b>		
Tonnage tax.....	1, 504, 272. 86	
Immigration head tax.....	916, 589. 00	
Taxes, Canal Zone.....	83, 819. 36	
Total miscellaneous taxes.....	2, 504, 681. 22	
<b>Rents and royalties:</b>		
Rent of public buildings, grounds, etc.....	255, 555. 62	
Rent of land.....	432, 697. 53	
Ground rent.....	3, 337. 05	
Receipts for range improvements.....	186, 914. 32	
Receipts under mineral leasing acts.....	520, 009. 88	
Royalties on oil, gas, etc.....	960, 529. 24	
Rent of camp and house sites.....	37, 971. 24	
Rent of docks, wharves, and piers.....	18, 667. 20	
Rent of equipment.....	160, 136. 10	
Rent of telegraph and telephone facilities.....	16, 930. 04	
Rent of water-power sites.....	156, 551. 73	
Royalties on coal leases in Alaska.....	8, 538. 88	
Pipe-line rentals.....	13, 750. 00	
Other.....	895. 81	
Total rents and royalties.....	2, 772, 484. 64	
<b>Permits, privileges, and licenses:</b>		
Alaska fund.....	232, 183. 82	
Business concessions.....	188, 406. 93	
Immigration reentry permits (earned).....	85, 958. 65	
Licenses under Federal Power Act.....	180, 255. 84	(?)
Permits to operate motor vehicles.....	10, 770. 75	
Permits to enter national parks.....	1, 522, 957. 51	
Permits, fishing and hunting.....	3, 058. 11	
Power permits.....	16, 263. 14	
Rights-of-way on and occupancy of public lands.....	8, 303. 54	
Other.....	515. 87	
Total permits, privileges, and licenses.....	2, 248, 674. 16	
<b>Mint receipts:</b>		
Profits on coinage, bullion deposits, etc.....	5, 155, 689. 66	
Seigniorage.....	43, 630, 674. 64	
Total mint receipts.....	48, 786, 364. 30	
<b>Interest, exchange, and dividends:</b>		
Interest on deferred collections or payments.....	140, 469. 42	
Interest on bonds of foreign governments under funding agreements.....	177, 484. 39	
Interest on obligations of Reconstruction Finance Corporation purchased by the Secretary of the Treasury.....	2, 062, 826. 22	

Footnotes at end of table.



TABLE 1.—Details of receipts, by sources and accounts, fiscal year 1940—Continued

Source	General and special accounts	Trust accounts
<b>REVENUE—Continued</b>		
<b>Miscellaneous—Continued.</b>		
<b>Interest, exchange, and dividends—Continued.</b>		
Interest on securities received from Reconstruction Finance Corporation under act February 24, 1938.....	\$9,071.34	-----
Interest on loans, Puerto Rican Hurricane Relief Commission.....	5,055.90	-----
Interest on loans to States, municipalities, etc., Public Works Administration.....	1,570,228.55	-----
Interest on loans, Housing Corporation.....	35,183.29	-----
Interest on loans, Commodity Credit Corporation.....	33,321.92	-----
Interest from Central Branch, Union Pacific Railroad.....	12,104.43	-----
Interest earned on Home Owners' Loan Corporation bonds.....	24,023.23	-----
Interest on loans, Rural Electrification Administration.....	195,031.89	-----
Interest earned on Tennessee Valley Authority securities.....	130,790.62	-----
Interest earned on United States Housing Authority notes.....	33,896.62	-----
Interest on Federal Farm Mortgage Corporation bonds.....	49,109.58	-----
Interest on loans for Indian rehabilitation.....	1,455.42	-----
Interest on advances to Colorado River Dam fund, Boulder Canyon project.....	3,700,000.00	-----
Interest on homestead loans, Virgin Islands.....	4,883.78	-----
Interest on loans, relief in stricken agricultural areas.....	327,271.87	-----
Interest on farm loans, Farm Tenant Act.....	509,824.40	-----
Interest on emergency crop loans, Farm Credit Administration (emergency relief).....	11,055.59	-----
Interest collections of Farm Security Administration (emergency relief).....	7,509,953.72	-----
Interest on farmers' seed loans.....	143,005.06	-----
Interest on public deposits.....	5,261.45	-----
Interest on construction costs of public works in Colon and Panama, War Department.....	37,923.74	-----
Interest on bonds of Maryland-National Capital Park and Planning Commission.....	418.50	-----
Interest on water facility loans and construction costs.....	669.50	-----
Premiums on Treasury bills sold.....	4,180.64	-----
Gain by exchange.....	62,462.47	-----
Dividends on capital stock of Federal home loan banks.....	1,490,391.27	-----
Dividends on shares of Federal savings and loan associations.....	1,438,861.29	-----
Earnings from payments to Federal Reserve Banks for industrial loans.....	24,578.66	-----
Military and naval insurance, premiums on term insurance, Veterans' Administration (repayments to appropriations).....	384,574.73	-----
Federal control of transportation systems (repayments to appropriations).....	1,083.19	-----
Loans to railroads after termination of Federal control (repayments to appropriations).....	58,149.79	-----
Other.....	19.14	-----
Total interest, exchange, and dividends.....	20,194,621.61	-----
<b>Fines and penalties:</b>		
Canal Zone.....	13,840.00	-----
Customs Service.....	253,988.90	-----
Antinarcotic laws.....	8,204.00	-----
Enforcement of National Prohibition Act (Judicial).....	22,521.04	-----
Internal Revenue.....	832,209.10	-----
Immigration and Naturalization Service.....	52,456.30	-----
Liquidated damages.....	203,783.57	-----
Public lands and reservations.....	755.75	-----
Penalties, cotton marketing quotas, Agricultural Adjustment Act of 1938.....	1,313,088.76	-----
Penalties, tobacco marketing quotas, Agricultural Adjustment Act of 1938.....	410,271.01	-----
Violating regulations and 8-hour law of 1912.....	31,160.87	-----
Violations, Federal Alcohol Administration Act.....	22,887.00	-----
Violations, Fair Labor Standards Act of 1938.....	94,461.85	-----
Violations, Public Contracts Act.....	3,518.68	-----
Other.....	839,873.60	-----
Total fines and penalties.....	4,103,020.43	-----
<b>Fees:</b>		
Admission fees.....	218,008.90	-----
Agricultural Commodities Act.....	195,232.86	-----
Alaska game laws.....	20,280.63	-----
Alaska Road Commission.....	13,967.44	-----
Canal Zone.....	2,023.33	-----
Clerks, United States courts.....	1,669,601.62	-----
Commodity Exchange Act.....	16,602.00	-----
Commissions on telephone pay stations in Federal buildings and rented post offices.....	93,581.80	-----

Footnotes at end of table.

TABLE 1.—Details of receipts, by sources and accounts, fiscal year 1940—Continued

Source	General and special accounts	Trust accounts
<b>REVENUE—Continued</b>		
<b>Miscellaneous—Continued.</b>		
<b>Fees—Continued.</b>		
Consular and passport.....	\$2, 806, 234.03	
Copying.....	50, 327.18	
Certifying railroad tariffs.....	3, 336.40	
Copyright.....	319, 917.50	
Court of Claims.....	6, 123.20	
Court of Customs and Patent Appeals.....	5, 426.80	
Customs.....	12, 859.15	
Grazing.....	188.51	
Immigration (registry earned).....	182, 135.00	
Indian lands and timber.....	137, 460.09	
Federal Firearms Act.....	28, 678.65	
Food, Drug, and Cosmetics Act.....	31, 051.02	
Land offices (including commissions).....	1 16, 144.01	
Marshals, United States courts.....	186, 310.13	
Migratory bird hunting stamps.....	1, 111, 325.00	
Naturalization (earned).....	2, 377, 425.50	
Naval stores grading.....	5, 971.34	
Navigation.....	191, 916.65	
Patent (earned).....	4, 344, 967.08	
Purchase of Army discharges.....	100.00	
Perry's Victory Memorial.....	3, 317.60	
Registration, securities and exchanges.....	509, 366.53	
Registration under Neutrality Act.....	13, 200.00	
Testing.....	93, 235.76	
Warehouse Act.....	31, 516.00	
United States Court for China and for China Trade Act.....	3, 354.28	
Other.....	44, 888.84	
Total fees.....	14, 746, 075.33	
<b>Forfeitures:</b>		
Bonds of aliens, contractors, etc.....	85, 171.37	
Bribes to United States officers.....	580.54	
Bonds under Narcotic Act.....	27, 059.24	
Customs Service.....	498, 550.06	
Under enforcement of National Prohibition Act.....	914, 737.20	
Unclaimed moneys and wages remaining in registry of courts.....	124, 271.17	
Unclaimed merchandise.....	61, 994.52	
Unclaimed funds.....	1, 191.08	
Unexplained balances in cash account.....	1, 550.79	
Other.....	38, 272.20	
Total forfeitures.....	1, 750, 996.01	
<b>Assessments:</b>		
Immigration, overtime service.....	129, 652.50	
Overtime service, marine inspection and navigation.....	59, 701.33	
On Federal and joint stock land banks, and Federal intermediate credit banks for expenses of examinations, Farm Credit Administration.....	491, 886.31	
Furlough and compensation deductions and vacancy savings.....	199.28	
Total assessments.....	681, 439.42	
<b>Reimbursements:</b>		
Collections under Grain Standards Act.....	52, 068.54	
Collections under Cotton Standards Act.....	84, 673.15	
Bankruptcy Act, Interstate Commerce Commission.....	167, 957.31	
Cost of administration, Federal Power Act.....	353, 770.81	
For excess cost over contract price.....	223, 166.67	
By States for emergency conservation work, profits on sales of lands or its products.....	15, 875.84	
By District of Columbia for advances for acquisition of lands under sec. 4, act May 29, 1930, as amended.....	500, 000.00	
By District of Columbia for share of expenses of U. S. District Court and Court of Appeals.....	535, 614.00	
Maintenance of District of Columbia inmates in Federal penal and correctional institutions.....	144, 951.15	
Construction charges (Indian Service).....	17, 780.94	
Costs from estates of deceased Indians.....	51, 633.73	
Maintenance, operation, and irrigation charges, irrigation systems, Indian Service.....	558, 786.26	
Of appropriations made for Indian tribes.....	273, 969.91	
Expenses, miscellaneous.....	369, 510.69	
Expenses of redeeming national currency.....	81, 653.80	
Expenses of international service of ice observation and patrol.....	119, 290.00	
Government property lost or damaged.....	1, 034, 711.40	

Footnotes at end of table.

TABLE 1.—Details of receipts, by sources and accounts, fiscal year 1940—Continued

Source	General and special accounts	Trust accounts
<b>REVENUE—Continued</b>		
<b>Miscellaneous—Continued.</b>		
<b>Reimbursements—Continued.</b>		
Hospitalization charges and expenses.....	\$164,207.68	
Inspection of food and farm products.....	344,600.61	
Refunds on empty containers.....	10,239.32	
Refund, State and local taxes.....	2,182.82	
Revenues, power system, Flathead Reservation, Mont.....	154,916.65	
Salaries (unauthorized services).....	9,964.47	
Settlement of claims against various depositors.....	23,767.77	
Transportation.....	48,911.00	
Other.....	102,820.80	
Total reimbursements.....	5,447,025.32	
<b>Gifts and contributions:</b>		
Donations to the United States.....	10,013.75	
Donations to the United States for national defense.....	973.89	
Moneys received from known and unknown persons.....	11,875.36	
Return of grants, Farm Security Administration.....	4,456.30	
Total gifts and contributions.....	27,319.30	
<b>Sales of Government property—products:</b>		
Scrap and salvaged materials, condemned stores, waste paper, refuse, etc.....	1,473,928.28	
Agricultural products, including livestock and livestock products.....	67,762.71	
Card indexes, Library of Congress.....	276,309.51	
Dairy products.....	48,896.01	
Sale and transmission of electric energy, Bonneville project, Oreg.....	31,800.99	
Electric current, power plant, Coolidge Dam, Ariz.....	167,954.39	
Electric current.....	53,287.49	
Heat, light, and power.....	69,278.48	
Ice.....	47,360.14	
Old, condemned surplus property, Navy Department.....	944,336.33	
Occupational-therapy products.....	38,083.69	
Photo duplications.....	49,683.99	
Proceeds, activities fund, United States naval prisons.....	11,366.53	
Public documents, charts, maps, etc.....	701,062.30	
Public timber.....	2,634.46	
Seal and fox skins, and furs.....	13,950.11	
Stores.....	80,416.56	
Subsistence (meals, rations, etc.).....	113,086.99	
Under Migratory Bird Conservation Act.....	33,738.72	
Water.....	94,963.12	
Unserviceable Civilian Conservation Corps property.....	243,608.84	
Other.....	180,676.74	
Total sales of Government property—products.....	4,744,186.38	
<b>Sales of services:</b>		
Copies of hearings.....	4,424.91	
Earnings by United States transports.....	27,200.45	
Earnings from business operations.....	642,283.29	
Fumigating and disinfecting.....	15,687.28	
Laundry and dry-cleaning operations.....	1,476,420.92	
Medical, dental, and hospital services.....	15,998.86	
Overhead charges on sales of services of supplies (War, Navy Departments, and Civilian Conservation Corps).....	119,167.20	
Professional and scientific.....	25,236.96	
Quarantine charges (including fumigation, disinfection, inspection, etc., of vessels).....	194,716.62	
Quarters, subsistence, and laundry service.....	32,685.77	
Radio service.....	35,211.14	
Storage and other charges.....	210,410.43	
Telephone and telegraph.....	430,989.53	
Tolls and profits, Panama Canal.....	21,127,270.18	
Work done for individuals, corporations, et al.....	103,488.37	
Other.....	10,907.67	
Total sales of services.....	24,472,099.58	
<b>Forest reserve fund.....</b>	<b>3,100,160.87</b>	
<b>United States share of District of Columbia receipts.....</b>	<b>173,524.08</b>	

Footnotes at end of table.

TABLE 1.—Details of receipts, by sources and accounts, fiscal year 1940—Continued

Source	General and special accounts	Trust accounts
<b>REVENUE—Continued</b>		
<b>Miscellaneous—Continued.</b>		
<b>Special accounts:</b>		
Tax on hydraulic mining in California.....	\$2,480.70	
Federal intermediate credit banks franchise tax.....	685,049.88	
Receipts under mineral leasing acts.....	4,684,493.49	
Receipts from leases of flood control lands.....	25,205.95	
Receipts due under Grazing Act June 23, 1934.....	373,510.31	
Licenses under Federal Power Act.....	220,594.76	
Receipts from potash deposits, royalties and rentals.....	369,130.43	
Colorado River Dam fund, Boulder Canyon project.....	5,410,980.84	
Revenues, Colorado River Dam fund, All-American Canal.....	14,762.97	
Fees, Federal credit unions, Farm Credit Administration.....	113,910.95	
Land offices (including commissions).....	49,813.71	
Assessments on Federal home loan banks and receipts from other sources for administrative expenses, Federal Home Loan Bank Board.....	1,327,485.38	
Proceeds from purchases of Army discharges.....	394,023.17	
Proceeds, sale of books, etc., United States Constitution Sesquicentennial Commission.....	4,995.19	
Sale of historical and educational material.....	45.60	
Reclamation fund, collections.....	4,710,824.47	
Contributions, sec. 11 (a), Railroad Unemployment Act.....	4,918,040.78	
Deposits from sale and transmission of electric energy, Bonneville Project, Oregon.....	262,359.88	
Alaska Railroad fund receipts.....	2,981,166.84	
Gas from helium plants.....	53,612.99	
Under Migratory Bird Conservation Act.....	34,806.97	
Forfeitures, bonds of aliens.....	15,500.00	
Forest reserve fund.....	2,804,151.60	
Deposits, postal funds, Canal Zone.....	477,673.04	
Collections for laundry service, Naval Academy.....	111,953.88	
Interest and profits on investments, Pershing Hall Memorial fund.....	4,447.76	
Other.....	817.92	
Total special accounts.....	30,051,849.46	
Total miscellaneous revenue receipts, warrants-issued basis.....	165,804,522.11	
Total revenue receipts, warrants-issued basis.....	5,825,282,868.07	
<b>NONREVENUE</b>		
<b>Realization upon assets:</b>		
<b>Repayment of investments:</b>		
Collections of loans, Federal Housing Administration.....	1,323,312.44	
Construction costs of public works in Colon and Panama.....	56,383.44	
Payments for marketing excess tobacco, Agricultural Adjustment Administration.....	12.76	
Principal of bonds of foreign governments under funding agreements.....	76,864.93	
Principal payments on low-cost houses, Virgin Islands.....	1,298.48	
Principal payments on loans, Puerto Rican Hurricane Relief Commission.....	140,268.38	
Principal on securities received from Reconstruction Finance Corporation under act Feb. 24, 1938.....	196,435.13	
Repayment of advances to Maryland-National Capital Park and Planning Commission.....	428,000.00	
Repayment of principal on emergency crop loans, Farm Credit Administration.....	76,859.11	
Repayment of principal on account of loan, Puerto Rico Reconstruction Administration.....	31,704.04	
Repayment of principal on account of loans, Rural Electrification Administration.....	409,328.85	
Repayment of principal on account of loans, Farm Security Administration.....	44,996,210.10	
Sale of chattels, Farm Security Administration (emergency relief).....	109,498.54	
Repayment of water facility loans and construction costs, Farm Tenant Act:	30,648.26	
Repayment of principal on account of farm loans.....	445,178.69	
Receipts from submarginal land program.....	134,540.44	
Excess proceeds of sale of cotton acquired by Secretary of Agriculture.....	502,000.00	
Repayment of loans to veterans for transportation.....	41.00	
Repayment of principal on loans for Indian rehabilitation (emergency relief).....	7,803.88	

Footnotes at end of table.

TABLE 1.—Details of receipts, by sources and accounts, fiscal year 1940—Continued

Source	General and special accounts	Trust accounts
<b>NONREVENUE—Continued</b>		
<b>Miscellaneous—Continued.</b>		
<b>Realization upon assets—Continued.</b>		
<b>Repayment of investments—Continued.</b>		
Repayment of subscriptions to preferred shares, Federal savings and loan associations.....	\$9,854,600.00	-----
Representation of interests of foreign governments growing out of hostilities in Europe.....	3,665.36	-----
Loans to railroads after termination of Federal control (repayments to appropriations).....	44,304.67	-----
Return of advances by Eastern Massachusetts Street Railway.....	175.70	-----
Total repayments of investments.....	58,769,134.20	-----
<b>Sales of public lands</b> .....	72,358.22	-----
<b>Sales of Government property:</b>		
Capital equipment, includes truck, horses, cars, machinery, furniture and fixtures, and other capital equipment.....	391,077.63	-----
Land and buildings.....	923,230.52	-----
Lands, etc., on account of military-post construction fund.....	106,883.23	-----
Standing timber (Alaska).....	8,597.31	-----
Proceeds of Fort Hall irrigation and water system, Idaho.....	469.48	-----
Office material, etc. (Procurement Division).....	13,793.30	-----
Proceeds of sales of vessels for the Coast Guard.....	4,759.89	-----
Proceeds of sales, Coast Guard stations.....	126.58	-----
Sale of town lots, Alaska.....	1,041.88	-----
Ordnance material (war).....	919,993.42	-----
War supplies.....	1,162.61	-----
Total sales of Government property.....	2,371,135.85	-----
<b>Special accounts:</b>		
Repayment of principal on account of loans to States, municipalities, etc., Public Works Administration.....	113,682.03	-----
Sales of public lands.....	44,661.75	-----
Proceeds of town sites, Reclamation Service.....	4,586.51	-----
Coos Bay wagon-road grant fund.....	22,248.82	-----
Oregon and California land-grant fund.....	461,460.62	-----
Submarginal land program, Farm Tenant Act.....	122,807.74	-----
Deposits of excess capital, Commodity Credit Corporation.....	43,756,731.01	-----
Total special accounts.....	44,526,178.48	-----
<b>Trust accounts:</b>		
Alaska railroad retirement and disability fund:		
Contributions.....		\$107,415.47
Interest on investments.....		29,500.87
Canal Zone retirement fund:		
Contributions.....		600,315.61
Interest on investments.....		170,131.47
Civil service retirement fund:		
Contributions.....		42,860,059.67
Interest on investments.....		21,564,754.09
Voluntary contributions, civil service retirement and disability fund.....		246,075.00
Interest on investments, voluntary contributions, civil service retirement and disability fund.....		245.90
Foreign service retirement fund:		
Contributions.....		429,889.95
Interest on investments.....		152,338.56
Government life insurance fund.....		92,845,004.90
Library of Congress trust fund, permanent loan account.....		175,509.83
Library of Congress gift fund.....		131,570.08
Library of Congress trust fund, investment account.....		38,153.73
Deposits, Langston Management, Alley Dwelling Authority.....		19,009.31
Deposits, unearned proceeds of sale of publications, Superintendent of Documents, Government Printing Office.....		754,649.46
Civilian Conservation Corps, deposit fund.....		4,438,505.64
Proceeds, estates of deceased and mentally incompetent enrolled members, Civilian Conservation Corps.....		28,193.36
Relief and rehabilitation, and interest on investments, Longshoremen's and Harbor Workers' Compensation Act.....		21,018.06
Deposits, unearned collections, Title I, National Housing Act, as amended.....		596,344.62

Footnotes at end of table.

TABLE 1.—Details of receipts, by sources and accounts, fiscal year 1940—Continued

Source	General and special accounts	Trust accounts
NONREVENUE—Continued		
Miscellaneous—Continued.		
Trust accounts—Continued.		
Deposits, unearned permit fees under sec. 224, Motor Carrier Act, Interstate Commerce Commission		\$1,798.50
Contributions, National Capital Park and Planning Commission		240,000.00
Funds advanced to U. S. Employment Service by District Unemployment Compensation Board		179,567.64
Loan by United States Housing Authority for low rent housing fund, District of Columbia Alley Dwelling Authority		4,286,094.27
Withholdings from contractors for wage adjustments, acts June 16, 1933, and Aug. 30, 1935		986.97
Deposits for cooperative work, Northwest Territory Celebration Commission		179.85
Deposits, unearned fees, Securities and Exchange Commission		137,852.74
Contributions and interest on investments, National Institute of Health, conditional gift fund		11,887.04
Deposits of personal funds and earnings of inmates, Narcotic Farm, Public Health Service		61,596.16
Proceeds from effects and moneys of former patients, Public Health Service		2,886.01
Collections, patients' fund, United States Marine Hospital, Carville, La.		6,070.28
Contributions to National Cancer Institute, unconditional gift fund		100.00
Withholdings of payments from contractors, Brazos River conservation and reclamation district		232,586.41
Deposits, general post funds, national homes, Veterans' Administration		196,429.38
Deposits, funds due incompetent beneficiaries, Veterans' Administration		113,880.63
Deposits, personal funds of patients, Veterans' Administration		2,325,551.71
Adjusted service certificate fund:		
Interest on investments		767,299.23
Interest on loans		26,773.74
Receipts, Welfare and Recreational Association, of public buildings and grounds		2,860,568.93
Deposits of miscellaneous contributed funds, Department of Agriculture		63,163.07
Deposits, Farm Security Administration, assets of State rural rehabilitation corporations		4,367,383.17
Deposits, resettlement and rural rehabilitation projects, Farm Security Administration		2,589,271.80
Deductions from agricultural adjustment program payments, Farm Security Administration		141,555.14
Deposits, drainage district assessments on acquired lands, Farm Security Administration		22,579.50
Deposits toward purchase price, lease and purchase contracts, Farm Security Administration		55,059.24
Deposits, indemnity fund, county associations		14,694.80
Deposits, unearned fees and other charges, sec. 8a (4), Commodity Exchange Act		82.00
Proceeds from sale of hides (Federal Surplus Commodities Corporation)		136,886.61
Deposits to secure payments for reproductions of photographs, mosaics, and maps		78,190.08
Deposits of undistributed cotton price adjustment payments, Forest Service cooperative fund		10,294.54
Deposits by producers, expenses, classification of cotton for Commodity Credit Corporation, Agricultural Marketing Service		1,151,723.48
Deposits of fees, inspection and grading of farm products		75,000.00
Deposits, sea food inspection fees, Food and Drug Administration		8,381.43
Deposits, coal-tar colors certification fees, Food and Drug Administration		33,137.89
Deposits, special statistical work, Department of Commerce		3,908.30
Deposits, unearned fees, Patent Office		15,608.75
Tonnage tax, Philippine Islands		32,462.05
Advances, fox and fur seal industries, Pribilof Islands		57,246.06
Personal funds of patients, St. Elizabeths Hospital		68,275.00
Pension money, St. Elizabeths Hospital		136,732.58
Deposits, public survey work		99,803.37
Deposits, unearned proceeds, lands, etc., General Land Office		12,484.54
Receipts, trustee, Alaska town sites		277,092.36
		1,364.00

Footnotes at end of table.

TABLE 1.—Details of receipts, by sources and accounts, fiscal year 1940—Continued

Source	General and special accounts	Trust accounts
NONREVENUE—Continued		
Miscellaneous—Continued.		
Trust accounts—Continued.		
Contributions to reclamation fund.....		\$255,810.59
Donations, National Park Service, for lands, etc.....		60,280.63
Contributions, grazing districts.....		159,416.01
Interest on endowment fund, preservation of birthplace of Abraham Lincoln.....		2,040.00
Deposits, unearned fees under Grazing Act, June 28, 1934.....		324,406.20
Contributions to national park trust fund.....		1,650.87
Income on investments, national park trust fund.....		171.59
Contributions for feeding deer, Alaska.....		353.28
Deposits, contributed funds, Biological Survey.....		4,520.80
Receipts due Indians under Grazing Act, June 28, 1934, Indian ceded lands.....		636.60
Contributions of funds for Indian projects.....		4,306.01
Proceeds of licenses under Federal Power Act from Indian reservations, act June 10, 1920.....		60,368.73
Funds contributed for improvement of roads, bridges, and related works, Alaska.....		216,917.40
Deposits, Old Settler or Western Cherokees.....		6,416.42
Deposit to Klamath and Moadoc tribes and Yahooskin Band of Snake Indians, judgment fund.....		\$97,229.18
Deposit to Shoshone Indians, Wind River Reservation, Wyo., judgment fund.....		\$155,080.61
Proceeds, rentals, etc., Papago Indian Reservation, Arizona.....		642.65
Indian moneys:		
Proceeds of labor, act June 13, 1930.....		1,526,209.69
Proceeds of labor, agencies, schools, etc.....		350,787.27
Proceeds of sales and leases of Indian lands, etc.....		3,346,710.49
Deposits, leases, etc., Annette Islands Reserve, Alaska.....		54,698.70
Deposits of commissary funds, Federal prisons.....		284,781.19
Deposits of funds of Federal prisoners.....		573,030.55
Deposits of collections, clerks of United States district courts.....		3,112,679.95
Deposits of collections, United States marshals.....		180,090.64
Deposits of collections, clerks of United States Circuit Courts of Appeals.....		397,741.08
Deposits of collections, Clerk of United States Court of Appeals for the District of Columbia.....		61,403.04
Deposits, unearned immigration (registry) fees, Department of Labor.....		130,160.00
Deposits, unearned naturalization fees, Department of Labor.....		\$110,846.04
Deposits, unearned immigration (reentry) permit fees, Department of Labor.....		\$11,455.57
Deposits to secure payment of fines and passage money, Immigration and Naturalization Service.....		86,831.38
Deposits of funds of aliens who become public charges.....		3,569.05
Naval fines and forfeitures.....		302,704.75
Naval hospital fund.....		1,134,594.56
Profit from sale of ships' stores, Navy.....		363,985.28
Pay of the Navy, deposit fund.....		225,246.66
Pay of the Marine Corps, deposit fund.....		188,301.84
Proceeds, civic fund, naval reservation, Olongapo, P. I.....		29,118.30
Deposits, unearned passport and application fees, Department of State.....		43,991.85
Estates of decedents.....		438.23
Settlement of claims, Special Claims Commission, under article 2 of convention, Apr. 24, 1934, between the United States and Mexico.....		529,480.20
Settlement of claims, Special Claims Commission, under article 1 of agreement, Oct. 25, 1934, between the United States and Turkey.....		200,000.00
Settlement of agrarian claims against Mexico since 1927.....		1,000,000.00
Canadian Government's share, cost of protective works and measures, Lake of the Woods and Rainy River.....		214,025.57
Wages due American seamen, Department of State.....		527.68
Internal Revenue, Puerto Rico collections.....		2,858.45
Internal Revenue, coconut oil tax, Philippine Islands.....		17,147,435.27
Internal Revenue, Philippine Islands, collections.....		631,739.25
Customs duties, Philippine Islands.....		24,888.97
Deposits for expenses, Treasury Department, enforcement title III, National Prohibition Act, as amended.....		59,550.00
Deposits for retirement of bonds and interest coupons, War Finance Corporation.....		10,575.00
Deposits, unearned fees and costs, United States Processing Tax Board of Review.....		248.25
Pay of the Army, deposit fund.....		1,549,906.20
Soldiers' Home permanent fund.....		968,671.55
Proceeds from estates of deceased soldiers.....		69,793.35

Footnotes at end of table.

TABLE 1.—Details of receipts, by sources and accounts, fiscal year 1940—Continued

Source	General and special accounts	Trust accounts
<b>NONREVENUE—Continued</b>		
<b>Miscellaneous—Continued.</b>		
<b>Trust accounts—Continued.</b>		
Proceeds from estates of deceased Regular Army reserves.....		\$373. 06
Proceeds from estates of mentally incompetent soldiers.....		12, 205. 32
Interest on investments, bequest of Maj. Gen. Fred C. Ainsworth to Walter Reed General Hospital.....		278. 87
Proceeds from effects of deceased personnel, War Department.....		195. 53
Deposits from redemption of Government bonds, interest coupons, etc., found and owners unknown.....		292. 10
Contributions for river and harbor improvements.....		553, 448. 80
Contributions of funds for flood control.....		1, 378, 125. 41
Contributions for sewerage system, etc., Fort Monroe, Va.....		18, 701. 41
Unclaimed moneys of individuals whose whereabouts are unknown.....		19, 958. 65
Deposits of unclaimed moneys of individuals whose whereabouts are known.....		2, 514. 14
Other trust accounts.....		153. 37
Total trust accounts, exclusive of the District of Columbia.....		223, 270, 241. 29
<b>District of Columbia:</b>		
Revenue receipts:		
District of Columbia share.....		43, 110, 632. 16
United States share.....	( <sup>9</sup> )	
Nonrevenue receipts:		
District of Columbia share.....		11, 037, 572. 01
Total District of Columbia receipts.....		<sup>6</sup> 54, 148, 204. 17
Total miscellaneous nonrevenue receipts.....	\$105, 738, 806. 75	277, 418, 445. 46
<b>SUMMARY OF MISCELLANEOUS RECEIPTS</b>		
Miscellaneous revenue receipts.....	165, 804, 522. 11	
Miscellaneous nonrevenue receipts.....	105, 738, 806. 75	277, 418, 445. 46
Total miscellaneous revenue and nonrevenue receipts, warrants-issued basis.....	271, 543, 328. 86	277, 418, 445. 46
Adjustment to basis of daily Treasury statements (unrevised).....	1, 568, 450. 40	861, 435. 90
Total miscellaneous revenue and nonrevenue receipts, cash basis.....	7 273, 111, 779. 26	278, 279, 881. 36
<b>SUMMARY OF ALL RECEIPTS</b>		
Revenue receipts:		
Internal revenue.....	5, 310, 272, 728. 93	
Customs.....	349, 205, 617. 03	
Miscellaneous.....	165, 804, 522. 11	
Nonrevenue receipts.....	5, 825, 282, 868. 07	277, 418, 445. 46
Increment resulting from reduction in the weight of the gold dollar.....	5, 931, 021, 674. 82	277, 418, 445. 46
Seigniorage <sup>8</sup> .....		400, 131. 15
Federal old-age and survivors insurance trust fund (interest on investments).....		48, 879, 863. 70
Railroad retirement account (interest on investments).....		42, 488, 827. 85
Reimbursement of advances to railroad unemployment insurance account.....	<sup>9</sup> 15, 000, 000. 00	2, 282, 516. 39
Total receipts, warrants-issued basis.....	5, 946, 021, 674. 82	371, 469, 784. 55
Add moneys received in fiscal year 1940, but not covered by warrant.....	159, 398. 00	
Deduct moneys deposited in fiscal year 1939 but covered by warrant in fiscal year 1940.....		14, 565. 00
Transfers from General Fund:		
Civil service retirement fund (United States and District of Columbia share).....		87, 171, 760. 00
Foreign service retirement fund (United States share).....		199, 400. 00
Canal Zone retirement fund (United States share).....		500, 000. 00
Alaska Railroad retirement fund (United States share).....		175, 000. 00
Federal old-age and survivors insurance trust fund.....		<sup>10</sup> 550, 000, 000. 00
Railroad retirement account.....		120, 650, 000. 00
	5, 946, 181, 072. 82	1, 130, 151, 379. 55

Footnotes at end of table.



TABLE 1.—*Details of receipts, by sources and accounts, fiscal year 1940—Continued*

Source	General and special accounts	Trust accounts
<b>SUMMARY OF ALL RECEIPTS—Continued</b>		
Unemployment trust fund: <sup>11</sup>		
Advance from General Fund for railroad unemployment insurance account.....		\$15,000,000.00
Other.....		942,320,897.22
		957,320,897.22
Adjustment to basis of daily Treasury statements (unrevised).....	\$5,946,181.072.82 21,944,670.06	2,087,472,276.77 10,934,632.18
Total receipts on basis of daily Treasury statements (unrevised).....	5,924,836,402.76	2,076,537,744.59
Deduct net appropriations to Federal old-age and survivors insurance trust fund.....	<sup>12</sup> 537,711,733.00	
	<sup>13</sup> 5,387,124,669.76	<sup>13</sup> 2,076,537,744.59

<sup>1</sup> See also special accounts following.<sup>2</sup> See trust accounts following.<sup>3</sup> Represents receipts credited to appropriations as authorized by special legislation.<sup>4</sup> Debit item, deduct.<sup>5</sup> The item of \$173,524.08, United States revenue, is shown under revenue receipts, p. 589.<sup>6</sup> Exclusive of \$173,524.08 referred to in note 5.<sup>7</sup> Includes \$4,918,040.78, railroad unemployment insurance contributions.<sup>8</sup> Represents seigniorage resulting from the issuance of silver certificates equal to the cost of the silver acquired under the Silver Purchase Act of 1934, and the amount returned for the silver received under the President's proclamation dated August 9, 1934.<sup>9</sup> Reimbursement of advance of \$15,000,000 from the General Fund to the railroad unemployment insurance account of the unemployment trust fund is reflected in the daily Treasury statement as an offset to expenditures under "Transfers to trust accounts" (General Fund). This reimbursement, however, was covered into the Treasury as a miscellaneous receipt as required by law.<sup>10</sup> Reimbursement of \$12,288,267 for administrative expenses from Federal old-age and survivors insurance trust fund to the General Fund is reflected in the daily Treasury statement under "Trust fund receipts" as a reduction of the amount transferred from the General Fund.<sup>11</sup> Represents deposits by States with the Treasury, advance from the General Fund, and interest on investments made for account of the fund.<sup>12</sup> In the fiscal year 1941 amounts representing appropriations equal to "Social security—Unemployment taxes" collected and deposited as provided under sec. 201 (a) of the Social Security Act Amendments of 1939, less reimbursements to the General Fund for administrative expenses, are deducted from total receipts. Such net amounts are reflected under trust account receipts as net appropriations to the Federal old-age and survivors insurance trust fund. In the above statement similar treatment has been accorded net transfers to the Federal old-age and survivors insurance trust fund made during the fiscal year 1940.<sup>13</sup> Revised to reflect adjustment of \$1,000,000 under the title "Transfers to Federal old-age and survivors insurance trust fund," and to bring classification into agreement with accounts.

NOTE.—Excess credits and adjustments in italics to be deducted.

TABLE 2.—Details of expenditures, by organization units and accounts, fiscal year 1940

[Details on basis of checks issued, totals adjusted to daily Treasury statements (unrevised), see p. 583. For explanation of accounts, see p. 584]

Organization unit	General and special accounts	Recovery and relief accounts	Total general, special, recovery, and relief accounts	Trust accounts
<b>LEGISLATIVE</b>				
U. S. Senate.....	\$3,808,995.58		\$3,808,995.58	
House of Representatives.....	9,344,627.81		9,344,627.81	
Architect of the Capitol.....	2,352,801.19		2,352,801.19	\$1,200.00
Botanic Garden.....	114,025.26		114,025.26	
Library of Congress.....	3,028,913.53	\$115,462.25	3,144,375.78	117,901.05
Government Printing Office.....	4,203,963.37		4,203,963.37	650,977.46
Miscellaneous.....	34,000.00		34,000.00	
Total, legislative, checks-issued basis.....	22,887,326.74	115,462.25	23,002,788.99	767,678.51
Adjustment between checks issued and cash expenditures.....	67,441.10	299.22	67,740.32	
Total, legislative, cash basis.....	22,954,767.84	115,761.47	23,070,529.31	(1)
<b>THE JUDICIARY</b>				
Salaries and expenses, U. S. Supreme Court.....	553,995.98		553,995.98	
Salaries and expenses of judges.....	2,871,256.99		2,871,256.99	
U. S. Court for District of Columbia.....	50,183.54		50,183.54	39,404.64
Fees and other collections, clerks of United States district courts.....				3,012,449.15
U. S. Court of Customs and Patent Appeals.....	108,410.11		108,410.11	
United States Customs Court.....	229,964.61		229,964.61	
Court of Claims.....	226,652.83		226,652.83	
Territorial courts.....	103,480.47		103,480.47	
Panama Canal Zone, salaries, District Court.....	44,600.79		44,600.79	
United States Court for China, salaries and expenses.....	42,419.82		42,419.82	
Expenses, etc., United States courts.....	7,332,164.25		7,332,164.25	
Miscellaneous.....				538,124.05
Total, The Judiciary, checks-issued basis.....	11,563,129.39		11,563,129.39	3,589,977.84
Adjustment between checks issued and cash expenditures.....	5,509,077.68		5,509,077.68	
Total, The Judiciary, cash basis.....	6,054,051.71		6,054,051.71	(1)
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>				
Executive Office.....	458,223.32		458,223.32	
Bureau of the Budget.....	635,817.49	3,894.38	639,711.87	
National Resources Planning Board.....		881,583.88	881,583.88	
Office of Government Reports.....	12.00	775,326.59	775,338.59	
Miscellaneous.....				1,715.51
Total, Executive Office of the President, checks-issued basis.....	1,094,052.81	1,660,804.85	2,754,857.66	1,715.51
Adjustment between checks issued and cash expenditures.....	887.12	94,644.80	95,531.92	
Total, Executive Office of the President, cash basis.....	1,094,939.93	1,566,160.05	2,661,099.98	(1)
<b>INDEPENDENT OFFICES</b>				
Alley Dwelling Authority.....		10,439.43	10,439.43	1,677,430.07
American Battle Monuments Commission.....	140,354.75		140,354.75	
Board of Tax Appeals.....	533,884.88		533,884.88	5,621.20
California Pacific International Exposition.....	16.39		16.39	

Footnotes at end of table.

TABLE 2.—Details of expenditures, by organization units and accounts, fiscal year 1940—Continued

Organization unit	General and special accounts	Recovery and relief accounts	Total general, special, recovery, and relief accounts	Trust accounts
<b>INDEPENDENT OFFICES—Con.</b>				
Chicago World's Fair Centennial celebration.....	\$1,699.04		\$1,699.04	
Census of partial employment, unemployment, and occupations.....		\$4,644.37	4,644.37	
Civil Aeronautics Authority.....	(2)	(2)		(2)
Civil Service Commission.....	3,964,330.45		3,964,330.45	\$65,780,606.78
Council of Personnel Administration.....	19,307.25		19,307.25	
Employees' Compensation Commission.....	5,119,112.01	9,747,673.98	14,866,785.99	34,374.00
Federal Alcohol Control Administration.....		15.20	15.20	
Federal Civil Works Administration.....	9,374.65	\$24.97	9,049.68	396.96
Federal Emergency Relief Administration.....	510,435.85	\$,959.59	506,496.46	48.22
Federal Communications Commission.....	1,839,571.72		1,839,571.72	11,665.26
Federal Deposit Insurance Corporation.....	679.07		679.07	
Federal Power Commission.....	2,618,675.80	1,827.60	2,620,503.40	35,006.60
Federal Reserve Board.....	204.38		204.38	
Federal Trade Commission.....	2,234,472.74		2,234,472.74	14.51
General Accounting Office.....	5,291,013.95	5,129,108.85	10,420,122.80	3,020.57
George Washington Bicentennial Commission.....	13,103.42		13,103.42	
Golden Gate International Exposition.....	284,037.97		284,037.97	
Great Lakes Exposition.....	575.40		575.40	
Greater Texas and Pan American Exposition.....	5.81		5.81	
Interstate Commerce Commission.....	8,815,966.68		8,815,966.68	11,600.50
Maritime Labor Board.....	145,206.16		145,206.16	
National Advisory Committee for Aeronautics.....	3,166,734.20		3,166,734.20	10,012.00
National Archives.....	839,471.51		839,471.51	385.86
National Capital Park and Planning Commission.....	1,314,569.27	4,842.24	1,319,411.51	1,262.50
National Industrial Recovery Administration.....	24.36	120.79	96.43	
National Labor Relations Board.....	3,175,110.48		3,175,110.48	1,020.57
National Mediation Board.....	372,367.52		372,367.52	
New York World's Fair.....	432,761.59		432,761.59	
Northwest Territory Celebration Commission.....	318.90		318.90	184.85
Pan American Exposition.....	401.59		401.59	
Prison Industries Reorganization Administration.....		11.55	11.55	
Railroad Retirement Board.....	(3)			(3)
Securities and Exchange Commission.....	5,361,070.73		5,361,070.73	20,519.58
Smithsonian Institution.....	1,330,646.76		1,330,646.76	3.66
Temporary National Economic Committee.....	475,994.44		475,994.44	
Thomas Jefferson Memorial Commission.....	1,157,240.61		1,157,240.61	
Tennessee Valley Authority.....	(2)	(2)		
Texas Centennial Exposition.....	133.72		133.72	
U. S. Constitution Sesquicentennial Commission.....	22,149.68		22,149.68	259.50
U. S. Maritime Commission.....	(2)			(2)
U. S. Tariff Commission.....	923,030.74		923,030.74	.30
Veterans' Administration.....	(3)	(3)		(3)
Welfare and Recreational Association of Public Buildings and Grounds.....				2,797,739.33
Miscellaneous commissions, boards, etc.....	292,877.90		292,877.90	1,280.47
Subtotal, above independent offices, checks-issued basis.....	50,405,562.61	14,873,268.81	65,278,831.42	70,238,513.13
Adjustment between checks issued and cash expenditures.....	577,454.04	8,255.57	585,709.61	
Subtotal, above independent offices, cash basis.....	49,828,108.57	14,865,013.24	64,693,121.81	(1)

Footnotes at end of table.

TABLE 2.—Details of expenditures, by organization units and accounts, fiscal year 1940—Continued

Organization unit	General and special accounts	Recovery and relief accounts	Total general, special, recovery, and relief accounts	Trust accounts
<b>INDEPENDENT OFFICES—Con.</b>				
<i>Federal Loan Agency</i>				
Export-Import Bank of Washington.....	\$160.51		\$160.51	
Federal Home Loan Bank Board.....	1,259,780.00		1,259,780.00	\$49,785.79
Federal Housing Administration.....	14,225,578.29		14,225,578.29	27,759.11
Reconstruction Finance Corporation:				
Disaster Loan Corporation.....		( <sup>1</sup> )		
Miscellaneous.....	1,263.27		1,263.27	1,171.87
Total, Federal Loan Agency, checks-issued basis.....	15,484,255.53		15,484,255.53	20,834.81
Adjustment between checks issued and cash expenditures.....	14,264,381.02	\$6,987,869.13	7,276,511.89	
Total, Federal Loan Agency, cash basis.....	1,219,874.51	6,987,869.13	8,207,743.64	( <sup>1</sup> )
<i>Federal Security Agency</i>				
Office of Administrator.....	142,757.12		142,757.12	30,653.75
Civilian Conservation Corps.....	282,551,086.40	583,729.52	283,134,815.92	4,082,395.22
Office of Education.....	27,325,532.02	497,239.42	27,822,771.44	11.34
American Printing House for the Blind.....	115,000.00		115,000.00	( <sup>2</sup> )
National Youth Administration.....	68.53	97,074,332.10	97,074,400.63	
Public Health Service.....	28,842,432.01	2,823,399.15	31,665,831.16	64,690.11
Social Security Board:				
Administrative expenses.....	23,107,772.20		23,107,772.20	
Grants to States.....	329,303,433.26		329,303,433.26	
United States Employment Service.....	4,508,538.37	52,134.42	4,560,672.79	180,018.24
Special deposit account.....				27,952.50
Private relief acts.....	29,531.95		29,531.95	
Total, Federal Security Agency, checks-issued basis.....	695,926,151.86	101,030,834.61	796,956,986.47	4,324,390.98
Adjustment between checks issued and cash expenditures.....	6,257,274.40	8,855,913.15	2,401,361.25	
Total, Federal Security Agency, cash basis.....	702,183,426.26	97,174,921.46	799,358,347.72	( <sup>1</sup> )
<i>Federal Works Agency</i>				
Administrative expenses.....	187,251.72		187,251.72	
Public Buildings Administration:				
Construction, post offices, customhouses, court houses, etc.	53,037,365.26	4,819,409.10	57,856,774.36	
Repairs, equipment, operating expenses, etc.	14,510,184.29		14,510,184.29	
United States Housing Corporation (special deposit account).....				1,240.44
Miscellaneous.....				222,450.26
Public Roads Administration:				
Federal-aid highway system and secondary feeder roads.....	123,706,496.73		123,706,496.73	
Cooperative construction of rural post roads.....	150,469.87		150,469.87	
Public-lands highways.....	2,128,682.39		2,128,682.39	
Elimination of grade crossings, etc.	29,521,720.26	11,667,579.44	41,189,299.70	
Highway funds (statutory allocation).....		688,572.68	688,572.68	
Miscellaneous.....	396,335.72	1,547,556.66	1,151,220.94	60,887.55
Public Works Administration:				
Administrative expenses.....	737.24	20,070,437.68	20,071,174.92	
Loans.....		21,789,592.20	21,789,592.20	
Grants.....		232,310,671.08	232,310,671.08	
Loans and grants to States, municipalities, etc: Special deposit account.....		( <sup>3</sup> )		13,708.75

Footnotes at end of table.

TABLE 2.—Details of expenditures, by organization units and accounts, fiscal year 1940—Continued

Organization unit	General and special accounts	Recovery and relief accounts	Total general, special, recovery, and relief accounts	Trust accounts
<b>INDEPENDENT OFFICES—CON.</b>				
<i>Federal Works Agency—Continued</i>				
United States Housing Authority:				
Administrative expenses	\$327,606.44	-----	\$327,606.44	-----
United States Housing Authority fund	1,027,512.77	-----	1,027,512.77	-----
Miscellaneous	-----	\$348,025.60	348,025.60	\$86,214.83
Work Projects Administration	34,278.62	1,461,764,049.75	1,461,798,328.37	678,446.80
Private relief acts	82,303.13	-----	82,303.13	-----
Total, Federal Works Agency, checks-issued basis	224,318,273.00	1,755,005,894.19	1,979,324,167.19	293,964.97
Adjustment between checks issued and cash expenditures	4,314,984.19	32,326,452.05	28,011,467.86	-----
Total, Federal Works Agency, cash basis	220,003,288.81	1,787,332,346.24	2,007,335,635.05	(1)
<i>Veterans' Administration</i>				
Administrative expenses, Adjusted Compensation Payment Act, 1936, Veterans' Administration	37.53	-----	37.53	-----
Adjusted service and dependent pay	681,312.19	-----	681,312.19	-----
Hospital and domiciliary facilities and services	5,982,142.97	-----	5,982,142.97	-----
Military and naval compensation	12,694.84	-----	12,694.84	-----
Military and naval insurance	19,554,159.57	-----	19,554,159.57	-----
Army and Navy pensions	429,178,230.36	-----	429,178,230.36	-----
Administrative expenses, etc.	94,576,755.58	8,566,262.67	103,143,018.25	2,447,359.13
Subtotal, Veterans' Administration, exclusive of adjusted service certificate fund and Government life insurance fund, checks-issued basis	549,959,943.36	8,566,262.67	558,526,206.03	2,447,359.13
Adjustment between checks issued and cash expenditures	1,820,055.66	32,765.94	1,852,821.60	-----
Subtotal, Veterans' Administration, exclusive of adjusted service certificate fund and Government life insurance fund, cash basis	548,139,887.70	8,533,496.73	556,673,384.43	(1)
Adjusted service certificate fund	-----	-----	-----	1,045,624.12
Government life insurance fund	-----	-----	-----	97,241,246.54
Subtotal, checks-issued basis	-----	-----	-----	98,286,870.66
Adjustment between checks issued and cash expenditures	-----	-----	-----	947,825.52
Subtotal, cash basis	-----	-----	-----	97,339,045.14
Total, Veterans' Administration, cash basis	548,139,887.70	8,533,496.73	556,673,384.43	(1)
<i>Railroad Retirement Board</i>				
Administrative expenses	2,620,308.72	-----	2,620,308.72	-----
Railroad Unemployment Insurance Act	4,840,974.19	-----	4,840,974.19	-----
Railroad retirement account (interest)	-----	-----	-----	4,715,861.56
Subtotal, Railroad Retirement Board, checks-issued basis	7,461,282.91	-----	7,461,282.91	4,715,861.56
Adjustment between checks issued and cash expenditures	170,908.57	-----	170,908.57	-----
Subtotal, Railroad Retirement Board, cash basis	7,632,191.48	-----	7,632,191.48	(1)

Footnotes at end of table.

TABLE 2.—*Details of expenditures, by organization units and accounts, fiscal year 1940—Continued*

Organization unit	General and special accounts	Recovery and relief accounts	Total general, special, recovery, and relief accounts	Trust accounts
<b>INDEPENDENT OFFICES—Contd.</b>				
<i>Other independent offices</i>				
Civil Aeronautics Authority.....	\$20,967,712.29	\$4,309,713.21	\$25,277,425.50	\$23,182.27
Tennessee Valley Authority.....	36,195,750.46	9.84	36,195,760.30	-----
U. S. Maritime Commission.....	98,041,908.87	-----	98,041,908.87	3,334,641.65
Subtotal, other independent offices, checks-issued basis.....	155,205,371.62	4,309,723.05	159,515,094.67	3,357,823.92
Adjustments between checks issued and cash expenditures.....	3,466,265.54	1,113,858.11	2,352,407.43	-----
Subtotal, other independent offices, cash basis.....	158,671,637.16	3,195,864.94	161,867,502.10	(1)
<i>Revolving funds</i>				
Public Works Administration, loans and grants to States, municipalities, etc.....	-----	55,542,935.53	55,542,935.53	-----
Adjustments between checks issued and cash expenditures.....	-----	3,896,034.14	3,896,034.14	-----
Subtotal, cash basis.....	-----	59,438,969.67	59,438,969.67	(1)
<i>Transfers to trust accounts</i>				
Federal old-age and survivors insurance trust fund.....	(7)	-----	-----	-----
Railroad retirement account.....	120,650,000.00	-----	120,650,000.00	-----
Government employees' retirement funds (United States share):	-----	-----	-----	-----
Alaska Railroad retirement fund.....	175,000.00	-----	175,000.00	-----
Civil service retirement and disability fund.....	86,329,000.00	-----	86,329,000.00	-----
Canal Zone retirement fund.....	500,000.00	-----	500,000.00	-----
Foreign service retirement fund.....	(8)	-----	-----	-----
Total transfers to trust accounts, checks-issued and cash basis.....	207,654,000.00	-----	207,654,000.00	-----
Total, independent offices, cash basis.....	1,895,332,414.49	1,977,528,481.41	3,872,860,895.90	(1)
<b>DEPARTMENT OF AGRICULTURE</b>				
Office of the Secretary.....	1,097,608.81	1,805,615.21	2,903,224.02	-----
Office of the Solicitor.....	249,678.65	-----	249,678.65	-----
Office of Information.....	1,774,888.42	-----	1,774,888.42	-----
Library, Department of Agriculture.....	105,281.89	-----	105,281.89	-----
Federal Surplus Commodities Corporation.....	-----	-----	-----	13,151.98
Office of Experiment Stations.....	7,079,888.70	-----	7,079,888.70	-----
Special research fund.....	1,496,888.18	-----	1,496,888.18	-----
Extension Service.....	19,346,806.51	-----	19,346,806.51	-----
Weather Bureau.....	5,755,064.96	51,520.08	5,806,585.04	-----
Bureau of Animal Industry.....	14,855,213.13	-----	14,855,213.13	-----
Bureau of Dairy Industry.....	677,045.06	-----	677,045.06	-----
Bureau of Plant Industry.....	5,143,362.57	-----	5,143,362.57	-----
Forest Service.....	29,573,078.70	6,319,481.38	35,892,560.08	1,062,441.65
Bureau of Entomology and Plant Quarantine.....	10,494,290.28	5,965,279.42	16,459,569.70	-----
Bureau of Agricultural Economics.....	1,243,645.55	98,029.47	1,341,675.02	-----
Bureau of Home Economics.....	324,215.89	236,361.55	560,577.44	-----
Bureau of Agricultural Chemistry and Engineering.....	1,387,782.80	12.00	1,387,794.80	-----
Enforcement of the Commodity Exchange Act.....	614,967.66	-----	614,967.66	-----
Food and Drug Administration.....	2,669,912.36	-----	2,669,912.36	30,009.17
Soil Conservation Service.....	23,668,086.37	5,658,117.29	29,326,203.66	-----
Agricultural Marketing Service.....	5,616,191.71	35,036.62	5,651,228.33	22,013.58
Miscellaneous.....	450,728.31	2,027,728.67	2,478,456.98	63,831.36

Footnotes at end of table.

TABLE 2.—Details of expenditures, by organization units and accounts, fiscal year 1940—Continued

Organization unit	General and special accounts	Recovery and relief accounts	Total general, special, recovery, and relief accounts	Trust accounts
<b>DEPARTMENT OF AGRICULTURE—Continued</b>				
Private relief acts.....	\$13,967.03		\$13,967.03	
Special deposit accounts.....				\$1,410,080.30
Total, Agriculture, departmental, checks-issued basis.....	133,644,593.54	\$22,197,181.69	155,841,775.23	2,601,528.04
Adjustment between checks issued and cash expenditures.....	1,885,068.57	366,613.80	1,518,454.77	
Total, Agriculture, departmental, cash basis.....	131,759,524.97	22,563,795.49	154,323,320.46	(1)
Agricultural adjustment program:				
Salaries and general expenses.....	1,859,313.12		1,859,313.12	
Advances to Agricultural Adjustment Administration.....	93,194.96		93,194.96	
Administration of the Sugar Act of 1937.....	48,041,898.88		48,041,898.88	
Agricultural Adjustment Administration (act Aug. 24, 1935):				
Exportation and domestic consumption of agricultural commodities.....	143,966,806.45		143,966,806.45	
Agricultural contract adjustments: Payments for agricultural adjustments.....	153,022.17		153,022.17	
Elimination of diseased cattle, Department of Agriculture.....	3,156.97		3,156.97	
Refunding processing tax on farm products.....	(9)			
Retirement of cotton pool participation trust certificates.....	176,653.07		176,653.07	
Undistributed cotton price adjustment payments.....				6,275.87
Emergency relief, Agricultural Adjustment Administration.....		106,329.66	106,329.66	
National Industrial Recovery Parity payments.....	129.35	7,596.66	7,596.66	
26,857,370.29			26,857,370.29	
Soil Conservation and Domestic Allotment Act, conservation and use of agricultural land resources.....	595,637,601.42		595,637,601.42	
Federal Crop Insurance Act: Administrative expenses.....	3,243,298.98		3,243,298.98	
Subscription to capital stock of Federal Crop Insurance Corporation.....	3,000,000.00		3,000,000.00	
Administration of Price Adjustment Act of 1938.....	190,443,652.74		190,443,652.74	
Total, agricultural adjustment program, checks-issued basis.....	1,013,289,708.48	98,803.75	1,013,388,512.23	6,275.87
Adjustment between checks issued and cash expenditures.....	6,858,031.21	98,803.75	6,759,227.46	
Total, agricultural adjustment program, cash basis.....	1,020,147,739.69		1,020,147,739.69	(1)
Refund of receipts: 22 Refunding processing tax on farm products, checks-issued basis.....	52.00		52.00	
Adjustment between checks issued and cash expenditures.....	52.00		52.00	
Department of Agriculture—relief:				
Loans and relief in stricken agricultural areas, checks-issued basis.....	1,710.60	454.33	1,256.27	
Adjustment between checks issued and cash expenditures.....	1,710.60	454.33	1,256.27	

Footnotes at end of table.

TABLE 2.—Details of expenditures, by organization units and accounts, fiscal year 1940—Continued

Organization unit	General and special accounts	Recovery and relief accounts	Total general, special, recovery, and relief accounts	Trust accounts
<b>DEPARTMENT OF AGRICULTURE—Continued</b>				
Forest roads and trails, checks-issued basis.....	\$11,477,059.19		\$11,477,059.19	
Adjustment between checks issued and cash expenditures.....	423,586.06	\$1,800.80	425,386.86	
Total, forest roads and trails, cash basis.....	11,900,645.25	1,800.80	11,902,446.05	
Farm Credit Administration:				
Crop loans.....	3,796,439.49		3,796,439.49	
Other.....	27,243.03		27,243.03	
Special deposit account.....	2,869,158.16		2,869,158.16	\$4,349,723.06
Total, checks-issued basis.....	900,038.30		900,038.30	4,349,723.06
Adjustment between checks issued and cash expenditures.....	3,178,959.89		3,178,959.89	
Total, cash basis.....	4,078,998.19		4,078,998.19	(1)
Federal Farm Mortgage Corporation, reduction in interest rates on mortgages.....		(10)		
<i>Revolving funds</i>				
Emergency relief, Farm Credit Administration, emergency crop loans.....		1,079.99	1,079.99	
Farmers' crop production and harvesting loans.....		537,229.05	537,229.05	
Loans and relief in stricken agricultural areas (transfer to Farm Credit Administration).....	720.18	2,128,768.95	2,128,048.77	
Subtotal, checks-issued basis.....	720.18	2,687,077.99	2,666,357.81	
Adjustments between checks issued and cash expenditures.....	720.18	10,435.52	11,153.70	
Subtotal, cash basis.....		2,677,511.51	2,677,511.51	
Farm Security Administration:				
Farm Security Administration.....	69,391.87	156,674,405.25	156,743,797.12	5,535,513.15
Special deposit accounts.....	236,132.20		236,132.20	5,322,271.49
Total, Farm Security Administration, checks-issued basis.....	166,740.33	156,674,405.25	156,507,664.92	213,241.66
Adjustment between checks issued and cash expenditures.....	166,740.33	1,861,934.15	2,028,674.48	
Total, Farm Security Administration, cash basis.....		158,536,339.40	158,536,339.40	(1)
Farm Tenant Act:				
Loans.....	30,592,237.79		30,592,237.79	
Other.....	12,003,491.84		12,003,491.84	
Total, Farm Tenant Act, checks-issued basis.....	42,595,729.63		42,595,729.63	
Adjustment between checks issued and cash expenditures.....	816,720.48		816,720.48	
Total, Farm Tenant Act, cash basis.....	41,779,009.15		41,779,009.15	
Rural Electrification Administration:				
Loans.....	35,112,064.83		35,112,064.83	
Other.....	2,769,013.91	195,180.81	2,964,194.72	44,151.79
Total, Rural Electrification Administration, checks-issued basis.....	37,881,078.74	195,180.81	38,076,259.55	44,151.79

Footnotes at end of table.



TABLE 2.—Details of expenditures, by organization units and accounts, fiscal year 1940—Continued

Organization unit	General and special accounts	Recovery and relief accounts	Total general, special, recovery, and relief accounts	Trust accounts
<b>DEPARTMENT OF AGRICULTURE—Continued</b>				
<i>Revolving funds—Continued</i>				
Adjustment between checks issued and cash expenditures.....	\$422,613.23	\$323,705.98	\$98,907.25	-----
Total, Rural Electrification Administration, cash basis..	37,458,465.51	518,886.79	37,977,352.30	(1)
Total, Department of Agriculture, cash basis.....	1,247,124,382.76	178,943,310.97	1,426,067,693.73	-----
<b>DEPARTMENT OF COMMERCE</b>				
Office of the Secretary.....	1,246,835.70	51,427.05	1,298,262.75	-----
Bureau of Foreign and Domestic Commerce.....	2,110,565.47	19.01	2,110,546.46	\$7,162.23
Bureau of the Census.....	20,390,341.23	10.80	20,390,330.43	4,322.56
Bureau of Marine Inspection and Navigation.....	2,629,592.06	-----	2,629,592.06	20,451.26
National Bureau of Standards.....	2,404,924.13	-----	2,404,924.13	-----
Coast and Geodetic Survey.....	2,844,170.14	1,155,963.62	4,000,133.76	-----
Patent Office.....	4,588,966.17	-----	4,588,966.17	28,837.91
Commerce, miscellaneous.....	540.03	-----	540.03	-----
Special deposit accounts.....	-----	-----	-----	182,726.78
Social Security Act, administrative expenses.....	95,955.86	-----	95,955.86	-----
Total, Department of Commerce, checks-issued basis.....	36,311,890.79	1,207,360.86	37,519,251.65	243,500.74
Adjustment between checks issued and cash expenditures.....	445,613.22	141,649.04	587,262.26	-----
Total, Department of Commerce, cash basis.....	35,866,277.57	1,065,711.82	36,931,989.39	(1)
<b>DEPARTMENT OF THE INTERIOR</b>				
Office of the Secretary.....	7,103,265.85	346,071.10	7,449,336.95	73,504.58
Division of Geographic Names. <sup>11</sup>	-----	-----	-----	-----
Division of Investigation. <sup>11</sup>	-----	-----	-----	-----
Bituminous Coal Division. <sup>11</sup>	-----	-----	-----	-----
Division of Grazing. <sup>11</sup>	-----	-----	-----	-----
U. S. Geographic Board. <sup>11</sup>	-----	-----	-----	-----
Division of Territories and Island Possessions. <sup>11</sup>	-----	-----	-----	-----
Petroleum Conservation Division. <sup>11</sup>	-----	-----	-----	-----
Puerto Rican Hurricane Relief Commission. <sup>11</sup>	-----	-----	-----	-----
Bonneville project.....	5,489,293.86	5,362,165.86	10,851,459.72	-----
Commission of Fine Arts.....	10,428.74	-----	10,428.74	-----
George Rogers Clark Sesquicentennial Commission.....	2,591.55	-----	2,591.55	-----
Bureau of Fisheries.....	2,039,581.91	417,788.49	2,457,370.40	71,537.75
Bureau of Biological Survey.....	3,720,289.20	1,366,646.65	5,086,935.85	2,998.18
Perry's Victory Memorial Commission.....	35.81	-----	35.81	-----
War Minerals Relief Commission.....	10,703.34	-----	10,703.34	-----
General Land Office.....	4,749,050.49	121,239.57	4,870,290.06	105,719.12
Reclamation projects.....	(3)	(3)	(3)	(3)
Geological Survey.....	3,104,940.79	754,944.56	3,859,885.35	-----
Bureau of Mines.....	2,921,669.24	486,105.98	3,407,775.22	-----
National Park Service.....	14,299,628.22	9,135,499.21	23,435,127.43	337,842.28
Arlington Memorial Bridge Commission. <sup>12</sup>	-----	-----	-----	-----
Public Buildings Commission. <sup>12</sup>	-----	-----	-----	-----
Public Buildings and Public Parks of the National Capital. <sup>12</sup>	-----	-----	-----	-----
Mount Rushmore National Memorial Commission. <sup>12</sup>	-----	-----	-----	-----
National Cemeteries. <sup>12</sup>	-----	-----	-----	-----
National Military Parks. <sup>12</sup>	-----	-----	-----	-----

Footnotes at end of table.

TABLE 2.—Details of expenditures, by organization units and accounts, fiscal year 1940—Continued

Organization unit	General and special accounts	Recovery and relief accounts	Total general, special, recovery, and relief accounts	Trust accounts
<b>DEPARTMENT OF THE INTERIOR—Continued</b>				
Government in the Territories.....	\$4,230,931.61	\$587,436.45	\$4,818,368.06	\$220,988.74
Puerto Rico Reconstruction Administration.....	595.72	8,553,960.77	8,554,556.49	
Beneficiaries.....	2,451,170.05	603,809.74	3,054,979.79	173,209.73
Private relief acts.....	6,155.00		6,155.00	
Interior, civil, miscellaneous.....	6,981.69		6,981.69	
Special deposit accounts.....	1,085.00		1,085.00	83,884.00
Indian Affairs:				
Salaries and general expenses.....	2,000,964.13	21,269.08	1,979,695.10	
Education.....	10,475,939.25		10,475,939.25	
General support and administration.....	3,221,605.85	1,245,164.93	4,466,770.78	47,559.45
Miscellaneous expenses of Indian Service.....	18,362,542.28	1,578,923.75	19,941,466.03	
Interest on Indian trust funds.....	957,218.48		957,218.48	18,512.11
Tribal funds.....				8,548,771.29
Special deposit accounts.....				5,606,881.56
Total, Interior, departmental, including Indian Affairs, but excluding Reclamation Service, checks-issued basis.....	85,164,498.06	30,538,488.03	115,702,986.09	15,123,640.79
Adjustment between checks issued and cash expenditures.....	910,223.82	379,890.66	1,290,114.38	
Total, Interior, departmental, including Indian Affairs, but excluding Reclamation Service, cash basis.....	84,254,274.24	30,158,597.47	114,412,871.71	(1)
Bureau of Reclamation (projects), checks-issued basis.....	87,247,223.04	8,165,177.81	95,412,400.85	230,243.86
Adjustment between checks issued and cash expenditures.....	748,124.89	205,407.82	953,532.71	
Subtotal, cash basis.....	87,995,347.93	8,370,585.63	96,365,933.56	(1)
Total, Department of the Interior, cash basis.....	172,249,622.17	38,529,183.10	210,778,805.27	(1)
<b>DEPARTMENT OF JUSTICE</b>				
Office of the Attorney General:				
Salaries and expenses.....	5,042,331.69	5,936.00	5,048,267.69	
Miscellaneous objects.....	1,632,042.96	5,400.00	1,637,442.96	4,484.10
Prison Industries, Inc.....	461,618.48		461,618.48	
Bureau of Prisons, salaries and expenses.....	293,037.89		293,037.89	
Federal Bureau of Investigation.....	8,370,998.03		8,370,998.03	
Bureau of Prohibition.....	70.00		70.00	
Tax and Penalties Unit.....	7.35		7.35	
Veterans' Insurance Litigation.....	483,669.87		483,669.87	
Alien Property Custodian (special deposit account).....				18,992,836.63
Special deposit account.....				7,353,683.18
Judicial:				
Salaries and expenses of judges.....	2,458.42		2,458.42	
U. S. Court for District of Columbia.....	724.91		724.91	
U. S. Court of Customs and Patent Appeals.....	6,229.27		6,229.27	
United States Customs Court.....	2,494.22		2,494.22	
Court of Claims.....	9,887.30		9,887.30	
Panama Canal Zone, salaries, District Court.....	3,800.90		3,800.90	
United States Court for China, salaries and expenses.....	23.23		23.23	
Expenses, etc., United States courts.....	7,765,357.48		7,765,357.48	
Judicial, miscellaneous.....	76.36		76.36	251,098.08
Private relief acts.....	6,137.23		6,137.23	
Special deposit accounts.....	281,992.55		281,992.55	

Footnotes at end of table.

TABLE 2.—Details of expenditures, by organization units and accounts, fiscal year 1940—Continued

Organization unit	General and special accounts	Recovery and relief accounts	Total general, special, recovery, and relief accounts	Trust accounts
<b>DEPARTMENT OF JUSTICE—Con.</b>				
Penal and correctional institutions.....	\$15,107,930.49	\$7,151,850.15	\$22,259,780.64	\$841,035.73
Total, Department of Justice, checks-issued basis.....	38,547,651.67	7,163,186.15	45,710,837.82	\$5,258,810.15
Adjustment between checks issued and cash expenditures.....	5,575,251.77	2,072,412.25	3,502,839.52	-----
Total, Department of Justice, cash basis.....	44,122,903.44	5,090,773.90	49,213,677.34	(1)
<b>DEPARTMENT OF LABOR</b>				
Office of the Secretary.....	2,731,391.12	9.00	2,731,382.12	-----
Wage and Hour Division.....	3,106,979.10	-----	3,106,979.10	-----
Bureau of Labor Statistics.....	937,809.96	1,913,440.97	2,851,250.93	-----
Immigration and Naturalization Service.....	9,919,526.69	5,540.82	9,925,067.51	99,996.01
Children's Bureau.....	602,887.85	-----	602,887.85	-----
Women's Bureau.....	149,320.53	-----	149,320.53	-----
Labor, miscellaneous.....	24,851.31	-----	24,851.31	33,499.10
Social Security Act:	-----	-----	-----	-----
Administrative expenses.....	333,239.98	-----	333,239.98	-----
Grants to States.....	9,680,706.10	-----	9,680,706.10	-----
Total, Department of Labor, checks-issued basis.....	27,486,712.64	1,918,972.79	29,405,685.43	66,496.91
Adjustment between checks issued and cash expenditures.....	93,833.87	23,874.57	69,959.30	-----
Total, Department of Labor, cash basis.....	27,392,878.77	1,942,847.36	29,335,726.13	(1)
<b>NAVY DEPARTMENT</b>				
<i>National defense</i>				
Salaries, Navy Department.....	4,296,000.81	-----	4,296,000.81	-----
Contingent expenses, etc.....	978,218.42	-----	978,218.42	-----
Office of the Secretary.....	1,957,897.81	-----	1,957,897.81	28,642.19
Bureau of Navigation.....	13,099,353.03	-----	13,099,353.03	19,452.36
Naval Academy.....	2,155,421.37	-----	2,155,421.37	-----
Bureau of Engineering.....	32,563,269.20	268,431.85	32,831,701.05	-----
Bureau of Construction and Repair.....	31,974,405.90	-----	31,974,405.90	-----
Bureau of Ordnance.....	43,722,373.79	-----	43,722,373.79	-----
Bureau of Supplies and Accounts:	-----	-----	-----	-----
Fuel and transportation.....	9,136,739.26	-----	9,136,739.26	-----
Maintenance.....	11,401,423.13	-----	11,401,423.13	-----
Naval supply account fund.....	15,360,788.78	-----	15,360,788.78	-----
Pay, subsistence, and transportation, Navy.....	218,230,999.91	-----	218,230,999.91	-----
Clothing and small-stores fund.....	940,691.07	-----	940,691.07	-----
Naval working fund.....	5,681,915.73	-----	5,681,915.73	-----
Other items.....	1,187,262.75	-----	1,187,262.75	487,103.48
Bureau of Medicine and Surgery.....	3,183,579.63	-----	3,183,579.63	1,520,229.50
Bureau of Yards and Docks.....	65,752,129.18	25,051,744.93	90,803,874.11	-----
Bureau of Aeronautics.....	49,629,144.11	2,360.06	49,631,504.17	-----
Marine Corps:	-----	-----	-----	-----
Pay.....	21,844,982.24	-----	21,844,982.24	-----
General expenses.....	13,655,472.24	-----	13,655,472.24	-----
Other items.....	375,706.41	-----	375,706.41	164,202.37
Alteration to naval vessels.....	2,085,473.51	-----	2,085,473.51	-----
Replacement of naval vessels:	-----	-----	-----	-----
Armor, armament, and ammunition.....	72,813,885.46	-----	72,813,885.46	-----
Construction and machinery.....	245,685,131.99	-----	245,685,131.99	-----
Emergency construction.....	181,769.96	42.34	181,727.62	-----
National Industrial Recovery, Navy, allotment.....	-----	218,759.64	218,759.64	-----
Navy, miscellaneous.....	478,503.44	-----	478,503.44	-----
Private relief acts.....	54,223.21	-----	54,223.21	-----
General account of advances.....	9,937,293.60	16.50	9,937,310.10	-----
Special deposit accounts.....	29,165.26	-----	29,165.26	1,770.78
Total, Navy Department (national defense), checks-issued basis.....	865,248,107.60	25,541,270.64	890,789,378.24	2,221,400.68
Adjustment between checks issued and cash expenditures.....	634,881.68	200,298.77	835,180.45	-----
Total, Navy Department (national defense), cash basis.....	865,882,989.28	25,741,569.41	891,624,558.69	(1)

Footnotes at end of table.

TABLE 2.—*Details of expenditures, by organization units and accounts, fiscal year 1940—Continued*

Organization unit	General and special accounts	Recovery and relief accounts	Total general, special, recovery, and relief accounts	Trust accounts
<b>POST OFFICE DEPARTMENT</b>				
Private relief acts.....	\$32,403.09		\$32,403.09	
Deficiencies in the postal revenues..... <sup>(1)</sup>				
Miscellaneous expenses, Postal Service.....	221,834.78		221,834.78	\$805.18
Total, Post Office, departmental, exclusive of postal deficiency and Postal Service payable from postal revenues, checks-issued basis.....	254,237.87		254,237.87	805.18
Adjustment between checks issued and cash expenditures.....	866,805.20		866,805.20	
Total, Post Office, departmental, exclusive of postal deficiency and Postal Service payable from postal revenues, cash basis.....	1,121,043.07		1,121,043.07	
Deficiencies in the postal revenues, checks-issued and cash basis.....	40,870,335.85		40,870,335.85	
Total, Post Office Department, exclusive of Postal Service payable from postal revenue, cash basis.....	41,991,378.92		41,991,378.92	(1)
<b>DEPARTMENT OF STATE</b>				
Office of the Secretary.....	2,849,367.71		2,849,367.71	
Foreign intercourse.....	20,781,614.59	\$153,212.32	20,934,826.91	1,296,780.49
Private relief acts.....	16,278.50		16,278.50	
Special deposit accounts.....	3,456.37		3,456.37	529,357.34
Foreign service retirement fund..... <sup>(1)</sup>				340,902.21
Total, State, departmental, checks-issued basis.....	23,650,717.17	153,212.32	23,803,929.49	2,167,040.04
Adjustment between checks issued and cash expenditures.....	511,801.61	\$2,816.45	488,985.16	
Total, State, departmental, cash basis.....	24,162,518.78	130,395.87	24,292,914.65	(1)
Transfer to trust account: Foreign service retirement fund, checks-issued and cash basis.....	199,400.00		199,400.00	
Total, Department of State, cash basis.....	24,361,918.78	130,395.87	24,492,314.65	(1)
<b>TREASURY DEPARTMENT</b>				
Office of the Secretary.....	222,741.43	979,462.42	1,202,203.90	
Division of Research and Statistics.....	169,497.70		169,497.70	
Office of General Counsel.....	129,755.07		129,755.07	
Office of Chief Clerk.....	363,570.77		363,570.77	
Custody of departmental buildings.....	644,531.56		644,531.56	
Division of Printing.....	1,186,917.96		1,186,917.96	
Office of Commissioner of Accounts and Deposits.....	3,159,247.13	8,078,133.76	11,237,380.89	1,178,504.93
Public Debt Service.....	6,761,884.34		6,761,884.34	
Division of Appointments.....	43,555.54		43,555.54	
Bureau of Customs:				
Collecting the revenue from customs.....	20,815,328.91		20,815,328.91	
Miscellaneous expenses.....	3,552.88		3,552.88	23,123.76
Refunds, debentures, drawbacks, etc..... <sup>(v)</sup>				
Office of Treasurer of United States.....	1,621,700.18	679,788.29	2,301,488.47	
Office of Comptroller of the Currency.....	243,942.38		243,942.38	
Bureau of Internal Revenue:				
Collecting the revenue.....	59,105,855.01		59,105,855.01	
Refunds, debentures, drawbacks, etc..... <sup>(v)</sup>				
Other.....	10,565.87		10,565.87	14,913,739.92

Footnotes at end of table.

TABLE 2.—Details of expenditures, by organization units and accounts, fiscal year 1940—Continued

Organization unit	General and special accounts	Recovery and relief accounts	Total general, special, recovery, and relief accounts	Trust accounts
<b>TREASURY DEPARTMENT—Con.</b>				
United States Processing Tax Board of Review	\$99,264.65		\$99,264.65	
Bureau of Prohibition, enforcement of Narcotic and National Prohibition Acts	86.25		86.25	
Federal Alcohol Administration	424,006.71		424,006.71	
Bureau of Narcotics	1,301,546.08		1,301,546.08	
Coast Guard	41,537,978.92	\$3,215,283.78	44,753,262.70	
Bureau of Engraving and Printing	8,576,051.61		8,576,051.61	
Secret Service Division	1,119,384.03	253,261.45	1,372,645.48	
Bureau of the Mint	2,502,729.07		2,502,729.07	
Railroad Administration and Transportation Act	314,717.25		314,717.25	
Treasury, miscellaneous:				
To promote the education of the blind	(14)			\$10,000.00
Private relief acts	163,917.46		163,917.46	
Other items	689,109.64		689,109.64	796.12
Special deposit accounts				885,936.26
Miscellaneous accounts:				
Administrative expenses, Adjusted Compensation Payment Act, 1936	21,391.95		21,391.95	
Emergency relief, Treasury, administrative expenses	17.61	274.63	257.32	
Payment of interest on deposits of public moneys of Government of Philippine Islands	1,964,987.51		1,964,987.51	
Pershing Hall Memorial fund	16,600.49		16,600.49	
Reimbursement of expenses, sec. 201 (f) of Social Security Act Amendments of 1939	12,288,267.00		12,288,267.00	
Other items	220.00		220.00	
Procurement Division	7,983,120.05	3,848,915.28	11,832,035.33	
Total, Treasury, departmental, checks-issued basis	148,279,634.56	17,054,570.05	165,334,204.61	14,655,091.13
Adjustment between checks issued and cash expenditures	10,983,348.23	904,092.18	11,887,440.41	
Total, Treasury, departmental, cash basis	159,262,982.79	17,958,662.23	177,221,645.02	(1)
Refund of receipts:				
Customs	17,139,140.25		17,139,140.25	
Internal Revenue	66,196,194.01		66,196,194.01	
Processing tax on farm products	11,498,911.42		11,498,911.42	
Subtotal, checks-issued basis	94,834,245.68		94,834,245.68	
Adjustment between checks issued and cash expenditures	3,763,481.96		3,763,481.96	
Subtotal, cash basis	91,070,763.72		91,070,763.72	
Miscellaneous accounts:				
Federal land banks:				
Subscriptions to capital stock		47,680.00	47,680.00	
Subscriptions to paid-in surplus (revolving fund)		567,862.97	567,862.97	
Payments to Federal land banks, reduction in interest rates on mortgages		28,700,224.72	28,700,224.72	
Payments to Federal Farm Mortgage Corporation, reduction in interest rates on mortgages		7,125,158.14	7,125,158.14	
Subscription to capital stock of Federal Crop Insurance Corporation	(15)			
Commodity Credit Corporation, restoration of capital impairment		119,599,918.05	119,599,918.05	
Subtotal, checks-issued and cash basis		156,040,843.88	156,040,843.88	
Total, Treasury Department, cash basis	250,333,746.51	173,999,506.11	424,333,252.62	(1)

Footnotes at end of table.

TABLE 2.—*Details of expenditures, by organization units and accounts, fiscal year 1940—Continued*

Organization unit	General and special accounts	Recovery and relief accounts	Total general, special, recovery, and relief accounts	Trust accounts
<b>TREASURY DEPARTMENT—Con.</b>				
Transfers to trust account: <sup>23</sup>				
Federal old-age and survivors insurance trust fund, checks-issued basis	\$550,000,000.00		\$550,000,000.00	
Adjustment to basis of daily Treasury statement (unrevised)	12,288,267.00		12,288,267.00	
Subtotal, cash basis	16 537,711,733.00		537,711,733.00	
<b>WAR DEPARTMENT</b>				
<i>National defense</i>				
Salaries, War Department	5,309,624.25		5,309,624.25	
Contingent expenses, War Department	1,027,626.35		1,027,626.35	
Office of Secretary of War	1,212,419.87	\$14,414.60	1,226,834.47	
General Staff Corps	2,207,010.09	24.91	2,207,035.00	
Army War College	76,624.66		76,624.66	
Adjutant General's Department	146,508.55		146,508.55	
Finance Department:				
Pay of the Army	185,381,118.59		185,381,118.59	
Finance Service	1,297,770.81		1,297,770.81	
Judgments	677,507.59		677,507.59	
Other items	5,859,072.32		5,859,072.32	
Quartermaster Corps:				
Army transportation	36,031,829.42		36,031,829.42	
Barracks and quarters and other buildings and utilities	21,243,711.73		21,243,711.73	
Clothing and equipage	23,909,673.61		23,909,673.61	
Construction of buildings, etc., at military posts	28,801,055.28	23,545,380.40	52,346,435.68	
National Industrial Recovery Construction and repair of hospitals	710,200.09	919,273.80	919,273.80	
Incidental expenses of the Army	4,050,711.46		4,050,711.46	
Regular supplies of the Army	5,361,134.97		5,361,134.97	
Subsistence of the Army	34,203,618.66		34,203,618.66	
Emergency relief appropriations	947.44	17,321,257.79	17,322,205.23	
Other items	1,965,472.08		1,965,472.08	\$19,388.90
Signal Corps	9,623,016.88		9,623,016.88	
Air Corps	108,169,950.88		108,169,950.88	
Medical Department	3,925,991.09		3,925,991.09	479.76
Corps of Engineers	3,645,695.38		3,645,695.38	
Ordnance Department	48,282,999.10	328,360.45	48,611,359.55	
Chemical Warfare Service	3,013,122.90		3,013,122.90	
Chief of Infantry	62,245.77		62,245.77	
Chief of Cavalry	29,565.79		29,565.79	
Chief of Field Artillery	28,498.67		28,498.67	
Chief of Coast Artillery	30,492.09		30,492.09	
Seacoast defenses	9,188,542.73	151,126.75	9,339,669.48	
Military Academy	3,243,201.45		3,243,201.45	
National Guard Bureau	56,858,975.62	7.47	56,858,983.15	
Organized Reserves	15,921,358.81		15,921,358.81	
Citizens' military training	6,864,660.92		6,864,660.92	
National Board for Promotion of Rifle Practice	603,564.39		603,564.39	
Army account of advances	2,636,493.60		2,636,493.60	
Accounting funds	812.00		812.00	
Special deposit accounts	21,648.62		21,648.62	
Total, War, Military (national defense), checks-issued basis	626,306,566.07	42,279,831.23	668,586,397.30	19,868.66
Adjustment between checks issued and cash expenditures	1,457,730.89	9,697.18	1,448,033.71	
Total, War, Military (national defense), cash basis	624,848,835.18	42,289,528.41	667,138,363.59	(1)

Footnotes at end of table.

TABLE 2.—Details of expenditures, by organization units and accounts, fiscal year 1940—Continued

Organization unit	General and special accounts	Recovery and relief accounts	Total general, special, recovery, and relief accounts	Trust accounts
<b>WAR DEPARTMENT—Continued</b>				
<i>Nonmilitary activities</i>				
Quartermaster Corps, miscellaneous.....	\$1,400,180.03	\$1,336.97	\$1,401,517.00	-----
Signal Corps.....	185,115.47	-----	185,115.47	-----
Corps of Engineers.....	681,651.62	-----	681,651.62	-----
Bureau of Insular Affairs.....	493,292.50	-----	493,292.50	-----
War claims and relief acts.....	81,981.73	-----	81,981.73	-----
Trust accounts.....	-----	-----	-----	\$2,231,294.35
Total, nonmilitary activities, exclusive of rivers and harbors, checks-issued basis.....	1,479,018.21	1,336.97	1,480,355.18	2,231,294.35
Adjustment between checks issued and cash expenditures.....	702,246.00	-----	702,246.00	-----
Total, nonmilitary activities, exclusive of rivers and harbors, cash basis.....	2,181,264.21	1,336.97	2,182,601.18	(1)
<i>Rivers and harbors</i>				
Improving rivers and harbors.....	106,427,739.72	389,066.63	106,816,806.35	560,856.41
Flood control and relief.....	100,741,605.92	3,071,016.87	103,812,622.79	738,849.71
Special deposit accounts.....	84,710.20	-----	84,710.20	-----
Total, rivers and harbors, checks-issued basis.....	207,084,635.44	3,460,083.50	210,544,718.94	1,299,706.12
Adjustment between checks issued and cash expenditures.....	267,617.12	2,580,593.29	2,312,976.17	-----
Total, rivers and harbors, cash basis.....	206,817,018.32	6,040,676.79	212,857,695.11	(1)
Total, War Department, excluding Panama Canal, cash basis.....	833,847,117.71	48,331,542.17	882,178,659.88	(1)
<b>PANAMA CANAL</b>				
Panama Canal.....	23,299,262.95	-----	23,299,262.95	-----
Special deposit account.....	408,175.01	-----	408,175.01	-----
Total, Panama Canal, checks-issued basis.....	23,707,437.96	-----	23,707,437.96	-----
Adjustment between checks issued and cash expenditures.....	1,274,052.82	-----	1,274,052.82	-----
Total, Panama Canal, cash basis.....	24,981,490.78	-----	24,981,490.78	-----
<b>DISTRICT OF COLUMBIA</b>				
District of Columbia, checks-issued basis.....	6,274,455.68	(17)	6,274,455.68	55,912,853.73
Adjustment between checks issued and cash expenditures.....	274,455.68	-----	274,455.68	674,103.24
Total, District of Columbia, cash basis.....	6,000,000.00	-----	6,000,000.00	56,586,746.97
<b>PUBLIC DEBT</b>				
Interest on the public debt, checks-issued basis.....	1,041,448,261.64	-----	1,041,448,261.64	-----
Adjustment between checks issued and cash expenditures.....	512,564.93	-----	512,564.93	-----
Total, interest on the public debt, cash basis.....	1,040,935,696.71	-----	1,040,935,696.71	-----
<b>PUBLIC DEBT RETIREMENTS</b>				
Sinking fund.....	128,291,450.00	-----	128,291,450.00	-----
Received from foreign governments under debt settlements.....	7.31	-----	7.31	-----
Estate taxes, forfeitures, gifts, etc.....	834,992.69	-----	834,992.69	-----
Total, public debt retirements, checks-issued basis.....	129,126,450.00	-----	129,126,450.00	-----
Adjustment between checks issued and cash expenditures.....	57,650.00	-----	57,650.00	-----
Total, public debt retirements, cash basis.....	129,184,100.00	-----	129,184,100.00	-----

Footnotes at end of table.

TABLE 2.—Details of expenditures, by organization units and accounts, fiscal year 1940—Continued

Organization unit	General and special accounts	Recovery and relief accounts	Total general, special, recovery, and relief accounts	Trust accounts
<b>MISCELLANEOUS ACCOUNTS</b>				
Chargeable against increment on gold: Melting losses, etc.				\$4, 338. 61
Unemployment trust fund				950, 239, 498. 20
Railroad unemployment insurance account:				
Advances				15, 000, 000. 00
Repayments				15, 000, 000. 00
Additional loan fund, Public Works Administration, act of 1938				7, 831, 157. 25
Federal old-age and survivors insurance trust fund				40, 548, 615. 60
Transfers from general accounts:				
Federal old-age and survivors insurance trust fund				23 550, 000, 000. 00
Railroad retirement account				120, 650, 000. 00
Advance to railroad unemployment insurance account	\$15, 000, 000. 00		\$15, 000, 000. 00	
Government employees' retirement funds (United States share):				
Civil service retirement fund (including District of Columbia share)				87, 171, 760. 00
Canal Zone retirement fund				500, 000. 00
Alaska Railroad retirement fund				175, 000. 00
Foreign service retirement fund				199, 400. 00
Total, miscellaneous accounts, checks-issued basis	15, 000, 000. 00		15, 000, 000. 00	1, 741, 657, 455. 16
<b>RECONSTRUCTION FINANCE CORPORATION FUNDS <sup>18</sup></b>				
Federal Housing Administration	(19)			(19)
Disaster Loan Corporation stock		\$6, 000, 000. 00	6, 000, 000. 00	
Other		1, 618. 22	1, 618. 22	
Revolving funds (net):				
Farm Credit Administration:				
Crop production loans		490, 107. 99	490, 107. 99	
Regional agricultural credit corporations		2, 440, 398. 78	2, 440, 398. 78	
Loans to joint stock land banks		30, 493. 70	30, 493. 70	
Farm Credit Administration		168, 414. 66	168, 414. 66	
Unclassified		49, 927. 31	49, 927. 31	
Total, Reconstruction Finance Corporation, daily Treasury statement (unrevised)		3, 159, 105. 10	3, 159, 105. 10	
Total, classified expenditures, checks-issued basis	<sup>20</sup> 7, 230, 104, 676. 09	2, 414, 286, 664. 47	9, 644, 391, 340. 56	2, 005, 783, 787. 64
Adjustment between checks issued and cash expenditures	22, 682, 265. 72	41, 857, 684. 27	19, 175, 418. 55	23, 685, 416. 49
Total, classified expenditures, cash basis	7, 207, 422, 410. 37	2, 456, 144, 348. 74	9, 663, 566, 759. 11	1, 982, 098, 371. 15
Unclassified items, cash basis	75, 042. 33		75, 042. 33	75, 741. 91
	7, 207, 497, 452. 70	2, 456, 144, 348. 74	9, 663, 641, 801. 44	1, 982, 022, 629. 24

Footnotes at end of table.



TABLE 2.—*Details of expenditures, by organization units and accounts, fiscal year 1940—Continued*

Organization unit	General and special accounts	Recovery and relief accounts	Total general, special, recovery, and relief accounts	Trust accounts
<b>RECONSTRUCTION FINANCE CORPORATION—Continued</b>				
Adjustment for disbursing officers' checks outstanding.....	\$1, 443, 738. 03	-----	\$1, 443, 738. 03	-----
Transactions in checking accounts of governmental agencies (net).....	-----	-----	-----	\$41, 068, 903. 61
Total cash expenditures on basis of daily Treasury statements (unrevised).....	<sup>21</sup> 7, 208, 941, 190. 73	\$2,456,144,348. 74	<sup>21</sup> 9, 665, 085, 539. 47	1, 940, 953, 725. 63
Deduct net appropriations to Federal old-age and survivors insurance trust fund.....	<sup>21</sup> 537, 711, 733. 00	-----	<sup>21</sup> 537, 711, 733. 00	-----
Excess of expenditures over receipts.	6, 671, 229, 457. 73	2, 456, 144, 348. 74	9, 127, 373, 806. 47	1, 940, 953, 725. 63
Excess of receipts over expenditures.	-----	-----	3, 740, 249, 136. 71	135, 584, 018. 96

<sup>1</sup> Expenditures from trust accounts are not classified by organization units, except for the District of Columbia, in the daily Treasury statement (unrevised).

<sup>2</sup> Stated under "Other independent offices," following.

<sup>3</sup> Stated as a separate activity, following.

<sup>4</sup> Stated under "Reconstruction Finance Corporation funds," see p. 610.

<sup>5</sup> See "Treasury Department" for interest and principal account (trust funds).

<sup>6</sup> Stated under "revolving funds" following.

<sup>7</sup> Stated separately following "Treasury Department."

<sup>8</sup> Stated under "Department of State."

<sup>9</sup> See "Refund of receipts," following.

<sup>10</sup> Stated under "Treasury Department, miscellaneous accounts."

<sup>11</sup> Included in "Office of the Secretary."

<sup>12</sup> Included in "National Park Service."

<sup>13</sup> See below for this item.

<sup>14</sup> For General Fund expenditures under this activity, see "Independent offices—Federal Security Agency."

<sup>15</sup> Stated under "Department of Agriculture."

<sup>16</sup> Exclusive of \$12,288,267 representing reimbursements to the General Fund for administrative expenses which amount is shown under "Treasury Department, miscellaneous accounts."

<sup>17</sup> These items are not included in warrant accounts, except "Federal Housing Administration," but are on the basis of the classification shown in the daily Treasury statements beginning July 1, 1938.

<sup>18</sup> Stated under "Independent offices—Federal Loan Agency."

<sup>19</sup> Exclusive of \$15,000,000 representing repayment of advance to railroad unemployment insurance account which was covered into the General Fund of the Treasury as a miscellaneous receipt.

<sup>20</sup> Revised to reflect adjustment of \$1,000,000 under the title "Transfer to Federal old-age and survivors insurance trust fund," and to bring classification into agreement with accounts.

<sup>21</sup> See "refund of receipts" also stated under Treasury Department.

Expenditures shown here on a checks-issued basis include \$12,288,267 representing reimbursements to General Fund for administrative expenses, whereas in the daily Treasury statement (unrevised) trust fund receipts and expenditures for this classification exclude this amount; see note 16.

NOTE.—Excess credits and adjustments in italics to be deducted.

TABLE 3.—Classified receipts and expenditures, monthly July 1939 to June 1940, with totals for the fiscal years 1939 and 1940

[On basis of daily Treasury statements (unrevised), see p. 583.]

[Effective July 1, 1939, the form of stating the receipts and expenditures of the Government on the daily Treasury statement was revised so as to combine expenditures theretofore exhibited separately under "General" and "Recovery and relief." The transfer of functions under the President's Reorganization Plans Nos. I and II were also reflected as of July 1, 1939]

	1939						1940
	July	August	September	October	November	December	January
<b>GENERAL AND SPECIAL ACCOUNTS</b>							
<b>RECEIPTS</b>							
<b>Internal revenue:</b>							
Income tax (including unjust enrichment tax).....	\$42,220,627.56	\$38,032,379.40	\$329,042,380.47	\$37,651,865.30	\$34,141,972.10	\$319,143,109.26	\$45,338,379.81
Miscellaneous internal revenue.....	186,705,809.96	217,209,795.28	311,373,424.48	198,375,546.32	191,150,582.68	171,095,997.48	167,370,242.86
<b>Social security taxes:</b>							
Employment taxes (title VIII).....	32,704,345.39	106,554,987.69	2,501,194.97	31,449,257.62	117,479,044.49	4,147,459.09	31,149,422.84
Tax on employers of 8 or more (title IX, sec. 901).....	2,666,643.92	8,066,303.87	497,405.62	2,935,641.20	7,981,294.91	519,186.68	13,665,198.18
Unclassified.....							
Taxes upon carriers and their employees.....	696,415.53	4,446,361.59	23,741,296.65	1,170,676.15	4,178,036.25	23,018,427.31	445,987.97
Railroad unemployment insurance contributions.....					69,131.57	1,539,693.99	2,311.83
Customs.....	25,527,681.88	27,212,786.91	35,595,164.89	32,418,456.45	29,049,157.75	27,814,406.88	35,788,275.69
<b>Miscellaneous receipts:</b>							
Proceeds of Government-owned securities:						76,864.93	
Principal—foreign obligations.....						167,656.23	
Interest—foreign obligations.....						6,011,545.36	8,147,978.10
Other.....	4,932,456.29	7,391,910.38	2,551,982.35	5,338,684.74	7,196,684.43	1,828,852.37	1,971,871.16
Panama Canal tolls, etc.....	2,035,805.79	2,056,156.86	1,948,662.09	1,972,664.18	2,550,516.76	1,770,745.66	3,472,186.82
Seigniorage.....	2,697,832.89	2,038,945.91	4,882,063.77	4,924,390.21	5,122,930.92	6,602,302.99	7,197,573.33
Other miscellaneous.....	7,658,188.32	6,970,184.85	6,655,989.17	5,274,128.99	8,049,417.73		
<b>Total receipts.....</b>	<b>307,845,807.53</b>	<b>419,979,812.74</b>	<b>718,789,564.46</b>	<b>321,511,311.16</b>	<b>406,966,769.59</b>	<b>569,136,248.23</b>	<b>314,549,428.59</b>
<b>Deduct: Net transfers to Federal old-age and survivors insurance trust fund <sup>14</sup>.....</b>	<b>43,000,000.00</b>	<b>48,000,000.00</b>	<b>43,000,000.00</b>	<b>43,000,000.00</b>	<b>43,000,000.00</b>	<b>48,000,000.00</b>	<b>-----</b>
	<b>264,845,807.53</b>	<b>371,979,812.74</b>	<b>675,789,564.46</b>	<b>278,511,311.16</b>	<b>363,966,769.59</b>	<b>521,136,248.23</b>	<b>314,549,428.59</b>
<b>EXPENDITURES</b>							
<b>I. General (including recovery and relief):</b>							
Departmental: <sup>1</sup>							
Legislative establishment.....	2,204,290.17	2,037,346.96	1,882,871.30	2,138,090.28	1,733,391.27	2,064,381.24	2,189,646.84
Judicial.....					105,439.70	722,508.76	672,778.05
<b>Executive Office:</b>							
Executive proper.....	43,790.92	33,884.05	36,481.92	38,223.61	42,418.70	37,049.36	41,816.19
Bureau of the Budget.....	37,021.24	41,885.77	42,031.60	43,154.43	52,403.38	47,191.52	50,849.69
National Resources Planning Board.....	9,254.94	66,912.67	89,862.86	74,476.88	71,542.30	75,804.80	81,283.13
Other.....	48,623.87	70,619.86	65,863.95	77,293.13	75,801.70	63,014.35	63,718.78
State Department.....	2,036,246.45	1,737,341.88	2,993,854.86	2,636,190.73	1,762,710.64	1,603,041.61	2,468,154.49
Treasury Department.....	13,070,092.96	13,666,087.11	16,992,378.96	15,407,440.87	13,757,805.93	14,186,446.29	12,742,815.94

War Department (nonmilitary).....	153, 199. 71	276, 047. 19	585, 949. 81	223, 022. 20	206, 696. 27	146, 609. 75	195, 316. 68
Department of Justice.....	4, 081, 035. 11	3, 911, 602. 19	3, 858, 010. 37	4, 583, 495. 87	8, 709, 229. 74	1, 613, 675. 17	4, 252, 083. 20
Post Office Department.....	* 25, 413. 86	* 53, 451. 81	67, 487. 07	866, 577. 72	* 24, 904. 75	* 20, 994. 82	60, 186. 16
Department of the Interior.....	9, 940, 441. 53	10, 211, 248. 53	10, 191, 810. 73	13, 042, 951. 93	10, 685, 806. 61	9, 293, 453. 88	8, 997, 242. 19
Department of Agriculture.....	22, 704, 739. 41	12, 230, 044. 84	10, 275, 530. 68	13, 010, 572. 10	10, 554, 266. 63	9, 695, 022. 13	19, 691, 115. 58
Department of Commerce:							
Civil Aeronautics Authority.....	1, 280, 663. 11	1, 184, 958. 57	1, 370, 778. 20	1, 584, 421. 46	1, 516, 148. 49	1, 431, 929. 37	1, 818, 953. 13
Other.....	2, 048, 585. 66	1, 655, 521. 85	1, 751, 616. 63	1, 953, 849. 76	1, 915, 626. 84	1, 909, 729. 93	2, 543, 031. 65
Department of Labor.....	2, 108, 114. 44	2, 710, 065. 69	1, 588, 829. 71	3, 432, 257. 86	1, 848, 792. 84	2, 009, 715. 61	3, 331, 315. 96
United States Maritime Commission.....	7, 650, 664. 00	6, 786, 203. 22	8, 563, 327. 80	8, 992, 404. 37	9, 238, 519. 63	10, 309, 873. 55	6, 284, 683. 75
Independent offices and commissions.....	5, 505, 355. 50	5, 117, 806. 06	5, 073, 763. 37	6, 321, 063. 96	5, 921, 347. 07	5, 435, 972. 97	5, 530, 424. 64
Unclassified.....	560, 268. 14	* 600, 646. 97	1, 838, 520. 16	* 1, 726, 922. 65	* 4, 728, 770. 96	4, 594, 078. 88	10, 610. 50
Adjustment for disbursing officers' checks out- standing.....	73, 461, 973. 30	61, 078, 478. 16	67, 268, 969. 98	72, 698, 564. 51	63, 444, 672. 03	65, 218, 504. 95	71, 034, 026. 55
	+1, 450, 933. 79	+470, 049. 85	+750, 779. 25	+1, 339, 461. 77	-797, 365. 76	-780, 826. 61	-1, 532, 908. 90
Total departmental.....	74, 912, 907. 09	61, 548, 528. 01	68, 019, 749. 23	74, 038, 026. 28	62, 647, 306. 27	64, 437, 678. 34	69, 501, 117. 65
Department of Agriculture: 2							
Agricultural adjustment program:							
Agricultural Adjustment Administration.....	166, 051. 99	188, 172. 78	185, 241. 02	162, 288. 72	137, 607. 96	193, 264. 35	172, 532. 85
Administration of Sugar Act of 1937 3	3, 875, 386. 91	1, 005, 426. 66	1, 934, 601. 56	804, 670. 53	5, 617, 645. 35	, 968, 077. 63	1, 383, 967. 41
Agricultural Adjustment Administration (act Aug. 24, 1935).....	755, 350. 04	975, 150. 24	1, 895, 610. 73	5, 847, 272. 49	14, 498, 754. 95	5, 518, 005. 83	5, 392, 322. 42
Surplus Marketing Administration 4	7, 822, 398. 24	6, 079, 449. 78	4, 986, 914. 18	2, 606, 920. 96	5, 234, 038. 75	5, 313, 489. 40	6, 524, 119. 48
Agricultural contract adjustments.....	15, 706. 88	11, 878. 16	8, 597. 40	9, 753. 07	10, 197. 26	15, 593. 59	7, 199. 42
Soil Conservation and Domestic Allotment Act.	34, 268, 039. 70	21, 040, 187. 68	13, 243, 928. 02	15, 863, 691. 79	52, 638, 498. 19	76, 317, 887. 29	102, 444, 898. 45
Federal Crop Insurance Act:							
Administrative expenses.....	268, 233. 58	273, 764. 29	270, 116. 33	274, 809. 24	288, 249. 61	301, 527. 66	291, 505. 37
Subscriptions to capital stock of Federal Crop Insurance Corporation.....			5, 000, 000. 00	5, 000, 000. 00			
Price Adjustment Act of 1938 and parity pay- ments.....	8, 151, 165. 20	15, 718, 175. 10	40, 789, 216. 76	66, 459, 262. 62	38, 844, 134. 15	11, 662, 638. 77	, 712, 722. 54
Unclassified.....	* 3, 669. 57	4, 827. 78	* 102, 689. 10	101, 476. 22	* 31, 602. 13	31, 371. 79	* 12, 414. 74
Commodity Credit Corporation:							
Restoration of capital impairment.....		* 119, 599, 918. 05					
Other.....							
Farm Credit Administration: 6							
Crop loans.....	* 396, 073. 06	* 817, 932. 09	* 1, 805, 711. 08	* 3, 050, 730. 97	* 2, 712, 779. 80	* 1, 012, 730. 89	* 341, 824. 57
Other.....	* 257, 244. 69	693, 568. 81	* 446, 836. 73	61, 284. 45	* 220, 590. 63	426, 115. 85	324, 131. 35
Unclassified.....	* 112, 388. 32	86, 833. 00	23, 368. 34	2, 605. 89	* 655. 69	47, 843. 49	* 47, 632. 81
Federal Farm Mortgage Corporation, reduction in interest rate on mortgages.....			1, 511, 226. 39			1, 847, 180. 68	
Federal land banks:							
Capital stock.....	* 242, 685. 00	* 90, 580. 00			* 3, 500, 000. 00	3, 770, 376. 89	* 199, 455. 00
Subscriptions to paid-in surplus.....	982, 375. 17	* 990, 752. 65	1, 048, 492. 89	85, 471. 21	66, 910. 59	* 231, 888. 17	356, 001. 83
Reduction in interest rates on mortgages.....	21, 375. 51	6, 824, 835. 38	* 26, 397. 26		6, 898, 438. 96		5, 147, 823. 74
Farm Security Administration.....	10, 772, 893. 76	8, 135, 946. 15	7, 211, 626. 37	7, 672, 345. 08	9, 061, 271. 54	10, 630, 892. 66	11, 131, 221. 28

Footnotes at end of table.

TABLE 3.—Classified receipts and expenditures, monthly July 1939 to June 1940, with totals for the fiscal years 1939 and 1940—Continued

	1939						1940
	July	August	September	October	November	December	January
<b>GENERAL AND SPECIAL ACCOUNTS—Continued</b>							
<b>EXPENDITURES—continued</b>							
<b>I. General (including recovery and relief)—Continued.</b>							
<b>Department of Agriculture—Continued.</b>							
<b>Farm Tenant Act:</b>							
Loans.....	\$2,552,523.10	\$3,005,974.25	\$1,852,715.53	\$1,445,144.73	\$1,268,564.66	\$1,115,672.64	\$1,853,357.46
Other.....	700,637.53	881,700.11	813,921.81	799,605.98	826,126.34	1,087,511.02	1,010,512.47
Unclassified.....	44.57	24,836.91	• 24,856.16	• 4,201.77	4,198.56	1,203.66	• 1,232.24
<b>Rural Electrification Administration:<sup>1</sup></b>							
Loans.....	2,119,500.26	4,356,832.73	1,747,869.64	1,415,182.99	3,068,817.42	2,931,274.59	2,926,228.03
Other.....	222,279.34	219,586.51	227,499.04	254,494.97	231,343.83	229,706.35	281,294.41
Unclassified.....	• 100.00	100.00	23.85	• 8.76	32.65	• 52.74	• 87.20
Forest roads and trails <sup>1</sup> .....	890,784.96	502,396.10	620,480.90	4,357,016.11	474,624.43	1,706,949.42	284,765.05
<b>Department of the Interior:<sup>2</sup></b>							
Reclamation projects <sup>1</sup> .....	8,202,269.63	7,251,829.56	7,248,869.26	8,574,462.25	12,360,677.24	8,457,722.81	7,261,923.02
<b>Post Office Department (deficiency):</b>							
Current.....		10,000,000.00	20,000,000.00				
Prior years.....			1,953.52				
<b>Navy Department (national defense)<sup>1</sup>.....</b>							
	60,502,659.39	69,422,137.46	61,974,528.07	63,024,754.91	68,145,047.95	71,504,980.89	74,035,457.79
<b>War Department:<sup>2</sup></b>							
Military (national defense) <sup>1</sup> .....	48,797,278.82	44,645,422.14	45,904,091.83	52,097,087.83	49,910,405.76	53,550,657.19	57,920,639.14
River and harbor work and flood control <sup>1</sup> .....	16,535,092.52	21,454,600.41	21,636,333.75	22,800,979.36	19,158,743.12	20,378,381.82	17,011,713.76
Panama Canal.....	1,491,953.85	1,097,846.81	678,349.37	1,022,779.57	2,155,748.82	1,973,561.95	2,157,120.35
<b>Treasury Department:<sup>2</sup></b>							
Interest on the public debt.....	15,337,841.96	18,321,960.26	151,011,503.02	68,481,206.60	11,992,797.97	190,079,365.46	37,788,743.40
<b>Refunds of taxes and duties:</b>							
Customs.....	1,169,412.55	2,088,037.14	1,197,274.16	1,339,869.39	1,108,917.20	1,195,715.04	2,378,993.62
Internal revenue.....	3,151,470.70	4,334,365.08	7,216,436.40	4,423,136.58	4,612,259.13	5,493,362.57	6,139,219.37
Processing tax on farm products.....	667,907.84	917,575.41	907,245.67	1,041,384.53	576,010.63	1,265,813.73	1,063,673.05
Unclassified.....	• 24,332.79	5,504.50	757.30	563.64	235,906.97	• 236,183.11	53.50
<b>District of Columbia (United States share).....</b>							
	5,084,750.43	915,249.57					
<b>Federal Loan Agency:</b>							
Federal Housing Administration.....	304,990.94	513,236.09	1,919,042.71	• 58,367.88	40,343.53	973,971.93	• 119,221.05
<b>Reconstruction Finance Corporation:</b>							
Disaster Loan Corporation stock.....		2,000,000.00		2,000,000.00			
Other.....					• 17,542.53	10,940.09	3,608.40
Unclassified.....							• 249.17
Other.....	68,873.93	102,550.54	95,098.11	108,634.31	99,083.62	106,652.61	111,110.56

Federal Security Agency:								
Civilian Conservation Corps <sup>7</sup>	25,572,952.13	28,251,202.30	23,722,328.66	23,812,286.08	23,029,336.47	22,913,602.42	22,954,205.36	
National Youth Administration <sup>8</sup>	1,986,028.70	5,023,810.80	4,950,582.82	5,583,074.64	7,933,259.24	9,511,079.08	9,511,500.16	
Social Security Board:								
Administrative expenses	1,632,332.95	1,898,586.81	1,828,952.23	879,845.96	1,810,201.59	1,782,353.32	1,960,651.86	
Grants to States (social security)	39,124,116.33	32,394,954.38	17,507,494.02	39,424,377.41	21,802,361.87	17,416,404.80	35,038,811.57	
Other <sup>10</sup>	486,366.85	583,763.71	265,894.10	709,258.38	120,214.64	247,613.31	412,100.83	
Unclassified		141.45	<sup>a</sup> 141.45	<sup>a</sup> 307.19	406.19	<sup>a</sup> 142.82	<sup>a</sup> 55,499.39	
Other <sup>11</sup>	8,573,073.07	7,320,864.25	1,739,709.78	6,055,161.55	1,606,292.04	1,908,121.44	12,862,030.73	
Federal Works Agency:								
Public Buildings Administration:								
Construction <sup>12</sup>	3,990,144.34	4,199,859.56	4,736,104.31	4,344,297.33	7,296,121.26	7,792,675.47	3,901,553.74	
Other <sup>13</sup>	1,317,652.69	2,237,369.78	2,468,022.55	2,138,858.96	<sup>a</sup> 3,207,016.22	4,871,485.46	1,156,509.77	
Unclassified	826.29	<sup>a</sup> 20,539.15	22,631.65	<sup>a</sup> 864.44	5,510,213.20	<sup>a</sup> 5,511,019.15	265,548.80	
Public Roads Administration <sup>4</sup>	15,122,945.03	19,671,080.54	20,232,250.07	18,282,336.71	17,919,994.36	14,167,318.14	11,506,918.76	
Public Works Administration: <sup>6</sup>								
Grants (act June 21, 1938)	29,325,214.69	21,774,778.79	23,141,389.82	25,275,791.02	16,394,663.18	25,400,559.69	21,455,521.03	
Loans (act June 21, 1938)	1,767,105.07	1,710,967.26	1,343,548.47	2,189,159.80	2,909,448.56	1,621,325.19	2,625,807.95	
Administrative expenses	2,416,614.46	2,274,278.12	2,192,117.87	1,957,701.85	1,708,497.69	1,297,370.10	1,426,287.57	
Unclassified	250,003.41	<sup>a</sup> 258,260.38	7,882.27	4,590.70	<sup>a</sup> 4,251.00	35.00	<sup>a</sup> 3,023.08	
United States Housing Authority <sup>7</sup>	143,016.25	316,115.98	194,767.30	184,703.57	79,801.07	152,738.41	279,737.71	
Work Projects Administration <sup>14</sup>	149,347,549.58	133,642,028.63	105,943,204.89	112,544,256.86	111,700,930.34	124,039,190.17	119,465,692.19	
Other	<sup>a</sup> 116,968.52	1,225,291.86	<sup>a</sup> 121,086.39	<sup>a</sup> 615,744.62	31,374.97	96,845.02	18,221.79	
Railroad Retirement Board:								
Administrative expenses	199,102.35	221,966.05	184,063.55	235,329.81	195,018.99	219,576.62	215,278.74	
Railroad unemployment insurance administration fund	295,728.73	389,640.78	346,443.30	423,695.67	327,575.76	1,069,486.01	337,442.56	
Unclassified		<sup>a</sup> 52.00	<sup>a</sup> 122.59	<sup>a</sup> 625.57	800.16	<sup>a</sup> 150.22	<sup>a</sup> 639.30	
Tennessee Valley Authority	3,318,883.82	2,817,089.67	3,445,256.49	2,968,172.34	3,362,822.37	3,884,263.03	3,960,667.59	
Veterans' Administration	45,703,305.55	47,229,925.50	45,909,323.43	46,335,072.33	46,315,220.21	45,912,785.05	47,033,173.11	
Subtotal	639,231,661.03	745,269,208.38	728,836,869.99	701,893,307.07	632,573,019.77	822,858,048.52	713,224,950.44	
II. Revolving funds (net):								
Farm Credit Administration:								
Crop production loans	<sup>a</sup> 30,263.75	<sup>a</sup> 34,055.81	<sup>a</sup> 34,706.14	<sup>a</sup> 44,635.91	<sup>a</sup> 54,440.79	<sup>a</sup> 55,140.29	<sup>a</sup> 53,757.52	
Regional agricultural credit corporations	<sup>a</sup> 196,141.60	<sup>a</sup> 419,188.76	<sup>a</sup> 426,893.63	<sup>a</sup> 911,877.35	<sup>a</sup> 413,933.92	<sup>a</sup> 94,202.89	<sup>a</sup> 57,829.32	
Loans to joint stock land banks	<sup>a</sup> 2,902.81	<sup>a</sup> 1,237.84	<sup>a</sup> 606.09	<sup>a</sup> 2,371.23	<sup>a</sup> 6,437.73	<sup>a</sup> 2,559.35	<sup>a</sup> 1,771.15	
Farm mortgage relief								
Other	<sup>a</sup> 132,671.24	<sup>a</sup> 109,395.96	<sup>a</sup> 122,198.16	<sup>a</sup> 231,602.32	<sup>a</sup> 368,359.52	<sup>a</sup> 385,687.19	<sup>a</sup> 269,350.99	
Unclassified	<sup>a</sup> 49,999.90	<sup>a</sup> 25.10	<sup>a</sup> 4,932.57	4,054.10	<sup>a</sup> 7,604.75	8,508.22	1,005.94	
Public Works Administration:								
Loans and grants to States, municipalities, etc.	1,267,662.50	11,243,375.29	5,852,849.00	10,021,534.24	5,916,992.61	<sup>a</sup> 13,869.16	4,360,692.90	
Subtotal	855,682.60	10,679,472.03	5,263,542.41	8,785,201.53	5,066,210.90	<sup>a</sup> 542,950.64	3,978,989.86	

Footnotes at end of table.

TABLE 3.—Classified receipts and expenditures, monthly July 1939 to June 1940, with totals for the fiscal years 1939 and 1940—Continued

	1939						1940
	July	August	September	October	November	December	January
<b>GENERAL AND SPECIAL ACCOUNTS—Continued</b>							
<b>EXPENDITURES—continued</b>							
III. Transfers to trust accounts, etc.:							
Railroad retirement account.....	\$21,900,000.00	\$18,100,000.00	\$7,150,000.00	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00	\$10,000,000.00
Railroad unemployment insurance account:							
Advance July 5, 1939 (act June 25, 1938).....	15,000,000.00						
Repayment of advance Jan. 26, 1940.....							\$15,000,000.00
Government employees' retirement funds (United States share):							
Civil service retirement fund.....	86,329,000.00						
Foreign service retirement fund.....	199,400.00						
Canal Zone retirement fund.....	500,000.00						
Alaska Railroad retirement fund.....	175,000.00						
Subtotal.....	124,103,400.00	18,100,000.00	7,150,000.00	10,000,000.00	10,000,000.00	10,000,000.00	\$5,000,000.00
IV. Debt retirements:							
Sinking fund.....	134,250.00		9,051,400.00	779,100.00	366,800.00	9,013,400.00	789,800.00
Received from foreign governments under debt settlements.....							
Estate taxes, forfeitures, gifts, etc.....						50.00	
Subtotal.....	134,250.00		9,051,400.00	779,100.00	366,800.00	9,013,450.00	789,800.00
Total expenditures.....	764,324,993.63	774,048,680.41	750,301,812.40	721,457,608.60	648,006,030.67	841,328,547.88	712,993,740.30
Excess of expenditures over receipts.....	499,479,186.10	402,068,867.67	74,612,247.94	442,946,297.44	284,039,261.08	320,192,299.65	398,444,311.71
<b>TRUST ACCOUNTS, INCREMENT ON GOLD, ETC.</b>							
<b>RECEIPTS</b>							
Trust accounts:							
District of Columbia.....	2,323,615.16	1,540,158.42	5,447,854.81	10,133,282.67	2,366,740.26	2,154,150.11	3,417,932.12
Government life insurance fund.....	6,952,254.07	4,959,332.98	7,110,479.53	6,021,432.93	4,603,447.68	5,285,265.58	7,061,686.28
Adjusted service certificate fund.....	120.94	38,807.50	158.38	28,525.64	36,194.92	76,486.32	595,643.98
Civil service retirement fund:							
Transfers from General Fund (United States share).....	86,329,000.00						
District of Columbia share.....	842,760.00						
Deductions from employees' salaries, etc.....	3,393,967.13	3,416,217.17	3,492,818.40	3,374,393.83	3,516,689.52	3,526,975.28	3,491,091.68
Interest and profits on investments.....		9,442.62	10,327.87	23,628.42	17,617.49	31,978.14	46,754.1

Foreign service retirement fund:							
Transfers from General Fund (United States share).....	199,400.00						
Deductions from employees' salaries, etc.....	189,685.00	6,773.74	7,557.67	6,375.18	39,779.72	6,101.49	32,568.46
Interest on investments.....	155.30	163.93	216.39	299.13		59.02	442.30
Canal Zone retirement fund:							
Transfers from General Fund (United States share).....	500,000.00						
Deductions from employees' salaries, etc.....	44,479.76	43,525.83	44,165.99	44,969.08	47,591.14	47,329.49	47,281.67
Interest on investments.....		45.46	323.61	523.93	365.90	521.75	508.20
Alaska Railroad retirement fund:							
Transfers from General Fund (United States share).....	175,000.00						
Deductions from employees' salaries, etc.....	9,160.40	10,823.75	7,777.42	15,097.22	7,422.34	3,551.16	7,533.13
Interest on investments.....							
Indian tribal funds.....	450,035.37	248,714.05	318,483.68	420,191.80	481,840.75	941,656.19	608,807.67
Insular possessions.....	1,443,058.02	1,307,323.27	1,383,454.75	1,601,061.26	1,237,251.41	1,780,725.79	1,339,667.81
Other.....	3,548,653.00	2,347,936.17	3,463,472.50	2,620,467.77	3,287,358.98	3,586,892.71	4,191,497.29
Unclassified.....	<sup>a</sup> 428,777.38	712,118.91	<sup>b</sup> 1,155,468.38	161,344.40	562,493.11	<sup>c</sup> 664,632.83	375,863.46
Increment resulting from reduction in the weight of the gold dollar.....	26,430.21	53,024.87	32,650.31	24,297.78	29,692.20	24,803.58	25,717.35
Seigniorage <sup>16</sup> .....	7,819,691.13	5,308,562.68	4,524,353.14	3,736,881.01	3,582,452.39	4,146,879.06	3,036,845.06
Unemployment trust fund:							
Deposits by States.....	42,647,625.23	154,172,475.43	12,748,016.58	54,026,824.53	143,223,285.69	14,537,313.56	62,092,459.82
Railroad unemployment insurance account:							
Deposits by Railroad Retirement Board.....	252,589.23	91,039.81		254,895.10	622,183.90	13,851,104.13	204,927.51
Advance from Treasury (act June 25, 1938).....	15,000,000.00						
Transfers from States (act June 25, 1938).....							
Interest on investments.....	14,741.84		103,736.42	35,326.09		113,790.76	17,102,503.15
Federal old-age and survivors insurance trust fund <sup>16</sup> :							
Transfers from General Fund.....	43,000,000.00	48,000,000.00	43,000,000.00	43,000,000.00	43,000,000.00	48,000,000.00	
Interest on investments.....							
Railroad retirement account:							
Transfers from General Fund.....	21,900,000.00	18,100,000.00	7,150,000.00	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00
Interest on investments.....							
Total.....	236,633,553.41	240,366,486.59	87,710,394.07	135,529,817.77	216,662,407.40	107,551,051.29	113,679,731.04
EXPENDITURES							
Trust accounts:							
District of Columbia.....		3,077,361.25	4,764,075.12	5,071,543.56	5,628,526.90	6,568,964.67	4,356,553.52
Government life insurance fund.....	8,801,096.79	7,997,251.66	5,596,149.55	6,196,256.37	6,146,472.03	6,942,473.65	5,354,760.81
Adjusted service certificate fund.....	494,475.68	<sup>a</sup> 666,242.42	541,812.08	118,905.94	<sup>a</sup> 565,584.18	<sup>a</sup> 471,096.99	624,935.59
Civil service retirement fund:							
Annuities and refunds.....	5,422,339.99	5,456,362.64	5,353,673.94	5,518,220.60	5,503,110.29	5,746,671.42	5,517,153.02
Investments.....	84,800,000.00	<sup>c</sup> 2,700,000.00	<sup>c</sup> 1,500,000.00	<sup>c</sup> 2,300,000.00	<sup>c</sup> 1,300,000.00	<sup>c</sup> 1,900,000.00	<sup>c</sup> 2,500,000.00
Foreign service retirement fund:							
Annuities and refunds.....	22,606.41	25,397.54	25,175.19	22,573.62	33,340.59	25,609.77	21,693.39
Investments.....	340,000.00	<sup>c</sup> 25,000.00	<sup>c</sup> 22,000.00	<sup>c</sup> 23,000.00		<sup>c</sup> 3,000.00	<sup>c</sup> 19,000.00
Canal Zone retirement fund:							
Annuities and refunds <sup>17</sup> .....	75,272.61	79,917.48	80,564.82	79,919.82	72,445.78	74,265.63	78,563.52
Investments <sup>17</sup> .....	473,000.00	<sup>c</sup> 13,000.00	<sup>c</sup> 47,000.00	<sup>c</sup> 61,000.00	<sup>c</sup> 27,000.00	<sup>c</sup> 31,000.00	<sup>c</sup> 25,000.00

Footnotes at end of table.

TABLE 3.—Classified receipts and expenditures, monthly July 1939 to June 1940, with totals for the fiscal years 1939 and 1940—Continued

	1939						1940
	July	August	September	October	November	December	January
TRUST ACCOUNTS, INCREMENT ON GOLD, ETC.—CON.							
EXPENDITURES—continued							
Trust accounts—Continued.							
Alaska Railroad retirement fund:							
Annuities and refunds <sup>17</sup> .....	\$6,087.26	\$8,299.41	\$3,977.05	\$6,482.24	\$6,652.62	\$6,824.62	\$8,798.29
Investments <sup>17</sup> .....	175,000.00						
Indian tribal funds.....	98,887.33	277,772.64	875,867.52	* 324,696.33	819,656.48	1,525,619.96	1,574,364.07
Other.....	1,306,768.37	5,205,331.89	2,367,677.04	* 1,552,925.84	* 2,863,989.50	7,396,708.23	2,182,126.29
Unclassified.....	* 419,369.00	333,072.97	* 26,590.94	29,432.61	* 24,713.49	25,993.78	* 171,294.54
Transactions in checking accounts of governmental agencies (net), etc.:							
Commodity Credit Corporation.....	6,481,036.11	* 86,271,852.62	4,977,310.46	19,270,477.73	27,465,479.72	10,559,191.56	* 5,611,052.63
Export-Import Bank of Washington.....	* 166,764.83	89,706.11	* 214,147.73	* 212,595.77	572,435.43	* 1,751,752.85	346,147.02
Rural Electrification Administration.....	* 2,522,136.71	* 425,573.60	* 5,466,133.10	2,298,456.51	1,621,140.27	1,342,855.18	* 677,100.11
Reconstruction Finance Corporation <sup>18</sup> .....	15,920,070.38	29,197,908.70	22,256,374.41	15,423,565.37	* 297,034,586.41	* 5,184,001.20	* 19,845,225.72
United States Housing Authority.....	12,813,818.76	8,618,907.70	12,858,809.20	15,694,876.77	* 12,274,612.12	15,955,369.25	13,588,175.54
Other.....	133,521,600.50	87,538,241.96	* 88,967,320.55	* 13,410,223.88	* 8,807,255.17	* 5,230,373.71	* 24,391,178.61
Public Works Administration revolving fund (act June 21, 1938).....	* 714,000.00	* 4,546,500.00	* 2,904,500.00	* 4,600.00	* 35,000.00	1,518,485.56	258,332.58
Chargeable against increment on gold:							
Melting losses, etc.....	235.97	2,771.39	3.61	4.72			
For retirement of national bank notes.....							
Unemployment trust fund:							
Investments.....	* 14,000,000.00	129,000,000.00	* 19,000,000.00	7,000,000.00	142,000,000.00	* 3,000,000.00	28,000,000.00
State account:							
Withdrawals by States.....	41,581,000.00	39,754,169.04	38,497,460.00	22,858,895.10	28,607,000.00	30,899,000.00	41,492,475.86
Transfers to railroad unemployment insurance account (act June 25, 1938).....							
Railroad unemployment insurance account:							
Benefit payments.....	69,066.35	864,755.64	1,271,297.57	1,123,578.09	877,361.17	1,046,002.43	1,694,246.65
Repayment of advance (act June 25, 1938).....							15,000,000.00
Federal old-age and survivors insurance trust fund: <sup>18</sup>							
Investments.....	43,000,000.00	43,000,000.00	43,000,000.00	43,000,000.00	43,000,000.00	43,000,000.00	
Benefit payments.....	1,426,845.55	1,284,241.22	694,070.92	861,613.97	836,881.06	801,540.86	710,897.66
Railroad retirement account:							
Investments.....	1,900,000.00	8,100,000.00					
Benefit payments.....	9,032,778.18	9,143,824.48	9,133,325.81	9,425,521.87	9,334,225.11	9,273,942.90	9,409,727.43
Total.....	349,939,715.70	284,407,325.08	42,150,131.97	136,121,283.07	* 50,207,813.42	123,138,094.72	77,179,099.63
Excess of receipts over expenditures.....			45,560,262.10		266,870,220.82		36,500,631.41
Excess of expenditures over receipts.....	113,306,162.29	44,040,838.49		591,463.30		15,587,043.43	



TABLE 3.—Classified receipts and expenditures, monthly July 1939 to June 1940, with totals for the fiscal years 1939 and 1940—Continued

	1940					Total fiscal year	
	February	March	April	May	June	1940	1939 <sup>23</sup>
<b>GENERAL AND SPECIAL ACCOUNTS</b>							
<b>RECEIPTS</b>							
Internal revenue:							
Income tax (including unjust enrichment tax) .....	\$62,663,271.08	\$665,486,755.90	\$47,620,998.88	\$40,197,343.13	\$463,785,552.03	\$2,125,324,634.92	\$2,188,757,289.40
Miscellaneous internal revenue .....	154,349,349.65	192,010,463.11	174,958,857.58	179,149,129.32	200,875,932.12	2,344,625,130.84	2,231,983,302.37
Social security taxes:							
Employment taxes (title VIII) .....	115,227,081.97	2,254,011.52	35,842,782.96	122,489,253.57	2,895,394.37	604,694,236.48	530,357,680.11
Tax on employers of 8 or more (title IX, sec. 901) .....	57,043,033.67	1,213,039.22	3,021,574.00	8,894,439.13	1,019,506.29	107,523,266.69	100,868,935.68
Unclassified .....							<sup>2</sup> 2,900.70
Taxes upon carriers and their employees .....	5,405,078.34	25,405,601.99	327,556.47	5,777,699.30	26,355,581.81	120,966,719.36	109,256,539.77
Railroad unemployment insurance contributions .....	80,511.16	1,608,555.52	1,679.63	137,825.97	1,478,331.11	4,918,040.78	
Customs .....	25,651,129.58	28,701,747.15	26,479,327.77	26,251,413.79	28,101,086.47	348,590,635.21	318,837,311.27
Miscellaneous receipts:							
Proceeds of Government-owned securities:							
Principal—foreign obligations .....					2,864.94	79,729.87	76,509.49
Interest—foreign obligations .....					166,361.22	334,017.45	423,943.33
Other .....	12,940,402.09	6,387,357.62	4,190,796.12	4,345,678.91	3,467,764.40	72,903,240.79	58,401,883.14
Panama Canal tolls, etc .....	1,729,355.08	1,742,128.89	1,796,460.15	1,547,206.38	1,539,882.94	22,719,562.65	24,834,261.91
Seigniorage .....	2,483,644.45	2,595,467.00	2,253,469.96	3,405,954.78	2,882,322.67	43,929,955.04	22,758,976.35
Other miscellaneous .....	6,257,415.24	6,803,362.40	7,709,511.37	7,402,063.25	<sup>19</sup> 51,647,095.04	<sup>18</sup> 128,227,232.68	81,269,893.47
Total receipts .....	443,830,272.31	934,208,490.32	304,203,014.89	399,598,007.53	784,217,675.41	5,924,836,402.76	5,667,823,625.59
Deduct: Net transfers to Federal old-age and survivors insurance trust fund .....		134,817,319.00			<sup>22</sup> 134,894,414.00	<sup>22</sup> 537,711,733.00	503,000,000.00
	443,830,272.31	799,391,171.32	304,203,014.89	399,598,007.53	649,323,261.41	5,387,124,669.76	5,164,823,625.59
<b>EXPENDITURES</b>							
I. General (including recovery and relief):							
Departmental:							
Legislative establishment .....	1,692,757.93	2,007,478.86	1,410,551.73	2,102,783.08	1,606,939.65	23,070,529.31	22,031,282.67
Judicial .....	934,323.19	871,040.06	880,884.45	974,118.01	892,959.49	6,054,051.71	9,456,444.68
Executive Office:							
Executive proper .....	38,036.88	36,096.01	35,031.30	35,519.89	40,969.02	459,317.85	447,241.07
Bureau of the Budget .....	56,818.86	51,771.27	56,373.23	100,026.88	59,934.97	639,462.84	396,659.92
National Resources Planning Board .....	43,972.29	99,081.07	74,201.93	18,771.53	62,509.33	767,673.73	722,088.69
Other .....	75,922.29	65,139.55	57,522.16	70,380.79	60,745.13	794,645.56	804,887.51
State Department .....	1,540,323.72	2,103,686.23	1,683,230.20	2,081,469.83	1,646,664.01	24,292,914.65	19,165,106.30
Treasury Department .....	15,554,267.00	16,111,719.75	15,393,465.23	14,547,718.92	15,791,406.06	177,221,645.02	176,425,524.54
War Department (nonmilitary) .....	102,191.06	167,260.71	137,767.55	5,576.78	<sup>20</sup> 22,086.58	2,182,601.18	2,910,248.53
Department of Justice .....	3,516,210.82	3,720,633.14	3,834,492.15	3,555,309.35	3,577,900.23	49,213,677.34	38,336,222.40
Post Office Department .....	<sup>21</sup> 11,558.45	<sup>21</sup> 14,559.08	75,671.82	157,932.48	48,869.49	1,121,043.07	<sup>21</sup> 1,668,621.45
Department of the Interior .....	8,437,006.74	7,956,700.82	7,897,485.94	9,002,102.14	8,756,620.67	114,412,871.71	136,502,853.21
Department of Agriculture .....	12,078,587.66	9,948,355.67	12,638,924.86	10,617,283.09	10,878,877.81	154,323,320.46	154,176,400.38

Footnotes at end of table.

TABLE 3.—Classified receipts and expenditures, monthly July 1939 to June 1940, with totals for the fiscal years 1939 and 1940—Continued

	1940					Total fiscal year	
	February	March	April	May	June	1940	1939 <sup>25</sup>
<b>GENERAL AND SPECIAL ACCOUNTS—Continued</b>							
<b>EXPENDITURES—continued</b>							
<b>1. General (including recovery and relief)—Continued.</b>							
<b>Departmental—Continued.</b>							
Department of Commerce:							
Civil Aeronautics Authority.....	\$1,844,015.44	<sup>20</sup> \$3,996,309.51	\$2,682,146.52	\$2,577,298.53	\$2,774,591.71	\$24,062,214.04	\$18,421,261.34
Other.....	3,053,043.03	3,327,513.34	3,459,560.12	4,838,276.88	8,475,633.70	36,931,989.39	20,041,393.99
Department of Labor.....	2,303,909.91	1,881,920.72	3,998,919.20	2,165,708.45	1,956,175.74	29,335,726.13	24,091,212.38
United States Maritime Commission.....	6,551,349.28	9,066,292.58	9,509,229.32	9,182,534.12	6,534,452.00	98,669,533.62	43,567,188.81
Independent offices and commissions.....	5,526,183.81	3,943,739.02	5,458,571.38	5,426,426.54	5,432,467.49	<sup>24</sup> 64,693,121.81	<sup>24</sup> 61,759,283.11
Unclassified.....	<sup>a</sup> 26,036.62	<sup>a</sup> 248,132.58	<sup>a</sup> 166,128.86	397,888.43	161,964.86	75,042.33	<sup>a</sup> 63,892.82
Adjustment for disbursing officers' checks outstanding.....	63,311,324.84	65,092,196.65	69,117,890.23	67,857,125.72	68,737,654.83	808,321,381.75	727,522,785.28
.....	+1,217,420.20	+103,388.67	+874,902.05	+280,796.22	-1,932,892.50	+1,443,738.03	-4,708,752.23
Total departmental.....	64,528,745.04	65,195,585.32	69,992,792.28	68,137,921.94	66,804,762.33	809,765,119.78	722,814,033.05
Department of Agriculture: <sup>2</sup>							
Agricultural adjustment program:							
Agricultural Adjustment Administration.....	157,805.84	147,620.86	167,553.45	152,091.11	202,727.39	2,032,958.30	7,908,671.14
Administration of Sugar Act of 1937 <sup>3</sup> .....	6,721,383.50	11,925,222.05	9,469,994.82	618,440.99	2,498,716.65	48,823,534.06	71,929,909.34
Agricultural Adjustment Administration (act Aug. 24, 1935).....	4,479,786.13	5,045,167.20	3,265,897.79	2,312,238.55	1,472,620.42	51,458,176.79	133,312,024.85
Surplus Marketing Administration <sup>4</sup> .....	6,678,191.18	9,558,546.02	11,535,690.14	11,314,446.36	13,476,973.42	91,131,177.91	77,193,268.71
Agricultural contract adjustments.....	8,376.24	8,053.59	10,027.08	61,497.59	107,421.96	274,302.24	477,636.62
Soil Conservation and Domestic Allotment Act.....	108,172,162.81	69,821,214.23	51,735,748.69	47,372,083.87	12,219,565.97	605,137,906.69	477,942,480.42
Federal Crop Insurance Act:							
Administrative expenses.....	296,040.68	274,090.56	270,941.59	226,629.63	227,828.09	3,263,736.63	3,320,839.82
Subscriptions to capital stock of Federal Crop Insurance Corporation.....		1,500,000.00		<sup>a</sup> 8,500,000.00		3,000,000.00	5,000,000.00
Price Adjustment Act of 1938 and parity payments.....	1,528,437.55	6,658,206.49	1,894,684.95	8,218,001.79	12,389,219.70	215,025,865.62	19,503,416.99
Unclassified.....	2,205.72	5,304.57	9,247.88	<sup>a</sup> 4,556.62	415.35	81.45	9,204.81
Commodity Credit Corporation:							
Restoration of capital impairment.....						<sup>5</sup> 119,599,918.05	
Other.....							108,030.89
Farm Credit Administration: <sup>6</sup>							
Crop loans.....	723,275.50	4,933,744.54	5,140,895.71	2,217,033.70	801,691.00	3,679,347.99	<sup>a</sup> 675,098.24
Other.....	84,627.53	179,159.75	<sup>a</sup> 1,319,636.10	331,789.37	543,039.07	399,408.28	5,149,237.96
Unclassified.....	<sup>a</sup> 188.98	<sup>a</sup> 105.17	<sup>a</sup> 201.16	126.96	431.27	241.92	

Federal Farm Mortgage Corporation, reduction in interest rate on mortgages.....		2,021,914.71			1,744,836.46	7,125,158.14	7,318,547.62
Federal land banks:							
Capital stock.....	48,388.11	\$ 3,730.00			265,365.00	47,680.00	150,800.00
Subscriptions to paid-in surplus.....	\$ 2,099,788.37	613,555.36	\$ 366,807.34	\$ 48,428.80	1,112,721.25	567,862.97	11,590,936.22
Reduction in interest rates on mortgages.....	3,046,529.54	\$ 110,568.11	\$ 1,240.86	6,231,067.15	668,360.67	28,700,224.72	30,639,785.96
Farm Security Administration.....	13,617,042.01	22,480,394.93	25,712,726.63	19,816,381.50	12,293,597.49	158,536,339.40	183,622,861.11
Farm Tenant Act:							
Loans.....	2,574,946.92	3,766,713.68	3,655,961.38	3,631,733.19	3,629,057.90	30,352,365.44	20,598,014.77
Other.....	990,139.87	1,112,268.04	1,186,454.78	1,144,510.08	873,267.62	11,426,655.65	6,036,283.73
Unclassified.....	104.44	\$ 27.29	\$ 6.36	15.91	\$ 23.18	\$ 11.24	96.75
Rural Electrification Administration: <sup>1</sup>							
Loans.....	2,455,011.86	3,175,721.77	2,829,778.87	3,782,533.91	4,658,813.88	35,467,565.95	35,618,042.59
Other.....	172,175.22	254,043.95	232,792.04	224,448.53	\$ 39,877.84	2,509,786.35	2,149,338.28
Unclassified.....	233.90	327.52	\$ 474.22				
Forest roads and trails <sup>1</sup> .....	242,262.05	295,703.15	1,717,834.89	299,076.11	510,552.88	11,902,446.05	13,519,878.45
Department of the Interior: <sup>2</sup>							
Reclamation projects <sup>1</sup> .....	7,021,159.09	7,706,627.21	6,925,287.71	7,006,954.17	8,348,151.61	96,365,933.56	79,329,428.13
Post Office Department (deficiency):							
Current.....					13,000,000.00	43,000,000.00	41,199,420.20
Prior years.....	\$ 8.14				\$ 2,131,609.63	\$ 212,120,664.15	37,842.59
Navy Department (national defense) <sup>2</sup> .....	71,678,583.00	78,491,011.90	97,299,076.06	87,036,121.41	88,510,199.86	891,624,558.69	672,968,992.93
War Department: <sup>2</sup>							
Military (national defense) <sup>1</sup> .....	56,870,051.28	64,321,508.09	61,706,246.55	67,010,582.46	64,404,392.50	667,138,363.59	489,545,592.12
River and harbor work and flood control <sup>1</sup> .....	13,476,419.22	13,688,549.09	13,355,768.39	15,643,630.09	17,717,488.58	212,857,695.11	192,993,752.41
Panama Canal.....	2,231,764.94	2,727,817.75	4,022,730.70	2,792,049.98	2,629,766.69	24,981,490.78	9,801,887.72
Treasury Department: <sup>2</sup>							
Interest on the public debt.....	18,521,204.52	145,811,843.65	68,913,128.73	10,153,492.77	304,522,608.37	1,040,935,696.71	940,539,763.50
Refunds of taxes and duties:							
Customs.....	1,681,073.97	1,992,262.22	1,724,975.42	1,459,280.52	165,133.75	17,500,944.98	16,678,803.38
Internal revenue.....	1,829,560.16	4,948,074.40	9,317,474.39	4,640,434.63	5,706,429.29	61,812,222.70	39,177,056.66
Processing tax on farm products.....	850,982.92	1,722,699.90	1,477,397.54	911,685.74	369,261.94	11,771,638.90	12,004,543.01
Unclassified.....	2,829.41	\$ 2,346.46	\$ 1,466.01	\$ 61.77	4,721.95	\$ 14,042.86	
District of Columbia (United States share).....						6,000,000.00	5,000,000.00
Federal Loan Agency:							
Federal Housing Administration.....	106,548.80	\$ 272,131.44	2,153,851.84	1,762,897.71	\$ 337,294.05	6,987,869.13	9,140,867.44
Reconstruction Finance Corporation:							
Disaster Loan Corporation stock.....		2,000,000.00				6,000,000.00	8,000,000.00
Other.....	284.32	\$ 5,612.75	4,174.73	7,885.06	\$ 4,219.10	1,618.22	
Unclassified.....	249.17		\$ 5,175.18	5,175.18			
Other.....	62,175.90	153,853.72	87,455.71	107,587.65	116,797.85	1,219,874.51	1,120,001.48
Federal Security Agency:							
Civilian Conservation Corps <sup>1</sup> .....	21,775,853.97	23,896,049.40	22,533,377.44	22,201,774.26	22,581,780.44	283,244,748.93	290,385,528.11
National Youth Administration <sup>1</sup> .....	9,089,062.28	10,443,083.95	11,002,624.81	10,416,037.36	9,188,171.57	94,648,335.41	78,102,755.96
Social Security Board:							
Administrative expenses.....	1,828,155.81	2,110,330.99	2,192,595.87	2,181,038.74	2,116,861.72	22,221,907.85	20,901,117.46
Grants to States (social security) <sup>1</sup> .....	35,084,880.88	24,789,525.36	40,080,223.68	25,742,037.72	9,111,129.59	337,516,317.61	304,026,288.18
Other <sup>10</sup> .....	364,438.69	588,243.35	451,802.13	126,947.04	114,720.20	4,476,369.13	5,636,258.03
Unclassified.....	55,543.35	19.28	\$ 823.61	804.11			\$ 10.61
Other <sup>11</sup> .....	2,867,227.62	1,648,849.39	6,977,118.78	3,880,788.50	1,811,431.64	57,250,668.79	54,221,283.22

Footnotes at end of table.

TABLE 3.—Classified receipts and expenditures, monthly July 1939 to June 1940, with totals for the fiscal years 1939 and 1940—Continued

	1940					Total fiscal year	
	February	March	April	May	June	1940	1939 <sup>1</sup>
<b>GENERAL AND SPECIAL ACCOUNTS—Continued.</b>							
<b>EXPENDITURES—continued</b>							
<b>I. General (including recovery and relief)—Continued.</b>							
Federal Works Agency:							
Public Buildings Administration:							
Construction <sup>12</sup> .....	\$4,343,137.82	\$3,977,562.19	\$4,372,773.81	\$4,426,018.57	\$4,683,978.35	\$58,064,226.75	\$51,420,869.41
Other <sup>13</sup> .....	1,346,611.10	1,368,185.99	919,288.06	1,288,374.16	979,261.95	16,884,604.25	14,837,903.19
Unclassified.....	• 266,171.74	25,715.50	275,165.87	• 501,040.44	50,385.78	51,052.17	•
Public Roads Administration <sup>8</sup> .....	9,179,854.94	6,899,702.08	9,808,980.53	9,599,932.90	12,148,549.60	164,539,863.66	190,996,565.98
Public Works Administration: <sup>6</sup>							
Grants (act June 21, 1938).....	16,694,248.95	18,707,226.39	18,658,293.08	15,096,773.74	16,725,683.36	248,650,143.74	265,026,998.22
Loans (act June 21, 1938).....	202,663.03	3,502,718.43	840,385.83	2,303,934.32	772,528.29	21,789,592.20	18,740,571.72
Administrative expenses.....	1,248,216.69	1,035,489.68	951,308.69	712,716.19	643,445.88	17,864,044.79	23,404,322.34
Unclassified.....	88,587.86	• 87,668.28	2,003.50	• 265.91	265.91	•	•
United States Housing Authority <sup>7</sup> .....	164,456.45	76,286.50	• 104,179.85	308,281.40	77,988.68	1,873,713.47	8,629,331.59
Work Projects Administration <sup>14</sup> .....	112,560,908.76	134,434,740.36	132,980,943.40	127,646,102.64	113,232,360.18	1,477,537,908.00	2,161,600,655.13
Other.....	17,910.53	19,140.93	• 630,182.21	37,122.48	18,560.18	80,486.02	•
Railroad Retirement Board:							
Administrative expenses.....	208,264.98	211,161.88	209,985.29	215,346.54	330,346.25	2,645,441.05	2,868,033.44
Railroad unemployment insurance administration fund:							
Unclassified.....	262,046.99	426,115.78	257,162.85	505,157.65	346,254.35	4,986,750.43	476,795.89
• 16,194.87.....	• 16,194.87	16,984.39	•	•	•	•	•
Tennessee Valley Authority.....	2,713,673.61	3,084,208.81	3,695,641.71	3,085,932.50	2,799,142.50	39,135,754.44	40,806,800.57
Veterans' Administration.....	45,596,064.21	46,644,792.89	47,339,065.79	46,779,099.17	45,875,557.19	556,673,384.43	557,070,722.10
Subtotal.....	654,170,219.81	815,962,880.23	756,975,140.06	642,329,743.06	883,092,313.07	8,736,417,361.43	8,432,433,972.34
<b>II. Revolving funds (net):</b>							
Farm Credit Administration:							
Crop production loans.....	• 48,751.75	• 43,341.54	• 38,773.99	• 30,033.54	• 22,307.16	• 490,107.99	• 463,768.12
Regional agricultural credit corporations.....	43,230.23	17,711.77	19,597.11	• 14,050.34	13,154.82	• 2,440,398.78	• 6,291,844.00
Loans to joint stock land banks.....	• 420.87	• 11,158.15	• 385.10	• 549.79	• 94.13	• 30,493.70	• 25,860.60
Farm mortgage relief.....	•	•	•	•	•	•	63.42
Other.....	• 265,688.04	• 192,682.94	• 142,208.77	• 146,293.02	• 92,960.01	• 2,509,096.86	• 2,678,190.23
Unclassified.....	• 1,005.94	305.05	• 305.05	• 161.68	234.27	• 49,927.31	50,000.00

Public Works Administration: Loans and grants to States, municipalities, etc.....	4,084,295.58	5,862,342.51	6,150,541.49	1,165,688.31	3,526,864.40	59,438,969.67	100,765,694.91
Subtotal.....	3,811,659.71	5,633,176.72	5,988,467.69	974,600.04	3,424,892.19	53,918,945.04	92,453,595.38
III. Transfers to trust accounts, etc.: Railroad retirement account.....	10,000,000.00		20,000,000.00	3,500,000.00		120,650,000.00	107,097,412.82
Railroad unemployment insurance account: Advance July 5, 1939 (act June 25, 1938).....						15,000,000.00	
Repayment of advance Jan. 26, 1940.....						15,000,000.00	
Government employees' retirement funds (United States share): Civil service retirement fund.....						86,329,000.00	74,244,000.00
Foreign service retirement fund.....						199,400.00	187,600.00
Canal Zone retirement fund.....						500,000.00	500,000.00
Alaska Railroad retirement fund.....						175,000.00	175,000.00
Subtotal.....	10,000,000.00		20,000,000.00	3,500,000.00		207,853,400.00	182,204,012.82
IV. Debt retirements: Sinking fund.....	393,900.00	49,273,200.00	9,313,750.00	2,009,800.00	47,223,700.00	128,349,100.00	48,517,650.00
Received from foreign governments under debt settle- ments.....							120,100.00
Estate taxes, forfeitures, gifts, etc.....		685,000.00	11,000.00		138,950.00	835,000.00	9,608,700.00
Subtotal.....	393,900.00	49,958,200.00	9,324,750.00	2,009,800.00	47,362,650.00	129,184,100.00	58,246,450.00
Total expenditures.....	668,375,779.52	871,554,256.95	792,288,357.75	648,814,143.10	933,879,855.26	9,127,373,806.47	8,765,338,030.54
Excess of expenditures over receipts.....	224,545,507.21	72,163,085.63	488,085,342.86	249,216,135.57	284,556,593.85	3,740,249,136.71	3,600,514,404.95
TRUST ACCOUNTS, INCREMENT ON GOLD, ETC.							
RECEIPTS							
Trust accounts: District of Columbia.....	2,772,390.72	7,907,383.43	11,719,904.36	2,557,458.46	1,827,605.86	54,168,476.38	52,341,997.86
Government life insurance fund.....	4,521,142.06	7,465,202.26	5,928,864.53	4,589,229.42	28,363,389.89	92,861,727.21	95,020,729.20
Adjusted service certificate fund.....	4,835.43	216.08	5,115.68	7,710.79	271.02	794,095.68	1,025,927.88
Civil service retirement fund: Transfers from General Fund (United States share).....						86,329,000.00	74,244,000.00
District of Columbia share.....			3,654,930.35			842,760.00	842,760.00
Deductions from employees' salaries, etc.....	3,638,405.78	3,916,360.63	57,311.48	3,828,515.83	4,018,271.55	43,268,637.15	39,172,242.48
Interest and profits on investments.....	42,491.80	50,874.32		73,673.77	21,200,999.98	21,564,999.99	19,220,490.57
Foreign service retirement fund: Transfers from General Fund (United States share).....						199,400.00	187,600.00
Deductions from employees' salaries, etc.....	48,407.47	23,517.93	39,600.70	14,838.22	18,220.27	433,425.85	189,725.65
Interest on investments.....					150,997.49	152,333.56	141,332.72
Footnotes at end of table.							

TABLE 3.—Classified receipts and expenditures, monthly July 1939 to June 1940, with totals for the fiscal years 1939 and 1940—Continued

	1940					Total fiscal year	
	February	March	April	May	June	1940	1939 <sup>23</sup>
TRUST ACCOUNTS, INCREMENT ON GOLD, ETC.—Continued							
RECEIPTS—continued							
Trust accounts—Continued.							
Canal Zone retirement fund:							
Transfers from General Fund (United States share)						\$500,000.00	\$500,000.00
Deductions from employees' salaries, etc.	\$51,362.14	\$54,318.00	\$55,479.40	\$60,543.89	\$59,134.95	600,181.34	509,292.75
Interest on investments	590.16	642.62	633.44	601.97	165,374.43	170,131.47	159,002.85
Alaska Railroad retirement fund:							
Transfers from General Fund (United States share)						175,000.00	175,000.00
Deductions from employees' salaries, etc.	10,502.71	7,709.18	9,402.63	9,828.10	8,065.19	106,873.23	107,282.10
Interest on investments					29,500.87	29,500.87	21,089.87
Indian tribal funds	359,877.91	389,638.77	492,276.71	440,013.68	391,927.46	5,543,464.04	16,362,066.43
Insular possessions	1,396,488.01	1,667,271.71	1,385,115.25	1,306,663.79	1,766,377.04	17,614,458.11	19,554,439.64
Other	2,610,147.22	4,003,254.40	2,568,044.93	5,926,257.89	2,363,836.58	40,517,819.44	29,901,002.60
Unclassified	<sup>b</sup> 347,979.81	<sup>b</sup> 441,812.77	1,588,242.60	<sup>b</sup> 1,347,020.98	475,911.71	<sup>b</sup> 382,002.96	<sup>b</sup> 400,278.77
Increment resulting from reduction in the weight of the gold dollar	68,750.16	27,453.84	24,866.87	43,329.74	21,342.58	402,359.49	481,398.61
Seigniorage <sup>16</sup>	4,482,445.89	4,016,993.60	4,104,345.61	2,744,801.17	1,375,612.96	48,879,863.70	90,267,427.02
Unemployment trust fund:							
Deposits by States	153,717,611.09	15,137,753.43	52,805,636.72	142,501,342.91	12,253,639.27	859,863,884.26	811,250,507.82
Railroad unemployment insurance account:							
Deposits by Railroad Retirement Board	868,715.46	14,325,663.30	15,121.43	1,240,437.38	12,521,984.43	44,248,661.68	-----
Advance from Treasury (act June 25, 1938)						15,000,000.00	-----
Transfers from States (act June 25, 1938)				989,530.17	811,287.85	1,800,818.02	-----
Interest on investments		130,837.91	138,049.46		20,086,813.21	37,725,798.84	26,836,602.17
Federal old-age and survivors insurance trust fund: <sup>15</sup>							
Transfers from General Fund		134,817,319.00			<sup>22</sup> 134,894,414.00	<sup>22</sup> 537,711,733.00	503,000,000.00
Interest on investments		132,295.08	116,393.44		42,240,139.33	42,488,827.85	26,951,054.81
Railroad retirement account:							
Transfers from General Fund	10,000,000.00		20,000,000.00	3,500,000.00		120,650,000.00	107,097,412.82
Interest on investments					2,282,516.39	2,282,516.39	2,201,876.72
Total	184,246,184.20	193,633,492.72	104,709,335.59	168,487,656.20	287,327,634.31	2,076,537,744.59	1,917,361,983.80

EXPENDITURE								
Trust accounts:								
District of Columbia.....	4,669,057.82	5,824,362.68	4,937,473.49	5,552,770.62	6,136,057.34	56,586,746.97	47,380,768.01	
Government life insurance fund.....	5,051,170.11	5,665,652.54	6,051,530.68	5,847,308.34	28,506,448.06	96,246,570.59	91,001,601.80	
Adjusted service certificate fund.....	<i>* 233,654.04</i>	712,024.93	49,890.40	<i>* 33,638.70</i>	380,746.26	1,092,474.55	1,221,625.72	
Civil service retirement fund:								
Annuities and refunds.....	5,621,323.21	5,716,684.79	5,878,826.33	5,727,154.62	5,741,740.91	67,203,261.76	63,758,607.60	
Investments.....	<i>* 1,800,000.00</i>	<i>* 1,900,000.00</i>	<i>* 1,900,000.00</i>	<i>* 2,200,000.00</i>	19,800,000.00	84,800,000.00	69,092,108.74	
Foreign service retirement fund:								
Annuities and refunds.....								
Investments.....	33,512.79	31,023.28	33,691.12	26,980.34	27,893.60	329,497.64	321,434.18	
Canal Zone retirement fund:								
Annuities and refunds <sup>17</sup> .....	76,463.53	75,336.93	75,824.10	77,070.45	78,999.10	924,643.77	<sup>22</sup> 858,431.58	
Investments <sup>17</sup> .....	<i>* 25,000.00</i>	<i>* 24,000.00</i>	<i>* 21,000.00</i>	<i>* 18,000.00</i>	147,000.00	338,000.00	<sup>23</sup> 284,000.00	
Alaska Railroad retirement fund:								
Annuities and refunds <sup>17</sup> .....	8,517.00	7,579.89	9,662.13	9,290.88	7,138.40	89,309.79	<sup>23</sup> 71,768.54	
Investments <sup>17</sup> .....					29,000.00	204,000.00	<sup>23</sup> 236,000.00	
Indian tribal funds.....	634,142.09	1,214,812.37	962,722.19	236,168.40	837,298.48	8,732,615.20	4,962,050.32	
Other.....	<i>* 11,955,486.90</i>	5,215,069.36	<i>* 4,932,833.88</i>	1,352,110.82	9,938,781.65	13,659,397.53	45,727,299.56	
Unclassified.....	165,481.93	38,085.63	<i>* 31,618.53</i>	1,561.23	4,016.44	<i>* 75,741.91</i>	65,888.65	
Transactions in checking accounts of governmental agencies (net), etc.:								
Commodity Credit Corporation.....	<i>* 3,075,781.31</i>	<i>* 4,104,815.34</i>	<i>* 4,371,150.22</i>	<i>* 38,137.29</i>	44,593,092.21	9,873,798.38	136,127,035.49	
Export-Import Bank of Washington.....	1,448,091.73	<i>* 496,405.82</i>	<i>* 116,135.94</i>	265,899.24	<i>* 104,779.83</i>	<i>* 340,302.64</i>	1,649,270.42	
Rural Electrification Administration.....	602,802.69	<i>* 376,269.24</i>	527,062.88	<i>* 640,099.65</i>	839,735.31	<i>* 875,059.57</i>	386,538.79	
Reconstruction Finance Corporation <sup>18</sup> .....	<i>* 4,824,411.72</i>	2,105,043.85	<i>* 3,462,614.48</i>	<i>* 6,344,923.30</i>	17,465,068.30	<i>* 234,327,731.80</i>	<i>* 658,437,863.16</i>	
United States Housing Authority.....	<i>* 11,321,831.73</i>	16,669,192.34	<i>* 33,855,411.20</i>	<i>* 16,874,942.12</i>	<i>* 4,671,059.98</i>	17,201,293.11	<i>* 59,652,140.77</i>	
Other.....	5,345,530.26	<i>* 28,139,908.42</i>	8,366,886.66	107,220,567.28	<i>* 11,597,267.11</i>	167,399,098.91	<i>* 138,297,302.64</i>	
Public Works Administration revolving fund (act June 21, 1938).....	<i>* 478,655.56</i>	<i>* 615,500.00</i>	<i>* 622,600.00</i>	341,444.44	<i>* 28,084.27</i>	<i>* 7,831,157.25</i>	<i>* 1,640,666.67</i>	
Chargeable against increment on gold:								
Melting losses, etc.....				1,558.89		4,574.58	2,388.29	
For retirement of national bank notes.....							5,497,305.45	
Unemployment trust fund:								
Investments.....	103,000,000.00	<i>* 18,000,000.00</i>	18,000,000.00	81,000,000.00	<i>* 11,000,000.00</i>	443,000,000.00	395,000,000.00	
State account:								
Withdrawals by States.....	43,176,000.00	44,760,000.00	43,104,000.00	55,962,000.00	52,271,000.00	482,963,000.00	441,795,000.00	
Transfers to railroad unemployment insurance account (act June 25, 1938).....				989,530.17	811,287.85	1,800,818.02		
Railroad unemployment insurance account:								
Benefit payments.....	1,749,229.62	1,914,642.23	1,676,140.83	1,316,796.42	949,338.95	14,552,455.95		
Repayment of advance (act June 25, 1938).....						15,000,000.00		
Federal old-age and survivors insurance trust fund: <sup>19</sup>								
Investments.....		135,000,000.00	<i>* 5,000,000.00</i>		172,900,000.00	560,900,000.00	514,900,000.00	
Benefit payments.....	966,553.27	1,282,548.60	1,998,032.74	2,311,455.10	2,630,407.60	15,805,088.55	13,891,633.23	

Footnotes at end of table.

TABLE 3.—Classified receipts and expenditures, monthly July 1939 to June 1940, with totals for the fiscal years 1939 and 1940—Continued

	1940					Total fiscal year	
	February	March	April	May	June	1940	1939 <sup>25</sup>
TRUST ACCOUNTS INCREMENT ON GOLD, ETC.—Continued							
EXPENDITURES—continued							
Railroad retirement account:							
Investments.....					\$2,200,000.00	\$12,200,000.00	\$1,000,000.00
Benefit payments.....	\$9,399,646.78	\$9,661,933.86	\$9,788,684.13	\$9,801,941.08	9,693,521.87	113,099,073.50	105,774,077.31
Total.....	148,232,481.57	182,187,094.46	47,147,063.45	251,831,867.26	348,827,382.14	1,940,953,725.63	1,033,075,810.44
Excess of receipts over expenditures.....	36,013,702.63	11,446,398.26	57,562,272.14			135,584,018.96	884,286,173.36
Excess of expenditures over receipts.....				83,344,211.06	61,499,747.83		

<sup>a</sup> Excess of credits (deduct).<sup>b</sup> Counter-entry receipts (deduct).<sup>c</sup> Excess of redemptions (deduct).<sup>1</sup> The captions under "Departmental" include expenditures heretofore classified as "General—Departmental," together with items of similar character heretofore classified as "Recovery and relief" under the following captions: Relief; Public Works—All other; Emergency housing; and Administration for Industrial Recovery. It reflects all expenditures of the several executive departments and independent establishments except as otherwise indicated below.<sup>2</sup> Additional expenditures are included in corresponding captions under "Departmental" above.<sup>3</sup> Expenditures during fiscal year 1939 are included under the caption "Agricultural Adjustment Administration" above.<sup>4</sup> Expenditures during fiscal year 1939 are included in "Other" immediately following.<sup>5</sup> Represents capital impairment applicable to fiscal year 1939 but not appropriated by Congress until Aug. 9, 1939.<sup>6</sup> Additional transactions are included in revolving funds stated separately below.<sup>7</sup> Shown separately under "General" and "Recovery and relief" in fiscal year 1939.<sup>8</sup> Included in "Public highways" under "General" and "Recovery and relief" in fiscal year 1939.<sup>9</sup> Included in "Works Progress Administration" in fiscal year 1939.<sup>10</sup> Includes, for the fiscal year 1940, expenditures of the United States Employment Service, formerly included in the Department of Labor under "General—Departmental" and "Recovery and relief—Public Works—Other."<sup>11</sup> Includes the expenditures of the Office of Education (formerly included in "General—Departmental—Interior," and "Recovery and relief—Public Works—Other—Interior"); the Public Health Service (formerly shown in "General—Departmental—Treasury" and "General—Social Security Act—Grants to States—Treasury"); the American Printing House for the Blind (formerly included in "General—Departmental—Treasury"); and the administrative expenses of the Federal Security Agency.<sup>12</sup> Includes expenditures formerly shown as "General—Public buildings" and "Recovery and relief—Public Works—Other—Treasury Department—Public buildings."<sup>13</sup> Includes expenditures for operation, maintenance, etc., of public buildings, formerly included in "Departmental—Treasury Department" and expenditures formerly included under the Branch of Building Management of the National Park Service of the Department of the Interior.<sup>14</sup> Formerly stated as "Works Progress Administration (including National Youth Administration)"—See note 9.<sup>15</sup> Includes transactions formerly classified under the caption "Old-age reserve account."<sup>16</sup> This item of seigniorage represents the difference between the cost value and the monetary value of silver bullion revalued and held to secure silver certificates issued on account of silver acquired under the Silver Purchase Act of 1934 and under the President's proclamation dated Aug. 9, 1934.



<sup>17</sup> The figures shown under these captions during the fiscal year 1939 have been revised as indicated below:

Caption	March 1939	June 1939	Total, July 1, 1938, to June 30, 1939
Canal Zone retirement fund:			
Annuities and refunds.....	+\$20,000	-\$151,000	-\$131,000
Investments.....	-20,000	+151,000	+131,000
Alaska Railroad retirement fund:			
Annuities and refunds.....		-21,000	-21,000
Investments.....		+21,000	+21,000

<sup>18</sup> Includes transactions on account of RFC Mortgage Company, Disaster Loan Corporation, and Federal National Mortgage Association.

<sup>19</sup> Includes \$43,756,731.01 representing repayment of amounts paid to the Commodity Credit Corporation for capital impairment.

<sup>20</sup> Includes adjustment of \$1,694,559.38 representing net expenditures from July 1, 1939, to Feb. 29, 1940, previously classified as "Independent offices and commissions."

<sup>21</sup> Includes payments of \$109,213.32 classified on p. 2 of the daily Treasury statement for June 29, 1940, as current instead of prior years under Post Office Department (deficiency).

<sup>22</sup> Includes transfers of \$550,000,000 for fiscal year less reimbursements from the trust fund to the General Fund for administrative expenses as provided under sec. 201 (f) of the Social Security Act Amendments of 1939, amounting to \$12,288,267 for fiscal year. Revised to reflect adjustment of \$1,000,000 in order to bring classification on published statements into agreement with the accounts.

<sup>23</sup> Revised to adjust classification—See note 17.

<sup>24</sup> Includes expenditures for account of Federal Emergency Relief Administration and the Civil Works Administration, which are shown under the respective classifications in table 4.

<sup>25</sup> Revised to provide uniform classification of receipts and expenditures on a basis comparable to that in effect during the fiscal year 1940, including changes as a result of the President's Reorganization Plans Nos. I and II, dated April 25, 1939, and May 9, 1939, respectively.

TABLE 4.—*Classified receipts and expenditures*

[On basis of daily Treasury state-

This statement is revised retroactively to the fiscal year 1932 to provide uniform classification of receipts including changes as a result of the President's Reorganization

	Total July 1, 1939, to June 30, 1940	Total July 1, 1938, to June 30, 1939	Total July 1, 1937, to June 30, 1938
<b>GENERAL AND SPECIAL ACCOUNTS</b>			
<b>RECEIPTS</b>			
Internal revenue:			
Income tax (including unjust enrichment tax).....	\$2, 125, 324, 634. 92	\$2, 188, 757, 289. 40	\$2, 640, 284, 710. 28
Miscellaneous internal revenue.....	2, 344, 625, 130. 84	2, 231, 983, 302. 37	2, 279, 453, 087. 95
Social security taxes:			
Employment taxes (title VIII).....	604, 694, 236. 48	530, 357, 680. 11	514, 405, 671. 38
Tax on employers of 8 or more (title IX, sec. 901).....	107, 523, 266. 69	100, 868, 935. 68	90, 103, 584. 91
Unclassified.....		<i>* 2, 900. 70</i>	<i>a 60, 510. 39</i>
Taxes upon carriers and their employees.....	120, 966, 719. 36	109, 256, 539. 77	150, 131, 981. 38
Processing tax on farm products.....			11. 15
Railroad unemployment insurance contributions.....	4, 918, 040. 78		
Customs.....	348, 590, 635. 21	318, 837, 311. 27	359, 187, 249. 57
Miscellaneous receipts:			
Proceeds of Government-owned securities:			
Principal—foreign obligations.....	79, 729. 87	76, 509. 49	74, 297. 58
Interest—foreign obligations.....	334, 017. 45	423, 943. 33	513, 773. 24
Other.....	72, 903, 240. 79	58, 401, 883. 14	64, 964, 946. 10
Panama Canal tolls, etc.....	22, 719, 562. 65	24, 834, 261. 91	25, 107, 974. 85
Seigniorage.....	43, 929, 955. 04	22, 758, 976. 35	35, 603, 220. 44
Other miscellaneous.....	1 128, 227, 232. 68	81, 269, 893. 47	81, 891, 328. 55
Total receipts.....	5, 924, 836, 402. 76	5, 667, 823, 625. 59	6, 241, 661, 226. 99
Deduct:			
Net appropriations to Federal old-age and survivors insurance trust fund. <sup>2</sup>	<i>2</i> 537, 711, 733. 00	503, 000, 000. 00	387, 000, 000. 00
Net receipts.....	<i>4</i> 5, 387, 124, 669. 76	5, 164, 823, 625. 59	5, 854, 661, 226. 99
<b>EXPENDITURES</b>			
<i>I. General (including recovery and relief)</i>			
Departmental: <sup>3</sup>			
Legislative establishment.....	23, 070, 529. 31	22, 031, 282. 67	26, 295, 834. 77
Judicial <sup>4</sup> .....	6, 054, 051. 71	9, 456, 444. 68	
Executive Office:			
Executive proper.....	459, 317. 85	447, 241. 07	479, 019. 68
Bureau of the Budget.....	639, 462. 84	396, 659. 92	279, 496. 23
National Resources Planning Board.....	767, 673. 73	722, 088. 69	824, 736. 93
Other.....	794, 645. 56	804, 887. 51	682, 282. 84
State Department.....	24, 292, 914. 65	19, 165, 106. 30	20, 978, 159. 32
Treasury Department <sup>7</sup> .....	177, 221, 645. 02	176, 425, 524. 54	168, 165, 591. 89
War Department (nonmilitary) <sup>7</sup> .....	2, 182, 601. 18	2, 910, 248. 53	2, 766, 722. 84
Department of Justice.....	49, 213, 677. 34	38, 336, 222. 40	42, 611, 091. 36
Post Office Department.....	1 121, 043. 07	<i>b</i> 1, 668, 621. 43	2, 909, 134. 52
Department of the Interior <sup>7</sup> .....	114, 412, 871. 71	136, 502, 853. 21	103, 295, 377. 18
Department of Agriculture.....	154, 323, 320. 46	154, 176, 400. 38	135, 018, 798. 88
Department of Commerce.....	36, 931, 989. 39	20, 041, 393. 99	18, 818, 498. 59
Department of Labor <sup>7</sup> .....	29, 335, 726. 13	24, 091, 212. 38	22, 782, 129. 80
U. S. Maritime Commission <sup>8</sup> .....	98, 669, 533. 62	43, 567, 188. 81	1, 023, 551. 36
Civil Aeronautics Authority <sup>9</sup> .....	24, 062, 214. 04	18, 421, 261. 34	10, 092, 076. 36
Independent offices and commissions.....	64, 137, 626. 84	59, 877, 229. 48	74, 486, 108. 53
Unclassified.....	75, 042. 33	<i>b</i> 68, 892. 82	270, 723. 59
Adjustment for disbursing officers' checks out- standing.....	807, 765, 886. 78 +1, 443, 738. 03	725, 640, 731. 65 -4, 708, 752. 23	631, 779, 334. 67 +438, 209. 47
Total departmental.....	809, 209, 624. 81	720, 931, 979. 42	632, 217, 544. 14
Department of Agriculture: <sup>10</sup>			
Agricultural adjustment program:			
Agricultural Adjustment Administration.....	2, 032, 958. 30	7, 908, 671. 14	10, 758, 150. 68
Administration of Sugar Act of 1937.....	48, 823, 534. 06	61, 929, 909. 34	5, 908, 871. 64
Agricultural Adjustment Administration (act Aug. 24, 1933):			
Federal Surplus Commodities Corpo- ration.....	91, 131, 177. 91	77, 193, 268. 71	23, 130, 067. 22
Other.....	51, 458, 176. 79	133, 312, 024. 85	15, 026, 465. 47
Agricultural contract adjustments.....	274, 302. 24	477, 636. 62	2, 992, 126. 27
Soil Conservation and Domestic Allotment Act.....	605, 137, 906. 69	477, 942, 480. 42	303, 852, 184. 81

Footnotes at end of table.

of the Government for the fiscal years 1932 to 1940

ments (unrevised), see p. 583]

and expenditures on a basis comparable to that in effect during the fiscal year ended June 30, 1940, Plans I and II dated April 25, 1939, and May 9, 1939, respectively].

Total July 1, 1936, to June 30, 1937	Total July 1, 1935, to June 30, 1936	Total July 1, 1934, to June 30, 1935	Total July 1, 1933, to June 30, 1934	Total July 1, 1932, to June 30, 1933	Total July 1, 1931, to June 30, 1932
\$2,163,413,817.65 2,181,217,856.04 194,346,309.18 57,751,019.29 63,511.09 345,088.10 2,501.14 486,356,598.90	\$1,420,575,433.84 2,009,626,581.25 209.65 76,649,383.41 386,811,593.69	\$1,099,118,637.90 1,657,191,518.70 521,379,871.22 343,353,033.56	\$817,961,481.18 1,469,593,550.29 353,048,796.83 313,434,302.19	\$746,206,444.95 858,217,511.61 31,567,518.98 67,190,207.22 32,090,746.50 23,267,500.34 851,655.30 69,554,905.59 2,079,696,741.76	\$1,057,335,853.10 503,670,481.19 22,367,500.84 22,588,375.22 376,193.82 71,632,063.76 2,005,725,437.14
5,293,840,236.87 265,000,000.00 5,028,840,236.87	4,115,956,615.13 4,115,956,615.13	3,800,467,201.96 3,800,467,201.96	3,115,554,049.53 3,115,554,049.53	2,079,696,741.76 2,079,696,741.76	2,005,725,437.14 2,005,725,437.14
24,171,725.73	23,119,283.85	20,109,830.05	17,776,114.02	21,477,373.26	27,318,601.16
502,152.39 372,523.91 961,922.65 1,184,054.96 17,757,733.26 180,479,161.88 3,057,797.90 39,825,417.47 b 2,682,387.06 110,757,748.30 157,074,301.77 22,540,006.19 20,645,641.97 b 6,087,578.99 6,694,637.17 98,118,147.06 b 467,003.65	425,401.68 245,928.15 774,771.93 1,479,875.03 17,702,993.13 166,021,107.59 829,083.07 37,523,840.21 b 177,949.88 65,522,704.66 130,397,110.28 25,613,307.18 14,828,037.49 b 12,109,168.01 7,106,211.27 69,975,344.60 1,424,959.57	457,693.77 153,180.75 956,508.25 793,292.85 18,519,795.70 124,585,719.68 2,520,253.66 33,107,414.52 b 14,268.16 77,376,519.22 156,439,359.23 21,575,281.56 12,246,617.11 b 21,348,372.91 6,892,145.92 50,699,511.16 b 72,190.21	358,897.75 155,313.48 29,263.54 99,165.61 11,868,272.87 113,778,179.10 4,646,177.03 31,735,974.76 12,211,927.73 53,193,674.37 70,006,973.28 16,109,383.40 11,024,338.48 b 9,544,425.59 5,327,042.02 34,391,662.63 20,434.83	369,112.82 171,514.35 70,472.10 15,225,568.81 140,752,905.20 1,942,898.26 44,088,327.05 57,882.41 50,862,962.50 77,870,468.54 22,493,170.64 12,898,738.42 28,518,830.33 9,339,149.00 36,663,544.11 b 895,138.48	424,545.62 188,961.18 62,160.81 18,881,863.78 174,480,531.35 4,837,099.66 51,639,260.80 125,898.90 57,866,205.44 119,830,992.54 29,363,081.93 13,815,338.67 51,540,826.67 9,137,819.71 44,301,159.36 45,490.67
674,966,062.91 -732,802.42 674,233,260.49	550,702,542.40 -4,463,463.07 546,239,079.33	504,998,402.15 -6,416,302.83 498,582,099.32	373,188,369.31 373,188,369.31	461,907,779.32 461,907,779.32	603,859,838.25 603,859,838.25
10,743,946.21	372,587,275.76	711,819,102.95	289,055,028.78		
42,317,928.82 116,799,598.81 357,199,796.39	24,161,602.21 135,453,092.60 322,037.35				

TABLE 4.—*Classified receipts and expenditures of the*

	Total July 1, 1939, to June 30, 1940	Total July 1, 1938, to June 30, 1939	Total July 1 1937, to June 30, 1938
GENERAL AND SPECIAL ACCOUNTS—Continued			
EXPENDITURES—continued			
1. General (including recovery and relief)— Continued			
Department of Agriculture—Continued.			
Agricultural adjustment program—Continued.			
Federal Crop Insurance Act:			
Administrative expenses	\$3,263,736.63	\$3,320,339.82	
Subscriptions to capital stock of Federal Crop Insurance Corporation.	3,000,000.00	5,000,000.00	
Price Adjustment Act of 1938 and parity payments.	215,025,865.62	19,503,416.99	
Unclassified.	81.45	9,204.81	<sup>b</sup> \$8,568.65
Commodity Credit Corporation:			
Restoration of capital impairment.	<sup>11</sup> 119,599,918.05		94,285,404.73
Other <sup>12</sup>		108,030.89	66,965.67
Farm Credit Administration: <sup>13 14</sup>			
Crop loans	3,679,347.99	<sup>b</sup> 675,098.24	4,156,442.16
Other	399,408.28	5,149,237.96	4,016,787.73
Unclassified	241.92		<sup>b</sup> 18,293.78
Federal Farm Mortgage Corporation, reduction in interest rates on mortgages.	7,125,158.14	7,818,547.62	5,726,515.05
Federal land banks:			
Capital stock	47,680.00	150,800.00	4,736,775.00
Subscriptions to paid-in surplus	567,862.97	11,590,935.22	32,977,497.53
Reduction in interest rates on mortgages	28,700,224.72	30,639,785.96	32,114,033.21
Farm Security Administration <sup>15</sup>	158,536,339.40	183,622,851.11	180,149,108.66
Farm Tenant Act:			
Loans	30,352,365.44	20,598,014.77	2,275,429.47
Other	11,426,655.65	6,036,283.73	776,319.23
Unclassified	<sup>b</sup> 11.04	96.75	<sup>b</sup> 92.08
Rural Electrification Administration:			
Loans	35,467,565.95	35,618,042.59	13,724,550.10
Other	2,509,786.35	2,149,338.28	1,468,169.18
Forest roads and trails	11,902,446.05	13,519,878.45	13,208,649.40
Department of the Interior: <sup>10</sup>			
Reclamation projects <sup>16</sup>	96,365,933.56	79,329,428.13	65,405,809.66
Post Office Department (deficiency):			
Current <sup>17</sup>	43,000,000.00	41,199,420.20	43,407,438.40
Prior years	<sup>b</sup> 2,129,664.15	37,842.59	851,422.78
Navy Department (national defense)	891,624,558.69	672,968,992.93	596,278,300.80
War Department: <sup>10</sup>			
Military (national defense) <sup>7</sup>	667,138,363.59	489,545,592.12	431,501,522.88
River and harbor work and flood control	212,857,695.11	192,998,752.41	198,634,466.85
Panama Canal	24,981,490.78	9,801,887.72	11,361,129.66
Treasury Department: <sup>10</sup>			
Interest on the public debt	1,040,935,696.71	940,539,763.50	926,280,713.67
Refunds of taxes and duties:			
Customs	17,500,944.98	16,678,803.38	16,156,340.00
Internal revenue	61,812,222.70	39,177,056.66	32,791,660.60
Processing tax on farm products	11,771,638.90	12,004,643.01	10,232,689.76
To States, of taxes collected under title IX of the Social Security Act.			40,561,886.43
Unclassified	<sup>b</sup> 14,042.86		
District of Columbia (United States share)	6,000,000.00	5,000,000.00	5,000,000.00
Federal Loan Agency:			
Federal Housing Administration	6,987,869.13	9,140,867.44	11,725,019.45
Reconstruction Finance Corporation:			
Disaster Loan Corporation stock	6,000,000.00	8,000,000.00	4,000,000.00
Loans and grants to States, municipalities, etc.			<sup>b</sup> 254,374.30
Subscriptions to capital stock			
Other	1,618.22		3,405,199.62
Other:			
Home Owners' Loan Corporation			
Home loan bank stock			4,734,900.00
Federal savings and loan associations			11,797.85
Other	1,219,874.51	1,120,001.48	1,260,992.76
Federal Security Agency:			
Civilian Conservation Corps <sup>7</sup>	283,244,748.93	290,385,528.11	326,382,547.61
National Youth Administration	94,648,335.41	78,102,755.96	<sup>10</sup> 51,156,504.85
Social Security Board:			
Administrative expenses	22,221,907.85	20,901,117.46	19,613,584.38
Grants to States (social security)	337,516,317.61	304,026,288.18	254,769,184.91
Other	4,476,369.13	5,636,258.03	11,018,520.19
Unclassified		<sup>b</sup> 10.61	10.61
Other	57,250,668.79	54,221,283.22	49,162,903.33

Footnotes at end of table.

## Government for the fiscal years 1932 to 1940—Continued

Total July 1, 1936, to June 30, 1937	Total July 1, 1935, to June 30, 1936	Total July 1, 1934, to June 30, 1935	Total July 1, 1933, to June 30, 1934	Total July 1, 1932, to June 30, 1933	Total July 1, 1931, to June 30, 1932
\$24,347.57	\$96,852,286.00	\$136,420.18	\$2,811,949.79		
28,212,110.10 *958,535.00 18,293.78	11,551,343.05	12,979,061.00	23,123,288.26	\$29,523,947.84	\$136,238,855.68
*5,847,886.00 35,198,811.40 32,830,087.17 209,695,567.17	*1,046,185.00 32,467,994.63 29,064,981.00 138,015,987.65	1,939,140.00 33,630,185.59 12,477,674.95 5,423,600.77	*1,757,780.00 40,863,477.16 7,029,256.79 2,372,312.69	*242,545.00	125,000,000.00
7,971,444.14 939,581.29 9,978,846.61	1,402,654.17 12,498,063.51	16,820.93 10,460,247.00			
58,671,823.08	63,998,959.51	40,882,912.44	12,717,133.67	6,636,227.12	12,287,546.06
48,321,786.31 *6,424,841.73 556,884,449.49	86,038,861.60 529,031,665.94	63,970,404.80 436,447,860.03	52,003,295.62 297,029,290.96	117,380,192.33 349,561,924.59	202,876,340.63 357,617,833.88
378,167,039.40 234,962,265.22 11,917,182.08	382,588,002.07 223,717,369.11 11,452,729.28	273,421,901.55 203,043,318.85 9,009,746.28	243,260,118.33 150,731,859.96 9,948,627.62	301,613,977.66 118,391,256.03 12,672,728.59	344,007,726.69 116,798,680.00 10,661,804.75
866,384,330.90	749,396,801.68	820,926,353.45	756,617,126.73	689,365,105.60	599,276,630.87
16,549,408.30 32,848,860.38 6,515,773.54	14,085,195.44 30,100,430.34 10,081,744.03	20,715,688.49 24,531,990.82 31,208,208.32	14,046,350.08 48,664,202.21 1,194,639.95	12,576,841.79 57,763,119.46	17,202,968.59 83,921,552.08
5,000,000.00	5,707,500.00	4,539,295.00	5,700,000.00	7,775,000.00	9,500,000.00
16,740,080.13	14,504,600.14	15,963,873.02			
6,000,000.00 *13,334,330.00	*1,274,537.00	*871,628.00	486,932.23	298,073,703.77	
2,616,380.77	3,997,667.73	3,654,845.47	14,154,123.43	5,476,074.65	500,000,000.00
20,664,100.00 22,183.66 2,201,044.12	17,686,300.00 19,689,058.26 1,105,823.92	46,000,000.00 200,000.00 29,486,784.08 1,054,364.62	153,000,000.00 38,475,700.00 754,800.00 401,929.26	1,000,000.00 42,970,000.00 215,637.37	
385,807,729.81 *65,619,041.81	486,281,193.58 *35,535,354.35	435,508,643.05	331,940,851.40	14,248,461.23	
15,433,916.68 152,890,585.79 16,883,986.98 2,181.70 39,451,323.61	501,288.08 23,637,015.26 13,974,357.04 *181.70 31,288,054.94	7,019,312.11 24,422,495.04	1,699,413.32 20,645,284.81	765,151.27 22,391,816.93	869,993.07 25,942,542.84

TABLE 4.—Classified receipts and expenditures of the

	Total July 1, 1939, to June 30, 1940	Total July 1, 1938, to June 30, 1939	Total July 1, 1937, to June 30, 1938
GENERAL AND SPECIAL ACCOUNTS—Continued			
EXPENDITURES—continued			
<i>I. General (including recovery and relief)—Con.</i>			
Federal Works Agency:			
Public Buildings Administration: <sup>7</sup>			
Construction.....	\$58,064,226.75	\$51,420,869.41	\$76,707,304.29
Other.....	16,884,604.25	14,837,903.19	14,799,161.32
Unclassified.....	51,052.17		
Public Roads Administration.....	164,539,863.66	190,996,565.98	223,403,783.71
Public Works Administration: <sup>13</sup>			
Grants (act June 21, 1938).....	248,650,143.74	265,026,998.22	
Loans (act June 21, 1938).....	21,789,592.20	18,740,571.72	
Administrative expenses.....	17,864,044.79	23,404,322.34	15,109,011.28
U. S. Housing Authority.....	1,873,713.47	8,629,331.59	20,653,250.64
Work Projects Administration.....	1,477,537,908.00	2,161,500,655.13	<sup>20</sup> 1,421,342,073.36
Other.....	80,486.02		
Railroad Retirement Board:			
Administrative expenses.....	2,645,441.05	2,868,033.44	2,613,296.73
Railroad unemployment insurance adminis- tration fund.....	4,986,750.43	476,795.89	
Annuity payments, Railroad Retirement Act of 1935.....			<sup>b</sup> 3,985,323.28
Unclassified.....			
Tennessee Valley Authority.....	39,135,754.44	40,806,800.57	42,002,238.16
Veterans' Administration.....	556,673,384.43	557,070,722.10	581,977,734.91
Federal Emergency Relief Administration <sup>21</sup> .....	544,115.86	1,659,785.82	4,369,080.76
Civil Works Administration.....	11,379.11	222,267.81	222,101.04
Federal Deposit Insurance Corporation.....			
Subtotal.....	8,736,417,361.43	8,432,433,972.34	6,898,211,900.32
<i>II. Revolving funds (net)</i>			
Farm Credit Administration:			
Crop production loans.....	<sup>b</sup> 490,107.99	<sup>b</sup> 468,768.12	<sup>b</sup> 633,621.71
Regional agricultural credit corporations.....	<sup>b</sup> 2,440,398.78	<sup>b</sup> 5,291,844.00	<sup>b</sup> 7,918,444.60
Loans to joint stock land banks <sup>22</sup> .....	<sup>b</sup> 30,498.70	<sup>b</sup> 23,360.60	<sup>b</sup> 76,487.51
Farm mortgage relief.....		63.42	
Federal Farm Mortgage Corporation.....			
Federal intermediate credit banks.....			
Other.....	<sup>b</sup> 2,509,096.85	<sup>b</sup> 2,578,190.23	<sup>b</sup> 4,019,812.68
Unclassified.....	<sup>b</sup> 49,927.51	50,000.00	964.54
Public Works Administration:			
Loans and grants to States, municipalities, etc.	59,438,969.67	100,765,694.91	136,875,352.65
Loans to railroads.....			<sup>b</sup> 3,276,879.88
Subtotal.....	53,918,945.04	92,453,595.38	120,952,670.86
<i>III. Transfers to trust accounts, etc.</i>			
Railroad retirement account.....	120,650,000.00	107,097,412.82	146,402,587.18
Railroad unemployment insurance account:			
Advance July 5, 1939 (act June 25, 1939).....	15,000,000.00		
Repayment of advance Jan. 26, 1940.....	<sup>b</sup> 15,000,000.00		
Adjusted service certificate fund.....			
Government employees' retirement funds (United States share):			
Civil service retirement fund.....	86,329,000.00	74,244,000.00	72,392,000.00
Foreign service retirement fund.....	199,400.00	187,600.00	188,000.00
Canal Zone retirement fund.....	500,000.00	500,000.00	500,000.00
Alaska Railroad retirement fund.....	175,000.00	175,000.00	175,000.00
Subtotal.....	207,853,400.00	182,204,012.82	219,657,587.18
<i>IV. Debt retirements</i>			
Sinking fund.....	128,349,100.00	48,517,650.00	65,121,550.00
Received from foreign governments under debt settlements.....		120,100.00	210,000.00
Estate taxes, forfeitures, gifts, etc.....	835,000.00	9,608,700.00	133,400.00
Purchases and retirements from foreign repay- ments.....			
Subtotal.....	129,184,100.00	58,246,450.00	65,464,950.00
Total expenditures.....	9,127,373,806.47	8,765,338,030.54	7,304,287,108.36
Excess of expenditures over receipts.....	<sup>4</sup> 3,740,249,136.71	3,600,514,404.95	1,449,625,881.37

Footnotes at end of table.

## Government for the fiscal years 1932 to 1940—Continued

Total July 1, 1936, to June 30, 1937	Total July 1, 1935, to June 30, 1936	Total July 1, 1934, to June 30, 1935	Total July 1, 1933, to June 30, 1934	Total July 1, 1932, to June 30, 1933	Total July 1, 1931, to June 30, 1932
\$76,261,532.68 12,648,904.82 340,633,126.63	\$67,979,730.58 11,756,548.08 231,397,334.86	\$58,032,772.33 9,413,723.13 306,896,693.05	\$78,722,893.97 9,031,090.98 255,164,883.99	\$105,623,881.45 21,824,070.79 164,690,283.82	\$86,034,969.35 24,106,408.69 184,823,510.19
27,431,347.70	25,255,459.16	14,561,002.60	6,539,315.18		
<sup>20</sup> 1,830,827,616.48	<sup>20</sup> 1,228,126,135.86				
1,491,898.84	270,435.28				
3,985,323.28					
1,442.82 41,995,141.08 580,644,393.50 12,401,286.50 296,750.72	48,831,423.57 577,890,591.76 495,591,986.97 676,195.79	36,148,537.34 557,064,724.68 <sup>22</sup> 1,820,993,937.09 11,327,263.67 497,850.35	11,036,794.57 506,950,487.74 <sup>22</sup> 707,352,344.29 805,122,892.29 149,502,149.65	763,154,886.30 37,910,142.00	784,841,819.60
7,370,472,271.98	6,840,479,307.77	6,593,537,226.35	5,444,272,160.24	3,668,474,579.30	4,252,214,936.13
<sup>b</sup> 810,401.56 <sup>b</sup> 13,935,501.37 <sup>b</sup> 273,430.64	<sup>b</sup> 1,271,841.13 <sup>b</sup> 17,779,645.80 <sup>b</sup> 110,249.64 21.36	<sup>b</sup> 4,383,977.67 8,603,628.15 <sup>b</sup> 904,325.15 <sup>b</sup> 154.78 265.62 15,000,000.00	<sup>b</sup> 52,392,665.72 7,756,815.01 941,044.35 114,129,660.31 85,760,050.52 25,000,000.00	37,148,880.24 <sup>22</sup> 38,840,178.25 110,023.55	61,867,202.03
<sup>b</sup> 2,807,644.58 <sup>b</sup> 1,072.04	<sup>b</sup> 14,061,624.66 107.50	123,075,358.79 ( <sup>22</sup> )	<sup>22</sup> 165,138,259.66	<sup>b</sup> 2,294,738.91	
224,480,428.4 <sup>b</sup> 3,118,619.22	172,116,011.89 <sup>b</sup> 127,881,697.33	137,707,417.46 66,230,752.95	78,596,229.75 70,739,000.00		
203,535,759.04	11,011,182.19	345,328,985.37	495,668,393.88	73,804,343.13	61,867,202.03
<sup>24</sup> 556,665,424.68	1,773,492,531.72	50,000,000.00	50,000,000.00	100,000,000.00	200,000,000.00
46,050,000.00 185,300.00 500,000.00	40,000,000.00 162,400.00 500,000.00	20,850,000.00 159,100.00	20,850,000.00 292,700.00	20,850,000.00 416,000.00	20,850,000.00 215,000.00
603,400,724.68	1,814,154,931.72	71,009,100.00	71,142,700.00	121,266,000.00	221,065,000.00
103,815,200.00 142,000.00 14,000.00	403,238,650.00 1,500.00	573,001,000.00 557,250.00	359,490,900.00 357,850.00 15,342.90	425,660,300.00 2,909,650.00 2,057,850.00 30,977,000.00	412,554,750.00 75,000.00
103,971,200.00	403,240,150.00	573,558,250.00	359,864,092.90	461,604,800.00	412,629,750.00
8,281,379,955.70	9,068,885,571.68	7,583,433,561.72	6,370,947,347.02	4,325,149,722.43	4,947,776,888.16
3,252,539,718.83	4,952,928,956.55	3,782,966,359.76	3,255,393,297.49	2,245,452,980.67	2,942,051,451.02

TABLE 4.—Classified receipts and expenditures of the

	Total July 1, 1939, to June 30, 1940	Total July 1, 1938, to June 30, 1939	Total July 1, 1937, to June 30, 1938
<b>TRUST ACCOUNTS, INCREMENT ON GOLD, ETC.</b>			
<b>RECEIPTS</b>			
Federal old-age and survivors insurance trust fund: <sup>28</sup>			
Transfers from General Fund.....	\$537,711,733.00	\$503,000,000.00	\$387,000,000.00
Interest on investments.....	42,488,827.85	26,951,054.81	15,412,232.89
Unemployment trust fund:			
Deposits by States.....	859,863,884.26	811,250,507.82	747,660,496.77
Railroad unemployment insurance account:			
Deposits by Railroad Retirement Board.....	44,248,661.68		
Advance from Treasury (act June 25, 1938).....	15,000,000.00		
Transfers from States (act June 25, 1938).....	1,800,818.02		
Interest on investments.....	37,725,798.84	26,836,602.17	15,172,022.11
Railroad retirement account:			
Transfers from General Fund.....	120,650,000.00	107,097,412.82	146,402,587.18
Interest on investments.....	2,282,516.39	2,201,876.72	1,410,821.92
Other trust accounts:			
District of Columbia.....	54,168,476.38	52,341,997.86	45,380,582.62
Government life insurance fund.....	92,861,727.21	95,020,729.20	93,459,208.42
Adjusted service certificate fund.....	794,095.68	1,025,927.88	1,475,212.45
Civil service retirement fund:			
Transfers from General Fund (United States share).....	86,329,000.00	74,244,000.00	72,392,000.00
District of Columbia share.....	842,760.00	842,760.00	842,760.00
Deductions from employees' salaries, etc.....	43,268,637.15	39,172,242.48	37,272,634.54
Interest and profits on investments.....	21,564,999.99	19,220,490.57	16,635,825.67
Foreign service retirement fund:			
Transfers from General Fund (United States share).....	199,400.00	187,600.00	188,000.00
Deductions from employees' salaries, etc.....	433,425.85	189,725.65	190,248.95
Interest on investments.....	152,333.56	141,332.72	133,896.55
Canal Zone retirement fund:			
Transfers from General Fund (United States share).....	500,000.00	500,000.00	500,000.00
Deductions from employees' salaries, etc.....	600,181.24	509,292.75	508,617.35
Interest on investments.....	170,131.47	159,002.85	145,882.53
Alaska Railroad retirement fund:			
Transfers from General Fund (United States share).....	175,000.00	175,000.00	175,000.00
Deductions from employees' salaries, etc.....	106,873.23	107,282.10	156,207.87
Interest on investments.....	29,500.87	21,089.87	10,972.28
Indian tribal funds.....	5,543,464.04	16,362,066.43	6,725,897.33
Insular possessions.....	17,614,458.11	19,554,439.64	15,380,008.57
Other.....	40,517,819.44	29,901,002.60	30,355,263.54
Unclassified.....	* 389,002.96	* 400,278.77	599,458.39
Other funds and accounts:			
Increment resulting from reduction in the weight of the gold dollar.....	402,359.49	481,398.61	1,094,842.97
Seigniorage.....	48,879,863.70	90,267,427.02	90,351,012.40
<b>Total.....</b>	<b>\$2,076,537,744.59</b>	<b>1,917,361,983.80</b>	<b>1,727,031,693.30</b>
<b>EXPENDITURES</b>			
Federal old-age and survivors insurance trust fund: <sup>28</sup>			
Investments.....	560,900,000.00	514,900,000.00	395,200,000.00
Benefit payments.....	15,805,088.55	13,891,583.23	5,404,062.87
Unemployment trust fund:			
Investments.....	443,000,000.00	395,000,000.00	559,705,000.00
State accounts:			
Withdrawals by States.....	482,963,000.00	441,795,000.00	190,975,000.00
Transfers to railroad unemployment insurance account (act June 24, 1938).....	1,800,818.02		
Railroad unemployment insurance account:			
Benefit payments.....	14,552,455.95		
Repayment of advance (act June 25, 1938).....	15,000,000.00		
Railroad retirement account:			
Investments.....	12,200,000.00	1,000,000.00	66,200,000.00
Benefit payments.....	113,099,073.50	105,774,077.31	79,849,056.18
Other trust accounts:			
District of Columbia.....	56,586,746.97	47,380,768.01	46,452,721.05
Government life insurance fund.....	96,246,570.59	91,001,601.80	113,718,660.98
Adjusted service certificate fund.....	1,092,474.55	1,221,625.72	2,269,602.66
Civil service retirement fund:			
Annuities and refunds.....	67,203,261.76	63,758,607.60	62,489,850.22
Investments.....	84,800,000.00	69,092,108.74	64,508,437.25

Footnotes at end of table.



Government for the fiscal years 1932 to 1940—Continued

Total July 1, 1936, to June 30, 1937	Total July 1, 1935, to June 30, 1936	Total July 1, 1934, to June 30, 1935	Total July 1, 1933, to June 30, 1934	Total July 1, 1932, to June 30, 1933	Total July 1, 1931, to June 30, 1932
\$265,000,000.00					
2,261,810.97					
291,702,689.28	\$18,857,720.50				
2,737,181.92	91,700.94				
38,698,079.60	41,552,354.50	\$47,957,060.39	\$33,253,805.75	\$33,356,950.72	\$36,893,540.36
93,075,900.83	70,340,596.19	69,531,574.98	72,026,323.29	71,144,899.11	71,906,719.56
4,136,905.76	10,468,355.27	5,781,188.04	4,807,393.08	5,793,283.30	
46,050,000.00	40,000,000.00	20,850,000.00	20,850,000.00	20,850,000.00	20,850,000.00
150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00
34,975,743.32	32,248,956.57	29,916,760.79	28,720,103.26	30,336,816.28	30,421,896.76
13,012,960.98	11,712,785.15	10,822,890.96	10,518,358.79	9,752,298.53	8,583,812.85
185,300.00	162,400.00	159,100.00	292,700.00	416,000.00	215,000.00
190,926.02	174,364.95	177,052.74	163,733.60	177,520.48	173,904.54
124,872.23	116,962.74	107,083.29	98,502.69	84,752.99	64,678.69
500,000.00	500,000.00				
508,491.78	473,633.57	458,329.55	506,262.88	475,945.57	2,207,741.36
129,667.64	111,226.46	91,031.23	88,894.58	84,985.31	66,385.89
96,371.43					
490.96					
6,948,815.62	6,861,212.44	6,680,888.82	4,640,100.58	2,777,238.42	3,089,342.95
18,218,161.35	19,062,420.25	28,951,287.83			
44,007,859.56	43,561,032.96	31,811,668.29	6,997,512.25	4,674,748.09	3,612,966.04
* 154,426.44	2,344,034.45	* 2,626,632.66	358,899.88		
1,676,187.53	784,464.60	1,738,019.63	2,811,375,756.72		
39,786,924.30	175,789,415.49	140,111,441.47			
904,020,915.14	475,163,637.03	392,668,795.45	2,994,848,347.35	180,075,438.80	178,240,989.00
267,100,000.00					
26,969.35					
293,386,000.00	18,909,000.00				
1,000,000.00					
42,851,400.49	46,010,686.07	42,810,801.87	30,689,804.67	34,604,340.55	39,524,773.60
73,686,787.40	68,460,252.57	68,693,600.44	71,498,480.36	70,398,704.52	74,345,104.97
26,058,769.80	* 12,899,621.43	6,529,081.56	6,232,817.18	9,419,647.22	* 6,036,632.51
59,087,261.32	56,640,942.53	52,784,249.26	47,583,181.73	34,567,140.34	27,620,612.72
34,700,000.00	27,000,000.00	9,000,000.00	11,900,000.00	26,500,000.00	32,400,000.00

TABLE 4.—Classified receipts and expenditures of the

	Total July 1, 1939, to June 30, 1940	Total July 1, 1938, to June 30, 1939	Total July 1, 1937, to June 30, 1938
TRUST ACCOUNTS, INCREMENT ON GOLD, ETC.—Con.			
EXPENDITURES—continued			
Other trust accounts—Continued.			
Foreign service retirement fund:			
Annuities and refunds.....	\$329,497.64	\$321,434.18	\$308,449.14
Investments.....	398,000.00	200,000.00	217,000.00
Canal Zone retirement fund:			
Annuities and refunds.....	924,643.77	858,431.58	798,420.20
Investments.....	338,000.00	284,000.00	358,000.00
Alaska Railroad retirement fund:			
Annuities and refunds.....	89,309.79	71,768.54	68,902.29
Investments.....	204,000.00	236,000.00	275,000.00
Indian tribal funds.....	8,732,615.20	4,962,050.32	8,286,690.04
Other <sup>28</sup> .....	13,659,397.53	45,727,299.56	27,272,499.37
Unclassified.....	<sup>b</sup> 76,741.01	65,888.65	23,264.63
Other funds and accounts:			
Public Works Administration revolving funds (act June 21, 1938).....	<sup>b</sup> 7,831,167.25	<sup>b</sup> 1,640,666.67	-----
Chargeable against increment on gold:			
Exchange stabilization fund.....	-----	-----	-----
Melting losses, etc.....	4,574.58	2,388.29	34,678.99
Payments to Federal Reserve Banks (sec. 13b, Federal Reserve act, as amended).....	-----	-----	125,000.00
For retirement of national bank notes.....	-----	5,497,305.45	51,478,739.50
Subtotal.....	1,982,022,629.24	1,801,401,272.31	1,676,019,035.37
Transactions in checking accounts of governmental agencies (net), etc.:			
Commodity Credit Corporation.....	<sup>27</sup> 9,873,798.38	136,127,035.49	<sup>b</sup> 27 184,487,067.11
Export-Import Bank of Washington.....	<sup>b</sup> 340,302.64	1,549,270.42	<sup>b</sup> 1,206,460.00
Rural Electrification Administration.....	<sup>b</sup> 875,059.57	385,538.79	33,930,430.61
Reconstruction Finance Corporation <sup>28</sup> .....	<sup>b</sup> 254,327,731.80	<sup>b</sup> 668,437,868.16	<sup>b</sup> 8,627,452.52
U. S. Housing Authority.....	17,201,293.11	<sup>b</sup> 59,652,140.77	1,405,590.44
Other <sup>29</sup> .....	167,399,098.91	<sup>b</sup> 188,297,302.64	<sup>b</sup> 45,002,007.89
Subtotal.....	<sup>b</sup> 41,068,903.61	<sup>b</sup> 768,325,461.87	<sup>b</sup> 203,986,966.47
Total.....	1,940,953,725.63	1,033,075,810.44	1,472,032,068.90
Excess of receipts over expenditures.....	<sup>4</sup> 135,584,018.96	884,286,173.36	254,999,624.40
Excess of expenditures over receipts.....	-----	-----	-----

<sup>a</sup> Counter-entry receipts (deduct).<sup>b</sup> Excess of credits (deduct).<sup>1</sup> Includes \$43,756,731.01 representing repayment of amounts paid to the Commodity Credit Corporation for capital impairment.<sup>2</sup> Represents amounts formerly classified under "III—Transfers to trust accounts, etc.; Old-age reserve account" to and including Dec. 31, 1939; thereafter designated as the "Federal old-age and survivors insurance trust fund." The amounts in this statement are deducted from receipts in order to conform to the classification effective with the fiscal year 1941. Figures for 1940 are reduced by \$12,288,267, representing reimbursement from the trust fund to the General Fund for administrative expenses as provided under sec. 201 (b) of the Social Security Act amendments of 1939.<sup>3</sup> Revised to reflect adjustment of \$1,000,000 under the title "Transfers to Federal old-age and survivors insurance trust fund," and to bring classification on published statements into agreement with the accounts.<sup>4</sup> See note 3.<sup>5</sup> The disbursements by the Division of Disbursement, Treasury Department, which appear in daily Treasury statements under the caption "Departmental expenditures" are on the basis of checks issued. The totals shown, after making adjustment of outstanding checks of the Division of Disbursement, relating to such "Departmental expenditures," are on the basis of checks paid as published heretofore.<sup>6</sup> Expenditures prior to 1938 are reflected under the Department of Justice.<sup>7</sup> The classification of general expenditures for public building construction and for War Department (nonmilitary) previously reflected under Treasury Department and War Department (military) prior to the fiscal year 1934, are now reflected under Federal Works Agency, Public Buildings Administration, Construction, and War, Departmental, respectively. The expenditures of the U. S. Housing Corporation, previously reflected under the Department of Labor for the fiscal years 1932 to 1937, inclusive, are included under the construction classification for Public Buildings Administration. The expenditures of National Military Parks, previously reflected under War (national defense) during the fiscal years 1932 and 1933 are now classified under Interior, Departmental, and expenditures under the Emergency Conservation Work for the fiscal year 1933, amounting to \$14,248,461.23 previously reflected under War (national defense) are now classified under the Federal Security Agency, Civilian Conservation Corps.<sup>8</sup> Includes expenditures classified prior to July 1, 1939, as U. S. Shipping Board.<sup>9</sup> Includes expenditures classified prior to July 1, 1938, under Department of Commerce.<sup>10</sup> Additional expenditures are included in corresponding captions under "Departmental" above.<sup>11</sup> Represents capital impairment applicable to fiscal year 1939 but not appropriated by Congress until Aug. 9, 1939.<sup>12</sup> Expenditures from proceeds of \$97,000,000 capital stock subscriptions by the Reconstruction Finance Corporation and \$3,000,000 for stock subscriptions from the appropriation National Industrial Recovery Fund.

## Government for the fiscal years 1932 to 1940—Continued

Total July 1, 1936, to June 30, 1937	Total July 1, 1935, to June 30, 1936	Total July 1, 1934, to June 30, 1935	Total July 1, 1933, to June 30, 1934	Total July 1, 1932, to June 30, 1933	Total July 1, 1931, to June 30, 1932
\$265,498.84 227,000.00	\$243,633.63 191,000.00	\$204,988.42 256,000.00	\$239,829.33 318,000.00	\$160,672.14 513,000.00	\$127,123.47 317,000.00
668,686.45 455,000.00	580,505.18 500,000.00	527,506.08 47,000.00	530,233.20 45,000.00	345,586.75 193,000.00	184,006.46 2,064,000.00
15,327.79 52,000.00					
7,656,102.49 33,765,080.65 1,189,508.26	13,031,704.41 47,309,319.35 b 1,724,065.88	1,294,669.64 4,666,538.54 304,327.07	1,617,866.92 b 10,842,936.86 155,963.08	4,475,601.54 3,790,617.49 117,116.98	9,723,320.20 2,943,217.33 205,412.79
333,153.63 875,000.00	791,845.87 5,614,453.63	675,121.93 20,931,857.34	2,000,000,000.00		
99,573,790.50	397,422,480.00	91,415,650.00			
942,973,336.97	668,682,135.93	300,141,392.14	2,159,968,239.61	185,085,427.53	183,419,039.03
b 111,812,104.91 b 2,545,584.75 2,282,787.45 b 329,146,606.02	32,862,736.53 19,495,496.91 b 241,445,547.61	b 60,280,485.04 b 2,618,129.74 b 144,709,781.57 b 429,528,749.56	161,529,985.06 2,590,791.48 569,981,961.39	817,803,904.18	205,868,006.52
127,380,803.28	80,788,693.33				
b 313,840,604.95	b 108,298,620.74	b 637,137,145.71	734,102,737.93	817,803,904.18	205,868,006.52
629,132,732.02	560,383,515.19	b 336,995,763.57	2,894,070,977.54	1,002,889,331.71	389,287,045.55
274,888,183.12		729,664,549.02	100,777,369.81		
	85,219,878.16			822,813,892.91	211,046,056.55

<sup>12</sup> Additional transactions are included in revolving funds stated separately below.

<sup>14</sup> On and after May 27, 1933, repayments of loans made from Agricultural Marketing Fund—Federal Farm Board, and interest thereon, are reflected as credits in the expenditures of the Farm Credit Administration.

<sup>15</sup> Includes expenditures on account of subsistence homesteads.

<sup>16</sup> Expenditures under this caption include Boulder Canyon project.

<sup>17</sup> The item "Postal Deficiency" represents advances from the General Fund of the Treasury to the Postmaster General to meet deficiencies in the postal revenues. These figures do not reflect 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. Further, expenditures shown above on account of postal deficiency for the fiscal years 1937 and 1938 are exclusive of \$16,245,165.06 and \$718,699.88, respectively, on account of transfers of appropriations from the Post Office Department to the U. S. Maritime Commission pursuant to the act of June 29, 1936 (49 Stat. 1988). These transferred funds when expended by the U. S. Maritime Commission are classified as "Departmental—U. S. Maritime Commission."

<sup>18</sup> Includes payments of \$109,213.32 classified on p. 2 of the daily Treasury statement for June 29, 1940, as current instead of prior years under Post Office Department (deficiency).

<sup>19</sup> Exclusive of administrative expenses included under Work Projects Administration.

<sup>20</sup> Includes administrative expenses, National Youth Administration.

<sup>21</sup> Includes expenditures made by the Federal Surplus Commodities Corporation from funds provided for the Federal Emergency Relief Administration.

<sup>22</sup> Revised to adjust classification.

<sup>23</sup> Credits to this classification include principal and interest earnings.

<sup>24</sup> Includes \$500,157,956.40 on account of U. S. Government life insurance fund 4½ percent bonds issued in accordance with sec. 5 of the Adjusted Compensation Payment Act of Jan. 27, 1936.

<sup>25</sup> Includes transactions classified prior to Jan. 1, 1940, as "Old-age reserve account."

<sup>26</sup> Includes transactions for insular possessions.

<sup>27</sup> Includes credits on account of payments for restoration of capital impairment.

<sup>28</sup> Includes transactions on account of RFC Mortgage Co., Disaster Loan Corporation, and Federal National Mortgage Association.

<sup>29</sup> The figures for the fiscal year 1935 include \$333,245,377.93, which amount represents transfers on May 31, 1935, of balances in checking accounts of certain special agencies of the Government, which had formerly been classified as liabilities against the General Fund on p. 1 of daily Treasury statements. The figures since that date represent net transactions of those agencies.

TABLE 5.—Public debt receipts and expenditures, monthly July 1939 to June 1940, with totals for the fiscal years 1936 to 1940 <sup>1</sup>

[On basis of daily Treasury statements (unrevised), see p. 533]

	1939						1940		
	July	August	September	October	November	December	January	February	March
<b>RECEIPTS</b>									
Market operations:									
Cash:									
Treasury bills.....	\$402,056,000	\$502,824,000	\$401,237,000	\$501,184,000	\$551,305,000	\$402,254,000	\$503,860,000	\$402,157,000	\$402,540,000
Treasury notes.....									
Treasury bonds.....						644,437,150	15,300,000	1,000,000	10,694,000
United States savings bonds (including unclassified sales).....	89,165,148	73,169,481	47,234,253	49,831,656	56,313,496	76,024,114	273,043,690	144,664,590	105,992,244
Treasury (war) savings securities.....								542,011	
Deposits for retirement of national bank notes.....			1,290						
Subtotal.....	491,221,148	575,993,481	448,472,543	551,015,656	607,618,496	1,122,715,264	792,203,690	548,363,601	519,226,244
Adjusted service bonds.....	419,800	453,350	475,100	530,500	572,100	1,459,650	2,020,400	665,500	623,300
Exchanges:									
Treasury notes.....					515,210,900	283,006,000			718,014,200
Treasury bonds.....						1,017,952,100	99,000		
Subtotal.....					515,210,900	1,300,958,100	99,000		718,014,200
Special series:									
Adjusted service certificate fund (certificates).....							15,300,000		
Unemployment trust fund (certificates).....		129,000,000		12,000,000	142,000,000	7,000,000	35,000,000	103,000,000	7,000,000
Old-age reserve account (notes).....	43,000,000	43,000,000	43,000,000	43,000,000	43,000,000	43,000,000			
Federal old-age and survivors insurance trust fund (notes).....									141,000,000
Railroad retirement account (notes).....	1,900,000	8,100,000							
Civil service retirement fund (notes).....	84,800,000								
Foreign service retirement fund (notes).....	389,000								
Canal Zone retirement fund (notes).....	473,000								
Alaska Railroad retirement fund (notes).....	175,000								
Postal Savings System (notes).....	15,000,000								
Government life insurance fund (notes).....					3,400,000				
Federal Deposit Insurance Corporation (notes).....	20,000,000					46,000,000			
Subtotal.....	165,737,000	180,100,000	43,000,000	55,000,000	188,400,000	96,000,000	50,300,000	103,000,000	148,000,000
Total public debt receipts.....	657,377,948	756,546,831	491,947,643	606,546,156	1,311,801,496	2,521,133,014	844,623,090	652,029,101	1,385,863,744

	1940			Total, fiscal year				
	April	May	June	1940	1939	1938	1937	1936
<b>RECEIPTS—Continued</b>								
<b>Market operations:</b>								
Cash:								
Treasury bills.....	\$401,499,000	\$500,397,000	\$400,298,000	\$5,371,611,000	\$5,227,365,000	\$3,757,949,000	\$3,604,543,000	\$3,556,159,000
Treasury notes.....					670,668,500	219,035,700	852,904,100	2,590,266,150
Treasury bonds.....				671,431,150	864,582,900	293,513,250	1,221,413,000	2,301,699,900
United States savings bonds (including unclassified sales)	121,503,951	64,267,494	49,600,269	1,150,810,389	712,476,470	504,653,947	519,731,009	265,239,521
Postal savings bonds.....								20,744,000
Treasury (war) savings securities				542,011	91	198		
Deposits for retirement of national bank notes.....				1,290		600,000		223,895,115
Subtotal.....	523,002,951	564,664,494	449,898,269	7,194,395,840	7,475,092,961	4,775,752,095	6,198,591,109	8,958,003,686
Adjusted service bonds.....	478,450	353,200	305,450	8,356,800	6,561,350	12,750,800	140,589,400	1,668,752,150
<b>Exchanges:</b>								
Certificates of indebtedness.....								
Treasury notes.....	10,000		277,711,000	1,793,952,100	527,165,300	1,056,719,300	204,425,400	795,517,400
Treasury bonds.....				1,018,051,100	2,507,718,800	1,617,089,300	1,546,939,100	2,182,661,400
Subtotal.....	10,000		277,711,000	2,812,003,200	3,034,884,100	2,673,808,600	1,751,364,500	2,978,178,800
<b>Special series:</b>								
Adjusted service certificate fund (certificates).....				15,300,000	23,000,000	32,000,000	54,900,000	354,600,000
Unemployment trust fund (certificates).....	38,000,000	81,000,000	1,710,000,000	2,264,000,000	1,726,000,000	1,423,870,000	596,439,000	37,070,000
Old-age reserve account (notes).....				258,000,000	514,900,000	395,200,000	267,100,000	
Federal old-age and survivors insurance trust fund (notes).....			183,900,000	324,900,000				
Railroad retirement account (notes).....			2,200,000	12,200,000	11,000,000	81,200,000		
Civil service retirement fund (notes).....			59,200,000	144,000,000	121,700,000	151,600,000	78,700,000	91,200,000
Foreign service retirement fund (notes).....			772,000	1,161,000	857,000	731,000	881,000	631,000
Canal Zone retirement fund (notes).....			164,000	637,000	610,000	609,000	634,000	2,378,000
Alaska Railroad retirement fund (notes).....			29,000	204,000	236,000	275,000	52,000	
Postal Savings System (notes).....	15,000,000	10,000,000		40,000,000	96,000,000	25,000,000		30,000,000
Government life insurance fund (bonds).....							500,157,956	
Government life insurance fund (notes).....			21,000,000	24,400,000	42,759,000	23,000,000		
Federal Deposit Insurance Corporation (notes).....				66,000,000	30,000,000	25,000,000		
Subtotal.....	53,000,000	91,000,000	1,977,265,000	3,150,802,000	2,567,062,000	2,158,485,000	1,498,863,956	515,879,000
<b>Total public debt receipts.....</b>	<b>576,491,401</b>	<b>656,017,694</b>	<b>2,705,179,719</b>	<b>13,165,557,840</b>	<b>13,083,600,411</b>	<b>9,620,796,495</b>	<b>9,589,408,965</b>	<b>14,120,813,636</b>

<sup>1</sup> For figures for years 1933 to 1935 see annual report for 1937, p. 336.<sup>2</sup> Appropriation to adjust the accounts relating to the public debt (see Private Act No. 250, 76th Congress, August 10, 1939).

TABLE 5.—Public debt receipts and expenditures, monthly July 1939 to June 1940 with totals for the fiscal years 1936 to 1940<sup>1</sup>—Continued

	1939						1940		
	July	August	September	October	November	December	January	February	March
<b>EXPENDITURES</b>									
Market operations:									
Cash:									
Treasury bills.....	\$401,720,000	\$509,310,000	\$424,203,000	\$403,119,000	\$512,174,000	\$402,223,000	\$634,562,000	\$381,699,000	\$396,093,000
Certificates of indebtedness.....	107,150	50,050	109,000	16,500	1,750	44,100	12,050	1,000	18,500
Treasury notes.....	1,445,950	808,250	10,223,200	1,647,350	585,950	9,448,550	1,365,000	659,250	50,406,250
Treasury bonds.....									
United States savings bonds.....	7,877,516	7,866,518	10,745,674	8,727,505	8,266,898	7,522,429	8,808,908	7,632,471	9,558,117
Adjusted service bonds.....	3,113,300	2,930,550	3,235,032	2,549,850	2,250,300	2,068,350	2,165,950	1,843,150	1,970,650
First Liberty bonds.....	83,800	68,500	177,300	79,600	62,650	52,000	73,750	91,150	95,500
Fourth Liberty bonds.....	186,950	287,650	310,200	331,150	155,150	295,300	236,900	164,650	305,200
Postal savings bonds.....	101,040	3,700	20			20	85,660	1,240	80
Other debt items.....	12,515	24,124	24,722	21,709	17,937	14,821	30,261	10,424	35,511
National bank notes and Federal Reserve Bank notes.....	3,548,315	1,291,420	2,407,405	2,709,710	1,237,975	1,673,085	3,743,950	1,500,255	1,782,683
Subtotal.....	418,196,536	522,640,762	451,435,553	419,202,374	524,752,610	423,341,655	651,084,429	393,602,590	460,265,491
Exchanges:									
Treasury notes.....					515,210,900	1,300,958,100	99,000		718,014,200
Special series:									
Adjusted service certificate fund (certificates).....		1,200,000		500,000	1,000,000	2,000,000	16,800,000	1,000,000	25,600,000
Unemployment trust fund (certificates).....	14,000,000		19,000,000	5,000,000		10,000,000	7,000,000		6,000,000
Old-age reserve account (notes).....									1,900,000
Civil service retirement fund (notes).....		2,700,000	1,500,000	2,300,000	1,300,000	1,900,000	2,300,000	1,800,000	
Foreign service retirement fund (notes).....	49,000	25,000	22,000	23,000		3,000	19,000		
Canal Zone retirement fund (notes).....		13,000	47,000	51,000	27,000		25,000	25,000	24,000
Postal Savings System (notes).....			22,000,000			49,500,000			
Government life insurance fund (notes).....	3,400,000		31,500,000	1,100,000	500,000				
Federal Deposit Insurance Corporation (notes).....						96,000,000			
Subtotal.....	17,449,000	3,938,000	74,069,000	8,974,000	2,827,000	159,434,000	26,144,000	2,825,000	32,924,000
Total public debt expenditures.....	435,645,536	526,578,762	525,504,553	428,176,374	1,042,790,510	1,883,733,755	677,327,429	396,427,590	1,211,203,691

Footnote on p. 639.

	1940			Total, fiscal year				
	April	May	June	1940	1939	1938	1937	1936
<b>EXPENDITURES—Continued</b>								
<b>Market operations:</b>								
Cash:								
Treasury bills	\$408,269,000	\$483,583,000	\$412,010,000	\$5,368,965,000	\$5,066,764,000	\$4,856,487,000	\$3,666,199,000	\$3,283,135,000
Certificates of indebtedness	64,000	9,600	1,000	434,700	619,550	1,034,550	2,533,700	4,159,000
Treasury notes	9,367,650	2,126,300	17,450,850	105,534,550	64,752,950	68,393,000	72,061,650	37,322,750
Treasury bonds	10,000		30,106,100	30,116,100	9,000	322,400	532,400	1,500
United States savings bonds	10,135,732	13,281,878	13,836,513	114,260,162	82,000,208	66,629,995	36,206,921	11,162,525
Treasury (war) savings securities							41,675	76,641
Victory notes							42,150	48,200
Adjusted service bonds	1,812,850	1,737,050	4,544,600	30,221,631	42,367,950	82,624,200	696,531,400	724,235,500
First Liberty bonds	211,600	192,450	167,800	1,356,100	2,335,900	13,782,900	14,850,550	100,911,800
Second Liberty bonds							132,100	169,000
Third Liberty bonds							160,000	253,200
Fourth Liberty bonds	191,700	330,300	285,450	3,080,600	5,430,600	15,440,000	19,457,600	278,857,250
Postal savings bonds		1,000	300	193,060	295,280	1,024,960	1,789,200	1,798,160
Consols of 1930							8,950	596,705,650
Panama Canal bonds							36,700	74,687,260
Other debt items	28,455	13,749	30,587	264,818	303,442	1,181,466	2,061	4,683
National bank notes and Federal Reserve Bank notes	1,211,110	2,030,250	2,231,135	25,367,293	36,162,335	59,110,840	114,402,169	428,476,842
Subtotal	431,302,097	503,305,577	480,664,335	5,679,794,014	5,301,041,215	5,166,031,311	4,624,988,226	5,542,004,966
<b>Exchanges:</b>								
Treasury notes	10,000			2,534,292,200	3,034,884,100	2,673,808,600	1,751,364,500	1,979,800,100
Treasury bonds			277,711,000	277,711,000				481,500
First Liberty bonds								997,897,200
Fourth Liberty bonds								
Subtotal	10,000		277,711,000	2,812,003,200	3,034,884,100	2,673,808,600	1,751,364,500	2,978,178,800
<b>Special series:</b>								
Adjusted service certificate fund (certificates)	500,000	500,000		23,500,000	29,300,000	43,800,000	144,100,000	383,300,000
Unemployment trust fund (certificates)	20,000,000		1,721,000,000	1,821,000,000	1,331,000,000	864,165,000	303,053,000	18,161,000
Old-age reserve account (notes)	5,000,000		11,000,000	22,000,000				
Civil service retirement fund (notes)	1,900,000	2,200,000	39,400,000	59,200,000	45,200,000	72,100,000	44,000,000	64,200,000
Railroad retirement account (notes)					10,000,000	15,000,000		
Foreign service retirement fund (notes)			622,000	763,000	657,000	514,000	654,000	440,000
Canal Zone retirement fund (notes)	21,000	18,000	17,000	299,000	326,000	251,000	179,000	1,878,000
Postal Savings System (notes)				71,500,000	13,000,000	10,000,000	70,000,000	55,000,000
Government life insurance fund (notes)				36,500,000				
Federal Deposit Insurance Corporation (notes)			15,000,000	111,000,000	14,000,000	35,000,000	5,000,000	
Subtotal	27,421,000	2,718,000	1,787,039,000	2,145,762,000	1,472,883,000	1,040,830,000	566,986,000	522,979,000
Total public debt expenditures	458,733,097	506,023,577	2,545,414,335	10,637,559,214	9,808,808,315	8,880,669,911	6,943,338,726	9,043,162,766

TABLE 6.—Receipts and expenditures for the fiscal years 1789 to 1940<sup>1</sup>

[On basis of warrants issued from 1789 to 1915, inclusive, and on basis of daily Treasury statements (unrevised) from 1916 to 1940, see p. 533. General, special, emergency, and trust accounts combined from 1789 to 1930, inclusive. Trust accounts excluded from 1931 and subsequent years. For explanation of accounts, see p. 534.]

Year	Ordinary receipts							Postal revenues, <sup>3</sup> exclusive of surplus postal receipts covered into the Treasury	Total ordinary receipts and postal revenues	Surplus (+) or deficit (—) of ordinary receipts covered into the Treasury compared with expenditures chargeable against ordinary receipts <sup>4</sup>
	Customs (including tonnage tax)	Internal revenue		Sales of public lands <sup>2</sup>	Surplus postal receipts covered into the Treasury	Miscellaneous	Total ordinary receipts			
		Income and profits taxes	Miscellaneous							
1789-91.	\$4,399,473					\$19,440	\$4,418,913	\$91,739	\$4,510,652	+\$149,886
1792.	3,443,071		\$208,943			17,946	3,669,960	67,443	3,737,403	-1,409,572
1793.	4,255,307		337,706		\$11,021	48,889	4,652,923	93,725	4,746,648	+170,610
1794.	4,801,065		274,090		29,478	327,272	5,431,905	99,469	5,531,374	-1,558,934
1795.	5,588,461		337,755		22,400	165,918	6,114,534	138,220	6,252,754	-1,425,275
1796.	6,567,988		475,290	\$4,836	72,910	1,256,506	8,377,530	122,156	8,499,686	+2,650,544
1797.	7,549,650		575,491	83,541	64,500	415,599	8,688,781	149,498	8,838,279	+2,555,147
1798.	7,106,062		644,358	11,963	39,500	98,613	7,900,496	193,477	8,093,973	+223,992
1799.	6,610,449		779,136		41,000	116,228	7,546,813	223,846	7,770,659	-2,119,642
1800.	9,080,933		809,396	444	78,000	879,976	10,848,749	202,804	11,051,553	+62,674
1801.	10,750,779		1,048,033	167,726	79,500	889,293	12,935,331	240,942	13,176,273	+3,540,749
1802.	12,438,236		621,899	188,628	35,000	1,712,031	14,995,794	292,044	15,287,838	+7,133,676
1803.	10,479,418		215,180	165,676	16,427	187,397	11,064,098	335,395	11,399,493	+3,212,445
1804.	11,098,565		50,941	437,527	26,500	162,774	11,826,307	362,949	12,189,256	+3,106,865
1805.	12,936,487		21,747	540,194	21,343	40,922	13,560,693	400,030	13,960,723	+3,054,459
1806.	14,667,698		20,101	765,246	41,118	65,768	15,559,931	404,987	15,964,918	+5,756,314
1807.	15,845,522		13,051	466,163	3,615	69,668	16,398,019	475,147	16,873,166	+8,043,868
1808.	16,363,551		8,211	647,939		40,961	17,060,662	460,564	17,521,226	+7,128,170
1809.	7,296,021		4,044	442,252		31,156	7,773,473	506,633	8,280,106	-2,507,275
1810.	8,583,309		7,431	696,549		96,926	9,384,215	551,684	9,935,899	+1,227,705
1811.	13,313,223		2,296	1,040,238	38	67,734	14,423,529	587,208	15,010,737	+6,365,192
1812.	8,958,778		4,903	710,428	85,040	41,984	9,801,133	564,168	10,365,301	-10,479,638
1813.	13,224,623		4,755	835,655	35,000	240,377	14,340,410	668,154	15,008,564	-17,341,442
1814.	5,998,772		1,662,985	1,135,971	45,000	2,338,897	11,181,625	685,370	11,866,995	-23,539,301
1815.	7,282,942		4,678,059	1,287,959	135,000	2,345,064	15,729,024	908,065	16,637,089	-16,979,115
1816.	36,306,875		5,124,708	1,717,985	149,788	4,378,315	47,677,671	811,994	48,489,665	+17,090,980
1817.	26,283,348		2,678,101	1,991,226	29,372	2,117,003	33,099,050	973,601	34,072,651	+11,255,230
1818.	17,176,385		955,270	2,606,565	20,070	826,881	21,585,171	1,110,165	22,695,336	+1,760,050
1819.	20,283,609		229,594	3,274,423	71	815,678	24,603,375	1,204,666	25,808,041	+3,139,565
1820.	15,005,612		106,261	1,635,872	6,466	1,126,459	17,880,670	1,105,461	18,986,131	-379,957
1821.	13,004,447		69,028	1,212,966	517	286,422	14,573,380	1,058,570	15,631,950	-1,237,373
1822.	17,589,762		67,666	1,803,582	602	770,816	20,232,428	1,116,888	21,349,316	+5,232,208
1823.	19,088,433		34,242	916,523	111	501,357	20,540,666	1,130,004	21,670,670	+5,833,826



1824	17,878,326		34,663	984,418		483,806	19,381,213	1,197,758	20,578,971	-945,495
1825	20,098,713		25,771	1,216,091	70	499,813	21,840,858	1,806,055	23,146,913	+6,983,629
1826	23,341,332		21,590	1,393,785	300	503,427	25,260,434	1,447,403	26,707,837	+8,224,637
1827	19,712,283		19,886	1,495,845	101	1,738,249	22,966,364	1,524,532	24,490,896	+6,827,196
1828	23,205,524		17,452	1,018,309	20	522,325	24,763,630	1,659,895	26,423,525	+8,368,787
1829	22,681,966		14,503	1,517,175	87	613,896	24,827,627	1,707,331	26,534,958	+9,624,294
1830	21,922,391		12,161	2,329,356	55	580,153	24,844,116	1,850,528	26,694,644	+9,701,050
1831	24,224,442		6,934	3,210,815	561	1,084,069	28,526,821	1,997,250	30,524,071	+13,279,170
1832	28,465,237		11,631	2,623,381	245	765,067	31,865,561	2,258,325	34,123,886	+14,576,611
1833	29,032,509		2,759	3,967,683		945,476	33,948,427	2,617,011	36,565,438	+10,930,875
1834	16,214,957		4,196	4,857,601	100	715,082	21,791,936	2,823,649	24,615,585	+3,164,367
1835	29,391,311		10,459	14,757,601	893	1,269,823	35,430,087	2,992,663	38,422,750	+17,857,274
1836	13,409,941		370	24,877,180	11	2,539,294	50,826,796	3,408,312	54,235,108	+19,958,632
1837	11,169,200		5,494	6,776,237		7,003,132	24,954,153	4,101,703	29,055,856	-12,289,343
1838	16,158,800		2,467	3,081,940		7,059,355	26,302,562	4,238,733	30,541,295	-7,562,497
1839	23,137,925		2,553	7,076,447		1,265,824	31,482,749	4,484,657	35,967,406	+4,583,621
1840	13,499,502		1,682	3,292,683		2,686,248	19,480,115	4,543,522	24,023,637	+4,837,464
1841	14,487,217		3,261	1,365,627		1,004,055	16,860,160	4,407,726	21,267,886	-9,705,713
1842	18,187,909		495	1,335,798		451,996	19,976,198	4,646,850	24,523,048	-5,229,563
1843	7,046,844		103	897,818		357,937	8,302,702	4,296,225	12,598,927	-3,555,373
1844	26,183,571		1,777	2,059,940		1,076,086	29,321,374	4,237,288	33,558,662	+6,983,803
1845	27,528,113		3,517	2,077,022		361,454	29,970,106	4,289,842	34,259,948	+7,032,698
1846	26,712,668		2,897	2,694,452		289,950	29,699,967	3,487,199	33,187,166	+1,933,032
1847	23,747,865		375	2,498,355		249,174	26,495,769	3,880,309	30,376,078	-30,785,643
1848	31,757,071		375	3,328,643		649,690	35,735,779	4,555,211	40,290,990	-9,641,447
1849	28,346,739			1,688,960		1,172,444	31,208,143	4,705,176	35,913,319	-13,843,514
1850	39,668,686			1,859,894		2,074,859	43,603,439	5,499,985	49,103,424	+4,059,947
1851	49,017,568			2,352,305		1,189,431	52,559,304	6,410,604	58,969,908	+4,850,287
1852	47,339,327			2,043,240		464,249	49,846,816	5,184,527	55,031,343	+5,651,897
1853	58,931,866			1,667,085		988,103	61,587,054	5,240,725	66,827,779	+13,402,943
1854	64,224,190			8,470,798		1,105,353	73,800,341	6,255,586	80,055,927	+15,755,479
1855	53,025,794			11,497,049		827,732	65,350,575	6,642,136	71,992,711	+5,607,907
1856	64,022,863			8,116,191		74,056,699	80,977,521	6,920,822	80,977,521	+4,485,673
1857	63,875,905			3,829,487		1,259,921	68,965,313	7,353,952	76,319,265	+1,169,605
1858	41,789,621			3,513,716		1,352,029	46,655,366	7,486,793	54,142,159	-27,529,904
1859	49,565,824			1,756,687		2,163,954	53,486,465	7,968,484	61,454,949	-15,584,512
1860	53,187,512			1,778,558		1,098,538	56,064,608	8,518,067	64,582,675	+7,065,990
1861	39,582,126			870,659		1,057,146	41,509,931	8,349,296	49,859,227	-25,036,714
1862	49,056,398			152,204		2,778,854	51,987,456	8,299,821	60,287,277	-422,774,363
1863	69,059,642	\$2,741,858	34,898,930	167,617		5,829,244	112,697,291	11,163,790	123,861,081	-602,043,434
1864	102,316,153	20,294,732	89,446,402	588,333		51,981,151	264,626,771	12,438,254	277,065,025	-600,695,871
1865	84,928,261	60,979,329	148,484,886	996,553		38,325,576	333,714,005	14,556,159	348,270,764	-963,840,619
1866	179,046,652	72,982,159	236,244,654	665,031		69,094,124	558,032,620	14,386,986	572,419,606	+37,223,203
1867	176,417,811	66,014,429	200,013,108	1,163,576		47,025,086	490,634,010	15,237,027	505,871,037	+133,091,335
1868	164,464,600	41,455,598	149,631,991	1,348,715		48,737,179	405,638,083	16,292,001	421,930,684	+28,297,798
1869	180,048,427	34,791,856	123,564,605	4,020,344		28,518,515	370,943,747	17,314,176	388,257,923	+48,078,469
1870	194,538,374	37,775,874	147,123,882	3,350,482		28,466,865	411,255,477	18,879,537	430,135,014	+101,601,916
1871	206,270,408	19,162,651	123,935,503	2,388,647		31,566,736	383,323,945	20,037,045	403,360,990	+91,146,757
1872	216,370,287	14,436,862	116,205,316	2,575,714		24,518,689	374,106,868	21,915,426	396,022,294	+96,588,905

Footnotes at end of table.

TABLE 6.—Receipts and expenditures for the fiscal years 1789 to 1940 <sup>1</sup>—Continued

Year	Ordinary receipts							Postal revenues, <sup>3</sup> exclusive of surplus postal receipts covered into the Treasury	Total ordinary receipts and postal revenues	Surplus (+) or deficit (−) of ordinary receipts covered into the Treasury compared with expenditures chargeable against ordinary receipts <sup>4</sup>
	Customs (including tonnage tax)	Internal revenue		Sales of public lands <sup>2</sup>	Surplus postal receipts covered into the Treasury	Miscellaneous	Total ordinary receipts			
		Income and profits taxes	Miscellaneous							
1873	\$188,089,523	\$5,062,312	\$108,667,002	\$2,882,312		\$29,037,056	\$333,738,205	\$22,996,742	\$356,734,947	+\$43,392,960
1874	163,103,834	139,472	102,270,313	1,852,429		37,612,708	304,978,756	26,471,072	331,449,828	+2,344,883
1875	157,167,722	233	110,007,261	1,413,640		19,411,195	288,000,051	26,791,314	314,791,365	+13,376,658
1876	148,071,985	588	116,700,144	1,129,467		28,193,681	294,095,865	28,644,198	322,740,063	+28,994,780
1877	130,956,493	98	118,630,310	976,254		30,843,264	281,406,419	27,531,585	308,938,004	+40,071,944
1878	130,170,680		110,581,625	1,079,743		15,931,831	257,763,879	29,277,517	287,041,396	+20,799,552
1879	137,250,048		113,561,611	924,781		22,090,745	273,827,185	30,041,983	303,869,168	+6,879,301
1880	186,522,064		124,009,374	1,016,507		21,978,666	333,526,611	33,315,479	366,842,090	+65,883,553
1881	198,159,676	3,022	135,261,364	2,201,863		25,156,368	360,782,293	36,785,398	397,567,691	+100,069,405
1882	220,410,730		146,497,596	4,753,140		31,863,784	403,525,250	41,876,410	445,401,660	+145,543,810
1883	214,706,497		144,720,369	7,955,864		30,904,852	398,287,582	45,508,693	443,796,275	+132,879,444
1884	195,067,490	55,628	121,530,445	9,810,705		22,055,602	348,519,870	43,325,959	391,845,829	+104,393,626
1885	181,471,939		112,498,726	5,705,986		24,014,055	323,690,706	42,560,844	366,251,550	+63,463,771
1886	192,905,023		116,805,936	5,630,999		21,097,768	336,439,726	43,948,423	380,388,149	+93,956,587
1887	217,286,893		118,823,391	9,254,286		26,038,707	371,403,277	48,837,609	420,240,886	+103,471,096
1888	219,091,174		124,296,872	11,202,017		24,676,012	379,266,075	52,695,177	431,961,252	+111,341,274
1889	223,832,742		130,881,514	8,038,652		24,297,151	387,050,059	56,175,611	443,225,670	+87,761,081
1890	229,668,585		142,606,706	6,358,273		24,447,420	403,080,984	60,882,098	463,963,082	+85,040,273
1891	219,522,205		145,686,250	4,029,535		23,374,457	392,612,447	65,931,786	458,544,233	+26,838,543
1892	177,452,964		153,971,072	3,261,876		20,251,872	354,937,784	70,930,476	425,868,260	+9,914,453
1893	203,355,017		161,027,624	3,182,090		18,254,898	385,819,629	75,896,933	461,716,562	+2,341,676
1894	131,818,531		147,111,233	1,673,637		25,751,915	306,355,316	75,080,479	381,435,795	−61,169,965
1895	152,158,617	77,131	143,344,541	1,103,347		28,045,783	324,729,419	76,983,128	401,712,547	−31,465,879
1896	160,021,752		146,762,865	1,005,523		30,352,307	338,142,447	82,499,208	420,641,655	−14,036,999
1897	176,554,127		146,688,574	864,581		32,614,423	347,721,705	82,665,463	430,387,168	−18,052,454
1898	149,575,062		170,900,642	1,243,129		83,602,502	405,321,335	89,012,619	494,333,954	−38,047,248
1899	206,128,482		273,437,162	1,678,247		34,716,730	515,960,621	95,021,384	610,982,005	−89,111,558
1900	233,164,871		295,327,927	2,836,883		35,911,171	567,240,852	102,354,579	669,595,431	+46,380,005
1901	238,585,456		307,180,664	2,965,120		38,954,098	587,685,338	111,631,193	699,316,531	+63,068,413
1902	254,444,708		271,880,122	4,144,123		32,009,280	562,478,233	121,848,047	684,326,280	+77,243,984
1903	284,479,582		230,810,124	8,926,311		37,664,705	561,880,722	134,224,443	696,105,165	+44,874,695
1904	261,274,565		232,904,119	7,453,480		39,454,921	541,087,085	143,582,624	684,669,709	−42,572,815
1905	261,798,857		234,095,741	4,859,250		43,520,837	544,274,685	152,826,585	697,101,270	−23,004,229
1906	300,251,878		249,150,213	4,879,834		40,702,521	594,984,446	167,932,783	762,917,229	+24,782,168
1907	332,233,363		269,666,773	7,878,811		56,081,439	665,860,386	183,585,006	849,445,392	+86,731,644

1908	286, 113, 130		251, 711, 127	9, 731, 580	54, 306, 090	601, 861, 907	191, 478, 663	793, 340, 570	-57, 334, 413
1909	300, 711, 934		246, 212, 644	7, 700, 568	49, 695, 352	604, 320, 498	203, 562, 383	807, 882, 881	-89, 423, 387
1910	333, 683, 445	20, 951, 781	268, 981, 738	6, 355, 797	45, 538, 954	675, 511, 715	224, 128, 658	899, 640, 373	-18, 105, 350
1911	314, 497, 071	33, 516, 977	289, 012, 224	5, 731, 637	59, 075, 002	701, 832, 911	237, 879, 824	939, 712, 735	+10, 631, 399
1912	311, 321, 672	28, 583, 304	293, 028, 896	5, 392, 797	54, 282, 535	692, 609, 204	246, 744, 016	939, 353, 220	+2, 727, 870
1913	318, 891, 396	35, 006, 300	309, 410, 666	2, 910, 205	57, 892, 663	724, 111, 230	266, 619, 526	990, 730, 756	-400, 733
1914	292, 320, 014	71, 381, 275	308, 658, 733	2, 571, 775	\$3, 800, 000	734, 673, 167	284, 134, 566	1, 018, 807, 733	-408, 264
1915	209, 786, 672	80, 201, 759	335, 467, 887	2, 167, 136	3, 500, 000	66, 787, 373	283, 748, 165	981, 658, 992	-62, 675, 975
1916	213, 185, 846	124, 937, 253	387, 764, 776	1, 887, 662	54, 759, 011	54, 759, 011	312, 057, 689	1, 094, 592, 237	+48, 478, 346
1917	225, 962, 393	359, 681, 228	449, 684, 980	1, 892, 893	5, 200, 000	81, 903, 301	324, 526, 116	1, 448, 850, 911	-853, 356, 956
1918	179, 998, 385	2, 314, 006, 292	872, 028, 020	1, 969, 455	48, 630, 701	247, 950, 012	3, 664, 582, 865	3, 960, 428, 126	-9, 033, 253, 840
1919	184, 457, 867	3, 018, 783, 687	1, 296, 501, 292	1, 404, 705	89, 906, 000	561, 203, 585	5, 152, 257, 136	5, 427, 198, 262	-13, 370, 637, 569
1920	322, 902, 650	3, 944, 949, 288	1, 460, 082, 287	1, 910, 140	5, 213, 000	959, 508, 024	6, 694, 565, 389	7, 126, 502, 601	+212, 475, 198
1921	308, 564, 391	3, 206, 046, 158	1, 390, 379, 823	1, 530, 439		718, 412, 150	5, 624, 932, 961	6, 088, 424, 236	+86, 723, 772
1922	356, 443, 387	2, 068, 128, 193	1, 145, 125, 064	895, 391	81, 494	538, 430, 622	4, 109, 104, 151	4, 593, 876, 198	+313, 801, 651
1923	561, 928, 867	1, 678, 607, 428	945, 865, 333	656, 508		820, 077, 345	4, 007, 135, 481	4, 539, 963, 406	+309, 657, 461
1924	545, 637, 504	1, 842, 144, 418	953, 012, 618	522, 223		670, 727, 939	4, 012, 044, 702	4, 584, 993, 480	+505, 366, 987
1925	547, 561, 226	1, 760, 537, 824	828, 638, 068	623, 534		642, 788, 033	3, 780, 148, 685	4, 379, 740, 162	+250, 505, 239
1926	579, 430, 093	1, 982, 040, 088	855, 599, 289	754, 253		544, 931, 967	3, 962, 755, 690	4, 622, 575, 491	+377, 767, 816
1927	605, 499, 983	2, 224, 992, 800	644, 421, 542	621, 187		653, 858, 929	4, 129, 394, 441	4, 812, 516, 430	+635, 809, 921
1928	568, 986, 188	2, 173, 952, 557	621, 018, 666	384, 651		678, 006, 094	4, 042, 348, 156	4, 735, 982, 077	+398, 828, 281
1929	602, 262, 786	2, 330, 711, 823	607, 307, 549	314, 568		492, 653, 499	4, 033, 250, 225	4, 730, 197, 803	+184, 787, 035
1930	587, 000, 903	2, 410, 986, 978	628, 308, 036	395, 744		551, 250, 041	4, 177, 941, 702	4, 883, 425, 800	+183, 789, 215
1931	378, 354, 005	1, 860, 394, 295	569, 386, 721	230, 302		381, 273, 309	3, 189, 638, 632	3, 846, 102, 015	-901, 959, 080
1932	<sup>12</sup> 327, 754, 969	1, 057, 335, 853	503, 670, 481	170, 339		116, 793, 795	2, 005, 725, 437	2, 593, 897, 360	-2, 942, 051, 451
1933	<sup>12</sup> 250, 750, 251	746, 206, 445	858, 217, 512	102, 561		224, 419, 973	2, 079, 696, 742	2, 667, 328, 106	-2, 245, 452, 980
1934	<sup>12</sup> 313, 434, 302	817, 961, 481	<sup>13</sup> 1, 822, 642, 347	99, 336		161, 416, 584	3, 115, 554, 050	3, 702, 287, 216	-3, 255, 393, 297
1935	<sup>12</sup> 343, 353, 054	1, 099, 118, 638	<sup>13</sup> 2, 178, 571, 390	86, 757		179, 337, 053	3, 800, 467, 202	4, 431, 262, 504	-3, 782, 966, 360
1936	<sup>12</sup> 386, 811, 594	1, 426, 575, 434	<sup>13</sup> 2, 086, 276, 174	74, 355		216, 219, 368	4, 115, 956, 615	4, 781, 299, 971	-4, 952, 928, 957
1937 <sup>14</sup>	<sup>12</sup> 486, 356, 599	2, 157, 526, 981	<sup>13</sup> 2, 174, 613, 122	71, 218		210, 272, 317	5, 028, 840, 237	5, 755, 041, 347	-3, 252, 539, 719
1938 <sup>14</sup>	<sup>12</sup> 359, 187, 249	2, 634, 618, 139	<sup>13</sup> 2, 652, 700, 298	95, 649		208, 059, 892	5, 854, 661, 227	6, 583, 295, 278	-1, 449, 625, 881
1939 <sup>14</sup>	<sup>12</sup> 318, 837, 311	2, 182, 300, 487	<sup>13</sup> 2, 475, 920, 360	248, 461		187, 517, 007	5, 164, 823, 626	5, 910, 778, 701	-3, 600, 514, 405
1940 <sup>14</sup>	348, 590, 636	<sup>13</sup> 2, 125, 324, 635	2, 640, 097, 620	72, 358		273, 039, 421	5, 387, 124, 670	6, 154, 073, 297	-3, 740, 249, 136

Footnotes at end of table.

TABLE 6.—Receipts and expenditures for the fiscal years 1789 to 1940 <sup>1</sup>—Continued

Year	Expenditures chargeable against ordinary receipts									Public debt retirements chargeable against ordinary receipts <sup>1</sup>	Total expenditures chargeable against ordinary receipts	Postal expenditures <sup>3</sup> exclusive of postal deficiencies	Total ordinary and postal expenditures
	Ordinary												
	Civil and miscellaneous <sup>1</sup>	War Department (including rivers and harbors and Panama Canal) <sup>2</sup>	Navy Department <sup>2</sup>	Indians <sup>1</sup>	Pensions <sup>1</sup>	Postal deficiencies <sup>2</sup>	Interest on the public debt	Total ordinary expenditures					
1789-1791.	\$1,083,402	\$632,804	\$570	\$27,000	\$175,814		\$2,349,437	\$4,269,027		\$4,269,027	\$76,397	\$4,345,424	
1792.....	654,257	1,100,702	53	13,649	109,243		3,201,628	5,079,532		5,079,532	54,530	5,134,062	
1793.....	472,451	1,130,249		27,283	80,088		2,772,242	4,482,313		4,482,313	72,039	4,554,352	
1794.....	705,598	2,639,098	61,409	13,042	81,399		3,490,293	6,990,839		6,990,839	89,972	7,080,811	
1795.....	1,367,037	2,480,910	410,562	23,476	68,673		3,189,151	7,539,809		7,539,809	117,893	7,657,702	
1796.....	782,475	1,260,264	274,784	113,564	100,844		3,195,055	5,726,986		5,726,986	131,571	5,858,557	
1797.....	1,256,903	1,039,403	382,632	62,396	92,257		3,300,043	6,133,634		6,133,634	150,114	6,283,748	
1798.....	1,111,038	2,009,522	1,381,348	16,470	104,845		3,053,281	7,676,504		7,676,504	179,084	7,855,588	
1799.....	1,039,392	2,466,947	2,858,082	20,302	95,444		3,186,288	9,666,455		9,666,455	188,037	9,854,492	
1800.....	1,337,613	2,560,879	3,448,716	31	64,131		3,374,705	10,786,075		10,786,075	213,994	11,000,069	
1801.....	1,114,768	1,672,944	2,111,424	9,000	73,533		4,412,913	9,394,582		9,394,582	255,151	9,649,733	
1802.....	1,462,929	1,179,148	915,562	94,000	85,440		4,125,039	7,862,118		7,862,118	281,916	8,144,034	
1803.....	1,842,636	822,056	1,215,231	60,000	62,902		3,848,828	7,851,653		7,851,653	322,364	8,174,017	
1804.....	2,191,009	875,424	1,189,833	116,500	80,093		4,266,583	8,719,442		8,719,442	337,502	9,066,944	
1805.....	3,768,599	712,781	1,597,500	196,500	81,855		4,148,999	10,506,234		10,506,234	377,367	10,883,601	
1806.....	2,890,137	1,224,355	1,649,641	234,200	81,876		3,723,408	9,803,617		9,803,617	417,233	10,220,850	
1807.....	1,697,898	1,288,686	1,722,064	205,425	70,500		3,369,578	8,354,151		8,354,151	453,885	8,808,036	
1808.....	1,423,286	2,900,834	1,884,068	213,575	82,576		3,428,153	9,932,492		9,932,492	462,828	10,395,320	
1809.....	1,215,804	3,345,772	2,427,759	337,504	87,834		2,866,075	10,280,748		10,280,748	498,012	10,778,760	
1810.....	1,101,145	2,294,324	1,654,244	177,625	83,744		2,845,428	8,156,510		8,156,510	495,969	8,652,479	
1811.....	1,367,291	2,032,828	1,965,566	151,875	75,044		2,465,733	8,058,337		8,058,337	499,098	8,557,435	
1812.....	1,683,088	11,817,798	3,959,365	277,845	91,402		2,451,273	20,280,771		20,280,771	540,165	20,820,936	
1813.....	1,729,436	19,652,013	6,446,600	167,358	86,990		3,599,455	31,681,852		31,681,852	681,011	32,362,863	
1814.....	2,208,030	20,350,807	7,311,291	167,395	90,164		4,593,239	34,720,926		34,720,926	727,126	35,448,052	
1815.....	2,898,870	14,794,294	8,660,000	530,750	69,656		5,754,569	32,708,139		32,708,139	748,121	33,456,260	
1816.....	2,989,741	16,012,097	3,908,278	274,512	188,804		7,213,259	30,586,691		30,586,691	804,022	31,390,713	
1817.....	3,518,937	8,004,237	3,314,598	319,464	297,374		6,389,210	21,843,820		21,843,820	916,515	22,760,335	
1818.....	3,835,840	5,622,715	2,953,695	505,704	890,720		6,016,447	19,825,121		19,825,121	1,035,832	20,860,953	
1819.....	3,067,211	6,506,300	3,847,640	463,181	2,415,940		5,163,538	21,463,810		21,463,810	1,117,861	22,581,671	
1820.....	2,592,022	2,630,392	4,387,990	315,750	3,208,376		5,126,097	18,260,627		18,260,627	1,160,926	19,421,553	
1821.....	2,223,122	4,461,292	3,319,243	477,005	242,817		5,087,274	15,810,753		15,810,753	1,165,481	16,976,234	
1822.....	1,967,996	3,111,981	2,224,459	575,007	1,948,199		5,172,578	15,000,220		15,000,220	1,167,572	16,167,792	
1823.....	2,022,094	3,096,924	2,503,766	380,782	1,780,589		4,922,685	14,706,840		14,706,840	1,156,995	15,863,835	
1824.....	7,155,309	3,340,940	2,904,582	429,988	1,499,327		4,996,562	20,326,708		20,326,708	1,188,019	21,514,727	
1825.....	2,748,545	3,659,914	3,049,084	724,106	1,308,811		4,366,769	15,857,229		15,857,229	1,229,043	17,086,272	

1826	2,600,178	3,943,194	4,218,902	743,448	1,556,594	3,973,481	17,035,797	17,035,797	1,366,712	18,402,509
1827	2,713,477	3,938,978	4,263,877	760,625	976,139	3,486,072	16,139,168	16,139,168	1,469,959	17,609,127
1828	3,676,053	4,145,545	3,918,786	705,084	850,574	3,098,801	16,394,843	16,394,843	1,689,945	18,084,788
1829	3,101,515	4,724,291	3,308,745	576,345	949,594	2,542,943	15,203,333	15,203,333	1,782,132	16,985,465
1830	3,237,416	4,767,129	3,239,429	622,262	1,363,297	1,913,533	15,143,066	15,143,066	1,932,708	17,075,774
1831	3,064,646	4,841,836	3,856,183	930,738	1,170,665	1,383,583	15,247,651	15,247,651	1,936,122	17,183,773
1832	4,577,141	5,446,035	3,956,370	1,352,420	1,184,422	772,562	17,288,950	17,288,950	2,266,171	19,555,121
1833	6,716,246	6,704,019	3,901,357	1,802,981	4,589,152	303,797	23,017,552	23,017,552	2,930,414	25,947,966
1834	4,404,729	5,696,189	3,956,260	1,003,953	3,364,285	202,153	18,627,569	18,627,569	2,910,605	21,538,174
1835	4,229,699	5,759,157	3,864,939	1,706,444	1,954,711	57,863	17,572,813	17,572,813	2,757,350	20,330,163
1836	5,393,280	12,169,227	5,807,718	4,615,141	2,882,798		30,868,164	30,868,164	2,841,766	33,709,930
1837	9,893,609	13,682,734	6,646,915	4,348,076	2,672,162		37,243,496	37,243,496	3,258,319	40,531,815
1838	7,160,965	12,897,224	6,131,596	5,504,191	2,156,086	14,997	33,865,059	33,865,059	4,430,662	38,295,721
1839	5,728,203	8,916,996	6,182,294	2,528,917	3,142,884	399,834	26,899,128	26,899,128	3,636,536	31,535,664
1840	5,996,269	7,097,070	6,113,897	2,331,795	2,603,950	174,598	24,317,579	24,317,579	4,718,236	29,035,815
1841	6,084,037	8,805,565	6,001,077	2,594,063	2,388,496	284,978	26,565,873	26,565,873	4,092,030	30,657,903
1842	6,788,853	6,611,887	8,397,243	1,201,062	1,379,469	773,550	25,205,761	25,205,761	5,617,366	30,823,127
1843	3,203,163	2,957,300	3,727,711	581,680	843,323	53,697	11,858,075	11,858,075	4,353,541	16,211,616
1844	5,616,408	5,179,220	6,498,199	1,179,279	2,030,598	1,833,867	22,337,571	22,337,571	4,298,628	26,636,199
1845	5,910,028	5,752,644	6,297,245	1,540,817	2,396,642	1,040,032	22,937,408	22,937,408	4,326,692	27,264,100
1846	6,034,324	10,792,567	6,454,947	1,021,461	1,810,371	842,723	27,766,925	27,766,925	3,310,286	31,077,211
1847	6,201,519	38,305,520	7,900,636	1,470,306	1,747,917	1,119,215	57,281,412	57,281,412	3,544,829	60,826,241
1848	5,620,678	25,501,963	9,408,476	1,221,792	1,211,270	2,390,825	45,377,226	45,377,226	4,358,238	49,735,464
1849	14,143,278	14,852,966	9,786,706	1,373,119	1,330,010	3,565,578	45,051,657	45,051,657	4,477,664	49,529,321
1850	14,920,119	9,400,239	7,904,709	1,665,802	1,870,292	3,782,331	39,543,492	39,543,492	5,213,245	44,756,737
1851	18,008,594	11,811,793	9,005,931	2,895,700	2,290,278	3,696,721	47,709,017	47,709,017	6,278,710	53,987,727
1852	16,590,773	8,225,247	8,952,801	2,980,403	2,403,953	4,000,298	44,194,919	44,194,919	6,066,106	50,261,025
1853	15,814,840	9,947,291	10,918,781	3,905,745	1,777,871	3,665,833	48,184,111	48,184,111	5,829,339	54,013,450
1854	26,443,374	11,733,629	10,798,586	1,553,031	1,237,879	3,071,017	58,044,862	58,044,862	5,400,940	63,445,802
1855	22,020,924	14,773,826	13,312,024	2,792,552	1,450,153	2,314,375	59,742,668	59,742,668	6,890,178	66,632,846
1856	29,310,469	16,948,197	14,091,781	2,769,430	1,298,209	1,953,822	69,571,026	69,571,026	7,208,750	76,779,776
1857	24,911,223	19,261,774	12,747,977	4,267,543	1,312,043	3,616,883	67,795,708	67,795,708	7,890,787	75,686,495
1858	22,255,130	25,485,383	13,984,551	4,926,739	1,217,485	4,748,923	74,185,270	74,185,270	7,972,714	82,157,984
1859	18,891,737	23,243,823	14,642,990	3,625,027	1,220,378	4,808,558	69,070,977	69,070,977	6,648,954	75,719,931
1860	18,086,888	16,409,767	11,514,965	2,949,191	1,102,926	3,177,315	63,130,598	63,130,598	9,281,060	72,411,658
1861	18,096,116	22,981,150	12,420,888	2,841,358	1,036,064	5,170,895	66,546,645	66,546,645	8,430,368	74,977,013
1862	17,846,762	394,368,407	42,668,277	2,273,224	853,095	3,561,729	474,761,819	474,761,819	7,564,236	482,326,055
1863	22,607,651	569,298,601	63,221,964	3,154,357	1,078,991	749,814	714,740,725	714,740,725	10,557,101	725,297,826
1864	26,505,619	690,791,843	85,725,995	2,629,859	4,983,924	999,980	865,322,642	865,322,642	11,843,089	877,165,731
1865	44,515,558	1,031,323,361	122,612,945	5,116,837	16,338,811	77,397,712	1,297,555,224	1,297,555,224	13,388,909	1,310,944,133
1866	41,115,438	284,449,702	43,324,118	3,247,065	15,605,352		133,067,742	133,067,742	15,320,817	153,388,564
1867	58,406,906	95,224,415	31,034,011	4,642,532	20,936,552		143,781,592	143,781,592	15,692,732	159,474,324
1868	55,957,827	123,246,648	25,775,503	4,100,682	23,782,387		140,424,046	140,424,046	18,784,757	159,208,803
1869	52,753,231	78,501,991	20,000,758	7,042,923	28,476,622		130,694,243	130,694,243	18,282,403	148,976,646
1870	64,389,438	57,655,676	21,780,230	3,407,938	28,340,202		129,235,498	129,235,498	309,653,561	328,786,373
1871	64,367,461	35,799,992	19,431,027	7,426,997	34,443,895		125,576,566	125,576,566	19,264,548	144,841,736
1872	62,768,024	35,372,157	21,249,810	7,061,729	28,533,403		117,357,840	117,357,840	27,517,963	144,875,803
1873	72,943,555	46,323,138	23,526,257	7,951,705	29,359,427		104,750,688	104,750,688	290,345,245	134,095,933
1874	81,822,622	42,313,927	30,932,587	6,692,462	29,038,415		107,119,815	107,119,815	302,633,873	137,753,688
1875	63,859,057	41,120,646	21,497,626	8,384,657	29,456,216		103,093,545	103,093,545	274,623,393	130,717,938
1876	68,507,121	38,070,889	18,963,310	5,966,558	28,257,396		100,243,271	100,243,271	265,101,085	125,344,356
1877	52,756,194	37,082,736	14,959,935	5,277,007	27,963,752		97,124,512	97,124,512	241,334,475	121,458,987

Footnotes at end of table.

TABLE 6.—Receipts and expenditures for the fiscal years 1789 to 1940<sup>1</sup>—Continued

Year	Expenditures chargeable against ordinary receipts								Public debt retirements chargeable against ordinary receipts <sup>1</sup>	Total expenditures chargeable against ordinary receipts	Postal expenditures <sup>1</sup> exclusive of postal deficiencies	Total ordinary and postal expenditures
	Ordinary											
	Civil and miscellaneous <sup>2</sup>	War Department (including rivers and harbors and Panama Canal) <sup>3</sup>	Navy Department <sup>4</sup>	Indians <sup>5</sup>	Pensions <sup>7</sup>	Postal deficiencies <sup>8</sup>	Interest on the public debt	Total ordinary expenditures				
1878.	\$47,424,310	\$32,154,148	\$17,365,301	\$4,629,280	\$27,137,019	\$5,753,394	\$102,500,875	\$236,964,327	-----	\$236,964,327	\$28,429,152	\$265,393,479
1879.	60,968,032	40,425,661	15,125,127	5,206,109	35,121,482	4,773,524	105,327,949	266,947,884	-----	266,947,884	28,684,392	295,632,276
1880.	54,437,850	38,116,916	13,536,985	5,945,457	56,777,175	3,071,000	95,757,575	267,642,958	-----	267,642,958	33,466,433	301,109,391
1881.	61,581,934	40,466,461	15,686,672	6,514,161	50,059,280	3,895,639	82,508,741	260,712,888	-----	260,712,888	35,711,718	296,424,606
1882.	57,219,751	43,570,494	15,032,046	9,736,748	61,345,194	-----	71,077,207	257,981,440	-----	257,981,440	40,622,487	298,603,927
1883.	68,603,519	48,911,383	15,283,437	7,362,591	66,012,574	74,503	59,160,131	265,408,138	-----	265,408,138	43,252,837	308,660,975
1884.	70,920,434	39,429,603	17,292,601	6,475,999	55,429,228	-----	54,578,379	244,126,244	-----	244,126,244	47,233,016	291,359,260
1885.	82,952,647	42,670,578	16,021,080	6,552,495	56,102,268	4,541,611	51,386,256	260,226,935	-----	260,226,935	45,508,605	305,735,540
1886.	65,973,278	34,324,153	13,907,888	6,099,158	63,404,864	8,193,652	50,580,146	242,483,139	-----	242,483,139	42,823,266	285,306,405
1887.	78,763,579	38,561,026	15,141,127	6,194,523	75,029,102	6,501,247	47,741,577	267,932,181	-----	267,932,181	46,481,381	314,413,562
1888.	78,167,066	38,522,436	16,926,438	6,249,308	80,288,509	3,056,037	44,715,007	267,924,801	-----	267,924,801	53,411,606	321,336,407
1889.	94,087,507	44,435,271	21,378,809	6,892,208	87,624,779	3,868,920	41,001,484	299,288,978	-----	299,288,978	58,475,796	357,764,774
1890.	94,832,444	44,582,838	22,006,206	6,708,047	106,936,855	6,875,037	36,099,284	318,040,711	-----	318,040,711	59,407,825	377,448,536
1891.	115,707,616	48,720,065	26,174,896	8,527,469	124,415,951	4,741,772	37,547,135	365,773,904	-----	365,773,904	68,340,624	434,114,528
1892.	95,790,499	46,895,456	29,113,139	11,150,578	134,583,053	4,051,490	23,378,116	345,023,331	-----	345,023,331	72,989,962	418,013,293
1893.	97,786,004	49,641,773	30,136,084	13,345,347	159,357,558	5,946,795	27,264,392	383,477,953	-----	383,477,953	75,666,927	459,144,880
1894.	93,693,884	54,567,930	31,701,294	10,293,482	141,177,285	8,250,000	27,841,406	367,525,281	-----	367,525,281	76,807,994	444,333,275
1895.	82,263,188	51,804,759	28,797,796	9,939,754	141,395,229	11,016,542	30,978,030	356,195,298	-----	356,195,298	76,197,028	432,392,326
1896.	77,916,235	50,830,921	27,147,732	12,165,528	139,434,001	9,300,000	35,385,029	352,179,446	-----	352,179,446	81,643,410	433,822,856
1897.	79,252,062	48,950,268	34,561,546	13,016,802	141,053,165	11,149,206	37,791,110	365,774,159	-----	365,774,159	82,947,836	448,721,995
1898.	86,016,465	51,992,000	58,823,985	10,994,668	147,452,369	10,504,040	37,585,056	443,368,583	-----	443,368,583	87,563,130	530,931,713
1899.	110,979,686	229,841,254	63,942,104	12,805,711	139,394,929	8,211,570	39,896,925	605,072,179	-----	605,072,179	93,439,950	698,512,129
1900.	131,689,466	234,774,768	55,953,078	10,175,107	140,877,316	7,230,779	40,160,333	520,860,847	-----	520,860,847	100,534,158	621,395,005
1901.	131,976,814	144,615,697	60,506,978	10,896,073	139,323,622	4,954,762	32,342,979	524,616,925	-----	524,616,925	110,657,932	635,274,877
1902.	125,110,562	112,272,216	67,803,128	10,049,585	138,488,560	2,402,153	29,108,045	485,234,249	-----	485,234,249	122,407,064	607,641,313
1903.	133,072,506	118,629,505	82,618,034	12,935,168	138,425,646	2,768,919	28,556,349	517,006,127	-----	517,006,127	136,042,501	653,048,628
1904.	131,357,250	165,199,911	102,956,102	10,438,350	142,559,266	6,502,531	24,648,490	583,659,900	-----	583,659,900	145,892,863	729,552,763
1905.	127,968,472	126,093,894	117,550,308	14,236,074	141,773,965	15,065,257	24,590,944	567,278,914	-----	567,278,914	152,355,715	719,634,629
1906.	131,638,657	137,236,066	110,474,264	12,746,859	141,034,562	12,673,294	24,308,576	570,202,278	-----	570,202,278	165,802,431	736,004,709
1907.	145,641,626	149,775,084	97,128,469	15,163,603	139,309,514	7,629,383	24,481,158	579,128,842	-----	579,128,842	182,647,654	761,776,496
1908.	162,532,368	175,840,453	118,037,097	14,579,756	153,892,467	12,888,041	21,426,138	659,196,320	-----	659,196,320	195,500,901	854,697,221
1909.	167,001,087	192,486,904	115,546,011	15,694,618	161,710,367	19,501,062	21,803,836	693,743,885	-----	693,743,885	201,541,092	895,284,977
1910.	171,580,830	189,823,379	123,173,717	18,504,132	160,696,416	8,495,612	21,342,979	693,617,065	-----	693,617,065	221,514,528	915,131,593
1911.	173,838,599	197,199,491	119,937,641	20,933,869	157,980,575	-----	21,311,334	691,201,512	-----	691,201,512	237,660,705	928,862,217
1912.	172,256,794	184,122,793	135,591,956	20,134,840	153,590,456	1,568,195	22,616,300	689,831,534	-----	689,831,534	246,961,344	936,842,678
1913.	169,802,304	202,128,711	135,262,862	20,306,159	175,085,450	1,027,369	22,899,108	724,511,963	-----	724,511,963	261,081,506	985,593,469
1914.	170,530,235	208,349,746	139,682,186	20,215,076	173,440,231	-----	22,863,957	735,081,431	-----	735,081,431	283,558,103	1,018,639,534
1915.	200,533,231	202,160,134	141,835,654	22,130,351	164,387,942	6,636,593	22,902,897	760,586,802	-----	760,586,802	291,944,881	1,052,531,683
1916.	191,752,692	183,176,439	153,835,567	17,570,284	159,302,351	5,500,000	22,900,869	734,056,202	-----	734,056,202	300,728,453	1,034,784,655
1917.	1,144,448,923	377,940,870	239,632,757	18,588,093	160,318,406	-----	24,742,702	1,977,681,751	-----	1,977,681,751	319,889,094	2,297,571,655
1918.	6,143,916,172	4,869,955,286	1,278,840,487	30,888,400	181,137,754	2,221,095	189,743,277	12,696,702,471	\$1,134,234	12,697,836,705	322,628,094	13,020,464,799

1913..	6,627,726,263	9,009,075,789	2,002,310,785	34,593,257	221,614,781	343,511	619,215,569	18,514,879,955	8,014,750	18,522,894,705	362,160,763	18,885,055,468
1920..	2,771,141,778	1,621,953,095	736,021,456	40,516,832	213,344,204	114,854	1,020,251,622	6,403,343,841	78,746,350	6,482,090,191	10 418,607,441	6,900,697,632
1921..	1,916,122,018	1,118,076,423	650,373,836	41,470,808	260,611,416	130,128,458	999,144,731	5,115,927,690	422,281,500	5,538,209,190	10 489,506,490	6,027,715,680
1922..	1,091,652,312	457,756,139	476,775,194	38,500,413	252,576,848	64,346,235	901,000,759	3,372,607,900	422,694,600	3,795,302,500	10 481,316,006	4,276,618,506
1923..	1,166,634,334	397,050,596	333,201,362	45,142,763	264,147,869	32,526,915	1,055,923,690	3,294,627,529	402,850,491	3,697,478,020	524,366,214	4,221,844,234
1924..	1,131,154,606	357,016,708	332,249,137	46,754,026	228,261,555	12,638,850	940,602,913	3,048,677,965	457,999,750	3,506,677,715	574,773,905	4,081,451,620
1925..	1,183,882,296	370,980,708	346,142,001	38,755,457	218,321,424	23,216,784	881,806,662	3,063,105,332	466,538,114	3,529,643,446	616,119,721	4,145,763,167
1926..	1,293,702,536	364,089,945	312,743,410	48,442,120	207,189,622	39,506,490	831,937,700	3,097,611,823	487,376,051	3,584,087,874	640,285,690	4,225,273,564
1927..	1,204,375,973	369,114,122	318,909,096	36,791,649	230,556,065	27,263,191	787,019,578	2,974,029,675	519,554,845	3,493,584,519	687,364,998	4,180,949,518
1928..	1,340,702,732	400,989,683	331,335,492	36,990,808	229,401,462	32,080,202	731,764,476	3,103,264,855	540,255,020	3,643,519,875	693,674,815	4,337,194,690
1929..	1,471,452,939	425,947,194	364,561,544	34,086,586	229,781,079	49,699,744	678,330,400	3,298,859,486	549,603,704	3,848,463,190	687,709,101	4,536,172,290
1930..	1,597,512,107	464,853,515	374,165,639	32,066,628	220,608,931	91,714,451	659,347,613	3,440,268,884	553,883,603	3,994,152,487	711,985,635	4,706,135,122
1931..	1,800,641,110	478,418,974	354,071,004	26,778,585	234,402,722	145,643,613	611,559,704	3,651,515,712	440,082,000	4,091,597,712	656,885,960	4,748,483,672
1932..	2,639,280,132	477,449,816	357,617,834	26,125,092	232,521,292	202,876,341	599,276,631	3,835,147,138	412,620,750	4,947,776,888	590,846,193	5,538,623,081
1933..	2,000,129,012	449,395,013	349,561,925	22,722,347	234,990,427	117,380,192	698,365,106	3,663,544,922	461,604,800	4,325,149,722	582,626,064	4,907,775,786
1934..	4,153,843,625	408,984,976	297,029,291	23,372,905	319,322,034	52,003,296	756,617,127	6,011,083,254	359,864,093	6,370,947,347	578,763,705	6,949,711,052
1935..	4,797,651,840	489,155,454	436,447,860	27,918,899	373,804,501	63,970,405	820,926,353	7,009,875,312	573,558,250	7,583,433,562	632,632,848	8,216,066,410
1936..	6,254,317,517	618,919,108	529,031,666	28,875,773	399,065,694	86,038,862	749,396,802	8,665,645,422	403,240,150	9,068,885,572	667,620,819	9,736,506,391
1937 14	5,650,914,252	628,348,231	556,884,449	36,933,148	396,047,400	41,896,945	866,384,331	8,177,408,756	103,971,200	8,281,379,956	730,918,898	9,012,298,854
1938 14	4,591,321,400	644,525,410	596,278,901	33,378,389	402,779,083	44,258,861	926,280,714	7,238,822,158	65,464,950	7,304,287,108	728,186,748	8,032,473,854
1939 14	5,892,880,099	695,780,340	672,968,993	46,964,171	416,720,951	41,237,263	940,539,764	8,707,091,581	58,246,450	8,765,338,031	743,409,675	9,508,747,706
1940 14	5,550,599,643	907,160,151	891,624,559	10 37,821,090	429,178,230	40,870,336	1,040,935,697	8,998,189,706	129,184,100	9,127,373,806	767,034,724	9,894,408,530

<sup>1</sup> 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.

<sup>2</sup> On basis of warrants issued from 1789 to 1930, inclusive; 1931 and subsequent years on basis of checks issued.

<sup>3</sup> Postal revenues and expenditures, except surplus postal receipts covered into the Treasury and postal deficiencies paid out of the General Fund of the Treasury, are based upon reports of the Post Office Department. 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 the 3½ percent salary deductions are included in "Postal expenditure," the deductions having been paid to and deposited by disbursing clerks for credit of the retirement fund.

<sup>4</sup> Surplus or deficit excludes postal receipts and expenditures therefrom.

<sup>5</sup> Includes civil expenditures under War and Navy Departments in Washington, to and including fiscal year 1915, and unavailable funds charged off under act of June 3, 1922 (42 Stat. 1592).

<sup>6</sup> Exclusive of civil expenditures under War Department and Navy Department in Washington to and including fiscal year 1915.

<sup>7</sup> On basis of warrants issued from 1789 to 1930, inclusive; 1931 and subsequent years on basis of checks issued. Includes only Army and Navy pensions for service prior to World War, and fees of examining surgeons in Pension Bureau, and is exclusive of payments made by the War Risk Insurance Bureau and Veterans' Bureau to veterans of the World War, and salaries under Bureau of Pensions, which are included in civil and miscellaneous expenditures.

<sup>8</sup> Prior to 1922 on basis of warrants issued. Exclusive of 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; 1924, \$8,679,658.60; 1925, \$10,266,977; and 1926, \$10,472,289.59. See Note 3. The item Postal Deficiency 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. See exhibit 52 on page 577 for statement of account.

<sup>9</sup> At par.

<sup>10</sup> Exclusive of additional compensation Postal Service, under joint resolution of Nov. 8, 1919 (41 Stat. 359), which is included in "Civil and miscellaneous," as follows: 1920, \$35,698,400; 1921, \$1,374,014.56; 1922, \$22,397.37.

<sup>11</sup> Ordinary receipts and public debt retirements chargeable against ordinary receipts for 1921 exclude \$4,842,066.45 written off the debt Dec. 31, 1920. See page 769, note 2.

<sup>12</sup> Beginning with the fiscal year 1932 tonnage tax has been covered into the Treasury as miscellaneous receipts.

<sup>13</sup> Includes \$353,048,797 processing tax on farm products in 1934, \$521,379,871 in 1935, \$76,649,383 in 1936, \$2,501 in 1937, and \$11.15 in 1938; \$252,160,839 taxes under Social Security Act in 1937, \$604,448,646 in 1938, \$631,223,715.09 in 1939, and \$712,217,503.17 in 1940; \$5,836,836 unjust enrichment tax in 1937, \$5,666,572 in 1938, and \$6,456,802.43 in 1939; and \$345,088 taxes upon carriers and their employees in 1937, \$150,131,981 in 1938, \$109,256,539.77 in 1939, and \$120,966,719.36 in 1940.

<sup>14</sup> In the fiscal year 1941 amounts representing appropriations equal to "Social Security—Unemployment taxes" collected and deposited as provided under sec. 201 (a) of the Social Security Act Amendments of 1939, less reimbursements to the General Fund for administrative expenses, are deducted on the daily Treasury statement from total receipts. Such net amounts are reflected under trust account receipts as net appropriations to the Federal old-age and survivors insurance trust fund. The fiscal years 1937, 1938, and 1939, have been revised in this statement to reflect similar treatment. Fiscal year 1940 figures are also on this revised basis.

<sup>15</sup> Includes unjust enrichment tax of \$8,623,625.04 reflected in internal revenue, miscellaneous, in prior years.

<sup>16</sup> Excludes interest accounts which are included in trust fund expenditures in the fiscal year 1940.

TABLE 7.—Receipts in general and special accounts, by major sources, for the fiscal years 1933 to 1940<sup>1</sup>

[In millions of dollars]

Source	1933	1934	1935	1936	1937	1938	1939	1940
<b>Internal revenue:</b>								
Income taxes:								
Corporation, current <sup>2</sup> .....	319.4	321.4	465.4	610.0	894.3	1,145.6	963.3	958.3
Individual, current.....	295.0	355.0	448.2	589.4	996.0	1,189.0	937.4	891.8
Back taxes.....	132.4	140.6	185.6	213.5	258.3	251.6	250.6	252.6
Excess-profits taxes <sup>3</sup> .....		2.6	6.6	14.5	25.1	36.6	27.1	18.5
Unjust enrichment tax.....					6.1	6.2	6.7	8.5
Total income taxes (collection basis).....	746.8	819.6	1,105.8	1,427.4	2,179.8	2,629.0	2,185.1	2,129.6
Adjustment to daily Treasury statement (unrevised).....	-6	1.0	-1	-8	-16.4	11.3	3.7	-4.3
Total income taxes (daily Treasury statement (unrevised) basis).....	746.2	820.6	1,105.7	1,426.6	2,163.4	2,640.3	2,188.8	2,125.3
<b>Miscellaneous internal revenue:</b>								
Capital stock tax.....		80.2	91.5	94.9	137.5	139.3	127.2	132.7
Estate tax.....	29.7	104.0	140.4	218.8	281.6	382.2	332.3	330.9
Gift tax.....	4.6	9.2	71.7	160.1	23.9	34.7	28.4	29.2
Distilled spirits and wines (including special taxes) <sup>2</sup> .....	8.0	89.9	195.2	256.2	312.3	294.5	324.3	356.3
Fermented malt liquors (including special taxes) <sup>2</sup> .....	35.2	169.0	215.6	249.1	281.6	273.2	263.3	267.8
Tobacco <sup>2</sup> .....	402.7	424.7	458.8	500.8	551.9	567.8	579.8	608.1
Stamp taxes.....	57.3	66.6	43.1	69.0	69.9	46.2	41.1	38.7
<b>Manufacturers' excise taxes:</b>								
Gasoline.....	124.9	202.6	161.5	177.3	196.5	203.6	207.0	226.2
Automobiles, trucks, tires, tubes, and parts or accessories.....	32.8	70.9	77.3	94.5	125.2	89.6	91.5	119.4
Lubricating oils.....	16.2	25.3	27.8	27.1	31.5	31.6	30.5	31.2
Electrical energy.....	28.6	33.1	32.6	33.6	36.0	38.5	39.9	42.3
All other.....	45.3	58.1	43.1	50.2	61.4	53.5	28.0	27.9
Total manufacturers' excise taxes.....	247.8	390.0	342.3	382.7	450.6	416.8	396.9	447.1
Telegraph, telephone, cable, and radio facilities, etc.....	14.6	19.3	19.7	21.1	24.6	24.0	24.1	26.4
Transportation of oil by pipe line.....	7.5	10.4	9.5	9.8	11.2	12.5	11.0	11.5
Admissions to theaters, concerts, cabarets, etc.....	15.5	14.6	15.4	17.1	19.7	20.8	19.5	21.9
Coconut and other vegetable oils processed <sup>2</sup> .....			7.3	11.7	11.6	13.3	9.1	5.7
Bituminous Coal Act of 1937.....						3.2	3.3	4.2
Sugar Act of 1937.....						30.6	65.4	68.1
Agricultural adjustment taxes.....		371.4	526.2	67.6				
Other miscellaneous internal revenue taxes (including repealed taxes) <sup>4</sup> .....	50.1	102.7	39.1	13.3	12.4	13.2	11.3	11.2
Total miscellaneous internal revenue taxes (collection basis).....	873.0	1,852.0	2,175.9	2,072.1	2,188.7	2,272.2	2,236.9	2,359.6
Adjustment to daily Treasury statement (unrevised).....	-14.8	-32.0	-3.9	14.2	-7.5	7.3	-4.9	-15.0



Total miscellaneous internal revenue taxes (daily Treasury statement (unrevised) basis).....	858.2	1,820.0	2,172.0	2,086.3	2,181.2	2,279.5	2,232.0	2,344.6
Employment taxes:								
Taxes on employment by other than carriers:								
Federal Insurance Contributions Act <sup>1</sup> .....					194.3	514.4	530.4	604.7
Federal Unemployment Tax Act <sup>2</sup> .....					57.8	90.1	100.9	107.5
Total taxes on employment by other than carriers.....					252.2	604.4	631.2	712.2
Taxes on carriers and their employees.....					.3	150.1	109.3	121.0
Total employment taxes (daily Treasury statement (unrevised) basis).....					252.5	754.6	740.5	833.2
Total internal revenue taxes (daily Treasury statement (unrevised) basis).....	1,604.4	2,640.7	3,277.7	3,512.9	4,597.1	5,674.3	5,161.2	5,303.1
Railroad Unemployment Insurance Act tax.....								4.9
Customs.....	250.8	313.4	343.4	386.8	486.4	359.2	318.8	348.6
Total internal revenue taxes, railroad unemployment insurance tax, and customs (daily Treasury statement (unrevised) basis).....	1,855.2	2,954.1	3,621.1	3,899.7	5,083.5	6,033.5	5,480.0	5,656.6
Miscellaneous receipts:								
Proceeds of Government-owned securities:								
Principal—foreign obligations.....	31.6	.4	.1	.1	.1	.1	.1	.1
Interest—foreign obligations.....	67.2	20.0	.6	.5	.5	.5	.4	.3
Other.....	32.1	57.4	38.1	90.4	68.3	65.0	58.4	72.9
Panama Canal tolls, etc.....	23.3	27.1	24.7	25.9	25.4	25.1	24.8	22.7
Seigniorage.....	.9	.5	58.0	39.3	48.9	35.6	22.8	43.9
Other miscellaneous.....	69.6	56.0	57.9	60.2	67.2	81.9	81.3	128.2
Total miscellaneous receipts.....	224.5	161.5	179.4	216.3	210.3	208.2	187.8	268.2
Total receipts, general and special accounts (daily Treasury statement (unrevised) basis).....	2,079.7	3,115.6	3,800.5	4,116.0	5,293.8	6,241.7	5,667.8	5,924.8
Deduct: Net transfers to Federal old-age and survivors insurance trust fund.....					265.0	337.0	503.0	537.7
	2,079.7	3,115.6	3,800.5	4,116.0	5,028.8	5,854.7	5,164.8	5,387.1

<sup>1</sup> The detail of income taxes and miscellaneous internal revenue taxes is on the basis of internal revenue collections with totals adjusted to basis of daily Treasury statement (unrevised). Employment taxes, railroad unemployment insurance taxes, customs, and miscellaneous receipts are shown on the basis of the daily Treasury statement (unrevised). General and special accounts are combined. For description of accounts and bases, see p. 583.

<sup>2</sup> Collections for credit to trust funds are not included.

<sup>3</sup> Primarily the declared value excess-profits tax (I. R. C., sec. 600). Also includes small collections from excess profits on contracts for the construction of Navy vessels and on Army and Navy aircraft.

<sup>4</sup> Certain of the larger items in this category may be mentioned separately: Tax on

checks and drafts, \$38.5 millions in 1933, \$41.4 millions in 1934, \$25.6 millions in 1935; tax on dividends, \$50.2 millions in 1934.

<sup>5</sup> Formerly Social Security Act, title VIII.

<sup>6</sup> Formerly Social Security Act, title IX.

<sup>7</sup> Revised to reflect adjustment of \$1,000,000 in order to bring classification on published reports into agreement with the account.

NOTE.—Figures are rounded to nearest tenth of a million and will not necessarily add to totals. These figures differ from those in table 4 because excess-profits taxes are included with income taxes in all years and agricultural adjustment taxes are included with miscellaneous internal revenue in 1934 to 1936.

TABLE 8.—Expenditures by major functions, fiscal years 1933 to 1940<sup>1</sup>

[On basis of daily Treasury statements revised to the fiscal year 1933 to provide uniform classification of expenditures on a comparable basis to that in effect during the fiscal year ended June 30, 1940, including changes as a result of the President's Reorganization Plans Nos. I and II dated Apr. 23, 1939, and May 9, 1939, respectively]

	1933	1934	1935	1936	1937	1938	1939	1940	Total fiscal years 1933 to 1940
National defense:									
(a) War (military).....	\$301,613,977.66	\$243,260,118.33	\$273,421,901.55	\$332,588,002.07	\$378,167,039.40	\$431,501,522.88	\$489,545,592.12	\$667,138,363.59	\$3,167,236,517.60
(b) Navy.....	349,561,924.59	297,029,290.96	436,447,860.03	529,031,665.94	556,884,449.49	596,278,300.80	672,968,992.93	891,624,558.69	4,329,827,043.43
Total national defense.....	651,175,902.25	540,289,409.29	709,869,761.58	911,619,668.01	935,051,488.89	1,027,779,823.68	1,162,514,585.05	1,558,762,922.28	7,497,063,561.03
Veterans' Administration:									
(a) World War veterans' adjusted service certificates.....	100,000,000.00	50,000,000.00	50,000,000.00	1,773,492,531.72	556,665,424.68				2,530,157,956.40
(b) Other.....	763,154,886.30	506,950,487.74	557,064,724.68	577,890,591.76	580,644,393.50	581,977,734.91	557,070,722.10	556,673,384.43	4,681,426,925.42
Total Veterans' Administration.....	863,154,886.30	556,950,487.74	607,064,724.68	2,351,383,123.48	1,137,309,818.18	581,977,734.91	557,070,722.10	556,673,384.43	7,211,584,881.82
Grants to States under Social Security Act.....				27,822,899.74	166,925,997.26	271,494,500.74	320,315,156.96	356,500,718.35	1,143,059,273.05
Public works.....	442,370,633.60	697,950,927.29	883,377,377.15	729,669,302.94	1,023,944,802.04	782,869,197.44	991,847,785.33	947,544,326.39	6,499,574,352.18
Aid to agriculture.....	208,956,214.51	779,857,670.58	1,076,252,180.56	938,006,947.33	976,393,344.44	860,487,618.08	1,235,368,620.19	1,567,363,578.44	7,642,686,174.43
Relief and work relief: <sup>4</sup>									
(a) Direct relief:									
Federal Emergency Relief Administration.....	335,983,845.77	707,839,276.52	1,820,122,309.09	494,317,449.97	983,043.50	4,114,706.46	1,659,785.82	544,115.86	3,363,648,443.99
(b) Work relief:									
Civil Works Administration.....		805,122,892.29	11,327,263.67	676,195.79	296,750.72	222,101.04	222,267.81	11,379.11	817,878,850.43
Work Projects and National Youth Administration.....									
				1,263,661,490.21	1,896,446,658.29	1,472,499,478.21	2,239,603,411.09	1,572,186,243.41	8,444,397,281.21

Civilian Conservation Corps.....	14, 248, 461. 23	331, 940, 851. 40	435, 508, 643. 05	486, 281, 193. 58	385, 807, 729. 81	326, 382, 547. 61	290, 385, 528. 11	283, 244, 748. 93	2, 553, 799, 703. 72
Other.....			9, 140. 13	46, 756, 245. 96	94, 268, 338. 01	65, 731, 691. 64	69, 777, 284. 65	50, 393, 472. 18	326, 936, 172. 57
Total relief and work relief..	350, 232, 307. 00	1, 844, 903, 020. 21	2, 266, 967, 355. 94	2, 291, 692, 575. 51	2, 375, 886, 433. 33	1, 868, 950, 524. 96	2, 601, 648, 277. 48	1, 906, 379, 959. 49	15, 506, 660, 463. 92
Other departmental <sup>6</sup> .....	356, 037, 310. 78	302, 812, 044. 62	335, 653, 764. 49	342, 379, 085. 73	365, 940, 204. 79	401, 176, 222. 45	438, 695, 156. 91	594, 947, 724. 50	3, 187, 641, 514. 27
Interest on public debt.....	689, 365, 105. 60	756, 617, 126. 73	820, 926, 353. 45	749, 396, 801. 68	866, 384, 330. 90	926, 280, 713. 67	940, 539, 763. 50	1, 040, 935, 696. 71	6, 790, 445, 892. 24
Other <sup>7</sup> .....	302, 252, 562. 39	531, 702, 567. 36	309, 763, 793. 87	323, 675, 017. 26	329, 572, 335. 87	517, 805, 822. 43	409, 091, 513. 02	469, 081, 395. 88	3, 192, 945, 008. 08
Grand total.....	3, 863, 544, 922. 43	6, 011, 083, 254. 12	7, 009, 875, 311. 72	8, 665, 645, 421. 68	8, 177, 403, 755. 70	7, 238, 822, 158. 36	7, 707, 091, 580. 54	8, 998, 189, 706. 47	58, 671, 661, 111. 02

<sup>6</sup> Excess of credits (deduct).

<sup>7</sup> Excludes debt retirement.

<sup>8</sup> Includes Public Roads Administration, forest roads and trails, Public Buildings Administration, Tennessee Valley Authority, reclamation projects, river and harbor work (including flood control), and Public Works Administration (including administrative expenses).

<sup>9</sup> Includes agricultural adjustment program, Farm Credit Administration, Federal Farm Mortgage Corporation, Federal intermediate credit banks, Federal land banks, Farm Security Administration, Farm Tenant Act, Rural Electrification Administration, Federal Surplus Commodities Corporation 1938 to 1940, Commodity Credit Corporation, and Department of Agriculture. Department of Agriculture expenditures include aids for the benefit of the general public such as meat inspection, enforcement of the Food and Drug Act, and Weather Bureau.

<sup>10</sup> Excludes total expenditures from emergency appropriations and allocations to other departments and agencies for the period 1933 to 1940, shown under other classifications, as follows:

National defense.....	\$169, 217, 673. 34
Veterans' Administration.....	3, 120, 131. 79
Public works:	
Public Roads Administration.....	\$392, 579, 889. 09
Public Buildings Administration.....	100, 758, 191. 05
Reclamation projects.....	65, 814, 823. 42
River and harbor work.....	210, 511, 383. 36
Public Works Administration.....	304, 040, 538. 71
	1, 073, 704, 825. 63
Aid to agriculture:	
Department of Agriculture.....	175, 029, 353. 72
Farm Credit Administration.....	16, 882, 129. 53
Farm Security Administration.....	848, 852, 895. 26
Rural Electrification Administration.....	15, 251, 095. 40
	1, 056, 015, 473. 91

Other:

Office of Education.....	\$3, 120, 298. 55
Public Health Service.....	6, 384, 918. 54
Federal Security Agency (other).....	886, 472. 48
Social Security Board.....	31, 883, 622. 78
U. S. Housing Authority.....	19, 904, 908. 65
Emergency housing.....	82, 606, 716. 56

\$144, 786, 937. 56

<sup>11</sup> Includes Reconstruction Finance Corporation, grants to States, municipalities, etc., for direct relief.

<sup>12</sup> Excludes all expenditures for Department of Agriculture and national defense; grants to States by Department of Labor under Social Security Act; Federal intermediate credit banks, subscriptions to capital stock; and all emergency relief expenditures.

<sup>13</sup> Includes Federal Housing Administration, emergency housing, home loan banks, Home Owners' Loan Corporation, U. S. Housing Authority, Federal savings and loan associations, Export-Import Bank of Washington, Electric Home and Farm Authority, Federal Deposit Insurance Corporation, Federal Works Agency (administrative expenses), Disaster Loan Corporation, Reconstruction Finance Corporation (interest on notes), Office of Education, Public Health Service, American Printing House for the Blind, administrative expenses of the Federal Security Agency, Social Security Board (other than grants to States), Railroad Retirement Board, transfers to trust accounts (excluding transfers to Federal old-age and survivors insurance trust fund; also World War veterans' adjusted service certificates which is shown under Veterans' Administration), District of Columbia (Federal share), Post Office deficiencies, Panama Canal, and Treasury refunds of taxes and duties.

TABLE 9.—Tax collections, excluding miscellaneous receipts, allocated by specific sources to estimated year of incurrence of the tax liability, calendar years 1933 to 1939

[In millions of dollars. On basis of reports of collections, see p. 584]

Tax	Tax group	1933	1934	1935	1936	1937	1938	1939
<b>Internal revenue:</b>								
Income taxes:								
Corporation, current <sup>1</sup> .....	II	377.8	548.1	682.2	1,111.3	1,159.7	791.0	1,126.9
Corporation, back.....	II	110.3	136.0	159.7	160.1	164.4	157.5	159.0
Individual, current.....	I	374.3	504.4	649.3	1,224.7	1,148.4	778.0	952.6
Individual, back.....	I	75.2	90.6	94.2	95.7	95.1	91.5	97.0
Excess-profits taxes.....	II	5.8	7.7	23.6	25.9	43.6	14.7	21.9
Unjust enrichment tax.....	II				35.0			
Total income taxes.....		943.4	1,286.8	1,609.0	2,652.7	2,611.2	1,832.7	2,357.4
<b>Miscellaneous internal revenue taxes:</b>								
Capital stock tax.....	II	80.2	91.5	94.9	137.5	139.3	127.2	132.7
Dividends tax.....	I	34.8	15.4					
Estate tax.....	I	119.0	175.4	299.8	398.8	327.0	349.6	300.8
Gift tax.....	I	9.4	72.6	163.0	22.5	35.0	29.4	30.0
<b>Liquor taxes:</b>								
Distilled spirits (imported) (excise tax).....	III	( <sup>2</sup> )	14.9	14.4	29.4	32.6	25.2	25.7
Distilled spirits (domestic) (excise tax).....	III	18.2	121.3	182.6	231.1	236.0	241.6	269.9
Distilled spirits rectification <sup>1</sup> .....	III	1.4	7.3	6.4	10.2	11.3	10.3	11.2
Still or sparkling wines, cordials, etc. (excise tax) <sup>1</sup> .....	III	1.4	5.7	8.1	7.5	6.0	6.0	6.9
Brandy used for fortifying sweet wines.....	III	.6	1.4	3.1	1.1	1.4	1.3	1.4
Rectifiers, retail and wholesale liquor dealers, manufacturers of stills, etc. (special taxes).....	III	3.6	6.5	6.9	7.3	7.3	7.0	6.9
Stamps for distilled spirits intended for export.....	III		( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Case stamps for distilled spirits bottled in bond.....	III	.1	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	.1	.5	.8
Container stamps (Liquor Taxing Act of 1934) <sup>1</sup> .....	III		5.2	7.7	9.9	10.2	9.1	9.6
Floor stocks.....	III			.1	( <sup>2</sup> )	.6		1.4
3.2 percent wines (act of March 22, 1933).....	III	1	( <sup>2</sup> )					
Fermented malt liquors <sup>1</sup> .....	III	106.5	200.4	226.1	266.1	278.5	256.7	264.1
Brewers, retail and wholesale dealers in malt liquors (special taxes).....	III	6.6	4.2	4.4	4.2	4.0	3.6	3.5
Total liquor taxes.....		138.5	366.9	459.8	566.8	588.0	561.3	601.4
<b>Tobacco manufacturers' taxes:</b>								
Cigars (large) <sup>1</sup> .....	IV	11.3	11.3	11.4	12.5	12.8	12.2	12.5
Cigars (small).....	IV	.2	.2	.1	.1	.2	.1	.1
Cigarettes (large) <sup>1</sup> .....	IV	( <sup>2</sup> )	.6	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )

Cigarettes (small)¹	IV	335.5	376.8	403.8	459.5	487.9	491.3	517.4
Snuff	IV	6.5	6.7	6.5	6.9	6.6	6.7	6.8
Tobacco (chewing and smoking)¹	IV	54.9	55.3	54.8	55.7	54.2	55.1	54.5
Cigarette papers and tubes	IV	.9	1.0	1.2	1.1	1.1	1.3	1.4
Leaf dealer penalties, etc	IV	(?)	(?)	(?)	(?)	(?)	(?)	(?)
Total tobacco manufacturers' taxes		409.3	451.9	477.9	535.8	562.8	566.7	592.8
Stamp taxes (title VIII, Revenue Act of 1926, as amended):								
Bonds of indebtedness, issues of capital stock, deeds of conveyance, etc.	V	15.3	17.0	23.3	28.6	25.6	19.0	18.4
Capital stock and similar interest sales or transfers	V	40.2	20.8	24.1	32.0	27.7	17.4	15.6
Sales of produce (future delivery)	V	7.5	5.0	3.3	3.4	5.4	1.3	
Playing cards	V	4.1	4.5	4.3	4.2	3.9	4.1	4.2
Silver bullion sales or transfers	V		.7	.9	.9	.2	.1	.3
Total stamp taxes		67.1	47.9	55.9	69.0	62.8	42.1	38.6
Manufacturers' excise taxes:								
Gasoline	V	187.5	166.9	171.8	187.6	204.5	200.8	218.0
Automobile trucks	V	3.1	5.4	7.0	8.2	8.6	5.2	7.7
Other automobiles and motorcycles	V	22.4	31.4	47.3	57.7	62.1	30.9	54.0
Parts or accessories for automobiles	V	4.5	6.0	7.2	8.9	9.5	7.1	9.2
Tires and inner tubes	V	24.9	24.8	28.4	39.9	37.6	28.7	40.9
Lubricating oils	V	22.6	25.4	28.6	30.5	32.4	30.5	30.3
Electrical energy	V	33.5	32.2	33.4	35.2	37.3	39.1	41.1
Brewer's wort and malt	V	4.7	1.7	1.0	1.0	.5	.2	
Matches	V	6.8	5.2	6.6	6.3	7.2	1.3	(?)
Toilet preparations, etc.	V	10.8	11.4	13.5	15.4	18.1	13.4	9.3
Articles made of fur	V	7.5	3.9	3.1	5.1	6.1	1.6	
Radio sets, phonograph records, etc.	V	2.7	3.5	4.6	6.6	6.3	4.6	5.3
Mechanical refrigerators	V	4.0	5.7	6.7	8.9	11.3	6.1	9.0
Sporting goods	V	3.4	4.2	5.1	6.3	7.0	3.7	
Firearms, shells, etc.	V	2.2	2.4	2.3	2.9	3.6	2.7	3.6
Cameras and lenses	V	.3	.4	.5	.8	1.3	.7	
Chewing gum and candy	V	4.6	2.5	.8	.9	1.0	.5	
Soft drinks	V	4.7	1.6					
Jewelry	V	4.2	2.8	2.7	1.2			
Total manufacturers' excise taxes		354.6	337.4	370.7	423.4	454.5	377.0	428.3
Miscellaneous taxes:								
Bituminous coal (acts of 1935 and 1937)	V			.3	.4	2.2	3.2	3.8
Telephone, telegraph, cable, and radio facilities, etc.	V	18.0	19.6	20.5	23.0	24.9	23.6	25.1
Transportation of oil by pipe line	V	10.3	9.9	9.5	10.5	12.3	11.3	11.2
Leases of safe deposit boxes	V	2.7	2.6	2.0	2.0	2.0	2.0	2.0
Admissions	V	14.0	15.2	16.5	13.5	20.8	19.9	19.8
Club dues and initiation fees	V	6.0	5.9	5.9	6.1	6.6	6.3	6.2

Footnotes at end of table.

TABLE 9.—*Tax collections, excluding miscellaneous receipts, allocated by specific sources to estimated year of incurrence of the tax liability, calendar years 1933 to 1939—Continued*

[In millions of dollars. On basis of reports of collections, see p. 584]

Tax	Tax group	1933	1934	1935	1936	1937	1938	1939
Internal revenue—Continued.								
Miscellaneous internal revenue taxes—Continued.								
Miscellaneous taxes—Continued.								
Adulterated butter, mixed flour, filled cheese	V	(?)	(?)	(?)	(?)	(?)	(?)	(?)
Oleomargarine	V	1.5	1.6	2.3	2.3	2.4	2.4	2.0
Narcotics, including marihuana	V	.5	.5	.6	.6	.6	.5	.6
Coconut, etc., oils processed	V		3.2	11.4	11.6	13.7	9.0	8.4
Crude petroleum processed	V		1.0	1.6	.9	.9	.5	
National Firearms Act	V	(?)	(?)	(?)	(?)	(?)	(?)	(?)
Sugar Act of 1937	V					8.9	62.3	67.8
Checks and drafts	V	39.3	42.3	.7				
Use of yachts and boats	V	.2	.1					
Collections on account of prohibition enforcement, etc.	V	.5	.1					
Internal revenue collected through customs	V	(?)						
Other miscellaneous, including repealed taxes	V	(?)	.9	.7	.8	.6	.6	.2
Total miscellaneous taxes		93.0	102.9	72.0	76.7	95.9	141.6	147.1
Agricultural adjustment, processing, etc., taxes:								
Wheat	VII	62.0	130.3	58.7				
Cotton	VII	94.7	108.0	43.5				
Tobacco	VII	7.5	29.3	27.3				
Field corn	VII	1.8	6.9	3.6				
Hogs	VII	12.9	185.2	72.5				
Certain paper and jute fabrics	VII	1.8	9.7	1.6				
Sugar cane and sugar beets	VII		38.4	63.2				
Rice	VII			.7				
Rye	VII			.2				
Peanuts	VII		.9	2.8				
Tobacco sales tax (act of June 28, 1934)	VII		1.1	3.4				
Cotton ginning tax (act of Apr. 21, 1934)	VII		.1	1.4				
Potato stamp sales (act of Aug. 24, 1935)	VII			(?)				
Undistributed processing, etc., collections	VII	3.2	-1.9	-1.3				
Total agricultural adjustment taxes		183.9	508.0	277.5				

Employment taxes:								
Federal Insurance Contributions Act.....	VI					578.9	522.4	582.9
Federal Unemployment Tax Act.....	VI				81.0	88.6	103.0	106.1
Employment by carriers.....	VI				.3	122.6	108.8	117.2
Total employment taxes.....					81.3	790.1	734.1	806.2
Total internal revenue.....		2,433.2	3,456.7	3,880.5	4,964.5	5,666.6	4,761.7	6,444.3
Railroad Unemployment Insurance Act tax (daily Treasury statement basis).....	VI							3.3
Customs duties and import taxes (daily Treasury statement basis).....	VIII	288.2	308.1	363.8	414.0	482.7	309.0	332.8
Total internal revenue, railroad unemployment insurance taxes, and customs.....		2,721.4	3,764.8	4,244.3	5,378.5	6,149.3	5,070.7	5,780.4

<sup>1</sup> Collections for credit to trust funds are not included, beginning in 1934. Such collections are included in 1933, when the total from all such taxes was less than \$500 thousands.

<sup>2</sup> Less than \$50 thousands.

NOTE.—These estimates are not to be confused with data of fiscal year collections shown elsewhere in this report. Figures are rounded to nearest tenth of a million, and will not necessarily add to totals. The group numbers are those referred to in the discussion beginning on p. 3.

## Specific receipts and expenditures

TABLE 10.—Expenditures of the several activities of the Treasury Department in each of the States and Territories, fiscal year 1940<sup>1</sup>

States, etc.	Administrative expenses, emer- gency relief <sup>2</sup>	Division of Dis- bursement	Coast Guard <sup>3</sup>	Bureau of Cus- toms <sup>4</sup>	Bureau of the Mint	Bureau of In- ternal Revenue <sup>5</sup>
	(1)	(2)	(3)	(4)	(5)	(6)
Alabama.....	\$133,847.00	-----	\$98,079.80	\$80,637.45	-----	\$453,322.21
Alaska.....	15,000.87	-----	424,077.24	73,866.00	-----	12,740.06
Arizona.....	33,144.89	-----	841.22	164,375.07	-----	122,081.83
Arkansas.....	115,571.52	-----	306.63	( <sup>6</sup> )	-----	283,115.09
California.....	232,364.35	79,530.50	1,488,536.79	2,769,831.69	\$443,137.08	3,621,181.20
Colorado.....	75,398.76	37,233.38	418.35	21,638.98	397,525.54	572,700.15
Connecticut.....	78,505.00	-----	434,996.69	78,990.53	-----	688,957.11
Delaware.....	22,802.15	-----	176,497.46	( <sup>7</sup> )	-----	162,641.80
District of Columbia:						
Departmental.....	4,036,882.27	1,244,337.88	565,058.28	806,394.82	115,521.58	11,770,285.01
Field.....	-----	-----	1,581,213.57	( <sup>8</sup> )	-----	463,357.44
Florida.....	71,051.23	-----	728,635.07	543,563.53	-----	684,968.70
Georgia.....	79,654.66	73,549.81	67,179.12	183,107.57	-----	1,043,130.15
Hawaii.....	3,484.11	3,515.42	227,438.33	264,585.46	-----	192,653.89
Idaho.....	33,960.95	-----	142.39	( <sup>9</sup> )	-----	116,715.35
Illinois.....	218,275.62	73,178.92	482,586.21	908,074.25	-----	3,904,064.05
Indiana.....	143,147.16	-----	43,623.71	31,750.54	-----	849,559.83
Iowa.....	56,844.38	-----	33,450.07	2,024.75	-----	503,364.08
Kansas.....	67,039.51	-----	23,227.37	( <sup>10</sup> )	-----	597,653.87
Kentucky.....	115,618.79	-----	20,623.48	69,977.57	75,982.65	1,297,167.82
Louisiana.....	81,890.01	31,156.21	612,243.87	981,423.62	29,630.71	856,394.41
Maine.....	25,683.74	-----	405,478.27	389,055.94	-----	187,139.36
Maryland.....	50,118.68	-----	1,450,292.03	1,279,196.21	-----	1,487,418.32
Massachusetts.....	192,041.66	48,120.21	1,477,482.42	1,908,765.26	-----	2,235,488.09
Michigan.....	130,744.77	-----	697,507.38	934,703.13	-----	1,679,797.25
Minnesota.....	108,141.21	45,658.28	101,354.22	231,405.67	-----	1,141,001.21
Mississippi.....	77,784.39	-----	72,434.31	( <sup>11</sup> )	-----	262,618.00
Missouri.....	139,182.79	98,422.14	480,389.49	109,037.38	-----	1,573,292.00
Montana.....	49,205.78	25,462.57	76.16	395,409.48	-----	170,974.62
Nebraska.....	141,354.97	-----	9,544.01	16,057.01	-----	431,416.77
Nevada.....	23,129.57	-----	20.15	( <sup>12</sup> )	-----	52,917.17
New Hampshire.....	27,527.30	-----	25,442.15	( <sup>13</sup> )	-----	162,483.45
New Jersey.....	156,094.95	-----	1,015,270.85	( <sup>14</sup> )	-----	1,898,915.39
New Mexico.....	42,541.64	28,305.67	665.48	( <sup>15</sup> )	-----	111,989.93
New York.....	433,264.82	72,063.31	3,457,772.11	19,472,423.73	587,978.03	8,201,705.34
North Carolina.....	121,688.13	-----	299,672.61	163,155.35	-----	720,738.32
North Dakota.....	47,727.43	-----	485.78	213,764.51	-----	100,541.94
Ohio.....	199,781.00	35,598.20	921,244.03	426,086.48	-----	2,584,369.78
Oklahoma.....	99,209.77	-----	1,491.11	( <sup>16</sup> )	-----	683,960.07



Oregon.....	68,704.20	21,237.78	333,868.80	174,735.08		320,788.04
Panama.....			17,944.68			
Pennsylvania.....	257,220.71	26,410.15	452,781.61	4,425,175.08	948,237.89	4,084,502.00
Philippine Islands.....		968.69				14,516.57
Puerto Rico.....	138,143.27	41.77	182,367.16	298,430.12		11,536.67
Rhode Island.....	22,047.64		79,288.36	92,631.58		204,669.56
South Carolina.....	75,485.16		362,581.19	40,583.46		336,421.56
South Dakota.....	55,214.69		14.63	(16)		113,525.64
Tennessee.....	69,683.26		88,635.35	21,312.36		740,346.59
Texas.....	191,763.59	53,051.48	330,572.12	1,349,596.69		1,819,798.88
Utah.....	41,278.10	15,960.39	3,102.66	5,322.40		209,433.73
Vermont.....	22,831.89		1,874.87	336,401.72		112,580.12
Virginia.....	88,831.73		1,567,795.49	253,513.26		647,939.02
Virgin Islands.....	13,590.87		3,449.63	32,099.37		
Washington.....	71,634.36	27,197.84	900,807.25	748,604.82	48,233.88	804,908.48
West Virginia.....	86,267.25		15,923.39	(7)		372,174.73
Wisconsin.....	148,083.02		409,868.59	70,226.65		805,500.17
Wyoming.....	25,739.19		135.97	(17)		94,004.22
Total.....	9,056,224.76	2,041,092.49	18 22,176,689.86	40,367,024.57	2,646,247.36	62,575,467.04

Footnotes at end of table.

TABLE 10.—Expenditures of the several activities of the Treasury Department in each of the States and Territories, fiscal year 1940<sup>1</sup>—Continued

States etc.	Bureau of Narcotics <sup>19</sup>	Public Debt Service	Procurement Division <sup>20</sup>	Secret Service Division	Treasurer of the United States	Total <sup>21</sup>
	(7)	(8)	(9)	(10)	(11)	(12)
Alabama.....	\$11,100.00		\$73,294.26	\$12,556.20		\$862,746.92
Alaska.....	500.00					526,276.06
Arizona.....	8,000.00		14,900.63	4,834.88		348,178.02
Arkansas.....	14,900.00		95,111.63	9,919.92		518,924.79
California.....	74,500.00	\$83,469.83	136,033.36	74,233.50	\$34,743.60	9,037,561.90
Colorado.....	11,900.00		56,020.43	12,634.37		1,185,469.96
Connecticut.....	2,200.00	10.47	33,974.80	11,193.53		1,328,828.13
Delaware.....	300.00			2,700.50		364,941.91
District of Columbia:						
Departmental.....	211,300.00	4,342,842.57	1,598,157.65	70,350.00	1,841,005.49	26,602,135.55
Field.....	33,600.00			303,998.01		2,382,160.92
Florida.....	11,900.00		56,788.38	11,426.13		2,108,330.04
Georgia.....	18,100.00	41,120.83	54,102.18	27,209.09	50,584.05	1,637,737.46
Hawaii.....	17,100.00			668.90		709,446.11
Idaho.....	1,000.00		23,155.19	2,222.33		177,236.21
Illinois.....	91,100.00	141,973.01	305,987.79	60,375.35	77,509.26	6,263,104.46
Indiana.....	13,200.00		73,543.19	6,962.09		1,161,786.52
Iowa.....	6,600.00		31,311.03	1,648.66		635,242.97
Kansas.....	3,000.00	13.16	46,202.84	2,304.71		739,441.46
Kentucky.....	25,100.00		73,327.74	14,684.79		1,692,482.84
Louisiana.....	31,200.00		59,070.62	22,898.78		2,705,908.23
Maine.....	2,600.00		12.19	2,937.67		1,012,907.17
Maryland.....	20,400.00	487.63	46,798.08	24,158.98		4,358,869.93
Massachusetts.....	19,900.00	896,238.97	4,856.83	47,071.66	25,539.26	6,255,504.36
Michigan.....	34,100.00		94,407.43	36,646.26		3,607,906.22
Minnesota.....	21,200.00	55,433.44	2,113.70	14,172.55	19,569.78	1,740,055.06
Mississippi.....	4,000.00		50,643.57	3,900.75		471,881.02
Missouri.....	47,900.00	117,828.17	92,562.13	34,285.90	57,369.60	2,750,269.60
Montana.....	4,000.00		31,909.04	1,600.25		678,637.90
Nebraska.....	9,900.00		44,537.63	11,412.27		664,222.66
Nevada.....	3,900.00		14,990.69	4,474.69		99,432.27
New Hampshire.....	600.00		3,200.50			219,253.40
New Jersey.....	16,600.00	89.73	134,873.77	27,300.84		3,249,145.53
New Mexico.....	3,600.00		25,240.18	3,965.76		216,208.66
New York.....	220,000.00	503,915.31	738,164.58	168,861.99	64,828.00	33,920,977.22
North Carolina.....	7,300.00		50,080.38	14,640.97		1,377,275.66
North Dakota.....	600.00		130.86	1,500.25		364,750.77
Ohio.....	30,200.00	72,591.30	95,794.37	46,534.47	26,298.13	4,438,497.76
Oklahoma.....	18,300.00		79,125.03	18,189.46		900,275.44
Oregon.....	10,000.00		47,040.20	7,920.53		984,294.63
Panama.....						17,944.68
Pennsylvania.....	28,800.00	75,262.02	191,804.47	63,498.29	25,416.67	10,579,108.89
Philippine Islands.....						15,485.26

Puerto Rico.....			15,544.93			646,063.92
Rhode Island.....				5,811.73		404,428.87
South Carolina.....	8,000.00		54,018.91	8,776.71		885,866.99
South Dakota.....	700.00		188.48	1,500.65		171,124.09
Tennessee.....	21,500.00		37,366.63	19,129.60		997,973.79
Texas.....	94,500.00	42,095.94	102,434.54	54,551.52	18,847.23	4,056,181.99
Utah.....	3,700.00		21,753.09	5,827.30		306,377.67
Vermont.....	200.00			1,500.75		475,389.35
Virginia.....	11,500.00	43,653.83	52,136.54	22,361.47	27,197.59	2,714,928.93
Virgin Islands.....			1,607.43			50,747.30
Washington.....	22,800.00		66,371.77	29,961.98		2,720,610.38
West Virginia.....	5,100.00		63,425.19	11,527.57		554,418.13
Wisconsin.....	4,000.00		96,789.65	5,995.83		1,540,454.91
Wyoming.....	1,900.00		8,236.74	2,400.50		132,416.62
Total.....	1,264,400.00	6,417,001.21	4,995,798.75	1,358,482.39	2,268,908.66	155,167,337.09

<sup>1</sup> The figures in this statement include only those expenditures under each Treasury activity susceptible of distribution on State lines and do not exhibit all expenditures by the Treasury in the various States. Items such as payments of interest and principal under public debt, certain administrative expenses in Washington, and certain other expenditures not susceptible to distribution are excluded. The expenditures by States are on a gross checks-issued basis.

<sup>2</sup> For accounting, disbursing, and other administrative expenses.

<sup>3</sup> Includes expenditures from funds provided under the Emergency Relief Appropriation Acts.

<sup>4</sup> Excludes expenditures incurred by employees not attached to the Office of the Collector of Customs which cannot be distributed by States. For this reason, expenditures from "collecting the revenue from customs" cover only expenses of collection districts.

<sup>5</sup> Represents salaries, travel, and miscellaneous expenditures. Excludes refunds of internal revenue and refunds and payments of processing and related taxes.

<sup>6</sup> Included in Tennessee.

<sup>7</sup> Included in Pennsylvania.

<sup>8</sup> Included in Maryland.

<sup>9</sup> Included in Montana.

<sup>10</sup> Included in Missouri.

<sup>11</sup> Included in Alabama and Louisiana.

<sup>12</sup> Included in Utah.

<sup>13</sup> Included in Maine.

<sup>14</sup> Included in New York and Pennsylvania.

<sup>15</sup> Included in Texas.

<sup>16</sup> Included in North Dakota.

<sup>17</sup> Included in Nebraska.

<sup>18</sup> Excludes \$20,852.83 expended in foreign countries.

<sup>19</sup> Estimated. No exact distribution by States available since enforcement work is divided into districts.

<sup>20</sup> Includes expenditures for emergency relief activities of the former Branch of Supply. Expenditures for the Public Buildings Branch, transferred to the Federal Works Agency, are stated in table 66.

<sup>21</sup> Excludes expenditures for the Public Health Service, transferred to the Federal Security Agency, which are stated in table 66.

TABLE 11.—Comparison of detailed internal revenue collections, fiscal years 1939 and 1940

(On basis of reports of collections, see p. 594)

Source	1939	1940	Increase or decrease (—)
Income, excess-profits, and unjust enrichment taxes:			
Corporation income taxes.....	\$1,122,540,800.61	\$1,120,581,550.75	—\$1,959,249.86
Individual income taxes.....	1,028,833,796.49	982,017,376.17	—46,816,420.32
Total income taxes.....	2,151,374,597.10	2,102,598,926.92	—48,775,670.18
Excess-profits taxes.....	27,056,372.81	18,474,201.83	—8,582,170.98
Unjust enrichment taxes (title III, Revenue Act of 1936).....	6,083,334.54	8,536,178.32	1,852,843.78
Total income, excess-profits, and unjust enrichment taxes.....	2,185,114,304.45	2,129,609,307.07	—55,504,997.38
Capital stock tax.....	127,203,008.99	132,738,537.17	5,535,528.18
Estate tax.....	332,279,613.14	330,886,048.91	—1,393,564.23
Gift tax.....	28,435,596.98	29,185,118.03	749,521.05
Liquor taxes:			
Distilled spirits (imported), excise tax.....	25,014,547.12	27,874,052.19	2,859,505.07
Distilled spirits (domestic), excise tax.....	258,560,244.87	289,857,903.07	31,297,658.20
Distilled spirits, rectification tax.....	10,677,293.20	11,854,090.97	1,176,797.77
Still or sparkling wines, cordials, etc. (imported), excise tax.....	502,738.14	649,925.38	147,187.24
Still or sparkling wines, cordials, etc. (domestic), excise tax.....	5,892,576.96	7,410,006.71	1,517,429.75
Brandy used for fortifying sweet wines.....	1,359,431.98	1,306,774.20	—52,657.78
Rectifiers, retail and wholesale liquor dealers, manufacturers of stills (special taxes).....	7,152,386.36	6,287,110.46	—865,275.90
Stamps for distilled spirits intended for export.....	182.40	542.50	360.10
Stamps for distilled spirits bottled in bond.....	472,872.71	1,089,230.00	616,357.29
Container stamps (Liquor Taxing Act of 1934).....	9,398,861.99	10,135,132.99	736,271.00
Floor taxes (levies on tax-paid stocks, inventories of January 12, 1934, and July 1, 1938).....	5,427,570.63	12,200.32	—5,415,370.31
Fermented malt liquors.....	259,703,925.76	264,579,036.03	4,875,110.27
Brewers, retail and wholesale dealers in fermented malt liquors (special taxes).....	3,637,068.56	3,197,151.29	—439,917.27
Total liquor taxes.....	587,799,700.68	624,253,156.11	36,453,455.43
Tobacco taxes:			
Cigars (large):			
Class A.....	9,748,672.51	9,894,669.58	145,997.07
Class B.....	139,641.82	127,370.58	—12,271.24
Class C.....	2,472,023.36	2,435,020.80	—37,002.56
Class D.....	374,686.98	378,882.52	4,195.54
Class E.....	57,525.82	61,820.09	4,294.27
Total cigars (large).....	12,792,550.49	12,897,763.57	105,213.08
Cigars (small).....	120,452.82	97,685.79	—22,767.03
Cigarettes (large).....	19,267.94	16,854.96	—2,412.98
Cigarettes (small).....	504,036,932.48	533,042,544.34	29,005,611.86
Snuff.....	6,932,019.20	6,798,556.53	—133,462.67
Tobacco, chewing and smoking.....	54,757,043.76	54,383,802.79	—373,240.97
Cigarette papers and tubes.....	1,493,785.80	1,279,507.90	—214,277.90
Leaf dealer penalties, etc.....	7,153.25	1,727.71	—5,425.54
Total tobacco taxes.....	580,159,205.74	608,518,443.59	28,359,237.85
Stamp taxes (title VIII, Revenue Act of 1926, as amended):			
Bonds of indebtedness, issues of capital stock, deeds of conveyance, etc.....	19,366,429.92	18,145,227.94	—1,221,201.98
Capital stock and similar interest sales or transfers.....	17,064,488.08	15,527,950.19	—1,536,537.89
Sales of produce (future delivery).....	248,982.30	—	—248,982.30
Playing cards.....	4,141,166.60	4,814,430.40	673,263.80
Silver bullion sales or transfers.....	261,772.52	193,736.79	—68,035.73
Total stamp taxes.....	41,082,839.42	38,681,345.32	—2,401,494.10
Manufacturers' excise taxes:			
Lubricating oils.....	30,496,636.55	31,232,589.30	735,952.75
Gasoline.....	207,018,745.34	226,186,669.47	19,167,924.13
Tires and inner tubes.....	34,819,207.57	41,555,488.81	6,736,281.24
Automobile trucks.....	6,007,662.04	7,866,070.51	1,858,408.47
Other automobiles and motorcycles.....	42,722,787.47	59,351,198.09	16,628,410.62
Parts or accessories for automobiles.....	7,935,463.89	10,629,993.36	2,694,529.47
Electrical energy.....	39,859,173.55	42,338,501.94	2,479,328.39
Radio sets, phonograph records, etc. <sup>1</sup> .....	4,834,366.33	6,079,914.50	1,245,548.17
Mechanical refrigerators.....	6,957,679.22	9,954,398.86	2,996,719.64
Firearms, shells and cartridges.....	2,976,019.80	3,707,843.68	731,823.88
Pistols and revolvers.....	66,511.36	89,508.54	22,997.18
Toilet preparations @ 10 percent (perfumes, cosmetics, etc.).....	10,642,064.17	7,712,483.96	—2,929,580.21

Footnotes at end of table.

TABLE 11.—Comparison of detailed internal revenue collections, fiscal years 1939 and 1940—Continued

Source	1939	1940	Increase or decrease (—)
<b>Manufacturers' excise taxes—Continued.</b>			
Toilet preparations @ 5 percent (dentifrices, toilet soap, etc.).....	\$889,347.40	\$45,242.33	—\$844,105.07
Matches <sup>1</sup> .....	134,273.32	21,848.81	—112,424.51
Brewer's wort and malt <sup>1</sup> .....	12,388.60	4,076.30	—8,312.30
Articles made of fur <sup>1</sup> .....	368,053.91	159,810.57	—208,243.34
Sporting goods <sup>1</sup> .....	850,546.85	143,095.47	—707,451.38
Cameras and lenses <sup>1</sup> .....	189,296.84	6,822.13	—182,474.71
Chewing gum <sup>1</sup> .....	110,779.31	2,075.86	—108,703.45
Total manufacturers' excise taxes.....	396,891,003.52	447,087,632.49	50,196,628.97
<b>Miscellaneous taxes:</b>			
Bituminous Coal Act of 1937.....	3,317,259.01	4,161,663.92	844,404.91
Sugar Act of 1937.....	65,414,058.42	68,145,357.56	2,731,299.14
Telegraph, telephone, cable, and radio facilities.....	24,093,718.85	26,367,945.02	2,274,226.17
Transportation of oil by pipe line.....	10,954,732.60	11,510,646.54	555,913.94
Leases of safe deposit boxes.....	1,980,525.03	1,988,933.79	8,408.76
Admissions to theaters, concerts, cabarets, games, etc.....	19,470,801.85	21,887,916.00	2,417,114.15
Club dues and initiation fees.....	6,216,900.29	6,334,908.82	118,008.53
Adulterated butter, including special taxes.....	6,661.06	13,275.31	6,614.25
Renovated butter, including special taxes.....	8,488.86	7,002.89	—1,485.97
Filled cheese.....	.....	155.24	155.24
Mixed flour.....	6,214.71	6,241.83	27.12
Oleomargarine:			
Colored.....	38,657.40	30,758.77	—7,898.63
Uncolored.....	822,417.67	759,463.51	—62,954.16
Special taxes.....	1,349,310.98	1,223,377.75	—125,933.23
Narcotics (opium, coca leaves, and special taxes).....	567,550.40	605,395.66	37,845.26
Marihuana Tax Act of 1937.....	4,537.53	4,702.60	165.07
Coconut, etc., oils processed (sec. 602½, Revenue Act of 1934, as amended).....	27,664,929.62	22,744,354.47	—4,920,575.15
Crude petroleum processed, etc. <sup>1</sup> .....	106,055.32	555.39	—105,499.93
National Firearms Act.....	9,079.08	12,388.68	3,309.60
Receipts from other miscellaneous sources, including repealed taxes.....	147,915.92	166,738.83	18,822.91
Total miscellaneous taxes.....	162,179,814.60	165,971,782.58	3,791,967.98
<b>Employment taxes:</b>			
Federal Insurance Contributions Act (2 percent of taxable wages).....	529,835,533.76	605,350,175.64	75,514,641.88
Federal Unemployment Tax Act (employment of 3 or more).....	101,166,703.68	106,123,156.21	4,956,452.53
Carriers taxes (old-age benefits, 5½ or 6 percent of pay rolls).....	109,426,627.62	122,047,643.66	12,621,016.04
Total employment taxes.....	740,428,865.06	833,520,975.51	93,092,110.45
Grand total, all collections.....	5,181,573,952.58	5,340,452,346.78	158,878,394.20

<sup>1</sup> Tax repealed as of close of business June 30, 1938.<sup>2</sup> Tax on phonograph records repealed as of close of business June 30, 1938. Collections from the tax on radio components and phonograph records were not segregated.<sup>3</sup> Taxes on matches (except the 5 cents per thousand on colored wooden stem) were repealed as of close of business June 30, 1938.<sup>4</sup> Repealed taxes plus interest and penalties amounted to \$96,294.55 and include \$83,848.18 on jewelry, \$5,361.79 on soft drinks, \$4,288.24 on checks, \$1,500.65 on candy, \$1,294.64 on dividends, and \$1.05 on grape concentrates.<sup>5</sup> Repealed taxes plus interest and penalties amounted to \$140,644.06 and include \$64,332.64 on jewelry, \$71,655.79 on candy, \$2,303.58 on checks, \$2,061.60 on soft drinks, \$270.09 on grape concentrates, and \$20.36 on dividends.

NOTE.—Collections for credit to trust accounts, included in the table above, were as follows:

Source	1939	1940	Increase or decrease (—)
Corporation income tax (Alaska railroads).....	\$9,774.99	\$2,931.19	—\$6,843.80
Distilled spirits (domestic).....	174,019.14	179,315.37	5,296.23
Distilled spirits, rectification tax.....	12,962.68	4,666.85	—8,295.83
Wines (domestic).....	1.65	52.78	51.13
Fermented malt liquors.....	7,771.24	4,761.24	—3,010.00
Cigars (large).....	368,958.25	443,284.26	74,326.01
Cigarettes (large).....	8.07	22.86	14.79
Cigarettes (small).....	6,064.91	2,356.47	—3,708.44
Manufactured tobacco.....	100.44	9.77	—90.67
Coconut oil.....	18,640,230.48	17,046,520.47	—1,593,710.01
Playing cards.....	.....	102.80	102.80
Brandy.....	.....	25.30	25.30
Total trust fund collections (included above).....	19,219,891.85	17,684,049.36	—1,535,842.49

TABLE 12.—Internal revenue receipts, by tax sources, fiscal years 1916 to 1940<sup>1</sup>

[On basis of reports of collections, see p. 584]

Year	Income and excess-profits <sup>2</sup>					Capital stock
	Corporation	Individual	Total income <sup>3</sup>	Excess-profits	Total income and excess-profits	
1916	\$56,993,658	\$67,943,595	\$124,937,253		\$124,937,253	
1917	207,236,828	180,108,340	387,345,168	\$37,176	387,382,344	\$10,471,689
1918			2,852,324,866		2,852,324,866	24,996,205
1919			2,600,783,903		2,600,783,903	28,775,750
1920			3,956,936,004		3,956,936,004	93,020,421
1921			3,228,137,674		3,228,137,674	81,525,653
1922			2,086,918,465		2,086,918,465	80,612,240
1923			1,691,089,535		1,691,089,535	81,567,739
1924			1,841,759,317		1,841,759,317	87,471,692
1925	916,232,697	845,426,352	1,761,659,049		1,761,659,049	90,002,595
1926	1,094,979,734	879,124,407	1,974,104,141		1,974,104,141	97,385,756
1927	1,308,012,533	911,959,911	2,219,962,444		2,219,962,444	8,970,231
1928	1,291,845,989	882,727,114	2,174,573,103		2,174,573,103	8,688,502
1929	1,235,733,256	1,095,541,172	2,331,274,428		2,331,274,428	5,956,296
1930	1,263,414,466	1,146,844,764	2,410,259,230		2,410,259,230	46,967
1931	1,026,392,699	833,647,798	1,860,040,497		1,860,040,497	
1932	629,566,115	427,190,582	1,056,756,697		1,056,756,697	
1933	394,217,784	352,573,620	746,791,404		746,791,404	
1934	397,515,852	419,509,488	817,025,340	2,630,615	819,655,955	80,168,344
1935	572,117,876	527,112,506	1,099,230,382	6,560,483	1,105,790,865	91,508,121
1936	738,522,230	674,416,074	1,412,938,304	14,509,290	1,427,447,594	94,942,752
1937	1,056,923,130	1,091,740,746	2,148,663,876	25,104,608	2,173,768,484	137,499,246
1938	1,299,932,072	1,286,311,882	2,586,243,954	36,569,042	2,622,812,996	139,348,567
1939	1,122,540,801	1,028,833,796	2,151,374,597	27,056,373	2,178,430,970	127,203,009
1940	1,120,581,551	982,017,376	2,102,598,927	18,474,202	2,121,073,129	132,738,537

Year	Dividend	Estate	Gift	Distilled spirits and wines, including special taxes	Fermented malt liquors, including special taxes	Tobacco manufactures, including special taxes in effect to June 30, 1926
1916				\$158,682,440	\$88,771,104	\$88,063,948
1917		\$6,076,575		192,111,319	91,897,194	103,201,592
1918		47,452,880		317,553,687	126,285,858	156,188,660
1919		82,029,983		365,211,252	117,839,602	206,003,092
1920		103,635,563		97,905,276	41,965,874	295,809,355
1921		154,043,260		82,598,065	25,364	255,219,385
1922		139,418,846		45,563,350	46,086	270,759,384
1923		126,705,207		30,354,007	4,079	309,015,493
1924		102,966,762		27,580,381	5,328	325,638,931
1925		101,421,767	\$7,518,129	25,902,820	1,954	345,247,211
1926		116,041,036	3,175,339	26,436,334	15,694	370,666,439
1927		100,339,852		21,194,669	883	376,170,205
1928		60,087,234		15,307,496	300	396,450,041
1929		61,897,141		12,776,628	100	424,444,543
1930		64,769,625		11,695,267		450,339,061
1931		48,078,327		10,432,064		444,276,503
1932		47,422,313		8,703,963		398,578,619
1933		29,693,062	4,616,662	8,016,045	35,158,272	402,739,059
1934	\$50,229,123	103,985,288	9,153,076	89,951,748	168,969,585	425,168,897
1935	961,480	140,440,682	71,671,277	195,457,893	215,593,879	459,178,626
1936	398,790	218,780,754	160,058,761	256,337,600	249,126,437	501,165,728
1937	35,581	281,635,983	23,911,783	312,660,987	281,584,100	552,254,145
1938	42,309	382,175,326	34,698,739	294,786,143	273,192,458	568,181,968
1939	1,295	332,279,613	28,435,597	324,458,706	263,340,994	580,159,206
1940	20	330,886,049	29,185,118	356,476,969	267,776,187	608,518,444

<sup>1</sup> For figures for 1863 to 1915, see annual report for 1929, p. 419.<sup>2</sup> Separate figures on corporation and individual income and excess-profits tax collections not available for the years 1918 to 1924.<sup>3</sup> Included munitions manufacturers' tax, 1917, \$27,663,940; and 1918, \$13,296,927.

NOTE.—Collections for credit to trust accounts included in above table. For data for 1939 and 1940, see note on p. 663.

TABLE 12.—Internal revenue receipts, by tax sources, fiscal years 1916 to 1940<sup>1</sup>—Continued

Year	Stamp					Manufacturers', etc., excise <sup>2</sup>	Soft drinks
	Bonds of indebtedness, issues of capital stock, deeds of conveyance, etc. <sup>3</sup>	Capital stock and similar interests, sales or transfers	Sales of produce for future delivery	Playing cards	Silver bullion sales or transfers		
1916	\$38,110,282	( <sup>4</sup> )	( <sup>4</sup> )	\$819,654		\$4,218,979	
1917	8,254,342	( <sup>4</sup> )	( <sup>4</sup> )	820,897		775,078	
1918	17,284,805	\$2,236,040	\$2,353,889	1,276,505		36,636,607	\$2,215,181
1919	28,946,888	7,540,881	7,263,571	2,091,791		79,400,266	7,182,219
1920	59,715,331	13,372,164	8,171,871	3,088,462		267,968,579	57,460,956
1921	53,551,491	8,790,906	7,521,676	2,603,941		229,397,837	58,675,973
1922	41,347,753	9,012,702	5,558,589	2,787,921		174,361,288	33,504,284
1923	44,603,166	9,871,604	7,015,382	3,385,227		185,117,058	10,131,897
1924	43,031,608	7,936,832	7,557,577	3,731,537		200,921,721	10,418,866
1925	27,862,622	12,808,629	5,397,148	3,183,385		140,877,326	
1926	28,480,422	17,137,186	4,183,218	4,213,414		150,220,488	
1927	13,044,446	16,674,103	2,884,534	4,742,469		66,850,109	
1928	15,561,459	24,208,538	4,048,499	5,010,712		51,951,694	
1929	17,868,372	37,595,928	3,333,427	5,375,804		5,723,791	
1930	22,611,275	46,698,227	3,599,875	4,819,293		2,676,261	
1931	14,757,383	25,519,973	1,682,681	4,993,559		149,744	
1932	9,198,539	17,696,130	959,320	4,386,831		96,195	
1933	16,034,755	33,188,495	4,206,598	3,908,354		243,615,880	4,186,447
1934	16,259,305	38,065,999	7,847,743	4,406,385	\$606	385,306,199	4,746,733
1935	17,934,777	15,747,363	3,950,544	4,351,299	1,149,390	342,159,137	129,991
1936	28,162,658	33,054,798	2,943,542	4,143,698	685,188	382,732,511	60,029
1937	28,651,710	31,350,597	5,096,814	4,186,502	633,712	450,638,609	38,553
1938	20,083,581	18,355,346	3,599,389	4,052,567	142,107	417,205,549	35,052
1939	19,366,430	17,064,488	248,982	4,141,167	261,772	396,976,353	5,362
1940	18,145,228	15,527,950		4,814,430	193,737	447,223,890	2,062

Year	Telegraph, telephone, cable, and radio facilities, etc.	Transportation, including oil by pipe line	Insurance	Leases of safe deposit boxes	Checks, drafts, or orders for the payment of money	Admissions	Club dues
1916	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )				
1917	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )				
1918	\$6,299,017	\$64,437,533	\$6,492,025			\$26,357,339	\$2,259,057
1919	17,902,389	219,937,183	14,508,881			50,919,608	4,072,549
1920	27,677,041	261,671,046	18,421,754			76,720,555	5,198,001
1921	28,442,413	273,070,001	18,992,094			89,730,833	6,159,818
1922	29,271,522	169,518,727	10,855,404			73,384,956	6,615,634
1923	30,380,784					70,175,147	7,170,731
1924	34,662,429					77,712,524	8,009,861
1925						30,907,809	8,690,588
1926						25,980,677	10,073,838
1927						17,940,637	10,436,021
1928						17,724,932	10,352,990
1929						6,083,056	11,245,255
1930						6,230,687	12,521,092
1931						2,778,864	11,477,723
1932						1,858,606	9,204,587
1933	14,564,756	7,467,298		\$2,365,041	\$38,456,493	15,320,612	6,679,261
1934	19,250,800	10,379,370		2,715,851	41,383,199	14,613,414	5,986,150
1935	19,741,434	9,479,722		2,317,619	25,645,139	15,379,397	5,784,495
1936	21,068,348	9,793,995		1,997,410	25,556	17,112,176	6,090,923
1937	24,569,627	11,244,096		2,037,714	8,221	19,740,192	6,287,768
1938	23,977,064	12,517,030		2,013,159	14,770	20,800,779	6,550,931
1939	24,093,719	10,954,733		1,950,525	4,288	19,470,802	6,216,900
1940	26,367,945	11,510,647		1,988,934	2,304	21,887,916	6,334,909

<sup>1</sup> For figures for 1863 to 1915, see annual report for 1929, p. 419.<sup>2</sup> Originally schedule A, act of Oct. 22, 1914; now covers issues and transfers of bonds of indebtedness, issues of capital stock, passage tickets, foreign insurance policies, and deeds of conveyance.<sup>3</sup> Included under stamps, bonds of indebtedness, etc.<sup>4</sup> Includes taxes on sales under act of Oct. 22, 1914, manufacturers', consumers', and dealers' excise taxes under the war revenue and subsequent acts, except soft drink taxes; all taxes paid by manufacturers of and dealers in adulterated and process or renovated butter, mixed flour, and filled cheese; and for 1932-40, manufacturers' excise taxes (act of 1932, as amended) except soft drinks.

TABLE 12.—Internal revenue receipts, by tax sources, fiscal years 1916 to 1940<sup>1</sup>—Continued

Year	Oleomargarine, including special taxes	Narcotics, including special taxes	Coconut, etc., oils processed	Crude petroleum processed, etc.	Bituminous coal	Employment	
						Social security	Carriers and their employees
1916	\$1,485,971	\$245,072					
1917	1,995,720	277,165					
1918	2,336,907	185,359					
1919	2,791,831	726,137					
1920	3,728,276	1,514,230					
1921	2,986,465	1,170,316					
1922	2,121,080	1,269,090					
1923	2,254,531	1,013,736					
1924	2,814,104	1,057,341					
1925	3,038,928	1,090,933					
1926	3,070,218	981,739					
1927	3,164,219	797,825					
1928	3,407,600	690,432					
1929	3,611,153	605,336					
1930	3,919,388	588,682					
1931	2,681,428	607,340					
1932	1,744,737	521,163					
1933	1,347,191	457,085					
1934	1,476,230	495,270					
1935	2,048,977	580,613	\$24,457,091	\$1,759,790			
1936	2,203,804	554,028	27,691,081	1,163,755	\$729,218		\$48,279
1937	2,348,415	573,493	29,688,239	894,183		\$265,458,404	286,904
1938	2,465,926	574,164	27,470,030	991,248	3,211,601	593,184,560	149,473,666
1939	2,210,386	572,088	27,664,930	106,055	3,317,259	631,002,237	109,426,628
1940	2,013,600	610,098	22,744,354	555	4,161,664	711,473,332	122,047,644

Year	Receipts in connection with prohibition enforcement	Miscellaneous <sup>7</sup>	Special taxes not elsewhere included <sup>8</sup>	Agricultural adjustment	Sugar Act of 1937	Unjust enrichment	Total
1916		\$480,477	\$6,908,108				\$512,723,288
1917		892,681	5,237,044				809,393,640
1918		1,091,814	2,691,587				3,698,955,821
1919		1,501,005	4,721,298				3,850,150,079
1920	\$641,029	3,045,183	9,913,281				5,407,580,252
1921	2,152,387	1,975,970	8,585,540				4,595,357,062
1922	1,979,587	3,881,415	8,662,760				3,197,451,083
1923	729,244	3,125,078	8,035,583				2,621,745,228
1924	855,395	4,232,637	7,814,414				2,796,179,257
1925	560,888	12,156,929	5,811,558				2,584,140,268
1926	416,198	870,777	4,546,978				2,835,999,892
1927	502,877	2,009,639	7,967				2,865,683,130
1928	925,252	1,536,971	9,763				2,790,535,538
1929	727,006	536,111					2,939,054,375
1930	1,105,172	265,651					3,040,145,733
1931	586,150	166,518					2,428,228,754
1932	490,773	110,569					1,557,729,042
1933	529,789	56,923	239,859				1,619,839,224
1934	378,715	51,651	180,673	\$371,422,886			2,672,239,195
1935		13,861	9,752	526,222,358			3,299,435,572
1936		14,732	7,029	71,637,207			3,520,208,381
1937		31,262	4,640			\$6,073,351	4,653,195,315
1938		9,608	10,815		\$30,569,130	6,216,736	5,658,765,314
1939		72,987	9,079		65,414,058	6,683,335	5,181,573,953
1940		52,770	12,389		68,145,358	8,536,178	5,340,452,347

<sup>1</sup> For figures for 1863 to 1915, see annual report for 1929, p. 419.<sup>7</sup> Includes receipts, in addition to those classed as miscellaneous, as follows: (a) for 1916-33, delinquent taxes collected under repealed laws, except delinquent collections on automobiles for 1929 and 1930, included under "Manufacturers' excise taxes," and on "Capital stock," under which the collections for 1927-30 represent delinquencies; (b) for 1919, 1920, and 1921 receipts which remained unclassified at the time the statistical tables were compiled; (c) internal revenue collected through customs offices for 1921-33; subsequently such receipts are included with "Distilled spirits"; (d) penalties for 1916, \$458,773; 1917, \$871,606; and 1918, \$985,220; after 1918 all penalties are included under the respective taxes to which they relate.<sup>8</sup> Includes the occupational taxes imposed under the act of Oct. 22, 1914, on various classes of entertainment proprietors, brokers, and bankers, with subsequent repeals and amendments to include hackney automobiles and boats. Collections for 1933 and 1934 were entirely from pleasure boats. Subsequently, collections under the National Firearms Act are included.



TABLE 13.—Internal revenue receipts, by States and Territories, fiscal year 1940<sup>1</sup>

[On basis of reports of collections, see p. 583]

States, etc.	Income and excess-profits taxes <sup>2</sup>	Miscellaneous internal revenue taxes <sup>2,3</sup>	Employment taxes, including carriers taxes	Total <sup>2,4</sup>
Alabama.....	\$7,625,050.45	\$3,722,033.11	\$5,778,180.51	\$17,125,264.07
Alaska.....	618,399.26	120,834.77	236,475.58	975,709.61
Arizona.....	2,386,885.46	1,585,147.74	1,089,714.10	5,061,747.30
Arkansas.....	4,273,326.29	2,254,699.40	1,986,375.50	8,514,401.19
California.....	132,099,151.44	133,864,723.98	49,365,807.40	315,329,682.82
Colorado.....	13,446,636.87	17,258,619.62	5,215,074.33	35,920,330.82
Connecticut.....	45,990,459.47	21,419,349.24	16,517,076.58	83,926,885.29
Delaware.....	66,379,061.73	9,212,166.69	4,357,041.88	79,948,270.30
District of Columbia.....	16,045,567.11	4,147,217.01	8,353,316.72	28,546,100.84
Florida.....	25,367,682.61	13,924,322.71	5,473,538.78	44,765,544.10
Georgia.....	18,715,688.77	10,977,379.30	8,145,974.25	37,839,042.32
Hawaii.....	6,106,702.15	2,298,431.08	1,469,579.59	9,874,712.82
Idaho.....	1,906,698.15	966,336.47	1,263,141.62	4,136,176.24
Illinois.....	182,465,693.67	160,640,665.69	83,965,838.89	427,072,198.25
Indiana.....	31,564,697.18	83,080,766.22	13,293,235.00	127,938,698.40
Iowa.....	12,711,972.81	5,854,667.60	6,647,684.90	25,214,325.31
Kansas.....	8,004,338.16	7,657,330.10	6,914,727.09	22,576,395.35
Kentucky.....	15,578,647.73	124,156,329.73	8,081,824.32	147,816,801.78
Louisiana.....	16,626,210.10	26,703,088.92	5,639,005.34	48,968,304.36
Maine.....	9,511,587.28	2,628,480.25	3,436,402.58	15,576,470.11
Maryland.....	36,309,484.04	54,436,862.24	13,603,730.34	104,350,076.62
Massachusetts.....	78,070,376.94	60,945,561.38	33,608,366.98	172,624,305.30
Michigan.....	127,473,750.84	116,230,205.52	43,496,319.10	287,200,275.46
Minnesota.....	27,503,507.35	24,116,072.44	16,909,153.10	68,528,732.89
Mississippi.....	3,267,476.47	1,522,392.34	1,810,189.86	6,600,058.67
Missouri.....	57,007,121.81	55,819,407.94	25,724,005.25	138,550,535.00
Montana.....	3,155,488.98	2,310,772.06	1,362,813.92	6,829,074.96
Nebraska.....	7,558,563.01	5,988,929.75	7,213,851.90	20,761,344.66
Nevada.....	3,171,411.98	711,017.29	526,573.34	4,409,002.61
New Hampshire.....	4,111,034.41	3,092,650.72	2,046,294.87	9,249,980.00
New Jersey.....	85,976,157.50	94,002,984.15	27,029,612.61	207,008,754.26
New Mexico.....	1,858,671.44	1,876,209.44	704,994.77	4,439,875.65
New York.....	532,146,932.09	340,529,518.14	180,638,027.65	1,053,314,477.88
North Carolina.....	26,860,418.27	292,042,818.23	10,288,183.94	329,191,420.44
North Dakota.....	171,525.44	385,152.10	613,521.62	1,710,199.16
Ohio.....	123,650,398.61	127,626,642.34	54,863,490.02	306,140,530.97
Oklahoma.....	16,817,773.81	34,512,144.36	6,390,697.96	57,720,616.13
Oregon.....	6,576,446.41	3,019,431.04	4,953,753.21	14,549,630.66
Pennsylvania.....	174,381,116.86	206,962,125.25	83,738,931.11	465,082,173.22
Rhode Island.....	12,689,003.72	9,826,045.89	4,935,539.49	27,450,589.10
South Carolina.....	5,272,559.17	2,238,120.91	3,486,752.87	10,997,432.95
South Dakota.....	1,001,194.72	411,579.02	677,764.61	2,090,538.35
Tennessee.....	15,772,905.02	12,490,851.90	7,304,435.34	35,568,192.26
Texas.....	62,107,683.22	49,157,651.76	21,086,748.17	132,352,083.15
Utah.....	3,394,942.30	5,711,700.43	1,767,556.89	10,874,199.62
Vermont.....	2,249,949.66	914,489.06	1,397,208.87	4,561,647.59
Virginia.....	27,497,416.20	185,838,264.14	11,306,629.06	224,642,309.40
Washington.....	14,495,046.61	9,044,245.94	8,165,346.79	31,704,639.34
West Virginia.....	11,088,292.59	5,586,709.13	5,759,127.86	22,434,129.58
Wisconsin.....	29,834,099.60	42,263,459.69	14,290,342.05	86,387,901.34
Wyoming.....	1,625,771.15	923,006.64	590,997.00	3,139,774.79
Philippine Islands.....	-----	447,266.97	-----	447,266.97
Puerto Rico.....	12,151.84	2,401,364.68	-----	2,413,516.52
Total.....	2,121,073,128.75	2,385,858,242.52	833,520,975.51	5,340,452,346.78

<sup>1</sup> Federal tax receipts in the various States do not indicate the tax burden of the respective States, since the taxes may be eventually borne by persons in other States.<sup>2</sup> Includes certain trust fund receipts, see note 4.<sup>3</sup> Includes (on warrant basis) \$27,874,052.19 from the excise tax on imported distilled spirits and \$649,925.38 from the excise taxes on imported wines deposited by collectors of customs; also includes \$3,676,639.83 from the sale of documentary stamps deposited by postmasters.<sup>4</sup> Includes collections for credit to trust funds as follows:

Income tax on Alaska railroads (act of July 18, 1914).....	\$2,931.19
Tax on Philippine manufactured products (act of Aug. 5, 1909).....	631,739.25
Tax on Philippine coconut oil (sec. 6024, Revenue Act of 1934).....	17,046,520.47
Tax on Puerto Rico manufactured products (act of Mar. 2, 1917).....	2,858.45

Total internal revenue collections reported for credit to trust funds..... 17,684,049.36

NOTE.—For additional information see published report of the Commissioner of Internal Revenue for the year ended June 30, 1940.

TABLE 14.—*Expenses of the Internal Revenue Service, fiscal year 1940*

[On basis of checks issued, see p. 584]

## A. DISBURSEMENTS FOR COLLECTORS OF INTERNAL REVENUE FROM THE APPROPRIATION "COLLECTING THE INTERNAL REVENUE, 1940," BY COLLECTION DISTRICTS

District	Salaries of collectors, deputies, clerks, etc.	Travel expenses	Rent	Miscellaneous	Total
Alabama.....	\$145,595.42	\$18,639.52	-----	\$3,828.84	\$168,063.78
Arizona.....	71,928.30	6,598.13	-----	1,792.42	80,318.85
Arkansas.....	115,637.16	19,512.04	-----	4,038.53	139,187.73
California:					
First district.....	514,480.00	38,282.34	-----	8,495.08	561,257.42
Sixth district.....	552,748.40	24,042.69	\$13,994.83	12,552.84	603,338.76
Colorado.....	557,911.33	9,422.84	-----	3,403.60	170,737.77
Connecticut.....	287,867.53	8,831.58	125.00	4,444.23	301,268.34
Delaware.....	59,772.31	3,520.70	-----	778.01	64,071.02
Florida.....	212,962.73	20,792.95	446.34	4,891.04	239,093.06
Georgia.....	203,643.41	23,934.81	-----	2,715.71	230,293.93
Hawaii.....	68,022.04	2,792.10	-----	772.57	71,586.71
Idaho.....	68,967.44	7,190.43	-----	1,566.40	77,724.27
Illinois:					
First district.....	888,018.49	14,919.28	979.50	11,371.26	915,288.53
Eighth district.....	248,114.87	18,357.30	-----	4,241.44	270,713.61
Indiana.....	262,544.92	14,818.73	-----	7,862.11	285,225.76
Iowa.....	273,839.42	18,705.18	-----	3,920.33	296,464.93
Kansas.....	187,673.92	20,131.32	-----	1,730.09	209,535.33
Kentucky.....	215,537.30	22,929.84	-----	2,706.83	241,173.97
Louisiana.....	186,776.77	19,532.48	1,000.00	3,800.65	211,109.90
Maine.....	111,591.80	10,561.30	-----	2,469.60	124,622.70
Maryland.....	546,909.91	12,006.68	375.00	10,145.43	569,437.02
Massachusetts.....	700,960.59	5,715.89	-----	13,172.41	719,848.89
Michigan.....	599,232.56	28,090.21	630.00	7,854.42	635,807.19
Minnesota.....	323,370.78	18,391.61	-----	5,000.81	346,763.20
Mississippi.....	89,483.80	11,859.76	408.76	1,763.72	103,516.04
Missouri:					
First district.....	268,214.50	14,107.98	770.00	3,118.40	286,210.88
Sixth district.....	185,362.92	17,151.29	-----	2,680.74	205,194.95
Montana.....	100,233.06	13,139.08	-----	2,380.09	115,752.23
Nebraska.....	167,356.27	17,883.31	-----	2,734.72	187,974.30
Nevada.....	45,604.38	6,230.29	-----	668.34	52,503.01
New Hampshire.....	84,560.90	4,940.68	176.00	2,248.58	91,926.16
New Jersey:					
First district.....	152,204.16	6,297.24	-----	2,444.89	160,946.29
Fifth district.....	477,695.24	12,450.70	-----	12,765.73	502,911.67
New Mexico.....	55,749.70	6,104.91	-----	630.69	62,485.30
New York:					
First district.....	613,122.66	4,129.76	250.00	12,096.47	629,598.89
Second district.....	726,707.49	1,085.18	-----	12,521.78	740,314.45
Third district.....	637,064.65	541.56	-----	18,592.34	656,198.55
Fourteenth district.....	347,090.24	13,766.49	-----	5,561.79	366,418.52
Twenty-first district.....	196,094.14	8,825.12	-----	1,626.28	206,545.54
Twenty-eighth district.....	299,834.77	7,800.41	-----	3,318.68	310,953.86
North Carolina.....	189,534.49	22,733.27	-----	5,120.31	217,388.07
North Dakota.....	64,914.81	6,594.98	-----	894.82	72,404.61
Ohio:					
First district.....	226,988.16	3,090.22	-----	2,027.71	232,106.09
Tenth district.....	143,483.49	6,955.18	-----	1,607.03	152,045.70
Eleventh district.....	133,275.01	7,687.25	-----	2,722.45	143,684.71
Eighteenth district.....	403,944.63	19,299.03	-----	8,814.63	432,058.29
Oklahoma.....	217,419.29	34,406.88	-----	6,360.40	258,186.57
Oregon.....	158,308.76	11,062.65	-----	2,341.71	171,713.12
Pennsylvania:					
First district.....	609,646.01	19,372.84	40.00	16,259.60	645,318.45
Twelfth district.....	175,129.29	5,961.57	-----	2,653.09	183,743.95
Twenty-third district.....	425,024.50	15,081.83	-----	6,687.92	446,794.25
Rhode Island.....	124,286.07	1,913.76	-----	3,730.96	129,930.79
South Carolina.....	106,422.61	12,165.41	-----	4,317.63	122,905.65
South Dakota.....	68,007.27	9,144.83	-----	1,469.65	78,621.75
Tennessee.....	177,583.75	21,550.16	-----	3,483.75	202,617.66
Texas:					
First district.....	288,758.03	23,024.82	-----	7,297.46	319,080.31
Second district.....	266,007.87	27,970.80	-----	5,895.49	299,874.16
Utah.....	69,604.40	3,584.32	-----	1,440.95	74,629.67
Vermont.....	71,644.04	4,611.51	473.00	1,006.71	77,735.26
Virginia.....	218,424.97	24,801.80	-----	6,855.05	250,081.82
Washington.....	254,690.85	13,765.09	483.80	7,817.05	276,756.59
West Virginia.....	153,022.78	12,601.40	-----	2,787.49	168,411.67
Wisconsin.....	399,520.10	20,279.46	-----	6,441.28	426,240.84
Wyoming.....	58,663.70	7,987.64	-----	1,733.20	68,384.54
Total.....	16,454,791.16	869,680.41	20,152.03	318,474.23	17,663,097.83

TABLE 14.—*Expenses of the Internal Revenue Service, fiscal year 1940—Continued*

B. DISBURSEMENTS FOR COLLECTORS OF INTERNAL REVENUE FROM THE APPROPRIATION "SALARIES AND ADMINISTRATIVE EXPENSES FOR REFUNDING PROCESSING AND RELATED TAXES AND ADMINISTERING TITLE III, REVENUE ACT OF 1936, 1940," BY COLLECTION DISTRICTS

District	Salaries of deputies, clerks, etc.	Travel expenses	Rent	Miscellaneous	Total
Alabama.....	\$21,502.26	\$368.85		\$445.52	\$22,316.63
Arizona.....	1,800.00			96.00	1,896.00
Arkansas.....	11,006.50	633.70		149.22	11,789.42
California:					
First district.....	10,005.00	1,906.44		630.00	12,541.44
Sixth district.....	9,937.50	10.66	\$374.85	80.86	10,403.87
Colorado.....	5,819.76	2.20		35.00	5,856.96
Connecticut.....	7,139.92	12.30		28.65	7,230.87
Delaware.....	1,440.00				1,440.00
Florida.....	6,319.92			56.95	6,376.87
Georgia.....	20,195.95	195.97		659.86	21,051.78
Hawaii.....	4,219.92			70.51	4,290.43
Illinois:					
First district.....	23,935.76			67.97	24,003.73
Eighth district.....	5,149.92	8.05		75.41	5,233.38
Indiana.....		5.85			5.85
Iowa.....	5,375.00	7.85		302.44	5,685.29
Kansas.....	6,438.50	69.15		531.23	7,038.88
Kentucky.....	34,251.84	49.40		124.00	34,425.24
Louisiana.....	24,260.76	356.60		122.54	24,739.90
Maine.....	1,500.00	3.55		33.49	1,537.04
Maryland.....	37,080.93	782.27	1,750.10	713.28	40,326.58
Massachusetts.....	19,585.00	19.90		201.38	19,806.28
Michigan.....	12,118.20	114.37		569.18	12,801.75
Minnesota.....	10,014.84	77.75		146.83	10,239.42
Mississippi.....	7,956.00				7,956.00
Missouri:					
First district.....	6,963.25			25.05	6,988.30
Sixth district.....	5,133.29	56.85			5,190.14
Nebraska.....	3,395.25	70.35		14.83	3,480.43
New Hampshire.....	1,440.00			93.50	1,533.50
New Jersey:					
First district.....	1,935.50	.80		169.55	2,105.85
Fifth district.....	6,635.00	16.87		122.86	6,774.73
New Mexico.....	1,620.00			8.85	1,628.85
New York:					
First district.....	3,645.00			87.50	3,732.50
Second district.....	40,828.71	134.47			40,963.18
Third district.....	26,131.15	131.20		395.60	26,657.95
Fourteenth district.....	7,522.50	525.35		149.29	8,197.14
Twenty-first district.....	3,653.28	135.03		58.57	3,846.88
Twenty-eighth district.....	5,273.25	94.90		114.26	5,482.41
North Carolina.....	20,765.50	91.10		173.41	21,030.01
Ohio:					
First district.....	5,229.92	21.52		55.84	5,307.28
Tenth district.....	3,859.92	340.50		.25	4,200.67
Eleventh district.....	6,121.00	54.00			6,175.00
Eighteenth district.....	5,400.00	139.13		253.59	5,792.72
Oklahoma.....	12,456.84	85.00		237.30	12,779.14
Oregon.....	5,199.92	78.65			5,278.57
Pennsylvania:					
First district.....	24,521.27	227.75		957.48	25,706.50
Twelfth district.....	3,420.00	17.95		57.50	3,495.45
Twenty-third district.....	9,039.84	37.40		35.03	9,112.27
Rhode Island.....	4,680.00	60.31		208.32	4,948.63
South Carolina.....	15,515.65	2,654.07		319.38	18,489.10
Tennessee.....	22,168.32	93.35		857.25	23,118.92
Texas:					
First district.....	19,429.00	289.72		168.30	19,887.02
Second district.....	9,491.90	351.55		395.85	10,239.30
Vermont.....	4,039.92	101.40		211.75	4,353.07
Virginia.....	21,487.92	13.75		165.44	21,667.11
Washington.....	5,615.00	554.45		81.85	6,251.30
West Virginia.....	5,915.00			71.00	5,986.00
Wisconsin.....	7,894.04	244.06		255.93	8,394.63
Total.....	613,531.22	11,246.34	2,124.95	10,885.65	637,788.16

TABLE 14.—*Expenses of the Internal Revenue Service, fiscal year 1940—Continued*C. DISBURSEMENTS FOR INTERNAL REVENUE AGENTS FROM THE APPROPRIATION  
"COLLECTING THE INTERNAL REVENUE, 1940," BY DIVISIONS

Division	Salaries of agents, clerks, etc.	Travel ex- penses	Rent	Miscella- neous	Total
Atlanta.....	\$158,671.13	\$10,185.62	-----	\$1,907.78	\$170,764.53
Baltimore.....	518,299.98	16,755.03	-----	4,164.49	539,219.50
Boston.....	692,724.67	17,313.94	\$24,822.96	8,485.14	743,346.71
Brooklyn.....	465,440.61	2,703.62	15,013.13	4,842.26	487,999.62
Buffalo.....	354,486.20	11,447.85	2,310.00	4,196.87	372,440.92
Chicago.....	950,804.55	10,746.13	38,958.70	16,334.15	1,016,843.53
Cincinnati.....	253,729.56	13,000.39	-----	2,505.41	269,235.36
Cleveland.....	493,500.48	19,203.71	21,720.90	8,102.39	542,527.48
Columbia.....	91,673.59	4,912.66	410.00	1,517.43	98,513.68
Dallas.....	626,445.91	37,569.61	-----	6,360.46	670,375.98
Denver.....	169,526.72	7,626.96	-----	2,677.23	179,830.91
Detroit.....	472,929.48	19,439.11	-----	5,531.28	497,899.87
Greensboro.....	173,352.51	17,643.90	-----	3,703.83	194,700.24
Honolulu.....	74,412.60	3,398.25	-----	793.34	78,604.19
Huntington.....	100,696.97	7,451.70	-----	1,344.24	109,492.91
Indianapolis.....	201,821.26	17,090.81	-----	1,932.88	220,844.95
Jacksonville.....	234,792.04	15,440.35	880.00	2,081.09	253,193.48
Los Angeles.....	611,733.20	14,873.76	-----	6,193.80	632,800.76
Louisville.....	158,788.86	9,104.67	-----	2,029.16	169,922.69
Milwaukee.....	222,546.15	8,509.73	-----	2,156.11	233,211.99
Nashville.....	233,004.51	13,752.65	-----	2,885.95	249,643.11
Newark.....	561,318.61	8,929.46	19,615.44	8,197.87	598,061.38
New Haven.....	292,960.72	6,843.34	13,258.37	4,612.13	317,674.56
New Orleans.....	213,255.42	19,185.14	1,294.50	2,420.18	236,155.24
New York:					
Second division.....	1,225,277.43	9,068.75	-----	8,181.57	1,242,527.75
Upper division.....	1,085,569.47	9,581.02	1,425.00	8,548.54	1,105,124.03
Oklahoma City.....	260,118.63	25,999.90	1,718.75	3,393.65	291,230.93
Omaha.....	266,532.20	14,065.61	6,910.86	2,946.62	290,455.29
Philadelphia.....	716,543.30	19,641.02	12,829.27	11,718.15	760,731.74
Pittsburgh.....	449,161.87	13,701.32	357.50	2,874.69	466,095.38
Richmond.....	180,716.10	11,167.10	143.00	2,605.87	194,632.07
Salt Lake City.....	134,406.56	12,795.24	-----	2,057.05	149,258.85
San Francisco.....	457,977.10	15,472.92	475.00	5,182.73	479,107.75
Seattle.....	306,499.09	13,708.27	30.00	2,902.30	323,139.66
Springfield.....	138,519.43	13,814.63	-----	1,633.25	153,967.31
St. Louis.....	396,221.16	7,705.27	-----	2,577.48	406,503.91
St. Paul.....	234,430.00	16,386.28	-----	2,462.21	253,278.49
Wichita.....	155,504.76	13,497.44	-----	2,238.24	171,240.44
Total.....	14,334,392.83	509,733.16	162,173.38	164,297.82	15,170,597.19

D. DISBURSEMENTS FOR DISTRICT SUPERVISORS' OFFICES FROM THE APPROPRIATION  
"COLLECTING THE INTERNAL REVENUE, 1940," BY DISTRICTS

District	Salaries of supervisors, clerks, etc.	Travel ex- penses	Rent	Miscella- neous	Total
Boston.....	\$657,687.56	\$29,783.69	\$1,033.20	\$32,834.23	\$721,338.68
New York.....	841,646.71	51,597.81	6,875.00	59,574.14	959,693.66
Philadelphia.....	885,782.65	43,084.07	9,449.75	36,623.54	974,945.01
Newark.....	495,836.15	16,482.47	2,475.00	22,874.24	537,667.96
Baltimore.....	871,917.78	68,378.14	-----	65,024.46	1,005,320.38
Atlanta.....	563,435.83	62,953.24	9,768.38	93,686.85	729,844.30
Louisville.....	839,833.71	34,240.86	-----	34,928.20	909,002.77
Detroit.....	659,753.66	59,937.67	4,753.43	49,875.78	774,320.54
Chicago.....	1,170,417.34	64,156.53	3,815.93	59,822.58	1,307,212.38
New Orleans.....	520,334.94	54,722.55	9,810.35	47,902.56	632,770.40
Kansas City.....	510,149.88	78,975.08	-----	44,566.26	633,691.22
St. Paul.....	343,830.50	49,501.50	-----	37,069.59	430,401.59
Denver.....	186,991.29	22,045.25	1,596.84	20,445.33	231,078.71
San Francisco.....	824,845.26	49,402.33	-----	50,541.01	924,788.60
Seattle.....	226,419.38	24,546.99	-----	21,749.22	272,715.59
Total.....	9,607,882.64	709,808.18	49,577.88	677,523.09	11,044,791.79

TABLE 14.—*Expenses of the Internal Revenue Service, fiscal year 1940—Continued*

## E. DISBURSEMENTS FOR TECHNICAL STAFF FIELD DIVISIONS FROM THE APPROPRIATION "COLLECTING THE INTERNAL REVENUE, 1940," BY DIVISIONS

Division	Salaries of field employees	Travel expenses	Rent	Miscellaneous	Total
Atlantic.....	\$161,242.44	\$1,993.75	\$12,024.21	\$4,004.77	\$179,265.17
Central.....	211,587.58	3,599.42	40,666.86	7,293.35	263,147.21
Chicago.....	292,418.32	4,216.72	36,969.18	8,433.91	342,038.13
Eastern.....	286,241.36	3,123.01	43,677.07	7,262.46	340,303.90
New England.....	121,386.50	368.75	22,183.26	3,755.63	147,694.14
New York.....	492,936.46	2,165.41	4,646.95	8,679.79	508,428.61
Pacific.....	276,782.05	9,087.09	22,855.31	6,793.50	315,517.95
Southern.....	144,982.08	3,440.63	17,589.28	5,627.85	171,639.84
Southwestern.....	203,565.89	3,536.69	39,421.12	5,645.05	252,168.75
Western.....	154,943.36	4,273.62	18,193.44	5,598.33	183,008.75
Total.....	2,346,086.04	35,805.09	258,226.68	63,094.64	2,703,212.45

## F. DISBURSEMENTS BY THE CHIEF DISBURSING OFFICER, DIVISION OF DISBURSEMENT, TREASURY DEPARTMENT, AND DIRECT SETTLEMENTS THROUGH OFFICE OF THE COMPTROLLER GENERAL, CLAIMS DIVISION

Appropriation	Salaries	Travel expenses	Rent	Miscellaneous	Total
Collecting the internal revenue, 1940.	\$10,535,869.05	\$396,668.16	\$126,913.50	\$736,391.16	\$11,795,841.87
Salaries and administrative expenses for refunding processing and related taxes and administering title III, Revenue Act of 1936, 1940.	2,325,011.61	399,684.90	41,568.39	55,086.38	2,821,351.28
Total.....	12,860,880.66	796,353.06	168,481.89	791,477.54	14,617,193.15

## G. RECAPITULATION, BY APPROPRIATIONS

Appropriation	Salaries	Travel expenses	Rent	Miscellaneous	Total
Collecting the Internal Revenue, 1940:					
Collectors.....	\$16,454,791.16	\$869,680.41	\$20,152.03	\$318,474.23	\$17,663,097.83
Agents.....	14,334,392.83	508,733.16	162,173.38	164,297.82	15,170,597.19
Supervisors.....	9,607,882.64	709,808.18	49,577.88	677,523.09	11,044,791.79
Technical Staff.....	2,346,086.04	35,805.09	258,226.68	63,094.64	2,703,212.45
Chief disbursing officer, Treasury Department, and General Accounting Office.....	10,535,869.05	396,668.16	126,913.50	736,391.16	11,795,841.87
Subtotal.....	53,279,021.72	2,521,695.00	617,043.47	1,959,780.94	58,377,541.13
Salaries and administrative expenses for refunding processing and related taxes and administering title III, Revenue Act of 1936, 1940:					
Collectors.....	613,531.22	11,246.34	2,124.95	10,885.65	637,788.16
Chief disbursing officer, Treasury Department, and General Accounting Office.....	2,325,011.61	399,684.90	41,568.39	55,086.38	2,821,351.28
Subtotal.....	2,938,542.83	410,931.24	43,693.34	65,972.03	3,459,139.44
Total.....	56,217,564.55	2,932,626.24	660,736.81	2,025,752.97	61,836,680.57

## CLAIMS APPROVED FOR PAYMENT FROM THE REFUNDING APPROPRIATIONS

Appropriation	1939 and prior years, obligated in 1940	1940 and prior years, obligated in 1940	Total
Refunding taxes illegally collected.....	\$133,674.07	\$65,093,064.16	\$65,226,738.23
Refunds and payments of processing and related taxes, Bureau of Internal Revenue, 1940.....			11,503,970.56

TABLE 15.—*Values of dutiable and taxable imports for consumption and estimated duties and taxes collected, by tariff schedules, fiscal years 1939 and 1940*

Tariff schedule	Value		Duties and import taxes <sup>1</sup>		Percentage increase or decrease (—)	
	1939	1940	1939	1940	Value	Duties
1. Chemicals, oils, and paints.....	\$57,368,627	\$51,192,559	\$21,199,485	\$16,526,952	—10.8	—22.0
2. Earthenware, earthenware, and glassware.....	25,532,715	23,808,317	11,144,248	9,920,577	—6.8	—11.0
3. Metals and manufactures.....	78,422,702	93,373,880	23,257,203	27,301,938	19.1	17.4
4. Wood and manufactures.....	15,131,852	17,266,419	2,216,492	1,841,665	14.1	—16.9
5. Sugar, molasses, and manufactures.....	76,910,369	110,543,434	37,690,323	57,723,437	43.7	53.2
6. Tobacco and manufactures.....	37,686,597	36,165,617	25,709,004	22,634,415	—4.0	—12.0
7. Agricultural products and provisions.....	164,246,322	169,932,295	56,008,920	53,062,864	3.5	—5.3
8. Spirits, wines, and other beverages.....	58,093,406	62,522,790	33,249,541	37,121,626	7.6	11.6
9. Cotton manufactures.....	25,774,976	25,408,380	9,573,951	9,102,583	—1.4	—4.9
10. Flax, hemp, jute, and manufactures.....	52,046,383	62,117,209	11,546,278	10,430,813	19.3	—9.7
11. Wool and manufactures.....	37,847,815	64,350,618	25,692,091	42,690,169	70.0	66.2
12. Silk manufactures.....	5,766,214	4,987,905	3,068,704	2,616,091	—13.5	—14.8
13. Manufactures of rayon or other synthetic textiles.....	<sup>2</sup> 8,655,248	8,202,982	<sup>2</sup> 2,794,055	2,460,923	—5.2	—11.9
14. Pulp, paper, and books.....	12,031,449	9,572,453	2,403,766	1,719,837	—20.4	—28.5
15. Sundries.....	129,717,872	127,264,756	36,057,511	33,400,900	—1.9	—7.4
Dutiable under section 466, Tariff Act of 1930.....	257,187	275,221	270,980	273,091	7.0	.8
Free-list commodities taxable under the Revenue Act of 1932 and subsequent acts.....	34,667,484	52,724,328	10,212,600	11,177,787	52.1	9.5
Total.....	<sup>2</sup> 820,157,218	919,709,163	<sup>2</sup> 312,095,152	340,005,668	12.1	8.9

<sup>1</sup> Taxes collected on dutiable commodities under the revenue acts and the Sugar Act of 1937 are included in appropriate schedules.

<sup>2</sup> Revised.

TABLE 16.—*Estimated customs duties, value of imports entered for consumption, and ratio of duties to value of dutiable imports and to value of all imports, for the calendar years 1930 to 1939 and by months from January 1939 to June 1940*<sup>1</sup>

(Dollars in thousands)

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 <sup>2</sup>		Dutiable imports	Total imports
Calendar year:				Percent	Percent	Percent
1930.....	\$461,885	\$3,114,077	\$1,032,954	33.17	44.71	14.83
1931.....	370,771	2,088,455	696,762	33.36	53.21	17.75
1932.....	259,600	1,325,093	439,557	33.17	59.06	19.59
1933.....	283,681	1,433,013	529,466	36.95	53.58	19.80
1934.....	301,168	1,636,003	644,842	39.42	46.70	18.41
1935.....	357,608	2,038,905	832,423	40.83	42.96	17.54
1936.....	408,061	2,423,977	1,038,219	42.83	39.30	16.83
1937.....	470,505	3,009,852	1,243,534	41.31	37.84	15.63
1938.....	301,380	<sup>3</sup> 1,949,624	765,964	39.28	39.36	15.46
1939.....	328,352	2,276,099	878,050	38.58	37.40	14.43
Month:						
1939: January.....	23,708	169,353	66,031	38.99	35.90	14.00
February.....	22,000	152,577	60,375	39.57	36.44	14.42
March.....	28,539	191,269	76,132	39.80	37.49	14.92
April.....	27,653	185,916	78,642	42.30	35.16	14.87
May.....	24,679	194,185	68,570	35.31	35.99	12.71
June.....	24,189	178,374	65,299	36.61	37.04	13.56
July.....	24,014	170,430	65,743	38.57	36.53	14.09
August.....	27,154	180,225	72,001	39.95	37.71	15.07
September.....	34,187	199,404	85,019	42.64	40.21	17.14
October.....	31,060	207,131	79,146	38.21	39.24	15.00
November.....	28,878	214,502	78,293	36.50	36.88	13.46
December.....	32,292	232,736	82,800	35.58	39.00	13.87
1940: January.....	28,997	234,621	81,393	24.69	35.63	12.36
February.....	25,630	189,933	70,897	37.33	36.15	13.49
March.....	28,139	206,698	78,950	38.20	35.64	13.61
April.....	25,765	203,077	71,698	35.31	35.94	12.69
May.....	25,986	203,713	76,758	37.68	33.85	12.76
June.....	27,903	205,396	77,011	37.49	36.23	13.58

<sup>1</sup> The amount of customs duties is calculated on the basis of reports of the Bureau of Foreign and Domestic Commerce showing the quantity and value of merchandise imported. Figures for 1934 and previous years were compiled by the Bureau of Foreign and Domestic Commerce; figures for 1935 and subsequent years were compiled by the Treasury Department. For figures back to 1867, see annual reports for 1930, p. 523; 1932, p. 382; and corresponding tables in subsequent reports.

<sup>2</sup> Imports into the Virgin Islands from foreign countries not included in "dutiable" imports for 1935 and subsequent years.

<sup>3</sup> Revised.

TABLE 17.—*Estimated customs duties, value of dutiable imports, and ratio of estimated duties to value of dutiable imports, by tariff schedules, for the calendar years 1930 to 1939 and by months from January 1939 to June 1940*<sup>1</sup>

(Dollars in thousands)

Year and month	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
	Schedule 1.—Chemicals, oils, and paints			Schedule 2.—Earths, earthenware, and glassware			Schedule 3.—Metals and manufactures			Schedule 4.—Wood and manufactures		
			Percent			Percent			Percent			Percent
Calendar year:												
1930.....	\$25,859	\$73,337	35.26	\$20,524	\$41,646	49.28	\$36,367	\$97,214	37.41	\$3,557	\$17,140	20.75
1931.....	20,279	52,913	38.33	13,421	25,694	52.23	23,062	58,518	39.41	2,389	12,749	18.74
1932.....	16,041	36,437	44.02	8,326	15,285	54.47	12,355	32,810	37.66	1,655	7,128	23.22
1933.....	18,286	42,296	43.23	9,012	16,444	54.80	17,081	45,116	37.86	3,026	14,191	21.32
1934.....	17,375	45,438	38.24	10,675	19,195	55.61	20,284	57,802	35.09	2,270	9,904	22.92
1935.....	28,205	66,105	42.67	11,636	22,853	50.92	23,305	68,013	34.27	2,923	12,657	23.09
1936.....	25,349	69,317	36.57	13,620	28,104	48.46	29,496	94,776	31.12	2,782	16,975	16.39
1937.....	29,264	83,316	35.12	18,067	36,954	48.89	37,135	114,020	32.57	3,188	19,861	16.05
1938.....	19,417	51,958	37.37	11,049	24,693	44.75	21,493	68,172	31.53	2,156	13,503	15.97
1939.....	19,634	56,586	34.70	10,794	25,369	42.55	25,749	89,728	28.70	2,096	17,002	12.33
Month:												
1939: January.....	1,411	4,106	34.36	646	1,592	40.58	1,696	6,733	25.19	181	1,149	15.75
February.....	1,620	4,398	36.83	688	1,651	41.67	1,613	6,029	26.75	162	1,093	14.82
March.....	1,908	5,151	37.04	929	2,231	41.64	1,804	6,712	26.88	209	1,427	14.65
April.....	2,968	8,153	36.40	1,374	3,100	44.32	2,652	9,440	28.09	202	1,310	15.42
May.....	1,469	4,270	34.40	760	1,959	38.80	1,780	6,293	28.29	169	1,302	12.98
June.....	1,324	4,123	32.11	890	2,054	43.33	1,720	6,044	28.46	188	1,411	13.32
July.....	1,052	3,728	28.22	826	1,951	42.34	1,748	6,217	28.12	157	1,266	12.40
August.....	1,278	3,833	33.34	986	2,226	44.29	1,998	6,747	29.61	163	1,347	12.10
September.....	1,374	3,822	35.95	871	1,959	44.46	2,635	9,189	28.68	140	1,414	9.90
October.....	1,715	4,656	36.83	909	2,035	44.67	2,943	9,626	30.57	186	2,244	8.29
November.....	1,942	5,661	34.30	1,078	2,493	43.24	2,533	8,280	30.59	177	1,705	10.38
December.....	1,573	4,686	33.57	836	2,118	39.47	2,629	8,417	31.23	160	1,333	12.00
1940: January.....	1,289	4,112	31.35	799	1,992	40.11	2,047	7,351	27.85	147	1,263	11.64
February.....	1,229	3,842	31.99	647	1,722	37.57	1,768	5,956	29.68	125	1,171	10.67
March.....	1,135	3,510	32.34	793	1,976	40.13	2,111	7,024	30.05	116	1,091	10.63
April.....	1,203	4,029	29.86	683	1,629	41.93	2,224	7,689	28.92	131	1,180	11.10
May.....	1,303	4,722	27.59	758	1,819	41.67	2,368	8,287	28.57	187	1,707	10.95
June.....	1,435	4,592	31.25	734	1,888	38.88	2,300	8,591	26.77	151	1,546	9.77
	Schedule 5.—Sugar, molasses, and manufactures			Schedule 6.—Tobacco and manufactures			Schedule 7.—Agricultural products and provisions			Schedule 8.—Spirits, wines, and other beverages		
			Percent			Percent			Percent			Percent
Calendar year:												
1930.....	\$116,809	\$116,844	99.97	\$40,141	\$56,152	71.49	\$59,595	\$213,035	27.97	\$430	\$1,363	31.55
1931.....	99,631	74,819	133.16	32,310	43,201	74.79	56,613	134,337	42.14	376	1,273	29.54
1932.....	76,061	45,762	166.21	22,481	27,314	82.31	43,418	90,666	47.89	418	1,149	36.38
1933.....	67,408	44,540	151.34	21,542	24,754	87.02	46,189	103,941	44.44	7,414	9,179	80.77
1934.....	43,706	64,945	67.30	22,486	25,235	89.11	53,269	138,787	38.38	42,471	50,202	84.60



1936.....	40,578	113,423	35.78	25,231	29,931	84.30	90,589	247,153	36.64	43,954	77,169	61.96
1937.....	45,371	126,645	35.83	24,213	31,776	76.20	106,775	310,156	34.43	46,093	74,973	61.48
1938.....	45,506	95,486	47.66	24,408	35,803	68.17	51,058	147,857	34.53	34,498	59,460	58.02
1939.....	46,218	90,543	51.05	23,927	35,999	66.47	56,419	173,808	32.46	34,206	59,076	57.90
Month:												
1939: January.....	784	2,192	35.77	1,931	2,725	70.86	5,869	15,932	36.84	2,021	3,487	57.96
February.....	1,524	3,627	42.02	1,841	2,669	68.98	4,916	13,261	37.07	1,974	3,418	57.75
March.....	3,201	6,542	48.93	2,246	3,128	71.80	5,709	15,481	36.88	2,479	4,376	56.65
April.....	2,220	5,155	43.06	1,534	2,167	70.79	5,236	15,554	33.66	2,471	4,572	54.05
May.....	2,476	5,787	42.79	2,462	3,817	64.50	4,594	14,912	30.81	2,488	4,365	57.00
June.....	3,504	7,711	45.44	2,122	3,289	64.52	3,889	12,035	32.31	2,302	4,088	56.31
July.....	4,778	9,634	49.60	1,918	3,005	63.83	3,605	12,251	29.43	1,834	3,277	55.97
August.....	5,313	11,339	46.86	2,334	3,583	65.14	4,014	12,939	31.02	2,045	3,608	56.68
September.....	8,346	15,348	54.38	1,957	3,012	64.97	4,305	15,100	28.51	5,302	9,277	57.15
October.....	4,978	7,217	68.98	2,061	3,175	64.91	5,545	17,585	31.53	3,383	5,714	59.21
November.....	2,024	3,284	61.63	2,107	3,245	64.93	5,151	16,965	30.36	3,306	5,396	61.27
December.....	7,071	12,707	55.65	1,413	2,184	64.70	3,585	11,793	30.40	4,603	7,497	61.40
1940: January.....	3,079	6,606	46.61	1,919	3,196	60.04	4,886	15,342	31.85	2,215	3,692	59.99
February.....	3,986	7,291	54.67	1,622	2,729	59.44	4,613	13,960	33.04	1,894	3,101	61.08
March.....	4,558	9,012	50.58	1,589	2,625	60.53	4,760	13,498	35.26	2,186	3,575	61.15
April.....	4,809	9,589	50.15	1,807	3,010	60.03	4,655	13,911	33.46	2,308	3,778	61.09
May.....	4,164	9,162	45.45	2,026	3,292	61.54	4,737	15,560	30.44	2,574	4,357	59.08
June.....	4,618	9,356	49.36	1,880	3,111	60.43	3,208	11,028	29.09	5,473	9,520	59.17
Schedule 9.—Cotton manu-			Schedule 10.—Flax, hemp,			Schedule 11.—Wool and manu-			Schedule 12.—Silk manu-			
factures			jute, and manufactures			factures			factures			
Calendar year:		Percent		Percent			Percent			Percent		
1930.....	\$13,457	\$33,282	40.43	\$20,571	\$95,570	21.52	\$40,877	\$70,357	58.10	\$11,854	\$20,620	57.49
1931.....	13,595	28,653	47.45	15,927	57,780	27.56	24,483	32,339	75.71	7,950	13,531	58.75
1932.....	9,168	19,249	47.63	11,652	37,473	31.09	13,270	15,771	84.14	2,774	4,698	59.05
1933.....	10,845	22,660	47.86	12,969	47,129	27.50	20,539	22,060	90.64	2,969	5,362	55.37
1934.....	10,814	23,892	45.26	13,271	53,547	24.78	17,187	21,048	79.39	2,586	4,624	55.93
1935.....	10,852	27,136	39.99	15,083	62,430	24.16	23,510	28,887	81.47	3,557	6,039	58.90
1936.....	14,008	35,087	39.92	16,819	68,147	24.68	44,687	59,298	75.36	3,810	6,833	55.76
1937.....	17,155	44,052	38.94	19,029	77,656	24.50	51,617	62,560	82.62	4,756	8,736	54.44
1938.....	9,439	24,288	38.86	12,082	49,402	24.48	18,531	27,418	67.59	3,327	6,185	53.79
1939.....	9,841	27,284	36.07	10,829	54,765	19.77	33,624	49,271	68.24	2,776	5,286	52.52
Month:												
1939: January.....	847	2,401	35.28	1,262	5,990	21.07	2,729	4,239	64.38	216	411	52.55
February.....	710	2,005	35.41	698	3,115	22.41	2,142	3,388	63.22	196	369	53.12
March.....	936	2,604	35.94	1,321	6,360	20.77	2,860	4,140	69.08	245	468	52.35
April.....	830	2,356	35.23	807	4,204	19.20	2,118	3,032	69.85	217	412	52.67
May.....	771	2,085	36.98	908	4,711	19.27	2,368	3,366	70.35	220	418	52.63
June.....	744	2,002	37.16	779	4,098	19.01	2,397	3,423	70.03	220	414	53.14
July.....	790	2,125	37.18	779	4,338	17.96	2,508	3,654	68.64	182	350	52.00
August.....	801	2,153	37.20	697	3,434	20.30	2,662	4,102	64.90	321	618	51.94
September.....	804	2,247	35.78	824	4,337	19.00	3,569	5,120	69.71	241	451	53.44
October.....	913	2,534	36.03	761	3,646	20.87	2,888	3,806	75.88	238	452	52.65
November.....	834	2,319	35.96	1,088	5,695	19.10	3,413	4,966	68.73	249	483	51.55
December.....	860	2,454	35.04	906	4,834	18.74	3,969	6,035	65.77	232	440	52.73
1940: January.....	899	2,466	36.46	1,216	8,269	14.71	5,842	8,737	66.86	238	446	53.36
February.....	668	1,916	34.86	899	5,600	16.05	4,447	6,850	64.92	177	332	53.31
March.....	718	2,040	35.20	1,034	6,920	14.94	4,613	7,214	63.95	234	444	52.70
April.....	628	1,795	34.99	840	4,032	15.87	3,025	4,720	64.09	163	313	52.08
May.....	614	1,761	34.87	864	6,111	14.14	2,798	4,469	62.61	205	401	51.12
June.....	573	1,599	35.83	721	4,899	14.72	2,956	4,677	63.20	136	259	52.51

Footnotes at end of table.

TABLE 17.—*Estimated customs duties, value of dutiable imports, and ratio of estimated duties to value of dutiable imports, by tariff schedules, for the calendar years 1930 to 1939 and by months from January 1939 to June 1940*<sup>1</sup>—Continued

[Dollars in thousands]

Year and month	Esti- mated duties	Value of dutiable imports	Ratio of duties to imports	Esti- mated duties	Value of dutiable imports	Ratio of duties to imports	Esti- mated duties	Value of dutiable imports	Ratio of duties to imports	Esti- mated duties	Value of dutiable imports	Ratio of duties to imports
	Schedule 13.—Manufactures of rayon or other synthetic textiles			Schedule 14.—Pulp, paper, and books			Schedule 15.—Sundries			Free list commodities taxable under the Revenue Act of 1932 and subsequent acts, <sup>2</sup> dutiable under section 466, Tariff Act of 1930, etc.		
			Percent			Percent			Percent			Percent
Calendar year:												
1930.....	\$1,564	\$2,453	63.76	\$5,024	\$19,428	25.86	\$65,170	\$174,340	37.38	\$86	\$173	49.71
1931.....	2,363	3,718	63.56	3,361	12,927	26.00	54,846	143,947	38.10	165	363	45.45
1932.....	1,247	2,049	60.86	2,183	8,187	26.66	33,453	80,757	41.42	5,098	14,823	34.39
1933.....	1,680	3,008	55.85	2,221	8,497	26.14	32,318	92,172	35.06	10,191	27,518	37.03
1934.....	794	1,096	72.45	2,346	9,482	24.74	31,647	85,185	37.15	9,987	33,862	29.49
1935.....	831	1,730	48.03	2,697	11,118	24.26	36,172	111,030	32.58	10,008	32,011	31.26
1936.....	2,197	5,209	42.18	3,029	13,201	22.95	41,545	136,546	30.43	10,396	37,049	28.06
1937.....	3,240	7,499	43.21	3,324	15,113	21.99	49,246	169,064	29.13	12,033	41,153	29.24
1938.....	2,274	6,041	37.64	2,531	11,970	21.14	33,959	110,444	30.75	9,636	33,285	28.95
1939.....	3,090	10,210	30.26	2,152	11,461	18.78	35,245	133,270	26.45	11,753	38,394	30.61
Month:												
1939: January.....	232	692	33.53	169	918	18.41	3,010	11,208	26.86	704	2,256	31.21
February.....	226	734	30.79	177	917	19.30	2,774	11,310	24.53	739	2,390	30.92
March.....	276	861	32.06	196	1,052	18.63	3,384	12,993	26.04	834	2,607	31.99
April.....	244	792	30.81	297	1,544	19.24	3,612	13,906	25.97	873	2,944	29.65
May.....	232	727	31.91	165	882	18.71	2,592	9,982	25.97	1,223	3,696	33.09
June.....	273	899	30.37	150	829	18.09	2,413	9,015	26.77	1,273	3,863	32.95
July.....	231	763	30.28	171	901	18.98	2,454	9,020	27.21	979	3,262	30.01
August.....	262	802	32.67	185	987	18.74	3,031	11,048	27.43	1,065	3,233	32.94
September.....	190	634	29.97	122	619	19.71	2,457	9,335	26.32	1,050	3,156	33.27
October.....	238	836	28.47	167	862	19.37	3,077	11,169	27.55	1,080	3,588	29.54
November.....	316	1,103	28.65	205	1,106	18.54	3,412	12,100	28.20	1,043	3,490	29.89
December.....	370	1,366	27.09	147	843	17.44	3,028	12,184	24.85	910	3,907	23.29
1940: January.....	293	980	29.90	136	782	17.39	3,263	12,428	26.26	730	3,732	19.56
February.....	165	540	30.56	118	694	17.00	2,500	10,189	25.13	711	5,006	14.20
March.....	109	331	32.93	119	684	17.40	3,274	12,581	26.02	787	6,427	12.25
April.....	144	486	29.63	110	661	16.64	2,375	9,497	25.01	859	5,381	15.96
May.....	84	199	42.21	122	713	17.11	2,335	9,168	25.47	848	5,030	16.86
June.....	60	163	36.81	117	721	16.23	2,133	8,547	24.96	1,408	6,786	20.75

<sup>1</sup> The amount of customs duties is calculated on the basis of reports of the Bureau of Foreign and Domestic Commerce, showing the quantity and value of merchandise imported. Figures for 1934 and previous years were compiled by the Bureau of Foreign and Domestic Commerce; figures for 1935 and subsequent years were compiled by the Treasury Department. Total estimated duties and total value of dutiable imports will be found in table 16. For figures back to 1890, see annual reports for 1930, p. 525; 1932, p. 333; and corresponding tables in subsequent reports.

<sup>2</sup> Taxes collected on dutiable commodities under the revenue acts and the Sugar Act of 1937 are included in appropriate schedules.

<sup>3</sup> Revised.

NOTE.—Dollar figures are rounded to nearest thousand and will not necessarily add to totals.

TABLE 18.—*Values of dutiable imports for consumption and estimated duties collected, by countries, fiscal years 1939 and 1940*

Country	Value		Duties		Percentage duties to values		Percentage increase or decrease (—)	
	1939	1940	1939	1940	1939	1940	Value	Duties
<b>Europe:</b>								
Belgium.....	\$41,573,794	\$45,506,262	\$7,905,736	\$8,578,817	19.0	18.9	9.5	8.5
Bulgaria.....	1,522,649	1,378,523	918,771	758,274	60.3	55.0	-9.5	-17.5
Czechoslovakia.....	16,409,178	363,935	6,345,507	186,271	38.7	51.2	-97.8	-97.1
Denmark.....	3,336,483	2,375,160	835,193	661,603	25.0	27.9	-28.8	-20.8
France.....	44,265,236	43,246,842	18,128,118	19,124,320	41.0	44.2	-2.3	5.5
Germany.....	54,991,905	13,453,821	19,070,521	5,068,257	34.7	37.7	-75.5	-73.4
Greece.....	13,616,745	14,479,800	7,677,600	7,522,414	56.4	52.0	6.3	-2.0
Hungary.....	3,717,252	3,255,044	1,025,075	827,571	27.6	25.4	-12.4	-19.3
Ireland.....	859,105	952,765	385,927	533,443	44.9	56.0	10.9	38.2
Italy.....	32,952,913	30,919,041	14,327,842	12,747,928	43.5	41.2	-6.2	-11.0
Netherlands.....	20,909,955	16,741,405	6,761,640	3,627,373	32.3	21.7	-19.9	-46.4
Norway.....	8,594,989	10,884,164	2,904,529	2,989,815	33.8	27.5	26.6	2.9
Poland.....	13,287,565	3,613,045	2,478,226	694,002	18.7	19.8	-73.6	-72.0
Portugal.....	1,743,493	12,225,310	657,175	858,096	37.7	38.6	27.6	30.6
Spain.....	7,730,277	19,144,058	2,817,881	3,302,129	36.5	36.1	18.3	17.2
Sweden.....	7,409,967	7,837,472	1,722,003	1,924,535	23.2	24.6	5.8	11.8
Switzerland.....	23,402,863	28,087,520	9,555,193	11,846,418	40.8	42.2	20.0	24.0
Union of Soviet Socialist Republics.....	6,986,207	8,429,621	2,102,125	2,951,551	30.1	35.0	20.7	40.4
United Kingdom.....	97,157,886	105,243,962	40,353,247	44,020,551	41.5	41.8	8.3	9.1
Yugoslavia.....	2,275,902	2,686,300	1,231,293	1,318,024	54.1	49.1	18.0	7.0
Other countries.....	5,173,081	3,209,429	1,460,622	1,168,087	28.2	36.4	-38.0	-20.6
<b>Total Europe.....</b>	<b>1,407,927,535</b>	<b>353,933,479</b>	<b>148,664,224</b>	<b>130,709,479</b>	<b>36.4</b>	<b>36.9</b>	<b>-13.2</b>	<b>-12.1</b>
<b>North and Central America:</b>								
Canada.....	88,140,466	119,102,340	18,890,384	20,284,082	21.4	17.0	35.1	7.4
Cuba.....	77,127,750	116,183,023	37,869,352	60,589,808	49.1	52.2	50.6	60.0
Dominican Republic.....	1,063,335	1,885,558	1,946,523	1,291,283	99.1	68.5	-4.0	-33.7
Mexico.....	12,331,349	19,199,094	7,059,476	8,208,962	57.2	42.8	55.7	16.3
Netherlands West Indies.....	6,866,661	10,533,154	1,628,563	1,772,692	23.7	16.8	53.4	9.0
Other countries.....	4,605,998	3,962,624	1,613,808	918,263	35.0	23.2	-14.0	-43.1
<b>Total North and Central America.....</b>	<b>191,035,559</b>	<b>270,865,793</b>	<b>69,006,106</b>	<b>93,065,990</b>	<b>36.1</b>	<b>34.4</b>	<b>41.8</b>	<b>34.9</b>
<b>South America:</b>								
Argentina.....	37,203,424	47,233,156	17,752,947	21,340,331	47.7	45.2	27.0	20.2
Brazil.....	10,318,205	12,028,912	3,446,774	3,086,584	33.4	25.7	16.6	-10.5
Chile.....	1,358,832	3,398,341	525,366	1,385,961	38.7	40.8	150.1	163.8
Peru.....	2,921,551	4,636,483	3,381,059	3,920,152	115.7	84.6	58.7	15.9
Uruguay.....	6,265,119	12,480,797	4,043,581	8,134,724	64.5	65.2	99.2	101.2
Venezuela.....	15,649,250	22,187,827	4,751,593	4,457,781	30.4	20.1	41.8	-6.2
Other countries.....	6,252,492	7,084,002	1,227,240	1,457,590	19.6	20.6	13.3	18.8
<b>Total South America.....</b>	<b>79,968,873</b>	<b>109,049,518</b>	<b>35,128,560</b>	<b>43,783,123</b>	<b>43.9</b>	<b>40.1</b>	<b>36.4</b>	<b>24.6</b>
<b>Asia:</b>								
British India.....	34,144,818	47,968,912	6,884,325	7,739,843	20.2	16.1	40.5	12.4
China.....	22,061,353	27,082,012	10,263,978	11,648,001	46.5	43.0	22.8	13.5
Iraq.....	1,559,520	1,634,292	728,963	681,141	46.7	41.7	4.8	-6.6
Iran.....	2,229,291	2,688,688	1,068,097	1,232,917	47.9	45.9	20.6	15.4
Japan.....	36,509,742	43,045,369	16,392,572	17,896,589	44.9	41.6	17.9	9.2
Kwantung.....	1,517,799	1,334,036	1,423,300	953,000	93.8	71.4	-12.1	-33.0
Netherlands Indies.....	1,348,928	5,072,914	393,557	3,202,560	29.2	63.1	276.1	713.7
Philippine Islands.....	5,359,914	3,982,593	788,339	563,977	14.7	14.2	-25.7	-28.5
Syria.....	579,976	706,318	548,996	524,475	94.7	74.3	21.8	-4.5
Turkey.....	13,511,112	12,666,782	10,024,115	8,507,525	74.2	67.2	-6.3	-15.1
Other countries.....	2,344,450	3,533,142	664,386	945,377	28.3	26.8	50.7	40.6
<b>Total Asia.....</b>	<b>121,166,903</b>	<b>149,715,058</b>	<b>49,180,634</b>	<b>53,895,405</b>	<b>40.6</b>	<b>36.0</b>	<b>23.6</b>	<b>9.6</b>
<b>Oceania.....</b>	<b>1,914,444</b>	<b>12,008,351</b>	<b>6,087,804</b>	<b>7,886,164</b>	<b>62.0</b>	<b>65.7</b>	<b>22.4</b>	<b>29.5</b>
<b>Africa:</b>								
Egypt.....	4,589,307	6,178,743	1,856,114	2,503,700	40.4	40.5	34.6	34.9
Gold Coast.....	1,791,648	3,855,457	898,751	1,501,522	50.2	38.9	115.2	67.1
Union of South Africa.....	675,781	10,158,662	325,593	5,702,207	48.2	56.1	1,403.2	1,651.3
Other countries.....	3,187,168	3,944,102	947,866	958,978	29.7	24.3	23.7	1.2
<b>Total Africa.....</b>	<b>10,243,904</b>	<b>24,136,964</b>	<b>4,027,824</b>	<b>10,666,407</b>	<b>39.3</b>	<b>44.2</b>	<b>135.6</b>	<b>164.8</b>
<b>Grand total.....</b>	<b>820,157,218</b>	<b>919,709,163</b>	<b>312,095,152</b>	<b>340,005,668</b>	<b>38.1</b>	<b>37.0</b>	<b>12.1</b>	<b>8.9</b>

1 Revised.

TABLE 19.—Customs statistics, by districts, fiscal year 1940

District	Value of imports	Value of exports	Collections <sup>1</sup>				Total	Payments		Expenses (net obligations)	Cost to collect \$100
			Duties and miscellaneous customs collections	For Department of Commerce, tonnage tax and other	For Department of Labor, head tax and other	For other departments, etc., including Bureau of Internal Revenue		Excessive duties refunded	Drawback		
Alaska.....	\$136,196	\$549,729	\$3,473	\$9,732	\$88	\$68	\$13,361	\$65	-----	\$67,058	\$501.89
Arizona.....	2,461,392	3,916,054	1,555,166	-----	2,456	558	1,558,180	74,673	-----	110,481	7.09
Buffalo.....	79,383,462	137,905,517	5,426,998	3,000	14,208	190,797	5,635,003	19,903	\$14,437	399,869	7.10
Chicago.....	34,398,296	19,541,163	8,179,994	4,229	8	3,027,273	11,211,504	282,064	168,454	346,012	3.09
Colorado.....	666,650	-----	180,946	-----	-----	87,002	267,948	1,786	-----	19,663	7.34
Connecticut.....	3,332,483	200,449	1,070,900	3,345	-----	427,550	1,501,795	9,495	24,190	50,416	3.36
Dakota.....	20,454,215	44,513,988	827,335	4	7,328	18,610	853,277	41,314	32	166,126	19.47
Duluth and Superior.....	17,775,498	13,664,652	292,359	1,011	704	7,778	301,852	7,892	-----	92,955	30.79
El Paso.....	3,793,814	6,681,499	2,028,738	-----	5,348	5,721	2,039,807	39,865	16	109,232	5.36
Florida.....	20,694,157	31,928,236	4,100,391	45,562	54,273	416,054	4,616,280	46,031	71,932	258,893	5.56
Galveston.....	28,186,811	284,317,208	4,691,249	131,328	4,404	596,791	5,423,772	34,958	69,914	237,195	4.37
Georgia.....	10,318,517	24,048,450	2,541,417	15,240	1,358	108,196	2,666,211	3,319	93,108	72,464	2.72
Hawaii.....	7,742,268	1,632,111	1,807,868	51,042	23,399	165,175	2,047,484	46,888	8,827	196,673	9.61
Indiana.....	1,788,261	-----	904,177	28	-----	551,734	1,455,939	2,861	3	29,635	2.04
Iowa.....	17,319	-----	2,368	35	20	2,423	-----	-----	-----	2,200	90.80
Kentucky.....	1,614,407	-----	779,817	671	-----	40,354	820,842	1,021	49,934	18,856	2.30
Laredo.....	6,502,787	59,559,553	1,793,803	28,440	11,378	36,307	1,869,928	42,954	-----	198,862	10.53
Los Angeles.....	77,975,427	154,330,956	6,464,258	210,885	24,011	1,698,934	8,398,088	156,087	119,527	473,414	5.64
Maine and New Hampshire.....	19,492,830	14,084,474	467,281	20,742	8,699	2,290	499,012	9,613	362	366,382	73.42
Maryland.....	81,491,207	131,446,088	12,102,101	85,654	3,763	812,528	13,004,046	61,068	930,465	511,099	3.93
Massachusetts.....	155,652,532	27,288,628	37,508,463	126,562	29,137	1,636,672	39,300,834	197,685	389,622	1,063,105	2.71
Michigan.....	77,542,710	200,323,650	4,535,725	5,957	30,079	1,226,619	5,798,380	30,861	347,437	603,983	10.42
Minnesota.....	5,737,404	123	1,889,938	142	-----	638,576	2,528,656	11,894	512	65,091	2.57
Mobile.....	10,117,248	26,988,618	1,197,552	27,217	4,756	23,150	1,252,675	3,612	350	63,237	5.05
Montana and Idaho.....	2,056,384	7,775,947	126,722	21	4,096	78	130,917	338	-----	91,046	69.54
New Orleans.....	106,371,286	248,742,603	15,874,904	102,464	13,819	225,308	16,215,995	91,490	231,653	527,968	3.26
New York.....	1,219,291,245	1,691,306,403	158,713,296	501,568	694,253	12,512,771	172,411,888	2,979,855	7,627,566	6,706,775	3.89
North Carolina.....	20,892,338	2,841,060	10,327,448	6,370	24	834	10,334,676	1,218	90,142	61,284	.59
Ohio.....	11,782,475	41,711,227	3,991,845	9,122	16	287,641	4,283,624	52,468	207,893	186,433	4.35
Omaha.....	1,180,409	-----	436,873	-----	-----	77,183	514,057	1,516	-----	14,651	2.85
Oregon.....	7,591,028	25,036,634	1,018,012	20,025	1,880	114,198	1,154,115	16,496	15,742	129,908	11.26
Philadelphia.....	139,438,839	113,077,684	25,327,052	90,618	3,686	755,307	26,176,663	244,687	2,828,385	794,237	3.03
Pittsburgh.....	9,532,360	-----	3,833,252	376	-----	59,795	3,892,423	7,853	23,361	49,038	1.28
Rhode Island.....	4,911,320	699,614	2,368,897	4,748	2,000	136,088	2,511,733	42,710	46	49,672	1.97
Rochester.....	4,318,165	10,005,802	1,089,756	3,624	56	422,831	1,516,267	29,446	1,187	72,513	4.78
Sabine.....	2,270,338	73,207,247	123,805	67,537	4,566	22,697	218,505	1,232	-----	46,764	21.40
St. Lawrence.....	36,589,839	50,804,034	848,036	1,692	26,554	10,613	880,895	14,526	227	250,611	28.26
St. Louis.....	5,236,774	-----	2,045,078	1,351	-----	465,408	2,511,837	12,703	1,566	88,071	3.51

San Diego.....	2,574,479	6,487,493	266,417	10,361	5,327	10,319	292,424	11,680	-----	110,962	37.95
San Francisco.....	74,064,955	128,306,436	7,274,462	81,928	27,884	1,778,586	9,162,860	185,016	674,669	721,918	7.88
South Carolina.....	7,851,752	5,810,530	1,361,246	13,041	2,112	61,829	1,438,228	7,998	2,937	26,940	1.87
Tennessee.....	901,603	-----	216,304	732	-----	53,150	270,186	3,511	-----	13,709	6.92
Utah and Nevada.....	27,763	-----	8,251	-----	-----	49	8,300	53	43	6,230	63.01
Vermont.....	34,337,961	47,498,985	1,475,748	100	12,832	6,956	1,495,636	19,653	19	288,196	19.27
Virginia.....	36,009,948	92,102,131	9,635,378	76,753	9,461	41,437	9,763,029	26,275	4,051	185,878	1.90
Washington.....	38,419,449	80,825,513	3,478,560	90,817	25,012	525,016	4,119,405	71,997	43,500	539,693	13.10
Wisconsin.....	7,964,112	1,205,119	642,451	1,594	8	217,138	861,191	5,644	1,471	56,433	6.55
Items not assigned to dis- tricts.....	-----	16,852,088	627	-----	-----	-----	627	-----	-----	4,585,042	-----
Total.....	2,440,940,713	3,827,217,696	350,836,732	1,855,669	1,048,483	29,502,888	383,243,772	4,954,275	14,041,580	21,127,673	5.51
Puerto Rico.....	6,513,298	1,458,520	1,430,878	11,481	6,114	3,379	1,451,852	-----	-----	-----	-----
Grand total.....	2,447,454,011	3,828,676,216	352,267,610	1,867,150	1,054,597	29,506,267	384,695,624	4,954,275	14,041,580	21,127,673	-----

NOTE.—Figures are rounded to nearest dollar and will not necessarily add to totals.

Footnotes on p. 682.



San Francisco.....	343	16,692	13,621	83,591	113,904	357	899	1,008	2,264
South Carolina.....	13	615	221	944	1,780	253	107	230	570
Tennessee.....	7	250	23	801	1,074				
Utah and Nevada.....		37	21	1,026	1,084				
Vermont.....	107	12,566	12,783	37,826	63,175	99			99
Virginia.....	89	2,605	23,548	17,257	43,410	571	1,186	1,784	3,541
Washington.....	241	15,963	18,356	26,931	61,250	4,500	1,682	2,361	8,543
Wisconsin.....	23	1,926	27	7,242	9,195	342	173	29	544
Items not assigned to particular districts.....	839								
Total.....	8,233	465,988	535,468	1,680,044	2,681,500	34,331	16,130	20,768	71,229
Puerto Rico.....	109	4,270	7,527	4,671	16,468	360	438	1,200	1,998
Grand total.....	8,342	470,258	542,995	1,684,715	2,697,968	34,691	16,568	21,968	73,227

Footnotes on p. 682.

TABLE 19.—*Customs statistics, by districts, fiscal year 1940*—Continued

SUMMARY OF COLLECTIONS AND EXPENDITURES		
Collections: <sup>6</sup>		
Customs receipts:		
Duties on imports.....		\$349,811,106.14
Miscellaneous receipts (fines, penalties, etc.).....		1,040,455.24
Total.....		350,851,561.38
Collections for other departments, bureaus, etc.:		
Department of Commerce.....	\$1,867,150.11	
Department of Labor.....	1,054,597.38	
Public Health Service.....	287,536.72	
Internal revenue taxes.....	29,178,277.92	
Printing and binding.....	24,840.78	
Philippine tariff funds.....	15,605.17	
		32,428,014.08
Total collections.....		383,279,575.46
Appropriations and expenditures:		
Appropriation "Collecting the revenue from customs".....		
		21,204,600.00
Expenses of operating collection districts.....	16,542,631.00	
Items paid by the Treasury but not assigned to particular districts.....	169,544.00	
All other, including customs border patrol, Customs Agency Service, comptrollers of customs, customs laboratories, and Bureau salaries.....	4,415,498.00	
		21,127,673.00
Balance of appropriation.....		76,927.00
Appropriation "Refunds and drawbacks".....		
		19,000,000.00
Expenditures for refunds, drawbacks, and minor payments of a similar nature.....		18,995,855.00
Balance of appropriation.....		4,145.00

<sup>1</sup> Customs receipts, on the basis of reports of collecting officers, are credited to the districts in which the collections are made. Receipts in the various districts do not indicate the tax burden of the respective districts, since the taxes may be eventually borne by persons in other districts. Customs duties for Puerto Rico (\$1,416,049) are deposited to the credit of the Government of Puerto Rico.

<sup>2</sup> Includes Corpus Christi December 23, 1939-June 30, 1940.

<sup>3</sup> Discontinued September 24, 1939.

<sup>4</sup> Includes Corpus Christi July 1-December 22, 1939.

<sup>5</sup> Discontinued February 21, 1940.

<sup>6</sup> Excludes duties for Puerto Rico, but includes other Puerto Rican collections. See note 1.



TABLE 20.—Receipts and expenditures and statement of account under the Social Security, Railroad Retirement, and Railroad Unemployment Insurance Acts

[On basis of daily Treasury statements (unrevised), see p. 583]

## I. CLASSIFIED RECEIPTS AND EXPENDITURES, MONTHLY JULY 1939 TO JUNE 1940, AND ANNUALLY FOR THE FISCAL YEARS 1936 TO 1940

	Fiscal year 1936	Fiscal year 1937	Fiscal year 1938	Fiscal year 1939	Fiscal year 1940			
					July	August	September	October
RECEIPTS								
Social security taxes:								
Employment taxes (title VIII) <sup>1</sup> .....		\$194,346,309	\$514,405,672	\$530,357,680	\$32,704,345	\$106,554,987	\$2,501,195	\$31,449,258
Tax on employers of 8 or more (title IX, sec. 901) <sup>2,3</sup> .....		57,751,019	90,103,585	100,868,935	2,666,644	8,066,304	497,406	2,935,641
Unclassified.....		63,511	60,611	2,900				
Total, social security taxes.....		252,160,839	604,448,646	631,223,715	35,370,989	114,621,291	2,998,601	34,384,899
Railroad Retirement Act:								
Taxes upon carriers and their employees <sup>1</sup> .....	\$209	345,089	150,131,982	109,256,539	696,416	4,446,362	23,741,297	1,170,676
Railroad Unemployment Insurance Act:								
Railroad unemployment insurance contributions <sup>2,4</sup> .....								
Total receipts.....	209	252,505,928	754,580,628	740,480,254	36,067,405	119,067,653	26,739,898	35,555,575
Deduct net appropriations and transfers to Federal old-age and survivors insurance trust fund <sup>5,6</sup> .....		265,000,000	387,000,000	503,000,000	43,000,000	48,000,000	43,000,000	43,000,000
Net receipts.....	209	7 12,494,072	367,580,628	237,480,254	7 6,932,595	71,067,653	7 16,260,102	7 7,444,425
EXPENDITURES								
Administrative expenses:								
Social Security Act: <sup>8</sup>								
Federal Security Agency:								
Social Security Board (title VII).....	501,288	15,433,917	19,613,584	20,901,118	1,632,332	1,898,587	1,828,952	879,846
Department of Commerce (title VII).....	46,350	101,844	8,514	81,068	7,378	5,104	4,936	4,850
Department of Labor (title V (5)).....	76,936	295,199	336,379	323,928	19,569	25,828	29,924	25,254
Treasury Department <sup>9</sup> .....								
Total, Social Security Act.....	624,574	15,830,960	19,958,477	21,306,114	1,659,279	1,929,519	1,863,812	909,950

Footnotes at end of table.

TABLE 20.—Receipts and expenditures and statement of account under the Social Security, Railroad Retirement, and Railroad Unemployment Insurance Acts—Continued

I. CLASSIFIED RECEIPTS AND EXPENDITURES, MONTHLY JULY 1939 TO JUNE 1940, AND ANNUALLY FOR THE FISCAL YEARS 1936 TO 1940—Con.

	Fiscal year 1936	Fiscal year 1937	Fiscal year 1938	Fiscal year 1939	Fiscal year 1940			
					July	August	September	October
<b>EXPENDITURES—Continued</b>								
Administrative expenses—Continued.								
Railroad Retirement Act: <sup>8</sup>								
Railroad Retirement Board:-----	\$268,254	\$1,495,523	\$2,613,297	\$2,868,033	\$199,102	\$221,914	\$183,941	\$234,704
Railroad Unemployment Insurance Act:								
Railroad Retirement Board:								
Railroad unemployment insurance								
administration fund <sup>2 10</sup> -----				476,795	295,729	389,641	346,443	423,696
Total, administrative expenses.	892,828	17,326,483	22,571,774	24,650,942	2,154,110	2,541,074	2,394,196	1,568,350
Grants to States:								
Social Security Act:								
Federal Security Agency:								
Social Security Board:								
Old-age assistance (title I)-----	19,652,119	124,817,575	182,198,734	208,844,926	25,779,043	21,605,284	12,106,138	23,459,425
Aid to dependent children								
(title IV)-----	2,000,644	14,297,278	25,498,282	31,013,159	3,817,244	2,841,424	2,883,597	4,136,189
Aid to the blind (title X)-----	1,046,685	4,641,948	5,161,249	5,303,913	759,366	547,011	176,664	704,094
Unemployment compensation								
administration (title III) <sup>2</sup> -----	937,567	9,133,785	41,910,920	58,864,290	8,768,463	7,401,235	2,341,095	11,124,670
Total, Social Security								
Board-----	23,637,015	152,890,586	254,769,185	304,026,288	39,124,116	32,394,954	17,507,494	39,424,378
Public Health Service:								
Public health work (title VI,								
sec. 601)-----	2,385,671	7,819,415	8,892,080	8,005,731	1,449,355	108,896	17,379	2,357,216
Total, Federal Security								
Agency-----	26,022,686	160,710,001	263,661,265	312,032,019	40,573,471	32,503,850	17,524,873	41,781,594

Department of Labor:								
Maternal and child health services (title V (1)).....	1,044,604	3,114,584	3,775,545	3,717,366	350,278	566,900	28,969	922,091
Services for crippled children (title V (2)).....	555,520	2,120,922	2,691,941	3,047,382	167,183	470,110	31,656	633,392
Child welfare services (title V (3)).....	200,089	980,491	1,365,750	1,518,390	161,467	140,530	9,315	344,824
Total, Department of Labor.....	1,800,213	6,215,997	7,833,236	8,283,138	678,928	1,177,540	69,940	1,900,307
Total, grants to States.....	27,822,899	166,925,998	271,494,501	320,315,157	41,252,399	33,681,390	17,594,813	43,681,901
Unclassified.....			10	10				
Refunds of taxes: <sup>11</sup>								
Refunds of social security taxes:								
Employment taxes (title VIII) <sup>1</sup> .....			43,202	380,263	59,860	53,945	35,300	52,835
Tax on employers of 8 or more (title IX, sec. 901): <sup>2</sup>								
Refunds to States <sup>3</sup> .....			40,561,887					
Refunds to others.....			420,877	1,382,517	51,704	59,368	47,320	96,606
Total, tax on employers of 8 or more.....			40,982,764	1,382,517	51,704	59,368	47,320	96,606
Total, refunds of social security taxes.....			41,025,966	1,762,780	111,564	113,313	82,620	149,441
Refunds of taxes upon carriers and their employees <sup>1</sup> .....			131,807	93,414	188	2,506	1,390	1,589
Total, refunds of taxes.....			41,157,773	1,856,194	111,752	115,819	84,010	151,030
Transfers to trust accounts:								
Railroad retirement account <sup>1</sup> .....			146,402,587	107,097,413	21,900,000	18,100,000	7,150,000	10,000,000
Railroad unemployment insurance account: <sup>2</sup>								
Advance (act June 25, 1938).....					15,000,000			
Repayment of advance.....								
Total, transfers to trust accounts.....			146,402,587	107,097,413	36,900,000	18,100,000	7,150,000	10,000,000
Total expenditures.....	28,715,727	184,252,481	481,626,645	453,919,696	80,418,261	54,438,283	27,223,019	55,401,281

Footnotes at end of table.

TABLE 20.—Receipts and expenditures and statement of account under the Social Security, Railroad Retirement, and Railroad Unemployment Insurance Acts—Continued

I. CLASSIFIED RECEIPTS AND EXPENDITURES, MONTHLY JULY 1939 TO JUNE 1940, AND ANNUALLY FOR THE FISCAL YEARS 1938 TO 1940—Con.

	Fiscal year 1940									Grand total to June 30, 1940
	November	December	January	February	March	April	May	June	July 1, 1939, to June 30, 1940	
RECEIPTS										
Social security taxes:										
Employment taxes (title VIII) <sup>1</sup> .....	\$117,479,044	\$4,147,459	\$31,149,423	\$115,227,082	\$2,254,011	\$35,842,783	\$122,489,254	\$2,895,395	\$604,694,236	\$1,843,803,897
Tax on employers of 8 or more (title IX, sec. 901) <sup>2</sup> .....	7,981,295	519,187	13,665,198	57,043,034	1,213,039	3,021,574	8,894,439	1,019,506	107,523,267	356,246,806
Unclassified.....										
Total, social security taxes.....	125,460,339	4,666,646	44,814,621	172,270,116	3,467,050	38,864,357	131,383,693	3,914,901	712,217,503	2,200,050,703
Railroad Retirement Act:										
Taxes upon carriers and their employees <sup>1</sup> .....	4,176,036	23,018,427	445,988	5,405,078	25,405,602	327,556	5,777,699	26,355,582	120,966,719	380,700,538
Railroad Unemployment Insurance Act:										
Railroad unemployment insurance contribu- tions <sup>2</sup> .....	69,132	1,539,694	2,311	80,511	1,608,556	1,680	137,826	1,478,331	4,918,041	4,918,041
Total receipts.....	129,705,507	29,224,767	45,262,920	177,755,705	30,481,208	39,193,593	137,299,218	31,748,814	838,102,263	2,585,669,282
Deduct net appropriations and transfers to Federal old-age and survivors insurance trust fund <sup>3</sup> .....	43,000,000	48,000,000			134,817,319			<sup>12</sup> 134,894,414	<sup>12</sup> 537,711,733	<sup>12</sup> 1,692,711,733
Net receipts.....	86,705,507	<sup>7</sup> 18,775,233	45,262,920	177,755,705	<sup>7</sup> 104,336,111	39,193,593	137,299,218	<sup>7</sup> 103,145,600	300,390,530	892,957,549
EXPENDITURES										
Administrative expenses:										
Social Security Act: <sup>8</sup>										
Federal Security Agency:										
Social Security Board (title VII).....	1,810,202	1,782,353	1,960,652	1,828,156	2,110,331	2,192,596	2,181,039	2,116,862	22,221,908	78,671,815
Department of Commerce (title VII).....	3,905	4,715	5,390	4,747	7,691	12,073	18,771	13,182	92,742	330,518
Department of Labor (title V (5)).....	26,281	26,898	26,906	26,799	28,199	27,437	29,364	30,917	323,376	1,355,818
Treasury Department <sup>9</sup> .....			439,163	439,163	439,162	439,163	439,163	439,162	2,634,976	2,634,976
Total, Social Security Act.....	1,840,388	1,813,966	2,432,111	2,298,865	2,585,383	2,671,269	2,668,337	2,600,123	25,273,002	82,993,127
Railroad Retirement Act: <sup>8</sup>										
Railroad Retirement Board <sup>1</sup> .....	195,819	219,577	215,279	208,265	211,162	209,985	215,347	330,346	2,645,441	9,890,548

Railroad Unemployment Insurance Act:										
Railroad Retirement Board:										
Railroad unemployment insurance administration fund <sup>2 10</sup> .....	327,576	1,069,486	337,443	262,047	426,116	257,163	505,157	346,254	4,986,751	5,463,546
Total, administrative expenses.....	2,363,783	3,103,029	2,984,833	2,769,177	3,222,661	3,138,417	3,388,841	3,276,723	32,905,194	98,347,221
Grants to States:										
Social Security Act:										
Federal Security Agency:										
Social Security Board:										
Old-age assistance (title I).....	17,389,655	13,948,282	22,881,044	23,519,462	13,134,484	26,566,761	19,864,300	7,379,026	227,632,904	763,146,258
Aid to dependent children (title IV).....	2,882,645	2,098,130	5,732,152	6,075,161	2,421,445	6,398,081	4,876,140	1,217,792	45,380,000	118,189,363
Aid to the blind (title X).....	496,180	173,393	875,082	633,582	226,298	915,115	563,012	98,537	6,168,334	22,322,129
Unemployment compensation ad- ministration (title III) <sup>2</sup> .....	1,033,881	1,196,600	5,550,533	4,856,676	9,007,298	6,200,267	438,586	415,775	58,335,079	169,181,641
Total, Social Security Board.....	21,802,361	17,416,405	35,038,811	35,084,881	24,789,525	40,080,224	25,742,038	9,111,130	337,516,317	1,072,839,391
Public Health Service:										
Public health work (title VI, sec. 601).....	41,972	20,356	2,289,821	413,015	-----	2,649,532	91,336	-----	9,438,878	36,541,775
Total, Federal Security Agency.....	21,844,333	17,436,761	37,328,632	35,497,896	24,789,525	42,729,756	25,833,374	9,111,130	346,955,195	1,109,381,166
Department of Labor:										
Maternal and child health services (title V (1)).....	51,032	170,863	754,128	382,378	85,220	1,261,462	118,854	74,829	4,767,003	16,419,102
Services for crippled children (title V (2)).....	140,077	122,581	550,939	163,892	21,456	615,283	280,954	93,757	3,291,280	11,707,045
Child welfare services (title V (3)).....	23,549	42,112	305,970	50,408	27,685	365,092	13,898	2,390	1,487,240	5,551,960
Total, Department of Labor.....	214,658	335,556	1,611,037	596,677	134,361	2,241,837	413,706	170,976	9,545,523	33,678,107
Total, grants to States.....	22,058,991	17,772,317	38,939,669	36,094,573	24,923,886	44,971,593	26,247,080	9,282,106	356,500,718	1,143,059,273
Unclassified.....										
Refunds of taxes: <sup>11</sup>										
Refunds of social security taxes:										
Employment taxes (title VIII) <sup>1</sup> .....	39,718	56,898	40,353	2,579	65,996	71,248	40,827	26,660	546,219	969,684
Tax on employers of 8 or more (title IX, sec. 901): <sup>2</sup>										
Refunds to States <sup>3</sup> .....										40,561,887
Refunds to others.....	139,907	185,396	122,831	106,110	364,261	188,363	370,555	176,973	1,909,394	3,712,788
Total, tax on employers of 8 or more.....	139,907	185,396	122,831	106,110	364,261	188,363	370,555	176,973	1,909,394	44,274,675
Total, refunds of social security taxes.....	179,625	242,294	163,184	108,689	430,257	259,611	411,382	203,633	2,455,613	45,244,359
Refunds of taxes upon carriers and their em- ployees <sup>1</sup> .....	510	668	16	2,567	464	27	162	130	10,217	235,438
Total, refunds of taxes.....	180,135	242,962	163,200	111,256	430,721	259,638	411,544	203,763	2,465,830	45,479,797

Footnotes at end of table.

TABLE 20.—Receipts and expenditures and statement of account under the Social Security, Railroad Retirement, and Railroad Unemployment Insurance Acts—Continued

I. CLASSIFIED RECEIPTS AND EXPENDITURES, MONTHLY JULY 1939 TO JUNE 1940, AND ANNUALLY FOR THE FISCAL YEARS 1936 TO 1940—Con.

	Fiscal year 1940									Grand total to June 30, 1940
	November	December	January	February	March	April	May	June	July 1, 1939, to June 30, 1940	
EXPENDITURES—Continued										
Transfers to trust accounts:										
Railroad retirement account <sup>1</sup> .....	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	.....	\$20,000,000	\$3,500,000	.....	\$120,650,000	\$374,150,000
Railroad unemployment insurance account: <sup>2</sup> ..									15,000,000	15,000,000
Advance (act June 25, 1938).....									<sup>b</sup> 15,000,000	<sup>b</sup> 15,000,000
Repayment of advance.....			<sup>b</sup> 15,000,000							
Total, transfers to trust accounts.....	10,000,000	10,000,000	<sup>b</sup> 5,000,000	10,000,000	.....	20,000,000	3,500,000	.....	120,650,000	374,150,000
Total expenditures.....	<sup>c</sup> 34,602,909	<sup>c</sup> 31,118,308	37,087,702	48,975,006	\$28,577,268	68,369,648	33,547,465	\$12,762,592	512,521,742	1,661,036,291

# II. STATEMENT OF ACCOUNT AS OF JUNE 30, 1936, 1937, 1938, AND 1939, AND AT THE END OF EACH MONTH DURING THE FISCAL YEAR 1940

[All figures are cumulative as of the dates indicated]

	June 30, 1936	June 30, 1937	June 30, 1938	June 30, 1939	July 31, 1939	August 31, 1939	September 30, 1939	October 31, 1939	November 30, 1939
<b>FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND<sup>1</sup></b>									
Appropriations by Congress.....		\$265,000,000	\$765,000,000	\$1,155,000,000	\$1,705,000,000	\$1,705,000,000	\$1,705,000,000	\$1,705,000,000	\$1,705,000,000
Interest on investments.....		2,261,810	17,674,043	44,625,098	44,625,098	44,625,098	44,625,098	44,625,098	44,625,098
		267,261,810	782,674,043	1,199,625,098	1,749,625,098	1,749,625,098	1,749,625,098	1,749,625,098	1,749,625,098
Less:									
Benefit payments.....		26,969	5,431,032	19,322,615	20,749,461	22,033,702	22,727,773	23,589,387	24,426,268
Reimbursement for administrative expenses under sec. 201 (f) of the Social Security Act Amendments of 1939.....									
Total expenditures.....		26,969	5,431,032	19,322,615	20,749,461	22,033,702	22,727,773	23,589,387	24,426,268
Balance to be accounted for.....		267,234,841	777,243,011	1,180,302,483	1,728,875,637	1,727,591,396	1,726,897,325	1,726,035,711	1,725,198,830
Assets:									
Investments (3 percent special Treasury notes).....		267,100,000	662,300,000	1,177,200,000	1,220,200,000	1,263,200,000	1,306,200,000	1,349,200,000	1,392,200,000
Investments (2½ percent special Treasury notes).....									
Unexpended balances:									
To credit of fund account.....		61,811	113,012,391	66,122	507,066,537	459,066,641	416,066,757	373,067,218	330,067,833
To credit of disbursing officer.....		73,030	1,930,620	3,036,361	1,609,100	5,324,755	4,630,568	3,768,493	2,930,997
Total assets.....		267,234,841	777,243,011	1,180,302,483	1,728,875,637	1,727,591,396	1,726,897,325	1,726,035,711	1,725,198,830
<b>RAILROAD RETIREMENT ACCOUNT</b>									
Appropriations by Congress.....	\$46,620,000	46,620,000	146,500,000	264,750,000	384,900,000	384,900,000	384,900,000	384,900,000	384,900,000
Interest on investments.....			1,410,821	3,612,698	3,612,698	3,612,698	3,612,698	3,612,698	3,612,698
	46,620,000	46,620,000	147,910,821	268,362,698	388,512,698	388,512,698	388,512,698	388,512,698	388,512,698
Less:									
Benefit payments.....		3,985,324	79,849,056	185,623,133	194,655,912	203,799,736	212,933,062	222,358,584	231,692,809
Balance to be accounted for.....	46,620,000	42,634,676	68,061,765	82,739,565	193,856,786	184,712,962	175,579,636	166,154,114	156,819,889

Footnotes at end of table.

TABLE 20.—Receipts and expenditures and statement of account under the Social Security, Railroad Retirement, and Railroad Unemployment Insurance Acts—Continued.

II. STATEMENT OF ACCOUNT AS OF JUNE 30, 1936, 1937, 1938, AND 1939, AND AT THE END OF EACH MONTH DURING THE FISCAL YEAR 1940—Con.

	June 30, 1936	June 30, 1937	June 30, 1938	June 30, 1939	July 31, 1939	August 31, 1939	September 30, 1939	October 31, 1939	November 30, 1939
<b>RAILROAD RETIREMENT ACCOUNT—Continued</b>									
<b>Assets:</b>									
Investments (3 percent special Treasury notes).....			\$66,200,000	\$67,200,000	\$69,100,000	\$77,200,000	\$77,200,000	\$77,200,000	\$77,200,000
Unexpended balances:									
To credit of appropriation.....	\$46,610,000	\$36,621,653	234,164	13,205,730	111,458,487	93,360,015	84,251,448	74,253,271	64,253,974
To credit of disbursing officer.....	10,000	6,013,023	1,627,601	2,333,835	13,298,299	14,152,947	14,128,188	14,700,843	15,365,915
<b>Total assets</b> .....	<b>46,620,000</b>	<b>42,634,676</b>	<b>68,061,765</b>	<b>82,739,565</b>	<b>193,856,786</b>	<b>184,712,962</b>	<b>175,579,636</b>	<b>166,154,114</b>	<b>156,819,889</b>
<b>UNEMPLOYMENT TRUST FUND</b>									
Deposits by States.....	18,857,721	310,560,410	1,058,220,906	1,869,471,414	1,912,118,939	2,066,291,415	2,079,039,432	2,133,066,256	2,276,289,542
Railroad unemployment insurance account:									
Deposits by Railroad Retirement Board.....					15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Advance from Treasury (act June 25, 1938).....					\$ 252,589	\$ 343,629	\$ 343,629	\$ 598,524	\$ 598,524
Transfers from States (act of June 25, 1938).....					44,852,249	44,852,249	44,955,985	44,991,311	44,991,311
<b>Interest on investments</b> .....	<b>91,700</b>	<b>2,828,882</b>	<b>18,000,905</b>	<b>44,837,507</b>	<b>44,852,249</b>	<b>44,852,249</b>	<b>44,955,985</b>	<b>44,991,311</b>	<b>44,991,311</b>
<b>Total receipts</b> .....	<b>18,949,421</b>	<b>313,389,292</b>	<b>1,076,221,811</b>	<b>1,914,308,921</b>	<b>1,972,223,777</b>	<b>2,126,487,293</b>	<b>2,139,339,046</b>	<b>2,193,656,091</b>	<b>2,337,501,561</b>
<b>Less expenditures:</b>									
<b>State account:</b>									
Withdrawals by States.....		1,000,000	191,975,000	633,770,000	\$ 675,098,411	\$ 714,761,540	\$ 753,259,000	\$ 775,863,000	\$ 804,470,000
Transfers to railroad unemployment insurance account (act of June 25, 1938).....					\$ 252,589	\$ 343,629	\$ 343,629	\$ 598,524	\$ 598,524
<b>Railroad unemployment insurance account:</b>									
Benefit payments.....					69,066	933,822	2,205,120	3,328,698	4,206,059
Repayment of advance (act of June 25, 1938).....									
<b>Total expenditures</b> .....		<b>1,000,000</b>	<b>191,975,000</b>	<b>633,770,000</b>	<b>675,420,066</b>	<b>716,038,991</b>	<b>755,807,749</b>	<b>779,790,222</b>	<b>809,274,583</b>
<b>Balance to be accounted for</b> .....	<b>18,949,421</b>	<b>312,389,292</b>	<b>884,246,811</b>	<b>1,280,538,921</b>	<b>1,296,803,711</b>	<b>1,410,448,302</b>	<b>1,383,531,297</b>	<b>1,413,865,869</b>	<b>1,528,226,978</b>
<b>Assets:</b>									
Investments (2½ percent certificates of indebtedness).....	18,909,000	312,295,000	872,000,000	1,267,000,000	1,253,000,000	1,382,000,000	1,363,000,000	1,370,000,000	1,512,000,000
Unexpended balances:									
Trust account.....	40,421	94,292	12,246,811	13,538,921	28,872,778	14,382,124	7,736,417	32,194,567	5,433,037
Disbursing account (railroad unemployment benefits and refunds).....					14,930,933	14,066,178	12,794,880	11,671,302	10,793,941
<b>Total assets</b> .....	<b>18,949,421</b>	<b>312,389,292</b>	<b>884,246,811</b>	<b>1,280,538,921</b>	<b>1,296,803,711</b>	<b>1,410,448,302</b>	<b>1,383,531,297</b>	<b>1,413,865,869</b>	<b>1,528,226,978</b>



	December 29, 1939	January 31, 1940	February 29, 1940	March 30, 1940	April 30, 1940	May 31, 1940	June 30, 1940
<b>FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND <sup>3</sup></b>							
Appropriations by Congress.....	\$1,705,000,000	\$1,705,000,000	\$1,705,000,000	\$1,705,000,000	\$1,705,000,000	\$1,705,000,000	\$1,705,000,000
Interest on investments.....	44,625,098	44,625,098	44,625,098	44,757,393	44,873,787	44,873,787	87,113,926
	<u>1,749,625,098</u>	<u>1,749,625,098</u>	<u>1,749,625,098</u>	<u>1,749,757,393</u>	<u>1,749,873,787</u>	<u>1,749,873,787</u>	<u>1,792,113,926</u>
Less:							
Benefit payments.....	25,227,809	25,938,707	26,905,260	28,187,808	30,185,842	32,497,297	35,127,704
Reimbursement for administrative expenses under sec. 201 (f) of the Social Security Act amendments of 1939.....				6,182,681	6,182,681	6,182,681	12,288,267
Total expenditures.....	<u>25,227,809</u>	<u>25,938,707</u>	<u>26,905,260</u>	<u>34,370,489</u>	<u>36,368,523</u>	<u>38,679,978</u>	<u>47,415,971</u>
Balance to be accounted for.....	<u>1,724,397,289</u>	<u>1,723,686,391</u>	<u>1,722,719,838</u>	<u>1,715,386,904</u>	<u>1,713,505,264</u>	<u>1,711,193,809</u>	<u>1,744,697,955</u>
Assets:							
Investments (3 percent special Treasury notes).....	1,435,200,000	1,435,200,000	1,435,200,000	1,429,200,000	1,424,200,000	1,424,200,000	1,413,200,000
Investments (2½ percent special Treasury notes).....				141,000,000	141,000,000	141,000,000	324,900,000
Unexpended balances:							
To credit of fund account.....	282,068,218	282,068,911	282,069,490	142,141,726	142,258,517	142,259,131	500,242
To credit of disbursing officer.....	7,129,071	6,417,480	5,450,348	3,045,178	6,046,747	3,734,678	6,097,713
Total assets.....	<u>1,724,397,289</u>	<u>1,723,686,391</u>	<u>1,722,719,838</u>	<u>1,715,386,904</u>	<u>1,713,505,264</u>	<u>1,711,193,809</u>	<u>1,744,697,955</u>
<b>RAILROAD RETIREMENT ACCOUNT</b>							
Appropriations by Congress.....	384,900,000	384,900,000	384,900,000	384,900,000	384,900,000	384,900,000	384,900,000
Interest on investments.....	3,612,698	3,612,698	3,612,698	3,612,698	3,612,698	3,612,698	5,895,215
	<u>388,512,698</u>	<u>388,512,698</u>	<u>388,512,698</u>	<u>388,512,698</u>	<u>388,512,698</u>	<u>388,512,698</u>	<u>390,795,215</u>
Less:							
Benefit payments.....	240,966,752	250,376,479	259,776,126	269,438,060	279,226,744	289,028,685	298,722,207
Balance to be accounted for.....	<u>147,545,946</u>	<u>138,136,219</u>	<u>128,736,572</u>	<u>119,074,638</u>	<u>109,285,954</u>	<u>99,484,013</u>	<u>92,073,008</u>
Assets:							
Investments (3 percent special Treasury notes).....	77,200,000	77,200,000	77,200,000	77,200,000	77,200,000	77,200,000	79,400,000
Unexpended balances:							
To credit of appropriation.....	54,254,657	44,256,774	34,257,812	34,259,796	14,261,350	10,762,928	10,847,054
To credit of disbursing officer.....	16,091,289	16,679,445	17,278,760	7,614,842	17,824,604	11,521,085	1,825,954
Total assets.....	<u>147,545,946</u>	<u>138,136,219</u>	<u>128,736,572</u>	<u>119,074,638</u>	<u>109,285,954</u>	<u>99,484,013</u>	<u>92,073,008</u>

Footnotes at end of table.

TABLE 20.—Receipts and expenditures and statement of account under the Social Security, Railroad Retirement, and Railroad Unemployment Insurance Acts—Continued

II. STATEMENT OF ACCOUNT AS OF JUNE 30, 1936, 1937, 1938, AND 1939, AND AT THE END OF EACH MONTH DURING THE FISCAL YEAR 1940—Con.

	December 29, 1939	January 31, 1940	February 29, 1940	March 30, 1940	April 30, 1940	May 31, 1940	June 30, 1940
<b>UNEMPLOYMENT TRUST FUND</b>							
Deposits by States.....	\$2, 290, 826, 855	\$2, 352, 919, 315	\$2, 506, 636, 926	\$2, 521, 774, 680	\$2, 574, 580, 316	\$2, 717, 081, 659	\$2, 729, 335, 298
Railroad unemployment insurance account:							
Deposits by Railroad Retirement Board.....	• 14, 473, 288	• 14, 493, 740	• 15, 362, 455	• 29, 688, 118	• 29, 703, 240	• 30, 943, 677	44, 248, 662
Advance from Treasury (act June 25, 1938).....	15, 000, 000	15, 000, 000	15, 000, 000	15, 000, 000	15, 000, 000	15, 000, 000	15, 000, 000
Transfers from States (act of June 25, 1938).....	• 598, 524	• 783, 000	• 783, 000	• 783, 000	• 783, 000	• 1, 772, 530	1, 800, 818
Interest on investments.....	45, 105, 102	62, 207, 605	62, 207, 605	62, 338, 443	62, 476, 493	62, 476, 493	82, 563, 306
Total receipts.....	2, 366, 003, 769	2, 445, 403, 660	2, 599, 989, 986	2, 629, 584, 241	2, 682, 543, 049	2, 827, 274, 359	2, 872, 948, 084
Less expenditures:							
State account:							
Withdrawals by States.....	• 835, 369, 000	• 876, 677, 000	• 919, 853, 000	• 964, 613, 000	• 1, 007, 717, 000	• 1, 063, 679, 000	1, 116, 733, 000
Transfers to railroad unemployment insurance account (act of June 25, 1938).....	• 598, 524	• 783, 000	• 783, 000	• 783, 000	• 783, 000	• 1, 772, 530	1, 800, 818
Railroad unemployment insurance account:							
Benefit payments.....	5, 252, 061	6, 946, 308	8, 695, 537	10, 610, 180	12, 286, 321	13, 603, 117	14, 552, 456
Repayment of advance (act of June 25, 1938).....		15, 000, 000	15, 000, 000	15, 000, 000	15, 000, 000	15, 000, 000	15, 000, 000
Total expenditures.....	841, 219, 585	899, 406, 308	944, 331, 537	991, 006, 180	1, 035, 786, 321	1, 094, 054, 647	1, 148, 086, 274
Balance to be accounted for.....	1, 524, 784, 184	1, 545, 997, 352	1, 655, 658, 449	1, 638, 578, 061	1, 646, 756, 728	1, 733, 219, 712	1, 724, 861, 810
Assets:							
Investments (2½ percent certificates of indebtedness).....	1, 509, 000, 000	1, 537, 000, 000	1, 640, 000, 000	1, 622, 000, 000	1, 640, 000, 000	1, 721, 000, 000	1, 710, 000, 000
Unexpended balances:							
Trust account.....	6, 036, 245	5, 943, 660	13, 353, 987	14, 188, 241	5, 043, 049	10, 822, 829	13, 414, 266

Disbursing account (railroad unemployment benefits and refunds).....	9,747,939	3,053,692	2,304,462	2,389,820	1,713,679	1,396,883	1,447,544
Total assets.....	1,524,784,184	1,545,997,352	1,655,658,449	1,638,578,061	1,646,756,728	1,733,219,712	1,724,861,810

<sup>a</sup> Counter entry, deduct.

<sup>b</sup> Excess of credits, deduct.

<sup>c</sup> Revised to adjust classification.

<sup>d</sup> Relates to old-age insurance benefits.

<sup>e</sup> Relates to unemployment insurance benefits.

<sup>f</sup> Second Deficiency Appropriation Act, fiscal year 1938, approved June 25, 1938, carried an appropriation of \$40,561,886 pursuant to authorization of Aug. 24, 1937, for making refund to certain States of portions of Federal employers' tax for 1936, collected under title IX of the Social Security Act. Also the Railroad Unemployment Insurance Act, approved June 25, 1938, appropriated to the railroad unemployment insurance administration fund amounts collected or to be collectible with respect to the calendar years 1936, 1937, 1938, and 1939, from carriers subject to the act, under sec. 901 of title IX of the Social Security Act.

<sup>g</sup> These contributions represent 10 percent of amounts collected under sec. 8 (a) of the Railroad Unemployment Insurance Act, which in addition to other collections referred to in footnote 3, are appropriated to the railroad unemployment insurance administration fund for the administrative expenses of the Railroad Retirement Board in administering the act.

<sup>h</sup> Includes transactions formerly classified under the caption "Old-age reserve account."

<sup>i</sup> In the fiscal year 1941 amounts representing appropriations equal to "Social security—Unemployment taxes" collected and deposited as provided under sec. 201 (a) of the Social Security Act Amendments of 1939, less reimbursements to the General Fund for administrative expenses, are deducted from total receipts. Such net amounts are reflected under trust account receipts as net appropriations to the Federal old-age and survivors insurance trust fund. In the above statement similar treatment has been accorded net transfers to the Federal old-age and survivors insurance trust fund (formerly old-age reserve account) made during the fiscal years 1936 to 1940.

<sup>j</sup> Excess of transfers over receipts.

<sup>k</sup> Includes only expenditures from appropriations made specifically for administrative expenses relating to the Social Security and Railroad Retirement Acts. Does not include administrative expenses payable from other appropriations. The principal agencies in the latter group are the Bureau of Internal Revenue of the Treasury Department and the Public Health Service and the Office of Education of the Federal Security Agency (see also footnote 6).

<sup>l</sup> Administrative expenses reimbursed to the General Fund of the Treasury under sec. 201 (f) of the Social Security Act, as amended.

<sup>m</sup> See explanation in footnotes 3 and 4.

<sup>n</sup> These new classifications are included effective with the month of January 1940, with figures for past periods as shown on the basis of checks issued as reported by the Bureau of Internal Revenue. These figures include interest refunded as follows: Employment taxes (title VIII), \$84,330; taxes on employers of 8 or more (refunds to others), \$120,438; refunds of taxes upon carriers and their employees, \$647.

<sup>o</sup> Revised to reflect adjustment of \$1,000,000 under the title "Transfers to Federal old-age and survivors insurance trust fund," and to bring classification into agreement with accounts.

TABLE 21.—Amounts appropriated and expended to June 30, 1940, under authorizations contained in the Social Security Act <sup>1</sup>

Classification	Appropriated during the fiscal year 1940 <sup>2</sup>	Appropriated to June 30, 1940	Expenditures during fiscal year 1940	Total expenditures to June 30, 1940 <sup>3</sup>
For administrative expenses:				
Social Security Board <sup>4</sup> .....	\$27,219,500.00	\$116,569,500.00	\$22,221,907.85	\$78,671,814.45
Department of Commerce <sup>4</sup> .....	110,000.00	465,000.00	92,742.25	330,518.35
Department of Labor <sup>4</sup> .....	371,500.00	1,770,500.00	323,376.04	1,355,818.31
Treasury Department <sup>5</sup> .....			2,634,976.00	2,634,976.00
Total, administrative expenses.....	27,701,000.00	118,805,000.00	25,273,002.14	82,993,127.11
For grants to States:				
Federal Security Agency:				
Social Security Board:				
For old-age assistance.....	245,000,000.00	943,660,000.00	227,632,903.97	763,146,258.74
For unemployment compensation administration.....	61,000,000.00	216,250,000.00	58,335,078.93	169,181,641.28
For aid to dependent children.....	75,000,000.00	259,600,000.00	45,380,000.39	118,189,362.90
For aid to the blind.....	10,000,000.00	46,000,000.00	6,168,334.32	22,322,128.83
Total, Social Security Board.....	391,000,000.00	1,465,510,000.00	337,516,317.61	1,072,839,391.75
Public Health Service:				
For public health work.....	12,500,000.00	47,833,000.00	9,438,877.68	36,541,774.73
Office of Education:				
For vocational rehabilitation of persons disabled in industry <sup>6</sup> .....				
Total, Federal Security Agency.....	403,500,000.00	1,513,343,000.00	346,955,195.29	1,109,381,166.48
Under Department of Labor:				
For maternal and child health services.....	6,820,000.00	23,324,000.00	4,767,002.53	16,419,102.23
For services for crippled children.....	4,370,000.00	16,906,000.00	3,291,280.19	11,707,044.92
For child welfare services.....	1,515,000.00	8,016,000.00	1,487,240.34	5,551,959.42
Total, Department of Labor.....	12,705,000.00	48,246,000.00	9,545,523.06	33,678,106.57
Total, grants to States.....	416,205,000.00	1,561,589,000.00	356,500,718.35	1,143,059,273.05
For other purposes:				
Federal Security Agency:				
Public Health Service:				
For disease and sanitation investigations <sup>6</sup> .....				
Under Treasury Department:				
For Federal old-age and survivors insurance trust fund.....	(?)	\$1,705,000,000.00	\$500,000,000.00	1,705,000,000.00
Total, for other purposes.....		1,705,000,000.00	550,000,000.00	1,705,000,000.00
Grand total.....	443,906,000.00	3,385,394,000.00	931,773,720.49	2,931,052,400.16

<sup>1</sup> The cumulative figures for such classifications as are involved have been adjusted to take into effect the President's Reorganization Plan No. 1.

<sup>2</sup> These amounts primarily available for expenditures during fiscal year 1941.

<sup>3</sup> On the basis of daily Treasury statements. Administrative expenses, Social Security Board, include nominal expenditures from the "Foreign service pay adjustment" appropriations.

<sup>4</sup> Includes only expenditures from appropriations made specifically for administrative expenses relating to the Social Security Act. Does not include administrative expenses payable from other appropriations. The principal agencies in the latter group are the Bureau of Internal Revenue, Public Health Service, and the Office of Education.

<sup>5</sup> Beginning January 1, 1940, expenditures include estimated amounts for expenses of the Treasury Department (for which reimbursement was made to the General Fund) in connection with the old-age and survivors insurance trust fund and collection of employment taxes under the provisions of section 201 (f) of the Social Security Act, as amended. Appropriations for such expenditures are included in the regular annual appropriations of the Treasury Department.

<sup>6</sup> Funds authorized to be appropriated under the Social Security Act augment existing appropriations.

<sup>7</sup> Section 201 (a) of the Social Security Act Amendments of 1939 provides that after June 30, 1940, amounts equivalent to 100 per centum of the taxes (including interest, penalties, and additions to the taxes), received under the Federal Insurance Contributions Act and covered into the Treasury, shall be appropriated to the Federal old-age and survivors insurance trust fund for the fiscal year 1941 and for each fiscal year thereafter.

<sup>8</sup> Represents amounts transferred from the General Fund to the trust fund account. See page 213 for statement of the Federal old-age and survivors insurance trust fund.

TABLE 22.—Panama Canal receipts and expenditures for the fiscal years 1903 to 1940

[On basis of warrants issued, see p. 583]

Year	Receipts covered into the Treasury <sup>1</sup>	Expenditures			
		Construction, maintenance, and operation <sup>2</sup>	Fortifications	Total general expenditures	Interest paid on Panama Canal loans
1903		\$9,985.00		\$9,985.00	
1904		\$50,164,500.00		\$50,164,500.00	
1905	\$371,253.06	3,918,819.83		3,918,819.83	
1906	380,680.10	19,379,373.71		19,379,373.71	
1907	1,178,949.85	27,198,618.71		27,198,618.71	
1908	1,083,761.49	38,093,929.04		38,093,929.04	\$785,268.00
1909	705,402.42	31,419,442.41		31,419,442.41	1,319,076.58
1910	3,214,389.48	33,911,673.37		33,911,673.37	1,692,166.40
1911	1,757,284.44	37,038,994.71	\$30,608.75	37,069,603.46	1,691,107.20
1912	2,982,823.92	34,285,276.50	1,036,091.08	35,321,367.58	3,000,669.60
1913	4,070,231.27	40,167,866.71	1,823,491.32	41,991,358.03	3,201,055.81
1914	698,647.87	31,702,359.61	3,376,900.85	35,079,260.46	3,194,105.95
1915	4,130,241.27	24,677,107.29	4,767,605.38	29,444,712.67	3,199,385.05
1916	2,869,995.28	14,888,194.78	2,868,341.97	17,756,536.75	3,189,024.79
1917	6,150,668.59	16,199,262.47	3,313,532.55	19,512,795.02	3,103,250.67
1918	6,414,570.25	13,549,762.56	7,487,862.36	21,037,624.92	2,976,476.55
1919	6,777,046.55	10,954,409.74	1,561,364.74	12,515,774.48	2,984,888.33
1920	9,039,670.95	6,281,463.72	3,433,592.82	9,715,056.54	3,040,872.89
1921	11,914,361.32	16,480,390.79	2,088,007.66	18,568,398.45	2,994,776.66
1922	12,049,660.65	3,041,035.40	896,327.45	3,937,362.85	2,995,398.14
1923	17,869,985.25	3,870,503.37	950,189.20	4,820,692.57	2,997,904.81
1924	27,124,513.33	7,391,711.97	393,963.37	7,785,675.34	2,992,461.19
1925	22,903,732.44	9,300,509.73	872,689.93	10,173,199.66	2,988,918.80
1926	24,291,917.87	8,669,333.57	1,153,322.38	9,822,655.95	2,989,598.76
1927	25,894,701.45	7,863,376.03	586,043.94	8,449,419.97	2,991,988.25
1928	28,834,345.42	10,909,442.27	1,165,632.53	12,075,074.80	2,987,329.95
1929	28,831,447.24	10,220,913.25	943,985.31	11,164,898.56	3,002,235.80
1930	28,971,643.03	10,497,935.33	999,413.77	11,497,349.10	2,991,375.23
1931	26,534,587.74	10,303,755.15	916,979.29	11,220,734.44	2,992,366.42
1932	22,448,911.57	10,904,319.70	779,868.12	11,684,187.82	2,989,627.15
1933	23,183,754.40	11,780,139.21	614,916.00	12,395,055.21	2,969,049.75
1934	27,167,390.62	10,709,294.89	396,310.58	11,105,605.47	2,992,453.55
1935	24,816,531.93	10,233,789.97	294,413.20	10,528,203.17	2,986,151.55
1936	25,996,386.11	11,258,334.90	478,946.22	11,737,281.12	1,863,500.40
1937	25,401,264.01	11,879,521.47	791,939.98	12,671,461.45	1,516,514.50
1938	24,942,253.42	11,416,004.37	1,311,830.33	12,727,834.70	1,502,876.10
1939	24,988,604.07	10,737,752.67	1,742,368.04	12,480,120.71	1,491,369.00
1940	22,442,020.81	25,945,521.08	2,862,576.01	28,808,097.09	1,511,758.20
Total	528,433,629.47	647,254,625.28	\$49,939,115.13	\$697,193,740.41	86,125,002.03

<sup>1</sup> Beginning with the fiscal year 1924, the amounts shown in this column have been revised to include the sums received as dividends on capital stock of the Panama Railroad owned by the United States.

<sup>2</sup> The amounts shown in this column have been revised to include the payments to the Government of Panama under the treaty of Nov. 18, 1903, of \$250,000 per annum, the first payment being made during the fiscal year 1913, and similar payments continuing each year since that date; but do not include the payments to the Government of Colombia growing out of the construction of the Panama Canal of \$5,000,000 per annum during the fiscal years 1923 to 1927, inclusive, an aggregate sum of \$25,000,000 as provided for under the treaty of Apr. 6, 1914. Includes expenses of civil government, Panama Canal and Canal Zone.

<sup>3</sup> This amount includes the \$40,000,000 paid to the New Panama Canal Co. of France for the acquisition of the property, and the \$10,000,000 paid to the Republic of Panama in connection with the Canal Zone as provided for under art. 14 of the treaty of Nov. 18, 1903.

<sup>4</sup> Includes expenditures made from specific appropriations for fortifications of the canal but no expenditures from general appropriations that may have been made for this purpose.

## Miscellaneous.

TABLE 23.—Receipts and expenditures in general and special accounts, actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, in detail, as exhibited in the Budget for 1942

General and special accounts	Estimated 1942	Estimated 1941	Actual 1940 <sup>1</sup>
<b>BUDGET SUMMARY</b>			
Receipts (details on pp. 696 to 706).....	\$8,275,435,000	\$7,012,930,000	\$5,387,124,669.76
Expenditures (details on pp. 706 to 708).....	17,585,528,049	13,302,370,970	9,127,373,806.47
Excess of expenditures.....	9,310,093,049	6,289,440,970	3,740,249,136.71
<b>DETAILS OF RECEIPTS</b>			
<b>I. Revenues:</b>			
1. Internal revenue:			
(1) Income taxes:			
Corporation, current <sup>2</sup> .....	2,092,000,000	1,443,000,000	958,257,511.12
Individual, current.....	1,604,000,000	1,222,000,000	891,754,120.89
Back taxes.....	260,000,000	255,000,000	252,584,363.72
Excess-profits tax.....	522,000,000	106,000,000	-----
Declared value excess-profits tax.....	29,000,000	24,000,000	18,474,201.83
Unjust enrichment tax.....	2,500,000	5,000,000	8,536,178.32
Total income taxes (collection basis).....	4,509,500,000	3,055,000,000	2,129,606,375.88
Adjustment to daily Treasury statement (unrevised).....	-----	-----	-4,281,740.96
Total income taxes (daily Treasury statement basis).....	4,509,500,000	3,055,000,000	2,125,324,634.92
(2) Miscellaneous internal revenue taxes:			
Capital stock tax.....	193,400,000	166,800,000	132,738,537.17
Estate tax.....	341,700,000	317,300,000	330,886,048.91
Gift tax.....	32,800,000	31,300,000	29,185,118.03
Liquor taxes:			
Distilled spirits (excise tax) <sup>2</sup> .....	446,200,000	410,700,000	317,552,614.59
Fermented malt liquors <sup>2</sup> .....	342,700,000	331,200,000	264,574,274.79
Wines (domestic and imported) (excise tax) <sup>2</sup> .....	14,900,000	9,500,000	8,059,879.31
Rectification tax <sup>2</sup> .....	12,500,000	11,900,000	11,849,424.12
Floor stocks taxes.....	500,000	23,000,000	12,200.32
Container stamps.....	10,900,000	10,400,000	10,135,132.99
Special taxes in connection with liquor occupations.....	10,200,000	10,600,000	9,484,261.75
All other.....	1,600,000	3,200,000	2,396,546.70
Total liquor taxes.....	839,500,000	810,500,000	624,064,334.57
Tobacco taxes:			
Cigars (large) <sup>2</sup> .....	14,100,000	13,500,000	12,454,479.31
Cigarettes (small) <sup>2</sup> .....	638,000,000	609,400,000	533,040,187.87
Floor stocks taxes.....	100,000	4,900,000	-----
Snuff.....	6,800,000	6,800,000	6,798,558.53
Tobacco (chewing and smoking) <sup>2</sup> .....	56,000,000	55,800,000	54,383,793.02
Cigarette paper and tubes.....	1,500,000	1,400,000	1,279,507.90
All other <sup>2</sup> .....	130,000	130,000	116,245.60
Total tobacco taxes.....	716,630,000	691,930,000	608,072,770.23
Stamp taxes:			
Issues of securities, bond transfers, and deeds of conveyance.....	22,200,000	21,200,000	18,145,227.94
Stock transfers.....	12,900,000	11,000,000	15,527,950.19
Silver bullion sales or transfers.....	80,000	40,000	193,736.79
Playing cards <sup>2</sup> .....	4,800,000	4,000,000	4,814,327.60
Total stamp taxes.....	39,980,000	36,240,000	38,681,242.52
Manufacturers' excise taxes:			
Lubricating oils.....	38,400,000	37,400,000	31,232,589.30
Gasoline.....	389,200,000	360,600,000	226,186,669.47
Electrical energy.....	52,600,000	49,800,000	42,338,501.94
Tires and inner tubes.....	56,400,000	52,400,000	41,555,488.81
Toilet preparations, etc.....	8,900,000	8,400,000	7,712,483.96
Automobile trucks.....	10,700,000	10,400,000	7,866,070.51

Footnotes at end of table.

TABLE 23.—Receipts and expenditures in general and special accounts, actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, in detail, as exhibited in the Budget for 1942—Continued

General and special accounts	Estimated 1942	Estimated 1941	Actual 1940 <sup>1</sup>
<b>DETAILS OF RECEIPTS—Continued</b>			
<b>I. Revenues—Continued.</b>			
1. Internal revenue—Continued.			
(2) Miscellaneous internal revenue taxes—Continued.			
Manufacturers' excise taxes—Con.			
Passenger automobiles and motorcycles.....	\$71,800,000	\$68,600,000	\$59,351,198.09
Parts and accessories for automobiles.....	13,200,000	12,500,000	10,629,993.36
Radio sets, etc.....	8,300,000	7,700,000	6,079,914.50
Mechanical refrigerators.....	12,100,000	11,400,000	9,954,398.86
Firearms, shells, pistols, and revolvers.....	4,800,000	4,300,000	3,797,352.22
Total manufacturers' excise taxes.....	666,400,000	623,500,000	446,704,661.02
Miscellaneous taxes:			
Telephone, telegraph, radio, and cable facilities, leased wires, etc.....	29,300,000	27,800,000	26,367,945.02
Transportation of oil by pipe line.....	15,000,000	13,900,000	11,510,646.54
Leases of safe deposit boxes.....	2,200,000	2,200,000	1,988,933.79
Admissions to theaters, concerts, cabarets, etc.....	74,200,000	68,900,000	21,887,916.00
Club dues and initiation fees.....	7,200,000	7,000,000	6,334,908.82
Oleomargarine, etc., including special taxes, and adulterated butter.....	2,700,000	2,500,000	2,040,275.30
Coconut and other vegetable oils processed <sup>2</sup> .....	7,500,000	6,500,000	5,697,834.00
Bituminous coal tax <sup>3</sup> .....	4,000,000	4,000,000	4,161,663.92
Sugar tax.....	60,100,000	59,900,000	68,145,357.56
All other, including repealed taxes <sup>4</sup> .....	725,000	740,000	1,172,752.63
Total miscellaneous taxes.....	198,925,000	193,440,000	149,308,233.58
Total miscellaneous internal revenue taxes (collection basis).....	3,029,335,000	2,871,010,000	2,359,640,946.03
Adjustment to daily Treasury statement (unrevised).....			-15,015,815.19
Total miscellaneous internal revenue taxes (daily Treasury statement basis).....	3,029,335,000	2,871,010,000	2,344,625,130.84
(3) Employment taxes:			
Taxes on employment by other than carriers:			
Federal Insurance Contributions Act.....	725,300,000	667,500,000	604,694,236.48
Federal Unemployment Tax Act.....	91,100,000	<sup>5</sup> 88,400,000	<sup>6</sup> 107,523,266.69
Total.....	816,400,000	755,900,000	712,217,503.17
Taxes on carriers and their employees (ch. 9, subch. B, of the Internal Revenue Code).....	144,900,000	135,300,000	120,966,719.36
Total employment taxes.....	961,300,000	891,200,000	833,184,222.53
Total internal revenue (daily Treasury statement basis).....	8,500,135,000	6,817,210,000	5,303,133,988.29
2. Railroad Unemployment Insurance Act.....	7,200,000	6,800,000	4,918,040.78
3. Customs.....	295,000,000	302,000,000	348,590,635.21

Footnotes at end of table.

TABLE 23.—Receipts and expenditures in general and special accounts, actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, in detail, as exhibited in the Budget for 1942—Continued

General and special accounts	Estimated 1942	Estimated 1941	Actual 1940
<b>DETAILS OF RECEIPTS—Continued</b>			
<b>I. Revenues—Continued.</b>			
4. Miscellaneous revenues:			
(1) Miscellaneous taxes:			
Federal intermediate credit banks franchise tax (special account).....	\$350,000	\$400,000	\$685,049.88
Tonnage tax.....	1,550,000	1,550,000	1,504,272.86
Immigration head tax.....	917,000	917,000	916,589.00
Taxes, Canal Zone.....	84,000	84,000	83,819.36
Tax on hydraulic mining in California (special account).....	2,500	2,500	2,480.70
Total miscellaneous taxes.....	2,903,500	2,953,500	3,192,211.80
(2) Rents and royalties:			
Rent of public buildings, grounds, etc.....	260,740	352,409	255,555.62
Rent of land.....	3,588,368	1,047,668	432,697.53
Ground rent.....	3,500	3,500	3,337.05
Receipts under mineral leasing acts.....	533,000	533,000	520,009.88
Receipts under mineral leasing acts (special account).....	4,800,000	4,800,000	4,684,493.49
Receipts for range improvements.....	375,000	350,000	186,914.32
Receipts from mineral deposits, lands purchased for Indians in Oklahoma (special account).....			234.32
Receipts from potash deposits (special account).....	366,000	366,000	369,130.43
Receipts from leases of flood-control lands (special account).....	25,000	25,000	25,205.95
Royalties on oil, gas, etc.....	964,010	964,010	960,529.24
Royalties on coal leases in Alaska.....	10,000	10,000	8,538.88
Rent of docks, wharves, and piers.....	18,267	18,267	18,667.20
Rent of equipment.....	143,606	144,006	160,136.10
Rent of camp and house sites.....	7,355	7,355	37,971.24
Rent of telegraph and telephone facilities.....	18,515	18,515	16,930.04
Rent of water-power sites.....	157,000	157,000	156,551.73
Pipe-line rentals.....	15,000	15,000	13,750.00
Other.....	1,650	2,650	895.81
Total rents and royalties.....	11,287,011	8,814,380	7,851,548.83
(3) Permits, privileges, and licenses:			
Alaska fund.....	250,000	250,000	232,183.82
Business concessions.....	197,535	193,025	188,406.93
Immigration reentry permits (earned).....	86,000	86,000	85,958.65
Licenses under Federal Power Act.....	163,813	162,500	180,255.84
Licenses under Federal Power Act (special account).....	228,687	220,400	220,594.76
Permits to operate motor vehicles.....	5,000	5,000	10,770.75
Permits to enter national parks.....	1,850,000	1,750,000	1,522,957.51
Permits, fishing and hunting.....	5,050	5,050	3,058.11
Power permits.....	16,070	16,070	16,263.14
Receipts due States under Grazing Act, June 28, 1934 (special account).....	600,100	580,100	373,510.31
Revenues, Indian Arts and Crafts Board (special account).....	150	150	134.50
Rights-of-way on and occupancy of public lands.....	11,250	11,250	8,303.54
Other.....	550	560	515.87
Total permits, privileges, and licenses.....	3,414,205	3,280,105	2,842,913.73
(4) Mint receipts:			
Profits on coinage, bullion, deposits, etc.....	4,186,000	5,186,000	5,155,689.66
Seigniorage.....	32,000,000	41,000,000	43,929,955.04
Total mint receipts.....	36,186,000	46,186,000	49,085,644.70



TABLE 23.—*Receipts and expenditures in general and special accounts, actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, in detail, as exhibited in the Budget for 1942—Continued*

General and special accounts	Estimated 1942	Estimated 1941	Actual 1940
DETAILS OF RECEIPTS—Continued			
I. Revenues—Continued.			
4. Miscellaneous revenues—Continued.			
(5) Interest, exchange, and dividends:			
Interest on deferred collections or payments.....	\$336,154	\$332,395	\$140,469.42
Interest on bonds of foreign governments under funding agreements.....	328,212	261,912	177,484.39
Interest on obligations of Reconstruction Finance Corporation purchased by the Secretary of the Treasury.....	500,000	500,000.	2,062,826.22
Interest on securities received from Reconstruction Finance Corporation under act Feb. 24, 1938.....	6,779	10,034	9,071.34
Interest on loans, Puerto Rico Hurricane Relief Commission.....	7,500	7,500	5,055.90
Interest on loans, Puerto Rico Reconstruction Administration.....	16,700	7,200	-----
Interest on loans to States, municipalities, etc., Public Works Administration.....	1,500,000	2,000,000	1,570,228.55
Interest from Central Branch, Union Pacific Railroad.....	12,000	12,000	12,104.43
Interest on loans, Commodity Credit Corporation.....	25,000	25,000	33,321.92
Interest on loans, Housing Corporation.....	25,000	25,000	35,183.29
Interest earned on Home Owners' Loan Corporation bonds.....	20,000	20,000	24,023.23
Interest earned on Tennessee Valley Authority securities.....	265,790	265,790	130,790.62
Interest on Federal Farm Mortgage Corporation bonds.....	-----	-----	49,109.58
Interest on loans, Rural Electrification Administration.....	6,800	18,000	195,031.89
Interest on advances to Colorado River Dam fund, Boulder Canyon project.....	1,000,000	5,000,000	3,700,000.00
Interest earned on United States Housing Authority notes.....	25,000	25,000	33,896.62
Interest on homestead loans, Virgin Islands.....	5,000	4,500	4,883.78
Interest on loans, relief in stricken agricultural areas.....	133,000	125,000	327,271.87
Interest on emergency crop loans, Farm Credit Administration (emergency relief).....	3,100	5,000	11,055.59
Interest on farm loans, Farm Tenant Act.....	-----	-----	509,824.40
Interest collections of Farm Security Administration (emergency relief).....	-----	-----	7,509,953.72
Interest on farmers' seed loans.....	28,000	25,000	143,005.06
Interest on loans for Indian rehabilitation.....	1,500	1,500	1,455.42
Interest on public deposits.....	4,207	4,207	5,261.45
Interest on construction costs of public works in Colon and Panama, War Department.....	36,750	37,250	37,923.74
Interest on bonds of Maryland-National Capital Park and Planning Commission.....	-----	-----	418.50
Interest on water facility loans and construction costs.....	-----	-----	669.50
Interest and profits on investments, Pershing Hall Memorial Fund (special account).....	5,042	5,042	4,447.76
Gain by exchange.....	60,060	60,060	62,462.47
Dividends on capital stock of Federal home loan banks.....	-----	1,256,653	1,490,391.27
Dividends on shares of Federal savings and loan associations.....	-----	1,120,000	1,438,861.29
Earnings from payments to Federal Reserve banks for industrial loans.....	25,000	25,000	24,578.66

TABLE 23.—Receipts and expenditures in general and special accounts, actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, in detail, as exhibited in the Budget for 1942—Continued

General and special accounts	Estimated 1942	Estimated 1941	Actual 1940
<b>DETAILS OF RECEIPTS—Continued</b>			
<b>I. Revenues—Continued.</b>			
4. Miscellaneous revenues—Continued.			
(5) Interest, exchange, and dividends—Con.			
Military and naval insurance, Veterans' Administration, premiums on term insurance (repayments to appropriations).....	\$350,000	\$350,000	\$384,574.73
Federal control of transportation systems (repayments to appropriations).....			1,083.19
Loans to railroads after termination of Federal control (repayments to appropriations).....	55,000	455,000	58,149.79
Premiums on Treasury bills sold.....		82	4,180.64
Other.....	10,200	10,200	19.14
<b>Total interest, exchange, and dividends.....</b>	<b>4,791,794</b>	<b>11,994,325</b>	<b>20,199,069.37</b>
(6) Fines and penalties:			
Canal Zone.....	14,000	14,000	13,840.00
Customs Service.....	254,700	254,700	253,988.90
Enforcement of National Prohibition Act.....	20,000	20,000	22,521.04
Antinarcotic laws.....	8,000	8,000	8,204.00
Immigration and Naturalization Service.....	53,400	53,400	52,456.30
Internal revenue.....	1,000	1,000	832,209.10
Liquidated damages.....	129,900	130,100	203,783.57
Public lands and reservations.....	250	350	755.75
Penalties, cotton-marketing quotas, Agricultural Adjustment Act of 1938.....	100,000	300,000	1,313,088.76
Penalties, tobacco - marketing quotas, Agricultural Adjustment Act of 1938.....	500,000	500,000	410,271.01
Violating regulations and 8-hour law of 1912.....	24,475	26,285	31,160.87
Violations, Federal Alcohol Administration Act.....	20,000	20,000	22,887.00
Violations, Fair Labor Standards Act of 1938.....	200,000	200,000	94,461.85
Violations, Public Contracts Act.....	5,000	15,000	3,518.68
Other.....	922,652	1,001,002	839,873.60
<b>Total fines and penalties.....</b>	<b>2,253,377</b>	<b>2,543,837</b>	<b>4,103,020.43</b>
(7) Fees:			
Agricultural Commodities Act.....	195,000	195,000	195,232.86
Alaska game laws.....	22,000	22,800	20,280.63
Alaska Road Commission.....	15,000	14,500	13,967.44
Admission fees.....	1,000	1,200	218,008.90
Canal Zone.....	2,400	2,200	2,023.83
Clerks, United States courts.....	2,000,000	2,000,000	1,669,601.62
Commodity Exchange Act.....	17,000	17,000	16,602.00
Commissions on telephone pay stations in Federal buildings and rented post offices.....	93,504	93,433	93,581.80
Consular and passport.....	2,756,700	2,756,700	2,806,234.03
Copying.....	48,400	48,300	50,327.18
Copyright.....	300,000	300,000	319,917.50
Court of Claims.....	8,000	8,000	6,123.20
Certifying railroad tariffs.....	3,500	3,500	3,336.40
Court of Customs and Patent Appeals.....	6,000	6,000	5,426.80
Customs.....	12,880	12,880	12,859.15
Federal credit unions, Farm Credit Administration (special account).....	158,000	142,900	113,910.95
Fees and commissions, land offices, act June 17, 1902 (32 Stat. 388) (special account).....	64,000	64,000	49,813.71
Grazing.....			188.51
Immigration (registration, earned).....	183,000	183,000	182,135.00
Indian lands and timber.....	90,000	90,000	137,460.09
Federal Firearms Act.....	28,800	28,800	28,678.65

TABLE 23.—Receipts and expenditures in general and special accounts, actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, in detail, as exhibited in the Budget for 1942—Continued

General and special accounts	Estimated 1942	Estimated 1941	Actual 1940
DETAILS OF RECEIPTS—Continued			
I. Revenues—Continued.			
4. Miscellaneous revenues—Continued.			
(7) Fees—Continued.			
Land offices (including commissions).....	\$16,000	\$16,000	\$16,144.01
Marshals, United States courts.....	228,000	228,000	186,310.13
Migratory-bird hunting stamps.....	1,000,000	1,000,000	1,111,325.00
Food, Drug, and Cosmetics Act.....	35,000	35,000	31,051.02
Naturalization (earned).....	2,380,000	2,380,000	2,377,425.50
Naval stores grading.....	6,000	6,000	5,971.34
Navigation.....	190,000	190,000	191,916.65
Patent (earned).....	4,500,000	4,500,000	4,344,967.08
Perry's Victory Memorial.....			3,317.60
Purchases of discharges, Army and Navy.....	2,000	2,000	100.00
Purchases of discharges, Army and Navy (special account).....	2,000	75,000	394,023.17
Registration, securities, and exchanges.....	485,000	485,000	509,366.53
Registration under Neutrality Act.....	10,000	10,000	13,200.00
Testing.....	105,000	102,000	93,235.76
Warehouse Act.....	35,000	32,000	31,516.00
United States Court for China and fees for China Trade Act.....	3,500	3,500	3,354.28
Other.....	105,355	100,355	44,888.84
Total fees.....	15,111,039	15,155,068	15,303,823.16
(8) Forfeitures:			
Bonds of aliens, contractors, etc.....	58,155	58,205	85,171.37
Bonds of aliens (United States securities) (special account).....			15,500.00
Bribes to United States officers.....	405	405	580.54
Customs Service.....	502,000	502,000	498,550.06
Bonds under Narcotic Act.....	27,000	27,000	27,059.24
Under enforcement of National Prohibition Act.....	901,400	901,400	914,737.20
Unclaimed moneys and wages remaining in registry of courts.....	106,000	126,000	124,271.17
Unclaimed merchandise.....	62,000	62,000	61,994.52
Unclaimed funds.....	1,027	1,915	1,191.08
Unexplained balances in cash accounts.....	750	750	1,550.79
Other.....	36,315	36,315	38,272.20
Total forfeitures.....	1,695,052	1,715,990	1,766,496.01
(9) Assessments:			
Immigration overtime service.....	130,000	130,000	129,652.50
Overtime service, marine inspection and navigation.....	50,000	50,000	59,701.33
Furlough and compensation deductions and vacancy savings.....	200	200	199.28
Colorado River Dam fund, Boulder Canyon project (special account).....	5,000,000	6,000,000	5,410,990.84
Revenues, Colorado River Dam fund, All-American Canal (special account).....	10,000	10,000	14,762.97
On Federal and joint stock land banks, and Federal intermediate credit banks for expenses of examinations, Farm Credit Administration.....	465,000	490,000	491,886.31
On Federal home loan banks and receipts from other sources, for administrative expenses, Federal Home Loan Bank Board (special account).....	1,500,000	1,350,000	1,327,485.38
Total assessments.....	7,155,200	8,030,200	7,434,678.61

Footnotes at end of table.

TABLE 23.—Receipts and expenditures in general and special accounts, actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, in detail, as exhibited in the Budget for 1942—Continued

General and special accounts	Estimated 1942	Estimated 1941	Actual 1940
<b>DETAILS OF RECEIPTS—Continued</b>			
<b>I. Revenues—Continued.</b>			
4. Miscellaneous revenues—Continued.			
(10) Reimbursements:			
By States for emergency conservation work, profits on sales of lands or its products.....	\$16,350	\$16,350	\$15,875.84
Bankruptcy Act, Interstate Commerce Commission.....	6,100	216,020	167,957.31
Collections under Grain Standards Act.....	52,000	52,000	52,068.54
Collections under Cotton Standards Act.....	85,000	85,000	84,673.15
Collections, reclamation fund (special account).....	5,000,000	5,000,000	4,710,824.47
Cost of administration, Federal Power Act.....	395,000	407,000	353,770.81
For excess cost over contract price. By District of Columbia for advances for acquisition of lands under sec. 4, act May 29, 1930, as amended.....	197,145	206,145	223,166.67
By District of Columbia for share of expenses of U. S. District Court and Court of Appeals.....	300,000	300,000	500,000.00
Maintenance of District of Columbia inmates in Federal penal and correctional institutions. Construction charges (Indian Service).....	600,000	600,000	535,614.00
Costs from estates of deceased Indians.....	150,000	150,000	144,951.15
Maintenance and irrigation charges, irrigation systems, Indian Service.....	20,000	20,000	17,780.94
Of appropriations made for Indian tribes.....	50,000	50,000	51,633.73
Expenses, miscellaneous.....	560,000	560,000	558,786.26
Expenses of redeeming national currency.....	275,000	275,000	273,969.91
Expenses of international service of ice observations and patrol.....	70,170	171,640	369,510.69
Government property lost or damaged.....	235,270	61,554	81,653.80
Government property lost or damaged, National Guard.....	120,000	120,000	119,290.00
Hospitalization charges and expenses.....	912,474	922,754	927,069.45
Inspection of food and farm products.....	20,000	100,000	107,641.95
Refunds on empty containers.....	91,400	91,400	164,207.68
Revenues, power system, Flathead Reservation, Mont.....	340,000	340,000	344,600.61
Refund, State and local taxes.....	9,750	9,498	10,239.32
Salaries (unauthorized services).....	160,000	160,000	154,916.65
Settlement of claims against various depositors.....	1,910	1,905	2,182.82
Transportation.....	5,624	8,624	9,964.47
Other.....	320	320	23,767.77
	82,298	70,098	48,911.00
	57,916	83,537	102,820.80
Total reimbursements.....	9,813,727	10,078,845	10,157,849.79
(11) Gifts and contributions:			
Donations to the United States.....	2,100	2,100	10,013.75
Donations to the United States for national defense.....	900	900	973.89
Moneys received from persons known.....	650	650	846.09
Moneys received from persons unknown.....	10,369	10,354	11,029.27
Return of grants, Farm Security Administration.....	3,500	4,000	4,456.30
Total gifts and contributions.....	17,519	18,004	27,319.30

TABLE 23.—Receipts and expenditures in general and special accounts, actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, in detail, as exhibited in the Budget for 1942—Continued

General and special accounts	Estimated 1942	Estimated 1941	Actual 1940
<b>DETAILS OF RECEIPTS—Continued</b>			
<b>I. Revenues—Continued.</b>			
4. Miscellaneous revenues—Continued.			
(12) Sales of Government property, products:			
Scrap and salvaged materials, condemned stores, waste paper, refuse, etc.	\$3,775,968	\$2,789,257	\$1,473,928.28
Agricultural products, including livestock and livestock products	86,187	115,187	67,762.71
Books, etc., United States Constitution Sesquicentennial Commission (special account)			4,995.19
Card indexes, Library of Congress	275,000	275,000	276,309.51
Dairy products	49,200	49,200	48,896.01
Sale and transmission of electric energy, Bonneville project, Oregon	4,000,000	1,690,000	31,800.99
Sale and transmission of electric energy, Bonneville project, Oregon (special account)		191,497	262,359.88
Electric current, power plant, Coolidge Dam, Ariz.	170,000	170,000	167,954.39
Electric current	66,752	66,852	53,287.49
Gas from helium plants (special account)	50,000	50,000	53,612.99
Heat, light, and power	69,150	69,150	69,278.48
Ice	47,240	47,240	47,360.14
Old, condemned surplus property, Navy Department	1,000,000	1,000,000	944,336.33
Occupational therapy products	37,075	37,075	38,083.69
Photo duplications	37,675	38,682	49,683.99
Proceeds, activities fund, United States naval prisons	12,000	12,000	11,366.53
Public documents, charts, maps, etc.	862,640	840,046	701,062.30
Public timber	1,740	1,740	2,634.46
Seal and fox skins, and furs	220,600	356,900	13,950.11
Stores	8,591	8,590	80,416.56
Subsistence (meals, rations, etc.)	105,324	105,424	113,086.99
Unserviceable Civilian Conservation Corps property	245,000	245,000	243,608.84
Under Migratory Bird Conservation Act	60,000	49,400	33,738.72
Under Migratory Bird Conservation Act (special account)	105,000	96,500	34,806.97
Water	106,331	106,331	94,963.12
Water, sec. 40 (d), Mineral Leasing Act of 1920 (special account)	500	500	449.10
Sale of historical and educational material, Northwest Territory Celebration Commission (special account)			45.60
Other	76,958	91,945	180,676.74
Total sales of products	11,468,931	8,503,516	5,100,456.11
(13) Sale of services:			
Alaska Railroad fund receipts (special account)	4,250,000	4,690,000	2,981,166.84
Copies of hearings	3,700	3,700	4,424.91
Earnings by United States transports	36,500	31,500	27,200.45
Earnings from business operations	1,202,500	998,500	642,283.29
Fumigating and disinfecting	15,900	15,850	15,687.28
Laundry and dry-cleaning operations	20,013,900	4,013,900	1,476,420.92
Medical, dental, and hospital services	15,200	15,200	15,998.86
Overhead charges on sales of services or supplies (War, Navy, and Civilian Conservation Corps)	120,035	120,035	119,167.20
Professional and scientific	21,250	21,250	25,236.96

TABLE 23.—Receipts and expenditures in general and special accounts, actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, in detail, as exhibited in the Budget for 1942—Continued

General and special accounts	Estimated 1942	Estimated 1941	Actual 1940
<b>DETAILS OF RECEIPTS —Continued</b>			
I. Revenues—Continued.			
4. Miscellaneous revenues—Continued.			
(13) Sale of services—Continued.			
Quarantine charges (including fumigation, disinfection, inspection, etc., of vessels).....	\$194,250	\$194,250	\$194,716.62
Quarters, subsistence, and laundry service.....	31,099	31,499	32,685.77
Radio service.....	46,020	46,020	35,211.14
Storage and other charges.....	213,500	213,500	210,410.43
Telephone and telegraph.....	424,120	424,120	430,989.53
Tolls and profits, Panama Canal Work done for individuals, corporations, et al.....	21,000,000	21,000,000	21,127,270.18
Collections for laundry service, Naval Academy (special account).....	108,800	108,800	103,488.37
Other.....	100,000	100,000	111,953.88
	8,701	8,411	10,907.67
Total sale of services.....	47,805,475	32,036,535	27,565,220.30
(14) Sundry receipts:			
Forest reserve fund.....	3,628,000	3,724,700	3,100,160.87
Forest reserve fund (special account).....	1,318,000	375,300	1,134,834.20
Forest reserve fund, roads and trails for States (special account).....	480,000	573,000	476,947.83
Forest reserve fund, payments to States (special account).....	1,432,000	1,432,000	1,192,369.57
Deposits, postal funds, Canal Zone (special account).....	528,000	465,000	477,673.04
United States revenues from District of Columbia sources.....	150,000	150,000	173,524.08
Total sundry receipts.....	7,536,000	6,720,000	6,555,509.59
Total miscellaneous revenues.....	161,438,830	158,030,305	161,185,761.73
Adjustment to daily Treasury statement.....			1,269,170.00
Total miscellaneous revenues (daily Treasury statement basis).....	161,438,830	158,030,305	162,454,931.73
Total revenues.....	8,963,773,830	7,284,040,305	5,819,097,596.01
II. Realization upon assets:			
1. Return of surplus funds from Government corporations:			
Federal savings and loan associations.....		35,000,000	
Reconstruction Finance Corporation:			
Purchase of stock of Federal home loan banks.....		124,741,000	
Reduction in capital or surplus funds.....		175,259,000	
Purchase of securities from Public Works Administration.....		25,500,000	
Total.....		360,500,000	
2. Repayments of investments:			
Collections of loans, Federal Housing Administration.....	2,000,000	2,000,000	1,323,312.44
Construction costs of public works in Colon and Panama.....	56,383	56,383	56,383.44
Repayment of principal on account of loans to States, municipalities, etc., Public Works Administration (special account).....	1,500,000	1,500,000	113,682.03
Repayment of advances to Maryland-National Capital Park and Planning Commission.....		106,000	428,000.00
Repayment of loans to veterans for transportation.....			41.00
Payments for marketing excess tobacco, Agricultural Adjustment Administration.....			12.76
Repayment of principal on emergency crop loans, Farm Credit Administration.....	21,900	60,000	76,859.11

Footnotes at end of table.

TABLE 23.—*Receipts and expenditures in general and special accounts, actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, in detail, as exhibited in the Budget for 1942—Continued*

General and special accounts	Estimated 1942	Estimated 1941	Actual 1940
<b>DETAILS OF RECEIPTS—Continued</b>			
<b>II. Realization upon assets—Continued.</b>			
<b>2. Repayments of investments—Continued.</b>			
Repayment of principal on account of loans, Rural Electrification Administration.....	\$16,500	\$72,000	\$409,328.85
Repayment of principal on account of loans, Farm Security Administration.....			44,996,210.10
Sale of chattels, Farm Security Administration (emergency relief).....			109,498.54
Farm Tenant Act:			
Repayment of principal on account of farm loans.....			445,178.69
Receipts from submarginal land program.....	119,400	96,900	34,540.44
Receipts due counties from submarginal land program, Farm Tenant Act (special account).....	39,700	32,200	11,513.46
Receipts from submarginal land program, Farm Tenant Act (special account).....	68,900	68,900	111,294.28
Excess proceeds of sale of cotton acquired by Secretary of Agriculture, act of June 19, 1934.....			502,000.00
Repayment of water facility loans and construction costs.....			30,648.26
Repayment of principal on account of loan, Puerto Rico Reconstruction Administration.....	266,150	266,350	31,704.04
Principal payments on low-cost houses, Virgin Islands.....	1,300	1,300	1,298.48
Principal payments on loans, Puerto Rican Hurricane Relief Commission.....	175,000	150,000	140,268.38
Repayment of principal on loans for Indian rehabilitation (emergency relief).....	10,000	10,000	7,803.88
Return of advances by Eastern Massachusetts Street Ry.....	200	200	175.70
Representation of interests of foreign governments growing out of hostilities in Europe.....	3,000	3,000	3,665.36
Loans to railroads after termination of Federal control (repayments to appropriations).....		100,000	44,304.67
Repayment of subscriptions to preferred shares, Federal savings and loan associations.....			9,854,600.00
Principal on securities received from Reconstruction Finance Corporation under act Feb. 24, 1938.....	164,000	271,000	196,435.13
Principal of bonds of foreign governments under funding agreements:			
Finland.....	85,197	2,979	76,864.93
Proceeds of Government-owned securities—Navy.....		100,000	
Deposit of excess capital, Commodity Credit Corporation (special account).....			43,756,731.01
Total repayments of investments.....	4,527,630	4,897,212	102,762,354.98
<b>3. Sales of public lands:</b>			
Sale of public lands (special account).....	40,000	40,000	44,661.75
Proceeds of town sites, Reclamation Service (special account).....	5,000	5,000	4,586.51
Other.....	70,000	70,000	72,358.22
Total sales of public lands.....	115,000	115,000	121,606.48
<b>4. Sales of Government property:</b>			
Capital equipment, includes trucks, horses, cars, machinery, furniture and fixtures, and other capital equipment.....	394,610	433,397	391,077.63
Land and buildings.....	1,003,430	1,308,786	923,230.52
Lands, etc., on account of military post construction fund.....	100,000	100,000	106,883.23
Proceeds of Fort Hall irrigation and water system, Idaho.....	500	500	469.48
Standing timber (Alaska).....	10,000	10,000	8,597.31
Sale of town lots, Alaska.....	1,000	1,000	1,041.88

TABLE 23.—Receipts and expenditures in general and special accounts, actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, in detail, as exhibited in the Budget for 1942—Continued

General and special accounts	Estimated 1942	Estimated 1941	Actual 1940
DETAILS OF RECEIPTS—Continued			
II. Realization upon assets—Continued.			
4. Sales of Government property—Continued.			
Office material, etc. (Procurement Division).....	\$12, 000	\$12, 000	\$13, 793. 30
Proceeds of sales of vessels for the Coast Guard.....	5, 000	5, 000	4, 759. 89
Proceeds of sales, Coast Guard stations.....	1, 000	1, 000	126. 58
Ordnance material (War).....	919, 000	919, 000	919, 993. 42
War supplies.....	2, 000	2, 000	1, 162. 61
Coos Bay Wagon Road grant fund (special account).....	120, 000	120, 000	22, 248. 82
Oregon and California land grant fund (special account).....	750, 000	744, 800	461, 460. 62
Total sales of Government property.....	3, 318, 540	3, 657, 483	2, 854, 845. 29
Total realization upon assets.....	7, 961, 170	369, 169, 695	105, 738, 806. 75
Total receipts, general and special accounts.....	8, 971, 735, 000	7, 653, 210, 000	5, 924, 836, 402. 76
Deduct: Net appropriation for Federal old-age and survivors insurance trust fund, representing an amount equal to taxes collected and deposited under the Federal Insurance Contributions Act, less reimbursement to General Fund for administrative expenses.....	696, 300, 000	640, 280, 000	537, 711, 733. 00
Net receipts, general and special accounts.....	8, 275, 435, 000	7, 012, 930, 000	5, 387, 124, 669. 76
DETAILS OF EXPENDITURES			
1. General (including recovery and relief):			
Departmental:			
Legislative establishment.....	25, 950, 400	23, 874, 580	23, 070, 529. 31
Judicial establishment.....	12, 393, 500	11, 580, 800	10, 973, 057. 88
Executive Office:			
Executive proper.....	541, 300	595, 788	450, 317. 85
Bureau of the Budget, including Central Statistical Board.....	1, 245, 000	900, 000	639, 462. 84
National Resources Planning Board.....	1, 350, 000	845, 000	767, 673. 73
Office of Government Reports.....	1, 433, 000	750, 000	794, 645. 56
State Department.....	21, 430, 500	22, 552, 500	24, 292, 914. 65
Treasury Department:			
Refugee relief.....	2, 500, 000	10, 000, 000	-----
Other.....	223, 967, 900	227, 813, 200	177, 221, 645. 02
War Department (nonmilitary).....	2, 820, 000	2, 195, 000	2, 182, 601. 18
Department of Justice.....	64, 591, 000	59, 430, 500	54, 219, 738. 68
Post Office Department.....	-----	-----	1, 121, 043. 07
Department of the Interior.....	97, 107, 700	116, 414, 900	111, 114, 962. 95
Department of Agriculture:			
Refugee relief.....	1, 000, 000	4, 000, 200	-----
Other.....	109, 360, 300	120, 775, 300	146, 063, 753. 59
Department of Commerce:			
Civil aeronautics.....	86, 235, 900	76, 110, 200	24, 062, 214. 04
Other.....	32, 001, 600	48, 324, 200	42, 738, 574. 43
Department of Labor.....	23, 672, 500	23, 908, 000	19, 410, 658. 62
United States Maritime Commission.....	150, 178, 500	135, 180, 500	98, 809, 569. 23
Independent offices and commissions.....	92, 418, 900	76, 179, 750	64, 693, 121. 81
Refugee relief, expenditures from unexpended balances.....	15, 000, 000	-----	-----
Unclassified.....	-----	-----	75, 042. 33
Total.....	965, 198, 000	961, 430, 218	802, 710, 526. 77
Adjustment for disbursing officers' checks outstanding.....	-----	-----	+1, 443, 738. 03
Total departmental.....	965, 198, 000	961, 430, 218	804, 154, 264. 80
Department of Agriculture: <sup>1</sup>			
Agricultural adjustment program:			
Agricultural Adjustment Administration.....	1, 700, 000	1, 744, 600	2, 032, 958. 30
Administration of Sugar Act of 1937.....	48, 000, 000	49, 000, 000	48, 823, 534. 06
Agricultural Adjustment Administration (act of August 24, 1935).....	200, 000, 000	220, 000, 000	51, 458, 176. 79
Surplus Marketing Administration.....	-----	-----	91, 131, 177. 91

Footnote at end of table.



TABLE 23.—Receipts and expenditures in general and special accounts, actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, in detail, as exhibited in the Budget for 1942—Continued

General and special accounts	Estimated 1942	Estimated 1941	Actual 1940
<b>DETAILS OF EXPENDITURES—Continued</b>			
General (including recovery and relief)—Con.			
Department of Agriculture—Continued.			
Agricultural adjustment program—Con.			
Agricultural contract adjustments.....	\$75,000	\$100,000	\$274,302.24
Soil Conservation and Domestic Allotment Act.....	475,000,000	475,000,000	605,137,906.69
Federal Crop Insurance Act:			
Administrative expenses.....	5,000,000	5,000,000	3,263,736.63
Subscriptions to capital stock of Federal Crop Insurance Corporation.....	13,000,000	7,000,000	3,000,000.00
Price Adjustment Act of 1938 and parity payments.....	205,000,000	210,700,000	215,025,865.62
Unclassified.....			81.45
Commodity Credit Corporation:			
Restoration of capital impairment.....			119,599,918.05
Farm Credit Administration:			
Crop loans.....	5,000,000	7,500,000	3,679,347.99
Banks for cooperatives, capital stock reduction.....		<sup>b</sup> 60,000,000	
Other.....	4,585,100	3,451,900	399,408.28
Unclassified.....			241.92
Federal Farm Mortgage Corporation, reduction in interest rate on mortgages.....	9,400,000	9,500,000	7,125,158.14
Federal land banks:			
Capital stock.....		<sup>b</sup> 67,482,915	47,680.00
Subscriptions to paid-in surplus.....		<sup>b</sup> 42,517,085	567,862.97
Reduction in interest rates on mortgages.....	27,000,000	27,500,000	28,700,224.72
Farm Security Administration.....	65,000,000	67,000,000	158,536,339.40
Farm Tenant Act:			
Loans.....	2,400,000	19,700,000	30,352,365.44
Other.....	2,939,000	5,612,200	11,426,655.65
Unclassified.....			<sup>b</sup> 11.94
Rural Electrification Administration:			
Loans.....	1,000,000	28,000,000	35,467,565.95
Other.....	3,200,000	3,140,700	2,509,786.35
Forest roads and trails.....	10,270,000	9,970,000	11,902,446.05
Department of the Interior: <sup>7</sup>			
Reclamation projects.....	73,870,500	83,302,200	96,365,933.56
Post Office Department (deficiency).....	51,087,587	29,760,102	40,870,335.85
Navy Department (national defense).....	3,402,394,000	2,086,303,300	891,484,523.08
War Department: <sup>7</sup>			
Military (national defense).....	5,915,100,600	3,766,165,700	667,138,363.59
River and harbor work and flood control.....	192,895,000	211,381,000	212,857,695.11
Panama Canal.....	47,775,000	39,050,000	24,981,490.78
National defense funds for the President:			
Executive Office.....		540,000	
State Department.....	647,000	3,000,000	
Treasury Department.....		337,000	
Navy Department.....	45,000,000	50,000,000	
War Department.....	41,500,000	79,500,000	
Department of Justice.....		480,000	
Interior Department.....		4,000	
Department of Commerce.....		115,000	
Department of Labor.....		13,900	
Independent offices and commissions:			
Civil Service Commission.....		3,225,000	
Council of National Defense.....	3,500,000	8,900,000	
Federal Communications Commission.....		1,560,000	
Federal Power Commission.....		125,000	
Federal Loan Agency.....	13,000,000	7,000,000	
Federal Security Agency.....		250,000	
Selective Service System.....		750,000	
Expenditures from unallocated balance.....	126,000,000	30,000,000	
Selective Service (administrative expense).....	32,000,000	21,250,000	
Treasury Department: <sup>7</sup>			
Interest on the public debt.....	1,225,000,000	1,100,000,000	1,040,935,696.71
Refunds of taxes and duties:			
Customs.....	18,500,000	16,000,000	17,500,944.98
Internal revenue.....	63,006,300	44,008,000	61,812,222.70
Processing tax on farm products.....	7,500,000	10,000,000	11,771,638.90
Unclassified.....			<sup>b</sup> 14,042.88

Footnotes at end of table.

TABLE 23.—Receipts and expenditures in general and special accounts, actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, in detail, as exhibited in the Budget for 1942—Continued

General and special accounts	Estimated 1942	Estimated 1941	Actual 1940
DETAILS OF EXPENDITURES—Continued			
1. General (including recovery and relief)—Contd.			
District of Columbia (United States share).....	\$6,000,000	\$6,000,000	\$6,000,000.00
Federal Loan Agency:			
Federal Housing Administration.....	7,000,000	6,000,000	6,987,869.13
Reconstruction Finance Corporation:			
Disaster Loan Corporation stock.....		2,000,000	6,000,000.00
Other.....			1,618.22
Other.....	1,480,000	1,340,000	1,219,874.51
Federal Security Agency:			
Civilian Conservation Corps.....	265,000,000	274,000,000	283,244,748.93
National Youth Administration.....	99,190,000	126,145,000	94,648,335.41
Social Security Board:			
Administrative expenses, etc.....	25,750,000	28,225,000	23,331,670.98
Grants to States <sup>1</sup> .....	414,000,000	381,500,000	340,882,923.61
Other.....	93,712,100	120,701,000	63,001,559.38
Federal Works Agency:			
Public Buildings Administration:			
Construction.....	22,455,000	55,920,050	58,064,226.75
Other.....	20,175,000	16,387,000	16,884,604.25
Unclassified.....			51,052.17
Public Roads Administration.....	165,000,000	178,705,000	164,539,863.66
Public Works Administration:			
Grants (act June 21, 1938).....	25,000,000	100,000,000	248,650,143.74
Loans (act June 21, 1938).....	1,000,000	2,000,000	21,789,592.20
Administrative expenses.....	600,000	3,500,000	17,864,044.79
United States Housing Authority.....	14,500,000	6,800,000	1,873,713.47
Work Projects Administration.....	( <sup>2</sup> )	975,000,000	1,477,537,908.00
Other.....	300,000	<sup>10</sup> 65,235,000	80,486.02
Railroad Retirement Board:			
Administrative expenses.....	6,105,000	4,535,000	2,645,441.05
Railroad unemployment insurance adminis-			
tration fund.....	3,100,000	3,100,000	4,986,750.43
Tennessee Valley Authority.....	70,000,000	60,000,000	39,135,754.44
Veterans' Administration.....	568,570,000	565,110,000	556,673,384.43
Subtotal.....	15,111,480,187	12,526,572,870	8,736,417,361.43
2. Revolving funds (net):			
Farm Credit Administration:			
Crop production loans.....	<sup>b</sup> 175,000	<sup>b</sup> 150,000	<sup>b</sup> 490,107.99
Regional agricultural credit corporations.....	<sup>b</sup> 1,410,000	<sup>b</sup> 1,010,000	<sup>b</sup> 2,440,398.78
Loans to joint stock land banks.....			<sup>b</sup> 30,493.70
Federal Farm Mortgage Corporation capital		<sup>b</sup> 100,000,000	
stock reduction.....			
Production credit corporations—capital		<sup>b</sup> 15,000,000	
stock reduction.....		<sup>b</sup> 40,000,000	
Federal intermediate credit banks.....		<sup>b</sup> 1,256,900	<sup>b</sup> 2,509,096.85
Other.....	<sup>b</sup> 952,400		<sup>b</sup> 49,927.31
Unclassified.....			
Public Works Administration:			
Loans and grants to States, municipalities,			
etc.....	12,000,000	17,000,000	59,438,969.67
Subtotal.....	9,462,600	<sup>b</sup> 140,416,800	53,918,945.04
3. Transfers to trust accounts, etc.:			
Railroad retirement account.....	141,700,000	123,500,000	120,650,000
Railroad unemployment insurance account:			
Advance July 5, 1939 (act June 25, 1938).....			15,000,000
Repayment of advance Jan. 26 1940.....			<sup>b</sup> 15,000,000
Government employees' retirement funds			
(United States share):			
Civil service retirement fund.....	100,911,562	90,754,000	86,329,000
Foreign service retirement fund.....	621,700	609,000	199,400
Canal Zone retirement fund.....	1,177,000	1,177,000	500,000
Alaska Railroad retirement fund.....	175,000	175,000	175,000
Adjusted service certificate fund.....	10,000,000		
National service life insurance fund.....	20,000,000		
Subtotal.....	274,585,262	216,215,000	207,853,400

Footnotes at end of table.

TABLE 23.—*Receipts and expenditures in general and special accounts, actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, in detail, as exhibited in the Budget for 1942—Continued*

General and special accounts	Estimated 1942	Estimated 1941	Actual 1940
<b>DETAILS OF EXPENDITURES—Continued</b>			
4. Debt retirements:			
Sinking fund.....	\$98,135,000	\$54,328,269	\$128,349,100.00
Received from foreign governments under debt settlements.....			
Estate taxes, forfeitures, gifts, etc.....	1,865,000	1,915,000	835,000.00
Redemption of bonds, etc., from deposits of excess capital by Commodity Credit Corporation.....		43,756,731	
Subtotal.....	100,000,000	100,000,000	129,184,100.00
Total expenditures, exclusive of supplemental items.....	15,495,528,049	12,702,370,970	9,127,373,806.47
Supplemental items:			
Regular.....	100,000,000	150,000,000	
National defense.....	1,000,000,000	100,000,000	
Work relief.....	990,000,000	350,000,000	
Grand total, general and special accounts.....	17,585,528,049	13,302,370,970	9,127,373,806.47
Excess of expenditures over receipts.....	9,310,093,049	6,289,440,970	3,740,249,136.71

<sup>a</sup> Deduct.

<sup>b</sup> Excess of credits, deduct.

<sup>1</sup> Details of income taxes and miscellaneous internal revenue on collection basis with totals adjusted to basis of the daily Treasury statement (unrevised). Details of employment taxes on basis of daily Treasury statement (unrevised).

<sup>2</sup> Collections for credit to trust funds are not included.

<sup>3</sup> Estimates based on fact that present act expires Apr. 26, 1941. Should the act be reenacted in its present form, the receipts for the fiscal year 1941 are estimated at \$4,500,000; for the fiscal year 1942, \$4,800,000.

<sup>4</sup> Includes taxes under National Firearms Act, hydraulic mining tax, and narcotics, including marihuana and special taxes; also repealed taxes on sales of produce (future delivery), brewer's wort and malt, cameras and lenses, chewing gum, checks, candy, jewelry, soft drinks, dividends, crude petroleum, toilet preparations (5%), matches (repealed except for the tax on fancy wooden matches), articles made of fur, sporting goods, boats, and grape concentrates.

<sup>5</sup> Includes receipts from the tax originally levied by title IX of the Social Security Act on carriers with respect to employment prior to July 1, 1939.

<sup>6</sup> Other return of surplus funds from Government corporations reflected as credits against expenditures.

<sup>7</sup> Additional expenditures are included under "Departmental" above.

<sup>8</sup> Includes payments to States under U. S. Employment Service.

<sup>9</sup> Included under supplemental items.

<sup>10</sup> Includes \$65,000,000 for national defense housing.

TABLE 24.—*Receipts and expenditures, trust accounts, increment on gold, etc., actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, as exhibited in the Budget for 1942*

Trust accounts, increment on gold, etc.	Estimated 1942	Estimated 1941	Actual 1940
RECEIPTS			
Federal old-age and survivors insurance trust fund:			
Appropriations.....	\$725,300,000	\$667,500,000	
Transfers from General Fund.....			\$550,000,000.00
Less reimbursements to General Fund.....	29,000,000	27,220,000	12,288,267.00
Net appropriations.....	696,300,000	640,280,000	537,711,733.00
Interest on investments.....	70,567,450	56,159,125	42,488,827.85
Net receipts.....	766,867,450	696,439,125	580,200,560.85
Unemployment trust fund:			
Deposits by States (net).....	978,300,000	801,800,000	859,863,884.26
Railroad unemployment insurance account:			
Deposits by Railroad Retirement Board.....	64,800,000	61,200,000	44,248,661.68
Advance from Treasury (act June 25, 1938).....			15,000,000.00
Transfers from States (act June 25, 1938).....	2,000,000	102,900,000	1,800,818.02
Interest on investments.....	64,615,600	49,278,400	37,725,798.84
Railroad retirement account:			
Transfers from General Fund.....	141,700,000	123,500,000	120,650,000.00
Interest on investments.....	2,500,000	2,420,000	2,282,516.39
Other trust accounts:			
District of Columbia.....	49,421,341	49,727,521	54,168,476.38
Government life insurance fund.....	92,628,000	93,057,000	92,861,727.21
National Service life insurance fund.....	47,000,000		
Adjusted service certificate fund.....	10,000,000	432,000	794,095.68
Civil service retirement fund:			
Transfers from General Fund (United States share).....	100,911,562	90,754,000	86,329,000.00
District of Columbia share.....	849,640	805,110	842,760.00
Deductions from employees' salaries, etc.....	60,990,000	50,992,000	43,268,637.15
Interest and profits on investments.....	29,010,000	24,008,000	21,564,999.99
Foreign service retirement fund:			
Transfers from General Fund (United States share).....	621,700	609,000	199,400.00
Deductions from employees' salaries, etc.....	425,000	425,000	433,425.85
Interest on investments.....	150,000	150,000	152,333.56
Canal Zone retirement fund:			
Transfers from General Fund (United States share).....	1,177,000	1,177,000	500,000.00
Deductions from employees' salaries, etc.....	1,235,000	930,000	600,181.34
Interest on investments.....	225,000	200,000	170,131.47
Alaska Railroad retirement fund:			
Transfer from General Fund (United States share).....	175,000	175,000	175,000.00
Deductions from employees' salaries, etc.....	230,000	155,000	106,873.23
Interest on investments.....	45,000	30,000	29,500.87
Indian tribal funds.....	5,410,800	5,410,800	5,543,464.04
Insular possessions.....	16,596,000	16,596,000	17,614,458.11
Other.....	59,799,619	55,141,475	40,517,819.44
Unclassified.....			1,389,002.96
Other funds and accounts:			
Increment resulting from reduction in weight of the gold dollar.....	400,000	500,000	402,359.49
Seigniorage.....	20,000,000	25,000,000	48,879,863.70
Total receipts.....	2,518,083,712	2,253,812,431	2,076,537,744.59

Footnote at end of table.

TABLE 24.—Receipts and expenditures, trust accounts, increment on gold, etc., actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, as exhibited in the Budget for 1942—Continued

Trust accounts, increment on gold, etc.	Estimated 1942	Estimated 1941	Actual 1940
<b>EXPENDITURES</b>			
Federal old-age and survivors insurance trust fund:			
Investments.....	\$601,867,450	\$618,439,125	\$560,900,000.00
Benefit payments.....	165,000,000	78,000,000	15,805,088.55
Unemployment trust fund:			
Investments.....	686,215,600	548,578,400	443,000,000.00
State accounts:			
Withdrawals by States.....	400,000,000	442,600,000	482,963,000.00
Transfers to railroad unemployment insurance account (act June 25, 1938).....			1,800,818.02
Railroad unemployment insurance account:			
Benefit payments.....	23,500,000	24,000,000	14,552,455.95
Repayments of advance (act June 25, 1938).....			15,000,000.00
Railroad retirement account:			
Investments.....	8,736,000	<sup>2</sup> 480,000	12,200,000.00
Benefit payments.....	135,464,000	126,350,000	113,099,073.50
Other trust accounts:			
District of Columbia.....	51,046,000	49,135,000	56,586,746.97
Government life insurance fund.....	92,628,000	93,057,000	96,246,570.59
Adjusted service certificate fund.....	10,000,000	432,000	1,092,474.55
National service life insurance fund.....	47,000,000		
Civil service retirement fund:			
Annuities and refunds.....	85,000,000	72,000,000	67,203,261.76
Investments.....	94,000,000	89,000,000	84,800,000.00
Foreign service retirement fund:			
Annuities and refunds.....	390,000	380,000	329,497.64
Investments.....	807,000	804,000	398,000.00
Canal Zone retirement fund:			
Annuities and refunds.....	1,360,000	1,036,000	924,643.77
Investments.....	1,077,000	1,077,000	338,000.00
Alaska Railroad retirement fund:			
Annuities and refunds.....	145,000	118,000	89,309.79
Investments.....	270,000	220,000	204,000.00
Indian tribal funds.....	7,275,000	7,275,000	8,732,615.20
Other.....	70,537,100	68,086,000	13,659,397.53
Unclassified.....			<sup>2</sup> 75,741.91
Other funds and accounts:			
Public Works Administration revolving fund (act of June 21, 1938).....	<sup>1</sup> 2,000,000	<sup>2</sup> 7,500,000	<sup>2</sup> 7,831,157.25
Chargeable against increment on gold:			
Melting losses, etc.....	2,000	2,000	4,574.58
Transactions in checking accounts of governmental agencies, etc. (net).....			<sup>2</sup> 41,068,908.61
Total expenditures.....	2,480,320,150	2,212,659,525	1,940,953,725.63
Excess of receipts over expenditures.....	37,763,562	41,152,906	135,584,018.96

<sup>1</sup> Counter-entry receipts, deduct.<sup>2</sup> Excess of credits, deduct.

TABLE 25.—General Fund balance and effect on the public debt of financing the deficit, actual for the fiscal year 1940 and estimated for the fiscal years 1941 and 1942, as exhibited in the Budget for 1942

	Estimated 1942	Estimated 1941	Actual 1940
<b>GENERAL FUND BALANCE</b>			
Balance in General Fund at beginning of year:			
Working balance.....	\$1, 178, 434, 973. 12	\$1, 162, 780, 067. 12	\$2, 159, 540, 106. 91
Increment on gold.....	143, 274, 989. 84	142, 776, 989. 84	142, 379, 204. 93
Seigniorage.....	610, 186, 084. 38	585, 186, 084. 38	536, 306, 220. 68
Total General Fund balance.....	1, 931, 896, 047. 34	1, 890, 743, 141. 34	2, 838, 225, 532. 52
Increase or decrease (—) in General Fund balance during year:			
Working balance:			
On general and special account.....			—1, 083, 066, 410. 14
On trust account, etc.....	17, 365, 562. 00	15, 654, 906. 00	86, 306, 370. 35
Total increase or decrease (—) in working balance.....	17, 365, 562. 00	15, 654, 906. 00	—996, 760, 039. 79
Increment on gold.....	398, 000. 00	498, 000. 00	397, 784. 91
Seigniorage.....	20, 000, 000. 00	25, 000, 000. 00	48, 879, 863. 70
Total increase or decrease (—) in General Fund balance.....	37, 763, 562. 00	41, 152, 906. 00	—947, 482, 391. 18
Balance in General Fund at end of year:			
Working balance.....	1, 195, 800, 535. 12	1, 178, 434, 973. 12	1, 162, 780, 067. 12
Increment on gold.....	143, 672, 989. 84	143, 274, 989. 84	142, 776, 989. 84
Seigniorage.....	630, 186, 084. 38	610, 186, 084. 38	585, 186, 084. 38
Total General Fund balance.....	1, 969, 659, 609. 34	1, 931, 896, 047. 34	1, 890, 743, 141. 34
<b>EFFECT ON THE PUBLIC DEBT OF FINANCING THE DEFICIT</b>			
Public debt at beginning of year.....	49, 156, 972, 007. 68	42, 967, 531, 037. 68	40, 439, 532, 411. 11
Increase in public debt during year:			
To meet deficiency in revenues and receipts, general and special accounts.....	9, 310, 093, 049. 00	6, 289, 440, 970. 00	3, 740, 249, 136. 71
Less debt retirements included in deficit.....	100, 000, 000. 00	100, 000, 000. 00	129, 184, 100. 00
	9, 210, 093, 049. 00	6, 189, 440, 970. 00	3, 611, 065, 036. 71
Decrease in working balance on general and special account.....			1, 083, 066, 410. 14
Net increase in public debt during year.....	9, 210, 093, 049. 00	6, 189, 440, 970. 00	2, 527, 998, 626. 57
Public debt at end of year.....	58, 367, 065, 056. 68	49, 156, 972, 007. 68	42, 967, 531, 037. 68



TABLE 26.—Financial status of appropriations provided in the Emergency Relief Appropriation Acts of 1935, 1936, 1937, 1938, and 1939, as of June 30, 1940

Organization	Available funds	Obligations	Voucher pay-ments (checks issued), fiscal years 1935 to 1940	Unliquidated obligations outstanding	Unobligated balances	
					Available for obligation <sup>1</sup>	Not available for obligation <sup>2</sup>
LEGISLATIVE ESTABLISHMENT						
Architect of the Capitol:						
Improvements to United States Court of Appeals Building.....	\$365, 539. 61	\$364, 697. 41	\$364, 697. 41			\$842. 20
Library of Congress:						
Construction of talking-book machines for blind.....	968, 327. 02	962, 365. 63	955, 797. 32	\$6, 568. 31	\$420. 48	5, 540. 91
EXECUTIVE OFFICE						
Office of the President:						
Bureau of the Budget.....	26, 175. 00	3, 894. 38	3, 894. 38			22, 280. 62
National Resources Planning Board.....	4, 137, 241. 81	4, 012, 451. 69	3, 878, 778. 46	133, 673. 23	287. 99	124, 502. 13
Office of Government Reports.....	5, 126, 041. 63	4, 955, 996. 30	4, 903, 127. 56	52, 868. 74		170, 045. 33
Total, Office of the President.....	9, 289, 458. 44	8, 972, 342. 37	8, 785, 800. 40	186, 541. 97	287. 99	316, 828. 08
EXECUTIVE DEPARTMENTS						
Agriculture:						
Administrative expenses <sup>3</sup> .....	15, 269, 260. 11	14, 971, 877. 32	14, 795, 983. 24	175, 894. 08	128, 787. 74	168, 595. 05
Agricultural Adjustment Administration.....	218, 003. 00	213, 278. 06	209, 126. 23	4, 151. 83	4, 724. 94	
Agricultural Economics.....	3, 257, 212. 99	3, 026, 431. 05	3, 014, 951. 81	11, 479. 24	27, 197. 45	203, 584. 49
Agricultural Chemistry and Engineering.....	11, 041. 48	11, 041. 48	11, 041. 48			
Agricultural Marketing Service.....	65, 000. 00	41, 526. 21	34, 780. 92	6, 745. 29	23, 473. 79	
Animal Industry.....	1, 651, 321. 96	1, 649, 714. 25	1, 649, 714. 25			1, 607. 71
Dairy Industry.....	2, 990. 11	2, 990. 11	2, 990. 11			
Entomology and Plant Quarantine.....	46, 953, 019. 61	46, 419, 705. 94	46, 074, 147. 89	345, 558. 05	185, 980. 65	347, 333. 02
Extension Service.....	2, 004, 059. 46	2, 004, 059. 46	2, 004, 059. 46			
Farm Credit Administration:						
Administrative expenses.....	784, 399. 66	784, 399. 66	784, 399. 66			
Emergency crop loans.....	16, 099, 800. 65	16, 098, 440. 52	16, 098, 440. 52			1, 360. 13
Total Farm Credit Administration.....	16, 884, 200. 31	16, 882, 840. 18	16, 882, 840. 18			1, 360. 13
Forest Service.....	64, 198, 720. 89	63, 671, 446. 87	63, 137, 497. 65	533, 949. 22	355, 848. 48	171, 425. 54
Home Economics.....	2, 908, 032. 15	2, 856, 803. 22	2, 813, 432. 03	43, 371. 19	8, 715. 83	42, 513. 10
National Agricultural Research Center (Beltsville).....	1, 143, 733. 00	1, 044, 316. 03	1, 012, 621. 52	31, 694. 51	99, 416. 97	
Plant Industry.....	39, 770. 18	39, 770. 18	39, 770. 18			



Rural Electrification Administration:						
Administrative expenses.....	963,267.95	963,001.51	963,001.51		.35	266.09
Loans to private corporations, States, etc.....	14,475,128.00	14,121,627.38	13,953,057.03	168,570.35		353,500.62
Construction of electric distribution systems.....	69,596.19	58,861.19	58,861.19			10,735.00
Preparation of strip maps.....	315,820.48	314,244.74	305,084.74	9,160.00	1,575.74	
Total Rural Electrification Administration.....	15,823,812.62	15,457,734.82	15,280,004.47	177,730.35	1,576.09	364,501.71
Soil Conservation Service.....	42,181,333.91	41,532,445.47	41,128,316.40	404,129.07	469,098.91	179,789.53
Weather Bureau.....	74,781.23	71,628.96	68,386.19	3,242.77	3,152.27	
Farm Security Administration:						
Administration:						
General administrative expenses.....	93,663,880.99	93,593,524.73	93,071,655.86	521,868.87	34,816.45	35,539.81
Expenses for educational project.....	51,700.00	51,543.47	51,265.97	277.50	156.53	
Expenses for loans and relief.....	38,705,782.21	38,569,480.32	36,748,912.76	1,820,567.56	136,301.89	
Expenses for relief, Indians.....	65,000.00	62,497.00	60,941.48	1,555.52	2,503.00	
Expenses for rural rehabilitation projects.....	554,823.05	554,736.36	543,088.10	11,648.26	86.69	
Rural rehabilitation, suburban projects, loans, and relief.....	682,801,702.51	681,250,890.79	672,274,360.04	8,976,530.75	1,282,355.90	268,455.82
Sanitation and conservation projects.....	54,007,612.72	53,742,658.36	53,579,884.93	162,773.43		264,954.36
Total Farm Security Administration.....	869,850,501.48	867,825,331.03	856,330,109.14	11,495,221.89	1,456,220.46	568,949.99
Undistributed to organization units.....	992,654.13				992,654.13	
Total Department of Agriculture.....	1,083,529,448.62	1,077,722,940.64	1,064,489,773.15	13,233,167.49	3,756,847.71	2,049,660.27
Commerce:						
Administrative expenses.....	678,086.43	677,064.02	676,646.07	417.95	10.72	1,011.69
Census.....	10,780,420.60	10,770,253.70	10,770,253.70			10,166.90
Coast and Geodetic Survey.....	29,769.00	20,279.20	19,179.05	1,100.15	9,489.80	
Industrial Economics.....	99,967.91	99,948.90	99,948.90			19.01
Standards.....	75,000.00	75,000.00	75,000.00			
Total Department of Commerce.....	11,663,243.94	11,642,545.82	11,641,027.72	1,518.10	9,500.52	11,197.60
Interior:						
Administrative expenses.....	4,786,382.18	4,715,958.46	4,682,203.06	33,755.40	40,071.99	30,351.73
Biological Survey.....	5,971,218.40	5,840,740.41	5,727,933.16	112,807.25	65,093.12	65,384.87
Bituminous coal survey.....	70,516.93	70,516.93	70,516.93			
Fisheries.....	1,000,099.68	929,774.91	903,789.91	25,985.00	70,324.77	
General Land Office.....	91,800.00	67,004.73	62,084.50	4,920.23	24,795.27	
Geological Survey.....	108,693.64	108,693.64	108,693.64			
Indian Affairs.....	3,529,604.76	3,499,043.25	3,363,718.99	135,324.26	18,490.82	12,070.69
National Park Service.....	44,534,416.54	43,041,031.15	42,185,398.29	855,632.86	279,190.97	1,214,194.42
Puerto Rico Reconstruction Administration: <sup>4</sup>						
Administrative expenses.....	4,514,589.78	4,511,050.47	4,473,790.55	37,259.92	3,492.41	46.90
Direct relief for needy persons.....	200,000.00	164,021.85	163,842.10	179.75	35,978.15	
Work projects.....	59,968,886.18	59,358,692.83	58,502,898.00	855,794.83	575,538.14	34,655.21
Undistributed by programs <sup>4</sup> .....	1,713.88				1,713.88	
Total Puerto Rico Reconstruction Administration.....	64,685,189.84	64,033,765.15	63,140,530.65	893,234.50	616,722.58	34,702.11

Footnotes at end of table.

TABLE 26.—Financial status of appropriations provided in the Emergency Relief Appropriation Acts of 1935, 1936, 1937, 1938, and 1939, as of June 30, 1940—Continued

Organization	Available funds	Obligations	Voucher pay- ments (checks issued), fiscal years 1935 to 1940	Unliquidated obligations outstanding	Unobligated balances	
					Available for obligation <sup>1</sup>	Not available for obligation <sup>2</sup>
EXECUTIVE DEPARTMENTS—Continued						
Interior—Continued.						
Reclamation.....	\$66,687,783.00	\$66,208,376.39	\$65,698,063.65	\$510,312.74	\$479,406.61	
Saint Elizabeths Hospital.....	9,396.12	9,396.12	9,396.12			
Territories and island possessions:						
Alaska, various projects.....	1,726,091.10	1,693,445.27	1,683,389.81	10,055.46	30,560.65	\$2,085.18
Virgin Islands, various projects.....	1,756,555.43	1,748,570.41	1,708,707.83	39,862.58	7,007.96	977.06
Total Department of the Interior.....	194,957,747.62	191,966,316.82	189,344,426.54	2,621,890.28	1,631,664.74	1,359,766.06
Justice: <sup>7</sup>						
Administrative expenses.....	4,227,939.00	3,770,148.36	3,726,971.89	43,176.47	448.16	457,342.48
Prisons.....	50,000.00	49,803.40	49,792.40	11.00	196.60	
Surveys.....	43,500.00	43,396.46	43,396.46		35.19	68.35
Total Department of Justice.....	4,321,439.00	3,863,348.22	3,820,160.75	43,187.47	679.95	457,410.83
Labor:						
Administrative expenses.....	629,042.49	617,183.80	616,375.99	807.81	3,496.84	8,361.85
Consumers' goods survey.....	173,850.00	169,773.84	169,773.84			4,076.16
Immigration and Naturalization Service <sup>7</sup> .....	175,527.93	175,527.93	175,527.93			
Labor Statistics.....	4,675,303.75	4,539,958.77	4,409,795.72	130,163.05	78,103.16	57,241.82
Total Department of Labor.....	5,653,724.17	5,502,444.34	5,371,473.48	130,970.86	81,600.00	69,679.83
Navy:						
Administrative expenses.....	2,025,273.87	1,997,990.57	1,971,816.19	26,174.38	8,819.38	18,463.92
Yards and Docks.....	71,036,563.83	70,181,667.58	69,740,408.26	441,259.32	266,917.05	587,979.20
Total Navy Department.....	73,061,837.70	72,179,658.15	71,712,224.45	467,433.70	275,736.43	606,443.12
State:						
Administrative expenses.....	4,919.82	4,919.82	4,919.82			
International Boundary Commission.....	147,344.26	147,344.26	147,344.26			
Total State Department.....	152,264.08	152,264.08	152,264.08			
Treasury:						
Administrative expenses <sup>8</sup> .....	101,518,403.49	99,384,209.62	98,388,187.85	996,021.77	2,435.50	2,131,758.37
Coast Guard:						
Improvements to buildings, including lighthouses.....	5,228,617.54	5,198,400.48	5,186,995.17	11,405.31	16,982.35	13,234.71
Internal revenue tax survey.....	12,515,671.20	12,110,536.15	12,099,388.40	11,147.75	68,878.60	336,256.45

Procurement Division, Branch of Supply:						
Work relief supply funds.....	740,000.00	132,151.36	132,151.36	-----	568,640.08	39,208.56
Reimbursable from projects.....		-132,151.36		-132,151.36	131,359.92	791.44
Total Procurement Division.....	740,000.00		132,151.36	-132,151.36	700,000.00	40,000.00
Total Treasury Department.....	120,002,692.23	* 116,693,146.25	* 115,806,722.78	* 886,423.47	788,296.45	2,521,249.53
War:						
Administrative expenses:						
Corps of Engineers.....	735,860.06	735,771.79	735,771.79	-----		88.27
Medical care of employees.....	10,997.50	10,997.50	10,997.50	-----		
Quartermaster Corps.....	3,048,379.06	2,918,768.63	2,883,238.48	35,530.15	36,864.48	92,745.95
Total administrative expenses.....	3,795,236.62	3,665,537.92	3,630,007.77	35,530.15	36,864.48	92,834.22
Corps of Engineers.....	166,285,360.86	163,216,220.38	162,871,229.51	344,990.87	984,709.62	2,084,430.86
Office of the Chief of Staff, work relief projects.....	3,193,255.01	3,184,346.43	3,184,346.43	-----		8,908.58
Quartermaster Corps.....	95,915,519.36	93,253,524.87	91,775,275.70	1,478,249.17	171,512.47	2,490,482.02
Total War Department.....	269,189,371.85	263,319,629.60	261,460,859.41	1,858,770.19	1,193,086.57	4,676,655.68
INDEPENDENT ESTABLISHMENTS						
Advisory Committee on Allotments:						
Administrative expenses.....	17,127.42	17,127.42	17,127.42	-----		
Alley Dwelling Authority:						
Low-cost housing, alley improvements.....	365,496.80	365,496.80	365,496.80	-----		
Census of Partial Employment, Unemployment, and Occupations:						
Administrative expenses.....	1,895,000.00	1,893,787.39	1,866,961.91	26,825.48		1,212.61
Civil Aeronautics Authority:						
Administrative expenses.....	835,600.00	771,819.28	743,576.27	28,243.01		63,780.72
Civil Service Commission:						
Administrative expenses.....	119,536.14	119,530.09	119,530.09	-----		6.05
Coordinator for Industrial Cooperation:						
Administrative expenses.....	176,150.00	175,169.47	174,373.88	795.59		980.53
Employees' Compensation Commission:						
Injury compensation fund, including administrative expenses.....	44,600,000.00	30,532,537.49	30,520,095.60	12,441.89	14,067,462.51	
Federal Emergency Relief Administration:						
Grants to States, including administrative expenses.....	934,272,779.36	934,207,029.27	934,166,708.91	40,320.36		65,750.09
Federal Security Agency:						
Civilian Conservation Corps:						
Acquisition of land.....	982,570.51	982,553.56	982,553.56	-----		16.95
Civilian Conservation Corps camps, including administrative expenses.....	592,636,509.75	591,644,336.30	591,639,278.08	5,058.22		992,173.45
Total Civilian Conservation Corps.....	593,619,080.26	592,626,889.86	592,621,831.64	5,058.22		992,190.40

Footnotes at end of table.

TABLE 26.—Financial status of appropriations provided in the Emergency Relief Appropriation Acts of 1935, 1936, 1937, 1938, and 1939, as of June 30, 1940—Continued

Organization	Available funds	Obligations	Voucher payments (checks issued), fiscal years 1935 to 1940	Unliquidated obligations outstanding	Unobligated balances	
					Available for obligation <sup>1</sup>	Not available for obligation <sup>2</sup>
INDEPENDENT ESTABLISHMENTS—Continued						
Federal Security Agency:—Continued						
National Youth Administration:						
Administrative expenses <sup>10</sup> .....	\$4,991,058.00	\$4,975,826.35	\$4,582,919.02	\$392,907.33	-----	\$15,231.65
Student aid.....	119,459,825.28	119,375,644.77	119,043,161.01	332,483.76	-----	84,180.51
Work projects.....	205,633,823.19	205,153,441.21	200,909,960.54	4,243,480.67	-----	480,381.98
Undistributed by programs <sup>4</sup> .....	637,599.98	-----	-----	-----	-----	637,599.98
Total National Youth Administration.....	330,722,306.45	329,504,912.33	324,536,040.57	4,968,871.76	-----	1,217,394.12
Office of Education:						
Administrative expenses.....	41,086.00	37,352.65	36,725.31	627.34	\$2,422.84	1,310.51
Educational projects.....	3,684,374.26	3,586,796.94	3,584,272.04	2,524.90	58,079.92	39,497.40
Total Office of Education.....	3,725,460.26	3,624,149.59	3,620,997.35	3,152.24	60,502.76	40,807.91
Public Health Service:						
Administrative expenses <sup>11</sup> .....	5,699,853.30	5,683,233.96	5,663,038.51	20,195.45	-----	16,619.34
Health surveys and other projects.....	6,723,923.34	6,653,705.82	6,626,687.09	27,018.73	60,434.77	9,782.75
Total Public Health Service.....	12,423,776.64	12,336,939.78	12,289,725.60	47,214.18	60,434.77	26,402.09
Social Security Board:						
Employment Security.....	33,955,001.00	32,031,877.27	31,998,298.64	33,578.63	-----	1,923,123.73
Total Federal Security Agency.....	974,445,624.61	970,124,768.83	965,066,893.80	5,057,875.03	120,937.53	4,199,918.25
Federal Works Agency:						
Public Buildings Administration:						
Decoration of Federal buildings.....	758,407.48	758,279.47	758,279.47	-----	128.01	-----
Public Roads Administration:						
Public roads, including grade-crossing elimination.....	508,828,601.81	501,055,805.55	490,740,902.42	10,314,903.13	4,891,277.66	881,518.60
Public Works Administration:						
Housing.....	82,854,953.48	82,854,953.48	82,854,953.48	-----	-----	-----
Loans and grants to States, etc.....	313,339,437.74	313,120,993.21	304,066,563.48	9,054,429.73	218,444.53	-----
Total Public Works Administration.....	396,194,391.2	395,975,946.69	386,921,516.96	9,054,429.73	218,444.53	-----
United States Housing Authority:						
Housing.....	20,191,742.48	20,094,384.34	19,951,286.88	143,097.46	97,358.14	-----

Work Projects Administration: <sup>12</sup>						
Administrative expenses <sup>10</sup>	325,592,893.08	324,860,933.29	321,787,526.52	3,073,406.77	436,222.39	295,737.40
Land utilization and rural rehabilitation <sup>13</sup>	27,887,738.27	27,820,294.67	27,786,408.49	33,886.18		67,443.60
Work programs	7,868,098,350.92	7,853,776,701.81	7,780,463,583.13	73,313,118.68	12,351,076.26	1,970,572.85
Miscellaneous programs <sup>14</sup>	20,385,066.44	20,384,958.67	20,374,651.81	10,306.86	107.77	
Undistributed by programs <sup>4</sup>	4,380,806.70				4,378,428.24	2,378.46
Total Work Projects Administration	8,246,344,855.41	8,226,842,888.44	8,150,412,169.95	18,76,430,718.49	17,165,834.66	2,336,132.31
Total Federal Works Agency	9,170,317,998.40	9,144,727,304.49	9,048,784,155.68	95,943,148.81	22,373,043.00	3,217,650.91
General Accounting Office:						
Administrative expenses	20,555,000.00	20,360,523.05	20,359,817.84	705.21		194,476.95
Prison Industries Reorganization Administration:						
Administrative expenses	353,041.00	346,232.12	346,232.12			6,808.88
Veterans' Administration:						
Administrative expenses	72,833.29	72,147.43	70,717.40	1,430.03	685.86	
Construction and improvement of buildings, roads, and streets	3,788,411.78	3,127,364.46	3,072,177.68	55,186.78	83,925.39	577,121.93
Total Veterans' Administration	3,861,245.07	3,199,511.89	3,142,895.08	56,616.81	84,611.25	577,121.93
Unallocated	5,229,193.51					5,229,193.51
Total made available	12,930,198,886.59	12,860,182,536.92	12,739,579,092.89	120,603,444.03	44,384,175.13	25,632,174.54
Analysis:						
Unexpired appropriations:						
Allocated	5,214,584,059.62	5,165,476,381.72	5,047,158,395.95	118,317,985.77	44,384,175.13	4,723,502.77
Expired appropriations: <sup>16</sup>						
Allocated	7,710,385,633.46	7,694,706,155.20	7,692,420,696.94	2,285,458.26		15,679,478.26
Unallocated	5,229,193.51					5,229,193.51
Total expired appropriations	7,715,614,826.97	7,694,706,155.20	7,692,420,696.94	2,285,458.26		20,908,671.77
Total made available <sup>17</sup>	12,930,198,886.59	12,860,182,536.92	12,739,579,092.89	120,603,444.03	44,384,175.13	25,632,174.54

Footnotes at end of table.

TABLE 26.—Financial status of appropriations provided in the Emergency Relief Appropriation Acts of 1935, 1936, 1937, 1938, and 1939, as of June 30, 1940—Continued

## APPROPRIATION ACCOUNT

	1935 act April 8, 1935	1936 act June 22, 1936, and February 9, 1937	1937 act June 29, 1937, and March 2, 1938	1938 act June 21, 1938, February 4, 1939, and April 13, 1939	1939 act June 30, 1939	Total
Funds made available:						
Credits:						
Specific appropriations:						
From appropriation for U. S. Employees' Compensation Commission, fiscal year 1939, Public Res. No. 7, 76th Cong., Apr. 1, 1939.....	\$4,000,000,000.00	\$2,214,000,000.00	\$1,750,000,000.00	\$2,537,905,000.00	\$1,755,600,000.00	\$12,257,505,000.00
From appropriation for the General Accounting Office, fiscal year 1939, Public No. 61, 76th Cong., May 2, 1939.....				2,000,000.00		2,000,000.00
From appropriation for the Puerto Rico Reconstruction Administration, fiscal year 1939, Public No. 61, 76th Cong., May 2, 1939.....				150,000.00		150,000.00
Total specific appropriations.....	4,000,000,000.00	2,214,000,000.00	1,750,000,000.00	2,541,055,000.00	1,755,600,000.00	12,260,655,000.00
Unexpended balances transferred:						
From Reconstruction Finance Corporation.....	500,000,000.00					500,000,000.00
From funds provided in the Emergency Appropriation Act, fiscal year 1935, approved June 19, 1934:						
From funds to meet the emergency and necessity for relief in stricken agricultural areas.....	39,124,759.65		1,240,000.00			40,364,759.65
From funds for emergency relief and public work.....	47,704,412.27		2,630,000.00			50,334,412.27
From appropriation for national industrial recovery, contained in the Fourth Deficiency Act, fiscal year 1933.....	84,769,354.29		6,202,961.75			90,972,316.04
From appropriation for Emergency relief and civil works, contained in the act approved Feb. 15, 1934.....	7,431,542.23		270,000.00			7,701,542.23
From remainder of the unobligated moneys for public works referred to in sec. 4 of the act approved Mar. 31, 1933.....	21,527,113.76					21,527,113.76
From funds established pursuant to sec. 15 (f) of the Agricultural Adjustment Act of May 12, 1933, amended May 9, 1934.....	12,921,502.64					12,921,502.64
Total amount made available by Congress.....	4,713,478,684.84	2,214,000,000.00	1,760,342,961.75	2,541,055,000.00	1,755,600,000.00	12,984,476,646.59
Transfers from Emergency Relief Appropriation Acts:						
Act of 1935.....		139,500,000.00	34,977,660.97			174,477,660.97
Act of 1936.....			114,732,182.18			114,732,182.18
Act of 1937.....				58,517,610.23		61,051,697.88
Act of 1938.....					2,534,087.65 50,374,226.85	50,374,226.85
Employees' compensation funds established under the Emergency Relief Appropriation Acts of 1935, 1936, 1937, and 1938 merged into one account, of which \$4,700,000 was made available for fiscal year 1940, Independent Offices Appropriation Act, 1940, and Public Res. No. 56, 76th Cong., Mar. 1, 1940.....	21,438,078.27					21,438,078.27
Total.....	4,734,916,763.11	2,353,500,000.00	1,910,052,804.90	2,599,572,610.23	1,808,508,314.50	13,406,550,492.74

Charges:						
Transfers to Emergency Relief Appropriation Acts:						
Act of 1936	-139,500,000.00					-139,500,000.00
Act of 1937	-34,977,660.97	-114,732,182.18				-149,709,843.15
Act of 1938			-58,517,610.23			-58,517,610.23
Act of 1939			-2,534,087.65	-50,374,226.85		-52,908,314.50
Transfers to regular appropriation of War Department, Corps of Engineers, act of July 19, 1937			-7,500,000.00			-7,500,000.00
Transfers to regular appropriation of War Department, Corps of Engineers, act of June 11, 1938			-24,000,000.00			-24,000,000.00
Transfers to regular appropriation Interior Department, U. S. Housing Authority, Second Deficiency Appropriation Act, fiscal year 1938	-3,100,000.00					-3,100,000.00
Transfer to regular appropriation War Department, War Department Civil Appropriation Act, 1939				-18,000,000.00		-18,000,000.00
Transfer to the Federal Works Agency for administrative expenses, 1940, from the Work Projects Administration appropriation in the act of 1939, Public Res. No. 20, 76th Cong., June 7, 1939					-79,000.00	-79,000.00
Transfer to the Federal Security Agency for administrative expenses, 1940, from the National Youth Administration appropriation in the act of 1939, Public Res. No. 20, 76th Cong., June 7, 1939					-30,760.00	-30,760.00
Transfer to the Federal Works Agency, U. S. Housing Authority, Second Deficiency Appropriation Act, fiscal year 1938, and Reorganization Act of 1939	-1,493,000.00					-1,493,000.00
Transfer to salaries and expenses, U. S. Employees' Compensation Commission, 1940, sec. 7 (c) Emergency Relief Appropriation Act of 1939					-75,000.00	-75,000.00
Employees' compensation funds established under the Emergency Relief Appropriation Acts of 1935, 1936, 1937, and 1938 merged into one account, of which \$4,790,000 was made available for fiscal year 1940, Independent Offices Appropriation Act, 1940, and Public Res. No. 56, 76th Cong., Mar. 1, 1940	-2,951,173.44	-6,200,000.00	-11,537,833.95	-749,070.88		-21,438,078.27
Net amount to be accounted for <sup>18</sup>	4,552,894,928.70	2,232,567,817.82	1,805,963,273.07	2,530,449,312.50	1,808,323,554.50	12,930,198,886.59
Expenditures (checks issued)	4,508,064,577.38	2,226,623,003.61	1,794,062,764.90	2,518,855,192.59	1,691,973,554.41	12,739,579,092.89
Unexpended balances	44,830,351.32	5,944,814.21	11,900,508.17	11,594,119.91	116,350,000.09	190,619,793.70
Analysis of unexpended balances:						
Unexpired appropriations:						
Unobligated allocations:						
Available for obligation	19,424,050.82		121,539.47	5,375,329.30	19,463,255.54	44,384,175.13
Not available for obligation <sup>19</sup>				2,996,016.66	1,727,486.11	4,723,502.77
Unliquidated obligations	19,729,311.58		206,641.80	3,222,773.95	95,159,258.44	118,317,985.77
Unexpended balances of unexpired appropriations	39,153,362.40		328,181.27	11,594,119.91	116,350,000.09	167,425,663.67

Footnotes at end of table.

TABLE 26.—Financial status of appropriations provided in the Emergency Relief Appropriation Acts of 1935, 1936, 1937, 1938,\* and 1939, as of June 30, 1940—Continued

## APPROPRIATION ACCOUNT—Continued

	1935 act April 8, 1935	1936 act June 22, 1936, and February 9, 1937	1937 act June 29, 1937, and March 2, 1938	1938 act June 21, 1938, February 4, 1939 and April 13, 1939	1939 act June 30, 1939	Total
Analysis of unexpended balances—Continued.						
Expired appropriations: <sup>16</sup>						
Unallocated.....	\$895, 278. 95	\$1, 155, 612. 25	\$3, 178, 302. 31	-----	-----	\$5, 229, 193. 51
Unobligated allocations.....	3, 544, 407. 37	3, 909, 062. 39	8, 226, 008. 50	-----	-----	15, 679, 478. 26
Unliquidated obligations.....	1, 237, 302. 60	880, 139. 57	168, 016. 09	-----	-----	2, 285, 458. 26
Unexpended balances of expired appropriations.....	5, 676, 988. 92	5, 944, 814. 21	11, 572, 326. 90	-----	-----	23, 194, 130. 03
Total unexpended balances.....	44, 830, 351. 32	5, 944, 814. 21	11, 900, 508. 17	\$11, 594, 119. 91	\$116, 350, 000. 09	190, 619, 793. 70

<sup>1</sup> This column includes unobligated balances under 1935, 1936, 1937, and 1938 acts, the availability of which has been extended by Congress beyond June 30, 1940; the unobligated balances under the 1938 and 1939 acts of funds for Federal construction projects which are available to the bureaus to which allocated; and unobligated balances of 1938 and 1939 acts of funds allocated for other projects which are available for transfer to the departments from which allocated, for allocation under the Emergency Relief Appropriation Act, fiscal year 1941.

<sup>2</sup> Balances shown in this column are no longer available for allocation or obligation, but they are subject to change due to adjustments in obligations incurred prior to the expiration of the appropriations. Such balances are carried to the surplus fund of the Treasury when they have remained on the books 2 full fiscal years after the close of the fiscal years for which the appropriations were established.

<sup>3</sup> Exclusive of Farm Credit Administration, Farm Security Administration, and Rural Electrification Administration, shown separately.

<sup>4</sup> Appropriated but not as yet distributed to specific programs or organization units by the administrative agency.

<sup>5</sup> Exclusive of Puerto Rico revolving fund receipts and expenditures, of which the unexpended receipts amount to \$1,710,888.78.

<sup>6</sup> Does not include \$404,745 allotted from allocation to the Department of the Interior for administrative expenses, of which amount \$403,357.58 has been obligated and \$403,326.53 expended.

<sup>7</sup> Immigration and Naturalization Service transferred to Department of Justice as of June 14, 1940, according to Reorganization Plan V not reflected in this statement.

<sup>8</sup> See footnote 11.

<sup>9</sup> Expenditures under work relief supply funds include \$132,151.36 reimbursable from agencies for which purchases were made. The related obligations and unliquidated obligations are not included in work relief supply fund figures, but are included in amounts shown for the agencies concerned.

<sup>10</sup> Administrative expenses for National Youth Administration under acts of 1935, 1936, 1937, and 1938 are included in amounts shown for Work Projects Administration.

<sup>11</sup> Includes status of funds allotted from Treasury Department administrative expense allocations prior to July 1, 1939.

<sup>12</sup> Does not include various transfers of 1938 and 1939 act funds to other Federal agencies. Includes amounts made available to other agencies as working funds.

<sup>13</sup> Administered by Farm Security Administration.

<sup>14</sup> Includes relief for needy persons and aid to self-help and cooperative associations.

<sup>15</sup> Includes unpaid obligations for personal services rendered by project workers carried on pay rolls for pay periods ending in the month of June.

<sup>16</sup> Expired appropriations represent the portions of appropriations made under the acts of 1935, 1936, and 1937 which have lapsed by limitation of law. Unexpended balances in the amount of \$10,111,372.03 have been carried to the surplus fund of the Treasury consisting of \$4,974,079.92 from the 1935 act and \$5,136,438.62 from the 1936 act, transferred as of June 30, 1939, and \$853.49 from the 1935 act transferred as of June 30, 1938, as provided in title 31, secs. 712 and 713, U. S. Code, which transfers are not reflected in this statement. Expenditures include certified claims in the amount of \$92,479.77 paid subsequent to June 30, 1939.

<sup>17</sup> For sources of funds available see "Appropriation Account" which follows.

<sup>18</sup> Includes unexpended balances of expired portions of appropriations made under the acts of 1935, 1936, and 1937 amounting to \$23,194,130.03, of which \$10,111,372.03 has been carried to the surplus fund of the Treasury. See footnote 16.

<sup>19</sup> Although not available for future obligation, these balances are subject to change due to adjustments in obligations previously reported.

NOTE—The status of funds of agencies affected by Reorganization Plans I and II (Public Res. No. 20, 76th Cong., June 7, 1939) is reflected according to organizations to which the agencies were transferred.



TABLE 27.—Expenditures by organizations and by fiscal years from Apr. 8, 1935, to June 30, 1940, under the Emergency Relief Appropriation Acts of 1935, 1936, 1937, 1938, and 1939

[On basis of checks issued, see p. 534]

Organization	1935 and 1936 <sup>1</sup>	1937	1938	1939	1940	Total to June 30, 1940
<b>LEGISLATIVE ESTABLISHMENT</b>						
Architect of the Capitol.....		\$371	\$325, 634	\$38, 692		\$364, 697
Library of Congress.....	\$189, 304	345, 775	170, 256	135, 000	\$115, 462	955, 797
<b>EXECUTIVE OFFICE</b>						
Office of the President:						
Bureau of the Budget.....					3, 894	3, 894
National Resources Planning Board.....	729, 202	937, 362	715, 974	682, 934	813, 306	3, 878, 778
Office of Government Reports.....	1, 458, 668	1, 182, 110	682, 153	804, 893	775, 304	4, 903, 128
Total Office of the President.....	2, 187, 870	2, 119, 472	1, 398, 127	1, 487, 827	1, 592, 504	8, 785, 800
<b>EXECUTIVE DEPARTMENTS</b>						
Agriculture:						
Exclusive of Farm Security Administration.....	62, 884, 488	67, 210, 055	30, 203, 848	28, 040, 118	19, 821, 155	208, 159, 664
Farm Security Administration.....	134, 518, 438	215, 370, 956	169, 297, 254	180, 557, 282	156, 586, 179	856, 330, 109
Total Department of Agriculture.....	197, 402, 926	282, 581, 011	199, 501, 102	208, 597, 400	176, 407, 334	1, 064, 489, 773
Commerce.....	6, 453, 171	4, 854, 078	281, 631	32, 046	20, 102	11, 641, 028
Interior:						
Exclusive of Puerto Rico Reconstruction Administration.....	18, 117, 290	41, 465, 266	29, 885, 296	26, 775, 439	9, 960, 605	126, 203, 896
Puerto Rico Reconstruction Administration.....	6, 452, 537	21, 661, 695	12, 186, 620	9, 116, 837		63, 140, 531
Total Department of the Interior.....	24, 569, 827	63, 126, 961	42, 071, 916	40, 498, 281	19, 077, 442	189, 344, 427
Justice.....	653, 762	974, 382	1, 186, 832	920, 821	84, 364	3, 820, 161
Labor.....	311, 585	1, 733, 750	604, 713	877, 817	1, 843, 609	5, 371, 474
Navy.....	15, 100, 116	17, 659, 002	13, 600, 374	15, 199, 564	10, 153, 168	71, 712, 224
State.....			152, 264			152, 264
Treasury.....	28, 620, 554	32, 515, 576	21, 169, 825	19, 546, 893	13, 953, 875	115, 806, 723
War:						
Exclusive of Corps of Engineers.....	11, 298, 429	17, 267, 330	25, 562, 060	26, 409, 136	17, 316, 903	97, 853, 858
Corps of Engineers (rivers and harbors, etc.).....	79, 518, 778	52, 321, 419	22, 857, 076	7, 840, 665	1, 069, 063	163, 607, 001
Total War Department.....	90, 817, 207	69, 588, 749	48, 419, 136	34, 249, 801	18, 385, 966	261, 460, 859

TABLE 27.—Expenditures by organizations and by fiscal years from Apr. 8, 1935, to June 30, 1940, under the Emergency Relief Appropriation Acts of 1935, 1936, 1937, 1938, and 1939—Continued

Organization	1935 and 1936 <sup>1</sup>	1937	1938	1939	1940	Total to June 30, 1940
<b>INDEPENDENT ESTABLISHMENTS</b>						
Advisory Committee on Allotments.....	\$17, 126	\$1				\$17, 127
Alley Dwelling Authority.....	6, 471	164, 359	\$194, 667			365, 497
Census of Partial Employment, Unemployment, and Occupations.....			1, 777, 260	\$85, 058	\$4, 644	1, 866, 962
Civil Aeronautics Authority.....			229, 864	269, 239	244, 473	743, 576
Civil Service Commission.....	107, 684	11, 857	Cr. 11			119, 530
Coordinator for Industrial Cooperation.....	32, 838	133, 435	8, 101			174, 374
Employees' Compensation Commission.....	1, 712, 777	6, 231, 265	5, 228, 396	8, 359, 349	8, 988, 309	30, 520, 096
Federal Emergency Relief Administration.....	929, 721, 347	3, 978, 075	481, 270	Cr. 10, 179	Cr. 3, 804	934, 166, 709
<b>Federal Security Agency:</b>						
Civilian Conservation Corps.....	541, 034, 556	50, 464, 244	1, 013, 528	118, 354	Cr. 8, 850	592, 621, 832
National Youth Administration <sup>2</sup> .....	35, 535, 355	65, 619, 041	51, 158, 505	75, 146, 908	97, 078, 231	324, 536, 040
Office of Education.....	418, 312	1, 751, 203	377, 283	576, 949	497, 250	3, 620, 997
Public Health Service.....	3, 696, 742	3, 903, 813	2, 812, 309	1, 369, 278	507, 584	12, 289, 726
Social Security Board.....	10, 748, 554	13, 499, 416	6, 456, 767	1, 241, 405	52, 157	31, 998, 299
<b>Total Federal Security Agency.....</b>	<b>591, 433, 519</b>	<b>135, 237, 717</b>	<b>61, 816, 392</b>	<b>78, 452, 894</b>	<b>98, 126, 372</b>	<b>965, 066, 894</b>
<b>Federal Works Agency:</b>						
Public Buildings Administration.....	224, 884	421, 870	97, 386	14, 051	88	758, 279
Public Roads Administration.....	127, 508, 145	241, 041, 577	79, 692, 964	30, 142, 064	12, 356, 153	490, 740, 903
Public Works Administration.....	133, 255, 148	160, 318, 022	74, 148, 118	13, 268, 092	5, 932, 137	386, 921, 517
United States Housing Authority.....			16, 255, 077	3, 515, 713	180, 497	19, 951, 287
Work Projects Administration <sup>2</sup> .....	1, 270, 267, 226	1, 833, 450, 125	1, 427, 701, 995	2, 157, 201, 118	1, 461, 791, 706	8, 150, 412, 170
<b>Total Federal Works Agency.....</b>	<b>1, 531, 255, 403</b>	<b>2, 235, 231, 594</b>	<b>1, 597, 895, 540</b>	<b>2, 204, 141, 038</b>	<b>1, 480, 260, 581</b>	<b>9, 048, 784, 156</b>
<b>General Accounting Office.....</b>	<b>2, 983, 572</b>	<b>3, 565, 444</b>	<b>4, 361, 836</b>	<b>4, 319, 857</b>	<b>5, 129, 109</b>	<b>20, 359, 818</b>
<b>Prison Industries Reorganization Administration.....</b>	<b>63, 644</b>	<b>154, 388</b>	<b>122, 487</b>	<b>5, 702</b>	<b>11</b>	<b>346, 232</b>
<b>Veterans' Administration.....</b>	<b>923, 813</b>	<b>301, 670</b>	<b>242, 767</b>	<b>767, 668</b>	<b>906, 977</b>	<b>3, 142, 895</b>
<b>Total expenditures.....</b>	<b>3, 424, 564, 516</b>	<b>2, 860, 508, 932</b>	<b>2, 001, 240, 379</b>	<b>2, 617, 974, 768</b>	<b>1, 835, 290, 498</b>	<b>12, 739, 579, 093</b>

<sup>1</sup> Includes \$525,848,046 for fiscal year 1935 (Apr. 8 to June 30, 1935).<sup>2</sup> Administrative expenses for National Youth Administration under the acts of 1935, 1936, 1937, and 1938 are included in amounts shown for Work Projects Administration.<sup>3</sup> Does not include transfers to other Federal agencies.

NOTE.—Expenditures of agencies affected by Reorganization Plans I and II (Public Res. No. 20, 76th Cong., June 7, 1939) are reflected according to organizations to which the agencies were transferred.

TABLE 28.—Expenditures by States and by fiscal years from Apr. 8, 1935, to June 30, 1940, under the Emergency Relief Appropriation Acts of 1935, 1936, 1937, 1938, and 1939

[On basis of checks issued, see p. 584]

State	1935 and 1936 <sup>1</sup>	1937	1938	1939	1940	Total to June 30, 1940
Alabama.....	\$45,413,631	\$39,337,860	\$23,832,167	\$41,171,608	\$37,282,011	\$187,037,277
Arizona.....	30,218,058	15,793,641	9,819,047	10,788,079	8,942,534	75,561,359
Arkansas.....	45,373,374	32,624,836	21,095,237	36,452,557	30,703,511	166,249,515
California.....	202,439,632	155,332,893	101,002,400	114,716,341	87,186,039	660,677,305
Colorado.....	49,159,388	31,662,017	24,169,326	31,885,518	23,567,492	159,943,741
Connecticut.....	30,957,805	24,565,537	20,397,992	26,728,389	17,331,359	119,981,082
Delaware.....	4,522,800	3,133,291	2,021,816	3,069,142	2,186,063	14,933,112
District of Columbia.....	52,942,887	58,734,903	40,694,337	37,066,724	34,258,532	223,697,383
Florida.....	43,818,313	30,485,951	21,413,670	33,515,101	29,242,586	158,475,621
Georgia.....	51,696,613	32,499,635	26,429,781	44,237,188	36,306,040	191,169,257
Idaho.....	27,051,963	15,401,195	9,373,427	11,460,020	11,614,936	74,901,541
Illinois.....	190,034,656	169,748,382	126,959,759	191,047,158	130,062,189	807,852,144
Indiana.....	72,153,159	72,051,364	52,193,413	73,113,953	47,294,332	316,806,221
Iowa.....	32,837,317	32,906,584	21,262,120	26,930,184	21,618,753	135,554,958
Kansas.....	44,279,766	46,434,756	25,804,265	29,812,740	23,662,200	169,993,727
Kentucky.....	44,471,482	40,968,555	29,731,773	43,538,639	33,207,525	191,917,974
Louisiana.....	44,738,496	30,864,344	24,330,213	34,870,596	27,092,226	161,895,875
Maine.....	22,102,298	13,538,872	8,149,754	9,818,140	8,952,498	62,561,562
Maryland.....	32,111,884	28,921,203	15,253,169	16,909,948	13,726,002	106,922,206
Massachusetts.....	127,525,799	115,953,273	84,523,194	109,077,397	74,673,456	511,753,119
Michigan.....	109,221,045	81,381,924	74,634,690	131,014,257	76,477,822	472,729,738
Minnesota.....	80,230,158	64,452,972	46,170,410	60,043,479	40,785,687	291,682,706
Mississippi.....	37,500,663	34,551,683	25,407,523	31,370,380	28,985,221	157,815,407
Missouri.....	77,734,116	79,601,021	51,767,012	83,870,993	59,856,769	352,829,911
Montana.....	42,778,849	30,579,025	21,509,046	24,980,392	15,860,322	135,707,634
Nebraska.....	33,851,281	33,785,607	26,663,028	28,803,224	23,693,294	146,796,434
Nevada.....	9,635,214	4,521,483	2,207,186	2,377,190	1,706,467	20,447,540
New Hampshire.....	11,247,455	9,604,538	6,286,980	8,203,248	5,873,557	41,215,778
New Jersey.....	93,969,133	94,908,022	73,769,884	89,026,228	61,101,129	412,774,396
New Mexico.....	31,288,461	16,907,847	9,450,968	10,881,471	11,252,151	79,780,898
New York.....	466,951,753	379,096,260	250,154,875	257,211,986	156,188,597	1,509,603,471
North Carolina.....	46,312,234	29,428,705	20,858,972	31,719,727	31,715,748	160,035,386
North Dakota.....	23,259,822	33,086,698	21,643,987	21,159,877	12,442,741	111,593,125
Ohio.....	178,777,146	154,778,284	131,835,866	214,062,354	111,615,471	791,069,121
Oklahoma.....	59,965,462	56,502,260	32,530,189	46,673,626	36,465,159	232,136,696
Oregon.....	33,410,094	26,000,703	16,690,235	18,233,798	14,661,851	108,996,681
Pennsylvania.....	277,742,508	247,841,396	184,325,130	221,288,712	126,049,711	1,057,247,457
Rhode Island.....	11,533,680	12,895,046	11,009,350	15,304,582	10,120,148	60,862,806
South Carolina.....	35,868,979	27,030,615	19,168,000	33,061,482	27,197,948	142,327,004
South Dakota.....	25,347,154	36,430,024	23,295,989	22,130,755	16,526,333	123,730,255
Tennessee.....	48,574,534	33,037,586	23,848,563	28,771,917	27,828,736	162,061,336
Texas.....	115,174,542	71,635,880	51,348,643	73,530,209	73,602,918	385,292,192

TABLE 28.—Expenditures by States and by fiscal years from Apr. 8, 1935, to June 30, 1940, under the Emergency Relief Appropriation Acts of 1935, 1936, 1937, 1938, and 1939—Continued

State	1935 and 1936 <sup>1</sup>	1937	1938	1939	1940	Total to June 30, 1940
Utah.....	\$24,018,396	\$14,517,379	\$9,914,092	\$12,355,107	\$10,206,401	\$71,011,375
Vermont.....	13,777,570	5,661,001	3,719,526	5,611,586	3,876,350	32,646,033
Virginia.....	46,829,906	27,505,195	17,827,578	20,740,014	19,812,603	132,715,296
Washington.....	64,942,820	50,002,115	35,140,554	44,857,679	27,413,282	222,356,450
West Virginia.....	50,293,361	39,265,943	24,721,879	34,507,576	26,884,794	175,673,553
Wisconsin.....	83,357,570	74,486,358	48,415,739	67,291,625	44,240,995	317,792,287
Wyoming.....	13,148,427	12,561,503	8,266,924	7,767,708	5,921,759	47,666,321
Alaska.....	3,960,994	1,596,208	470,301	412,896	409,776	6,850,175
Hawaii.....	5,980,777	6,121,628	4,174,921	2,553,679	1,395,634	20,226,639
Panama Canal.....	242,824	455,938	1,238	4,217		704,217
Puerto Rico.....	22,431,093	24,010,582	14,463,873	15,340,107	13,285,884	89,531,539
Virgin Islands.....	607,380	699,230	457,994	758,158	553,482	3,076,244
Not allocated to specific States.....	50,749,794	54,609,181	20,632,374	26,345,127	12,371,474	164,707,950
Total expenditures.....	3,424,564,516	2,860,508,932	2,001,240,379	2,617,974,768	1,835,290,498	12,739,579,093

<sup>1</sup> Includes \$525,848,046 for fiscal year 1935 (Apr. 8 to June 30, 1935).

## PUBLIC DEBT

## Public debt outstanding

TABLE 29.—Public debt outstanding June 30, 1940, by issues

[On basis of daily Treasury statements (revised), see p. 583]

Detail	Amount issued	Amount retired		Amount outstanding	
INTEREST-BEARING DEBT					
Bonds:					
3% Panama Canal loan of 1961.....	\$50,000,000.00	\$200,000.00		\$49,800,000.00	
3% conversion bonds of 1946.....	15,761,000.00			15,761,000.00	
3% conversion bonds of 1947.....	13,133,500.00			13,133,500.00	
2½% postal savings bonds (19th to 49th series).....	117,589,580.00	2,820.00		117,586,760.00	
Treasury bonds:					
4½% bonds of 1947-52.....	763,962,300.00	5,016,500.00		758,945,800.00	
4% bonds of 1944-54.....	1,047,088,500.00	10,396,100.00		1,036,692,400.00	
3½% bonds of 1946-56.....	494,898,100.00	5,818,000.00		489,080,100.00	
3% bonds of 1943-47.....	494,854,750.00	40,719,550.00		454,135,200.00	
3½% bonds of 1941-43.....	594,230,050.00	49,360,000.00		544,870,050.00	
					\$196,281,260.00

3 1/8% bonds of 1946-49	821,406,000.00	2,779,000.00	818,627,000.00
3% bonds of 1951-55	800,424,000.00	44,992,000.00	755,432,000.00
3 1/4% bonds of 1941	835,043,100.00	589,900.00	834,453,200.00
3 1/4% bonds of 1943-45	1,401,138,500.00	610,250.00	1,400,528,250.00
3 1/4% bonds of 1944-46	1,518,858,800.00	121,150.00	1,518,737,650.00
3% bonds of 1946-48	1,035,885,050.00	11,650.00	1,035,873,400.00
3 1/8% bonds of 1949-52	491,377,100.00	2,000.00	491,375,100.00
2 1/8% bonds of 1955-60	2,611,156,200.00	63,550.00	2,611,092,650.00
2 1/4% bonds of 1945-47	1,214,453,900.00	24,950.00	1,214,428,950.00
2 1/4% bonds of 1948-51	1,223,496,850.00	1,000.00	1,223,495,850.00
2 1/4% bonds of 1951-54	1,626,688,150.00	1,000.00	1,626,687,150.00
2 1/4% bonds of 1956-59	981,848,050.00	21,500.00	981,826,550.00
2 1/2% bonds of 1949-53	1,786,504,050.00	373,400.00	1,786,130,650.00
2 1/2% bonds of 1945	540,843,550.00		540,843,550.00
2 1/2% bonds of 1948	450,978,400.00		450,978,400.00
2 1/2% bonds of 1958-63	918,780,600.00		918,780,600.00
2 1/2% bonds of 1950-52	1,185,841,700.00		1,185,841,700.00
2 1/2% bonds of 1960-65	1,485,385,100.00	500.00	1,485,384,600.00
2% bonds of 1947	701,074,900.00	500.00	701,074,400.00
2% bonds of 1948-50	571,431,150.00		571,431,150.00
2 1/4% bonds of 1951-53	1,118,051,100.00		1,118,051,100.00
United States savings bonds: 1			
Series A-1935	223,575,619.75	49,375,958.00	174,199,661.75
Series B-1936	397,416,116.09	79,174,192.84	318,241,923.25
Series C-1937	495,101,129.75	80,668,705.50	414,432,424.25
Series C-1935	557,667,249.75	57,355,707.75	500,311,542.00
Series D-1939	867,225,467.25	38,743,883.00	828,481,584.25
Series D-1940	603,191,106.25	6,218,062.50	596,973,043.75
Unclassified sales	75,572,541.61		75,572,541.61
3% adjusted service bonds of 1945	1,837,010,500.00	1,575,980,681.50	261,029,818.50
4 1/2% adjusted service bonds (Government life insurance fund series 1946):	500,157,956.40		500,157,956.40
Total bonds			26,554,797,450.00
Treasury notes:			
1 1/4% series C-1940	737,161,600.00	\$737,161,600.00	
1 1/4% series A-1941	676,707,600.00		676,707,600.00
1 1/4% series B-1941	503,877,500.00		503,877,500.00
1 1/4% series C-1941	204,425,400.00		204,425,400.00
1 1/4% series A-1942	426,349,500.00		426,349,500.00
2% series B-1942	342,143,300.00		342,143,300.00
1 1/4% series C-1942	232,375,200.00		232,375,200.00
1 1/4% series A-1943	629,115,900.00	1,000.00	629,115,900.00
1 1/4% series B-1943	420,973,000.00	500.00	420,972,500.00
1% series C-1943	277,711,000.00		277,711,000.00
3/4% series A-1944	415,519,500.00		415,519,500.00
1% series B-1944	515,210,900.00		515,210,900.00
1% series C-1944	283,006,000.00		283,006,000.00
3/4% series A-1945	718,024,200.00		718,024,200.00
Footnotes at end of table.			6,382,600,100.00

26,554,797,450.00

2,908,212,720.86

761,137,774.90

30,420,479,205.76

TABLE 29.—Public debt outstanding June 30, 1940, by issues—Continued

Detail	Amount issued	Amount retired		Amount outstanding	
<b>INTEREST-BEARING DEBT—Continued</b>					
<b>Treasury notes—Continued</b>					
Federal old-age and survivors insurance trust fund notes:					
3% old-age reserve account series 1941 to 1944	\$1,435,200,000.00	\$22,000,000.00	\$1,413,200,000.00		
2½% Federal old-age and survivors insurance trust fund series 1944 and 1945	324,900,000.00		324,900,000.00	\$1,738,100,000.00	
3% railroad retirement account series 1942 to 1945	104,400,000.00	25,000,000.00		79,400,000.00	
Civil service retirement fund:					
4% series 1941 to 1945	550,000,000.00			550,000,000.00	
6% series 1944	200,000.00			200,000.00	
4% foreign service retirement fund series 1941 to 1945	3,926,000.00			3,926,000.00	
4% Canal Zone retirement fund series 1941 to 1945	4,207,000.00	23,000.00		4,284,000.00	
4% Alaska Railroad retirement fund series 1941 to 1945	767,000.00			767,000.00	
2% Postal Savings System series maturing June 30, 1942 to 1944	161,000,000.00	64,500,000.00		96,500,000.00	
2% Government life insurance fund series 1943 and 1944	67,159,000.00	42,970,000.00		24,259,000.00	
2% Federal Deposit Insurance Corporation series maturing Dec. 1, 1943 and 1944	76,000,000.00	20,000,000.00		56,000,000.00	
Certificates of indebtedness, special:					\$8,936,036,100.00
4% adjusted service certificate fund series 1941	15,300,000.00	4,000,000.00		11,300,000.00	
2½% unemployment trust fund series 1941	1,710,000,000.00			1,710,000,000.00	
<b>Treasury bills (maturity value), series maturing—</b>					
July 3, 1940	100,525,000.00			100,525,000.00	
July 10, 1940	100,685,000.00			100,685,000.00	
July 17, 1940	100,246,000.00			100,246,000.00	
July 24, 1940	100,043,000.00			100,043,000.00	
July 31, 1940	100,051,000.00			100,051,000.00	
Aug. 7, 1940	100,011,000.00			100,011,000.00	
Aug. 14, 1940	100,028,000.00			100,028,000.00	
Aug. 21, 1940	100,105,000.00			100,105,000.00	
Aug. 28, 1940	100,202,000.00			100,202,000.00	
Sept. 4, 1940	100,008,000.00			100,008,000.00	
Sept. 11, 1940	100,004,000.00			100,004,000.00	
Sept. 18, 1940	100,117,000.00			100,117,000.00	
Sept. 25, 1940	100,169,000.00			100,169,000.00	
Total interest-bearing debt outstanding					1,302,194,000.00
<b>MATURED DEBT ON WHICH INTEREST HAS CEASED (PAYABLE ON PRESENTATION)</b>					
Old debt matured, issued prior to April 1, 1917 <sup>2</sup>				3,880,700.26	
2½% postal savings bonds				34,140.00	
3½%, 4%, and 4½% First Liberty loan of 1932-47				11,082,900.00	
4% and 4½% Second Liberty loan of 1927-42				1,172,700.00	
4½% Third Liberty loan of 1928				1,886,300.00	
4½% Fourth Liberty loan of 1933-38				14,804,350.00	
3½% and 4½% Victory notes of 1922-23				579,150.00	
3½% Treasury bonds of 1940-43				45,180,350.00	
Treasury notes, at various interest rates				38,885,300.00	
					42,380,009,305.76

Certificates of indebtedness, at various interest rates.....				3,910,600.00	
Treasury bills.....				82,966,000.00	
Treasury savings certificates.....				208,250.00	
Total outstanding matured debt on which interest has ceased.....					204,590,740.26
<b>DEBT BEARING NO INTEREST (PAYABLE ON PRESENTATION)</b>					
Obligations required to be reissued when redeemed:					
United States notes.....			346,681,016.00		
Less gold reserve.....			156,039,430.93		
Obligations that will be retired on presentation:				190,641,585.07	
Old demand notes.....				53,012.50	
National bank notes and Federal Reserve Bank notes assumed by the					
United States on deposit of lawful money for their retirement.....				189,999,123.50	
Fractional currency.....				1,976,328.33	
Thrift and Treasury savings stamps, unclassified sales, etc.....				3,773,860.50	
Total outstanding debt bearing no interest.....					386,443,909.90
Total gross debt <sup>1</sup> .....					42,971,043,955.92

<sup>1</sup> Amounts issued and retired include accrued discount; amounts outstanding are stated at current redemption values.

<sup>2</sup> For detailed information and amounts outstanding June 30, 1929, see table 24 in annual report for 1929, p. 456. For amounts retired subsequent to 1929, see table 38, p. 758, of this report and corresponding tables in reports for 1930 to 1939.

<sup>3</sup> The total gross debt June 30, 1940, on the basis of the daily Treasury statement was \$42,967,531,037.68, and the net amount of public debt redemptions and receipts in transit, etc., was \$3,512,918.24.

MEMORANDUM RELATING TO OTHER OBLIGATIONS					
Obligations of the United States payable on presentation:					
Matured interest obligations outstanding.....				\$66,856,506.14	
Discount accrued on Treasury (war) savings certificates, matured series.....				3,393,850.00	
Settlement warrant checks outstanding.....				1,249,864.23	
Disbursing officers' checks outstanding.....				223,767,198.78	
Contingent liabilities: <sup>1</sup>					\$295,267,409.15
Obligations of governmental agencies guaranteed by the United States:					
Matured (principal and interest) for which cash has been deposited with Treasurer of the United States.....			34,520,033.96		
Unmatured (principal).....			5,497,556,555.28		5,532,076,589.24
On credit of the United States:					
Tennessee Valley Authority.....				8,300,000.00	
Depositors' funds, Postal Savings System.....				1,338,503,522.68	
Federal Reserve notes (face amount).....					1,346,803,522.68
					5,188,054,343.86
MEMORANDUM RELATING TO GENERAL FUND BALANCE					
Balance held by the Treasurer of the United States as per daily Treasury statement for June 29, 1940.....			1,890,743,141.34		
Less: Excess of disbursements over receipts applicable to period ended June 30, included in mail reports received subsequently thereto.....			6,429,277.81		
Balance held by Treasurer of the United States on June 30, 1940.....					1,884,313,863.53

<sup>1</sup> Details on p. 775.

TABLE 30.—Description of the public debt issues outstanding June 30, 1940

[On basis of daily Treasury statements (revised), see p. 583]

Title and authorizing act	Date of loan	When redeemable or payable	Rate of interest <sup>1</sup>	Interest payment date	Average price received	Amount authorized	Amount issued	Amount outstanding
<b>INTEREST-BEARING DEBT</b>								
<b>PANAMA CANAL LOAN <sup>6</sup></b>								
Acts of Aug. 5, 1909 (36 Stat. 117); Feb. 4, 1910 (36 Stat. 192); and Mar. 2, 1911 (36 Stat. 1013).	June 1, 1911.....	On June 1, 1961.....	Percent 3	Mar., June, Sept., and Dec. 1.	\$102.582.....	\$290,569,000.00.....	\$50,000,000.00	\$49,800,000.00
<b>POSTAL SAVINGS BONDS <sup>6</sup></b>								
Act of June 25, 1910 (36 Stat. 817).	Jan. 1, July 1, 1920-1935.	On and after one year; 20 years from issue.	2½	Jan. and July 1.....	Par.....	Indefinite.....	117,589,580.00	117,586,760.00
<b>CONVERSION BONDS <sup>6</sup></b>								
Act of Dec. 23, 1913 (38 Stat. 269).	Jan. 1, 1916.....	30 years from issue.....	3	Jan., Apr., July, and Oct. 1.	Exchange at par.....		15,761,000.00	15,761,000.00
Do.....	Jan. 1, 1917.....	do.....	3	do.....	do.....		13,133,500.00	13,133,500.00
<b>TREASURY BONDS <sup>7</sup></b>								
Act of Sept. 24, 1917 (40 Stat. 288), as amended: 4¼% bonds of 1947-52.	Oct. 16, 1922.....	On and after Oct. 15, 1947; on Oct. 15, 1952.	4¼	Apr. and Oct. 15..	{ Par..... { Exchange at par.	{ 511,864,000.00 { 252,098,300.00	} 758,945,800.00	
4% bonds of 1944-54..	Dec. 15, 1924.....	On and after Dec. 15, 1944; on Dec. 15, 1954.	4	June and Dec. 15..	{ Par..... { Exchange at par.	{ 224,513,500.00 { 532,420,300.00		
3¾% bonds of 1946-56.	Mar. 15, 1926.....	On and after Mar. 15, 1946; on Mar. 15, 1956.	3¾	Mar. and Sept. 15.	{ \$100.50..... { \$100.50.....	{ 290,154,700.00 { 494,898,100.00	} 1,036,692,400.00	489,080,100.00
3¾% bonds of 1943-47.	June 15, 1927.....	On and after June 15, 1943; on June 15, 1947.	3¾	June and Dec. 15..	{ \$100.50..... { Exchange at par.	{ 249,598,300.00 { 245,256,450.00		
3¾% bonds of 1941-43.	Mar. 16, 1931.....	On and after Mar. 15, 1941; on Mar. 15, 1943.	3¾	Mar. and Sept. 15.	do.....	594,230,050.00	544,870,050.00	
3¾% bonds of 1946-49.	June 15, 1931.....	On and after June 15, 1946; on June 15, 1949.	3¾	June and Dec. 15..	Par.....	821,406,000.00	818,627,000.00	
3% bonds of 1951-55..	Sept. 15, 1931.....	On and after Sept. 15, 1951; on Sept. 15, 1955.	3	Mar. and Sept. 15.	do.....	800,424,000.00	755,432,000.00	



3¼% bonds of 1941	Aug. 15, 1933	On Aug. 1, 1941	3¼	Feb. and Aug. 1	{ do Exchange at par.	603,985,600.00	834,453,200.00
3¼% bonds of 1943-45.2	Oct. 15, 1933	On and after Oct. 15, 1943; on Oct. 15, 1945.	3¼	Apr. and Oct. 15	{ \$101.50 Exchange at par.	231,057,500.00	
3¼% bonds of 1944-46.	Apr. 16, 1934	On and after Apr. 15, 1944; on Apr. 15, 1946.	3¼	do	{ do Par.	500,421,950.00	
3% bonds of 1946-48	June 15, 1934	On and after June 15, 1946; on June 15, 1948.	3	June and Dec. 15	{ Par. Exchange at par. \$103.125 \$103.5625 Par.	900,716,550.00	
3½% bonds of 1949-52.	Dec. 15, 1934	On and after Dec. 15, 1949; on Dec. 15, 1952.	3½	do	{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	1,518,858,800.00	1,035,873,400.00
2½% bonds of 1955-60.	Mar. 15, 1935	On and after Mar. 15, 1955; on Mar. 15, 1960.	2½	Mar. and Sept. 15	{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	507,477,950.00	
2¾% bonds of 1945-47	Sept. 16, 1935	On and after Sept. 15, 1945; on Sept. 15, 1947.	2¾	do	{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	817,030,100.00	
2¾% bonds of 1948-51	Mar. 16, 1936	On and after Mar. 15, 1948; on Mar. 15, 1951.	2¾	do	{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	98,708,000.00	
2¾% bonds of 1951-54	June 15, 1936	On and after June 15, 1951; on June 15, 1954.	2¾	June and Dec. 15	{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	112,669,000.00	491,375,100.00
2¾% bonds of 1956-59	Sept. 15, 1936	On and after Sept. 15, 1956; on Sept. 15, 1959.	2¾	Mar. and Sept. 15	{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	491,377,100.00	
2½% bonds of 1949-53.	Dec. 15, 1936	On and after Dec. 15, 1949; on Dec. 15, 1953.	2½	June and Dec. 15	{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	2,304,429,200.00	
2½% bonds of 1945	Dec. 15, 1937	On Dec. 15, 1945	2½	do	{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	101,971,000.00	
2½% bonds of 1948	Mar. 15, 1938	On Sept. 15, 1948	2½	Mar. and Sept. 15	{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	106,541,000.00	2,611,092,650.00
2¾% bonds of 1958-63.	June 15, 1938	On and after June 15, 1958; on June 15, 1963.	2¾	June and Dec. 15	{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	98,215,000.00	
2½% bonds of 1950-52.	Sept. 15, 1938	On and after Sept. 15, 1950; on Sept. 15, 1952.	2½	Mar. and Sept. 15	{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	568,717,800.00	
2¾% bonds of 1960-65.	Dec. 15, 1938	On and after Dec. 15, 1960; on Dec. 15, 1965.	2¾	June and Dec. 15	{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	645,736,100.00	
2% bonds of 1947	do	On Dec. 15, 1947	2	do	{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	727,033,950.00	1,214,428,950.00
2% bonds of 1948-50	Dec. 8, 1939	On and after Dec. 15, 1948; on Dec. 15, 1950.	2	do	{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	496,462,900.00	
2¼% bonds of 1951-53.	Dec. 22, 1939	On and after Dec. 15, 1951; on Dec. 15, 1953.	2¼	do	{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	1,290,756,650.00	
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	335,931,500.00	
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	981,848,050.00	981,823,550.00
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	1,006,641,950.00	
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	779,862,100.00	
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	293,513,250.00	
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	247,330,300.00	540,843,550.00
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	450,978,400.00	
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	571,736,200.00	
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	347,044,400.00	
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	461,690,100.00	1,185,841,700.00
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	404,707,100.00	
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	319,444,500.00	
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	402,892,800.00	
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	188,196,700.00	1,485,384,600.00
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	894,295,600.00	
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	701,074,900.00	
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	571,431,150.00	
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	1,018,051,100.00	1,118,051,100.00
					{ Par. Exchange at par. and \$100.50 \$101.59375 \$101.56250 \$100.78125 Exchange at par. do do Exchange at par. Par.	100,000,000.00	

Bonds, certificates of indebtedness, Treasury bills and notes not to exceed in the aggregate \$45,000,000,000 outstanding at any one time.

Footnotes at end of table.

TABLE 30.—Description of the public debt issues outstanding June 30, 1940—Continued

Title and authorizing act	Date of loan	When redeemable or payable	Rate of interest <sup>1</sup>	Interest payment date	Average price received	Amount authorized	Amount issued	Amount outstanding
<b>INTEREST-BEARING DEBT—Continued</b>								
<b>UNITED STATES SAVINGS BONDS<sup>2</sup></b>								
Act of Sept. 24, 1917 (40 Stat. 288), as amended:			Percent					
Series A-1935.....	Various dates from Mar. 1, 1935.	After sixty days from issue date; ten years from issue date.	<sup>3</sup> 2.9	Sold at a discount; payable at par on maturity.	\$75.00.....		\$223,575,619.75	\$174,199,661.75
Series B-1936.....	Various dates from Jan. 1, 1936.	.....do.....	<sup>3</sup> 2.9	.....do.....	\$75.00.....		397,416,116.09	318,241,923.25
Series C-1937.....	Various dates from Jan. 1, 1937.	.....do.....	<sup>3</sup> 2.9	.....do.....	\$75.00.....		495,101,129.75	414,432,424.25
Series C-1938.....	Various dates from Jan. 1, 1938.	.....do.....	<sup>3</sup> 2.9	.....do.....	\$75.00.....		557,667,249.75	500,311,542.00
Series D-1939.....	Various dates from Jan. 1, 1939.	.....do.....	<sup>3</sup> 2.9	.....do.....	\$75.00.....		867,225,467.25	828,481,584.25
Series D-1940.....	Various dates from Jan. 1, 1940.	.....do.....	<sup>3</sup> 2.9	.....do.....	\$75.00.....		603,191,106.25	596,973,043.75
Unclassified sales.....	Various.....	.....do.....	<sup>3</sup> 2.9	.....do.....	\$75.00.....		75,572,541.61	75,572,541.61
<b>ADJUSTED SERVICE BONDS<sup>3</sup></b>								
Act of Sept. 24, 1917 (40 Stat. 288), as amended, and Adjusted Compensation Payment Act, 1936:								
3% bonds of 1945.....	June 15, 1936.....	On demand at option of holder; on June 15, 1945.	3	With principal (1) to date of maturity, or (2) to date of prior redemption on and after June 15, 1937.	Par.....		1,837,010,500.00	261,029,818.50
4½% bonds (Government life insurance fund series 1946).	.....do.....	On demand; on and after June 15, 1946.	4½	June 15.....	.....do.....		500,157,956.40	500,157,956.40
<b>TREASURY NOTES<sup>4</sup></b>								
Act of Sept. 24, 1917 (40 Stat. 288), as amended:								
Series C-1940.....	Dec. 16, 1935.....	On Dec. 15, 1940.....	1½	June and Dec. 15.....	.....do.....	Bonds, certificates	737,161,600.00	737,161,600.00

Series A-1941.....	Mar. 16, 1936.....	On Mar. 15, 1941.....	1½	Mar. and Sept. 15	do.....	of indebted-	628,625,600.00		
					Exchange at par	ness, Treasury	48,082,000.00		676,707,600.00
Series B-1941.....	June 15, 1936.....	On June 15, 1941.....	1½	June and Dec. 15..	Par.....	493,664,500.00			503,877,500.00
					Exchange at par	10,213,000.00			
Series C-1941.....	Dec. 15, 1936.....	On Dec. 15, 1941.....	1¼	do.....	Par.....	93,960,200.00			204,425,400.00
					Exchange at par	110,465,200.00			
Series A-1942.....	June 15, 1937.....	On Mar. 15, 1942.....	1¼	Mar. and Sept. 15	Par.....	426,349,500.00			426,349,500.00
Series B-1942.....	Sept. 15, 1937.....	On Sept. 15, 1942.....	2	do.....	Exchange at par	342,143,300.00			342,143,300.00
Series C-1942.....	Dec. 15, 1937.....	On Dec. 15, 1942.....	1¾	June and Dec. 15..	Par.....	219,035,700.00			232,375,200.00
					Exchange at par	13,339,500.00			
Series A-1943.....	June 15, 1938.....	On June 15, 1943.....	1½	do.....	Par.....	378,233,900.00			629,115,960.00
					Exchange at par	250,883,000.00			
Series B-1943.....	Dec. 15, 1938.....	On Dec. 15, 1943.....	1½	do.....	Par.....	328,577,200.00			420,972,500.00
					Exchange at par	39,282,600.00			
Series C-1943.....	June 15, 1940.....	On Sept. 15, 1943.....	1	Mar. and Sept. 15	Exchange at \$101	53,113,200.00			277,711,000.00
Series A-1944.....	June 15, 1939.....	On June 15, 1944.....	¾	June and Dec. 15..	do.....	277,711,000.00			415,519,500.00
Series B-1944.....	Nov. 1, 1939.....	On Mar. 15, 1944.....	1	Mar. and Sept. 15.	do.....	415,519,500.00			515,210,900.00
Series C-1944.....	Dec. 22, 1939.....	On Sept. 15, 1944.....	1	do.....	do.....	515,210,900.00			515,210,900.00
Series A-1945.....	Mar. 15, 1940.....	On Mar. 15, 1945.....	¾	do.....	do.....	283,006,000.00			283,006,000.00
Federal old-age and survivors insurance trust fund:						718,024,200.00			718,024,200.00
Old-age reserve account:									
Series 1941.....	Various dates from Jan. 1, 1937.....	After one year from date of issue; on June 30, 1941.	3	June 30.....	Par.....	264,900,000.00			264,900,000.00
Series 1942.....	Various dates from June 30, 1937.....	After one year from date of issue; on June 30, 1942.	3	do.....	do.....	382,000,000.00			382,000,000.00
Series 1943.....	Various dates from June 30, 1938.....	After one year from date of issue; on June 30, 1943.	3	do.....	do.....	497,400,000.00			497,400,000.00
Series 1944.....	Various dates from June 30, 1939.....	After one year from date of issue; on June 30, 1944.	3	do.....	do.....	290,900,000.00			268,900,000.00
Federal old-age and survivors insurance trust fund:									
Series 1944.....	Various dates from Mar. 15, 1940.....	After one year from date of issue; on June 30, 1944.	2½	do.....	do.....	283,000,000.00			283,000,000.00
Series 1945.....	June 30, 1940.....	After one year from date of issue; on June 30, 1945.	2½	do.....	do.....	41,900,000.00			41,900,000.00
Railroad retirement account:									
Series 1942.....	Various dates from Aug. 6, 1937.....	After one year from date of issue; on June 30, 1942.	3	do.....	do.....	80,000,000.00			55,000,000.00
Series 1943.....	Various dates from June 30, 1938.....	After one year from date of issue; on June 30, 1943.	3	do.....	do.....	12,200,000.00			12,200,000.00
Series 1944.....	Various dates from July 14, 1939.....	After one year from date of issue; on June 30, 1944.	3	do.....	do.....	10,000,000.00			10,000,000.00
Series 1945.....	June 30, 1940.....	After one year from date of issue; on June 30, 1945.	3	do.....	do.....	2,200,000.00			2,200,000.00

Footnotes at end of table.

TABLE 30.—Description of the public debt issues outstanding June 30, 1940—Continued

Title and authorizing act	Date of loan	When redeemable or payable	Rate of interest	Interest payment date	Average price received	Amount authorized	Amount issued	Amount outstanding
<b>INTEREST-BEARING DEBT—Continued</b>								
<b>TREASURY NOTES—con.</b>								
Civil service retirement fund:			Percent					
Series 1941.....	Various dates from June 30, 1936.	After one year from date of issue; on June 30, 1941.	4	Mar. and Sept. 15.	Exchange at par		\$97,900,000.00	\$97,900,000.00
Series 1942.....	Various dates from June 30, 1937.	After one year from date of issue; on June 30, 1942.	4	do.	do.		122,300,000.00	122,300,000.00
Series 1943.....	Various dates from June 30, 1938.	After one year from date of issue; on June 30, 1943.	4	do.	do.		145,400,000.00	145,400,000.00
Series 1944.....	Various dates from June 30, 1939.	After one year from date of issue; on June 30, 1944.	4	do.	do.		125,400,000.00	125,400,000.00
Series 1945.....	June 30, 1940.	After one year from date of issue; on June 30, 1945.	4	do.	do.		59,000,000.00	59,000,000.00
Series 1944.....	June 15, 1940.	After one year from date of issue; on June 30, 1944.	3	do.	do.		200,000.00	200,000.00
Foreign service retirement fund:								
Series 1941.....	Various dates from June 30, 1936.	After one year from date of issue; on June 30, 1941.	4	do.	do.		659,000.00	659,000.00
Series 1942.....	Various dates from June 30, 1937.	After one year from date of issue; on June 30, 1942.	4	do.	do.		885,000.00	885,000.00
Series 1943.....	Various dates from June 30, 1938.	After one year from date of issue; on June 30, 1943.	4	do.	do.		738,000.00	738,000.00
Series 1944.....	Various dates from June 30, 1939.	After one year from date of issue; on June 30, 1944.	4	do.	do.		872,000.00	872,000.00
Series 1945.....	June 30, 1940.	After one year from date of issue; on June 30, 1945.	4	do.	do.		772,000.00	772,000.00
Canal Zone retirement fund:								
Series 1941.....	Various dates from June 30, 1936.	After one year from date of issue; on June 30, 1941.	4	do.	do.		2,317,000.00	2,294,000.00
Series 1942.....	Various dates from June 30, 1937.	After one year from date of issue; on June 30, 1942.	4	do.	do.		603,000.00	603,000.00
Series 1943.....	Various dates from June 30, 1938.	After one year from date of issue; on June 30, 1943.	4	do.	do.		599,000.00	599,000.00
Series 1944.....	Various dates from June 30, 1939.	After one year from date of issue; on June 30, 1944.	4	do.	do.		624,000.00	624,000.00
Series 1945.....	June 30, 1940.	After one year from date of issue; on June 30, 1945.	4	do.	do.		164,000.00	164,000.00
Alaska Railroad retirement fund:						Bonds, certificates of indebtedness, Treasury bills and notes not to exceed in the		
Series 1941.....	Various dates from Feb. 1, 1937.	After one year from date of issue; on June 30, 1941.	4	do.	do.		52,000.00	52,000.00

Series 1942.....	Various dates from July 1, 1937.	After one year from date of issue; on June 30, 1942.	4	.....do.....do.....	aggregate \$45,000,000,000 outstanding at any one time.	265,000.00	265,000.00
Series 1943.....	Various dates from June 30, 1938.	After one year from date of issue; on June 30, 1943.	4	.....do.....do.....		225,000.00	225,000.00
Series 1944.....	Various dates from June 30, 1939.	After one year from date of issue; on June 30, 1944.	4	.....do.....do.....		196,000.00	196,000.00
Series 1945.....	June 30, 1940.....	After one year from date of issue; on June 30, 1945.	4	.....do.....do.....		29,000.00	29,000.00
<b>Postal Savings System:</b>							
Series 1942.....	Various dates from Jan. 8, 1938.	After one year from date of issue; on June 30, 1942.	2	June 30, Dec. 31.....do.....		25,000,000.00	500,000.00
Series 1943.....	Various dates from Aug. 6, 1938.	After one year from date of issue; on June 30, 1943.	2	.....do.....do.....		96,000,000.00	56,000,000.00
Series 1944.....	Various dates from July 11, 1939.	After one year from date of issue; on June 30, 1944.	2	.....do.....do.....		40,000,000.00	40,000,000.00
<b>Federal Deposit Insurance Corporation:</b>							
Series 1943.....	Various dates from Jan. 26, 1939.	After one year from date of issue; on Dec. 1, 1943.	2	June and Dec. 1.....do.....		30,000,000.00	10,000,000.00
Series 1944.....	Dec. 1, 1939.....	After one year from date of issue; on Dec. 1, 1944.	2	.....do.....do.....		46,000,000.00	46,000,000.00
<b>Government life insurance fund:</b>							
Series 1943.....	Various dates from July 11, 1938.	After one year from date of issue; on June 30, 1943.	2	June 30.....do.....		42,600,000.00	200,000.00
Series 1944.....	Various dates from June 30, 1939.	After one year from date of issue; on June 30, 1944.	2	.....do.....do.....		24,559,000.00	24,059,000.00
<b>CERTIFICATES OF INDEBTEDNESS<sup>10</sup></b>							
<b>Act of Sept. 24, 1917 (40 Stat. 288), as amended, special:</b>							
Adjusted service certificate fund series 1941.....	Jan. 1, 1940.....	On demand; on Jan. 1, 1941.	4	Jan. 1.....do.....		15,300,000.00	11,300,000.00
Unemployment trust fund series 1941.	June 30, 1940.....	On demand; on June 30, 1941.	2½	June 30, Dec. 31.....do.....		1,710,000,000.00	1,710,000,000.00

Footnotes at end of table.

TABLE 30.—Description of the public debt issues outstanding June 30, 1940—Continued

Title and authorizing act	Date of loan	When redeemable or payable	Rate of interest <sup>1</sup>	Interest payment date	Average price received	Amount authorized	Amount issued	Amount outstanding
<b>INTEREST BEARING DEBT—Continued</b>								
TREASURY BILLS <sup>10</sup>								
Act of Sept. 24, 1917 (40 Stat. 288), as amended, series maturing—								
July 3, 1940.....	Apr. 3, 1940.....	On July 3, 1940.....	0.0004	Sold at a discount payable at par on maturity.	\$99.999	Bonds, certificates of indebtedness, Treasury bills and notes not to exceed in the aggregate \$45,000,000,000 outstanding at any one time.	\$100,525,000.00	\$100,525,000.00
July 10, 1940.....	Apr. 10, 1940.....	On July 10, 1940.....	.0003		\$99.999		100,685,000.00	100,685,000.00
July 17, 1940.....	Apr. 17, 1940.....	On July 17, 1940.....	.001		\$99.999		100,246,000.00	100,246,000.00
July 24, 1940.....	Apr. 24, 1940.....	On July 24, 1940.....	.004		\$99.999		100,043,000.00	100,043,000.00
July 31, 1940.....	May 1, 1940.....	On July 31, 1940.....	.007		\$99.998		100,051,000.00	100,051,000.00
Aug. 7, 1940.....	May 8, 1940.....	On Aug. 7, 1940.....	.008		\$99.998		100,011,000.00	100,011,000.00
Aug. 14, 1940.....	May 15, 1940.....	On Aug. 14, 1940.....	.016		\$99.996		100,028,000.00	100,028,000.00
Aug. 21, 1940.....	May 22, 1940.....	On Aug. 21, 1940.....	.032		\$99.992		100,105,000.00	100,105,000.00
Aug. 28, 1940.....	May 29, 1940.....	On Aug. 28, 1940.....	.067		\$99.983		100,202,000.00	100,202,000.00
Sept. 4, 1940.....	June 5, 1940.....	On Sept. 4, 1940.....	.089		\$99.977		100,008,000.00	100,008,000.00
Sept. 11, 1940.....	June 12, 1940.....	On Sept. 11, 1940.....	.118		\$99.970		100,004,000.00	100,004,000.00
Sept. 18, 1940.....	June 19, 1940.....	On Sept. 18, 1940.....	.095		\$99.976		100,117,000.00	100,117,000.00
Sept. 25, 1940.....	June 26, 1940.....	On Sept. 25, 1940.....	.046		\$99.988		100,169,000.00	100,169,000.00
Total interest-bearing debt.....								42,380,009,305.76
<b>MATURED DEBT ON WHICH INTEREST HAS CEASED</b>								
OLD DEBT <sup>4</sup>								
Matured prior to April 6, 1917.....								1,261,330.26
LOAN OF 1908-18								
Act of June 13, 1898 (30 Stat. 467).....	1898.....	On Aug. 1, 1918.....	3				198,792,660.00	125,120.00
LOAN OF 1925								
Acts of July 14, 1870 (16 Stat. 272), as amended; Jan. 14, 1875 (18 Stat. 296).....	Feb. 1, 1895.....	After Feb. 1, 1925.....	4				162,315,400.00	58,200.00

CONSOLS OF 1930	Apr. 1, 1900.....	2				646,250,150.00	2,260,750.00
Act of Mar. 14, 1900 (31 Stat. 48).							
PANAMA CANAL LOAN							
Acts of June 28, 1902 (32 Stat. 484), and Dec. 21, 1905 (34 Stat. 5).	{Aug. 1, 1906..... [Nov. 1, 1908.....	2 2				54,631,980.00 30,000,000.00	90,240.00 85,060.00
POSTAL SAVINGS BONDS							
Act of June 25, 1910 (36 Stat. 817).	Jan. 1, July 1, 1911-20.	2½				11,539,360.00	34,140.00
FIRST LIBERTY LOAN							
First 3½'s, act of Apr. 24, 1917 (40 Stat. 35).	June 15, 1917.....	3½				1,989,455,550.00	8,183,350.00
First 4's, acts of Apr. 24, 1917 (40 Stat. 35), Sept. 24, 1917 (40 Stat. 292), as amended.	Nov. 15, 1917.....	4				568,318,450.00	159,200.00
First 4½'s, acts of Apr. 24, 1917 (40 Stat. 35), Sept. 24, 1917 (40 Stat. 292), as amended.	May 9, 1918.....	4½				555,212,300.00	2,731,400.00
First 4's, act of Sept. 24, 1917 (40 Stat. 288), as amended.	Oct. 24, 1918.....	4½				3,492,150.00	8,950.00
SECOND LIBERTY LOAN							
Second 4's, act of Sept. 24, 1917 (40 Stat. 288).	Nov. 15, 1917.....	4				3,807,865,000.00	480,000.00
Second 4½'s, act of Sept. 24, 1917 (40 Stat. 288), as amended.	May 9, 1918.....	4½				3,707,936,200.00	696,700.00
THIRD LIBERTY LOAN							
Act of Sept. 24, 1917 (40 Stat. 288), as amended.	On Sept. 15, 1923.....	4½				4,175,650,050.00	1,886,300.00

Footnotes at end of table

TABLE 30.—Description of the public debt issues outstanding June 30, 1940—Continued

Title and authorizing act	Date of loan	When redeemable or payable	Rate of interest <sup>1</sup>	Interest payment date	Average price received	Amount authorized	Amount issued	Amount outstanding
<b>MATURED DEBT ON WHICH INTEREST HAS CEASED—Continued</b>								
<b>FOURTH LIBERTY LOAN</b>								
Act of Sept. 24, 1917 (40 Stat. 289), as amended.	Oct. 24, 1918.....	Bonds with final digits 1, 9, and 0 called for redemption Apr. 15, 1934; bonds with final digits 2 and 8 called for redemption Oct. 15, 1934; bonds with final digits 5, 6, and 7 called for redemption Apr. 15, 1935; and bonds with final digits 3 and 4 called for redemption Oct. 15, 1935.	Percent 4½	-----	-----	-----	\$6,964,581,100.00	\$14,804,350.00
<b>VICTORY NOTES</b>								
Act of Sept. 24, 1917 (40 Stat. 288), as amended: Victory notes 3¾'s....	May 20, 1919.....	Called for redemption June 15, 1922.	3¾	-----	-----	-----	-----	900.00
Victory notes 4¾'s....	do.....	Symbols A to F called for redemption Dec. 15, 1922; balance of loan matured May 20, 1923.	4¾	-----	-----	-----	-----	578,250.00
<b>TREASURY BONDS</b>								
Act of Sept. 24, 1917 (40 Stat. 288), as amended: 3¾% bonds of 1940-43...	July 16, 1928.....	Called for redemption June 15, 1940.	3¾	-----	-----	-----	359,042,950.00	45,180,350.00
<b>TREASURY NOTES</b>								
Act of Sept. 24, 1917 (40 Stat. 288), as amended:								
Series A-1924.....	June 15, 1921.....	On June 15, 1924.....	5¾	-----	-----	311,191,600.00	-----	16,200.00
Series A-1925.....	Feb. 1, 1922.....	On Mar. 15, 1925.....	4¾	-----	-----	601,599,500.00	-----	5,000.00
Series A-1926.....	Mar. 15, 1922.....	On Mar. 15, 1926.....	4¾	-----	-----	617,769,700.00	-----	2,800.00
Series B-1925.....	June 15, 1922.....	On Dec. 15, 1925.....	4¾	-----	-----	335,141,300.00	-----	29,900.00
Series B-1926.....	Aug. 1, 1922.....	On Sept. 15, 1926.....	4¾	-----	-----	486,940,100.00	-----	7,300.00
Series C-1925.....	Dec. 15, 1922.....	On June 15, 1925.....	4¾	-----	-----	469,213,200.00	-----	12,500.00
Series A-1927.....	Jan. 15, 1923.....	On Dec. 15, 1927.....	4¾	-----	-----	366,981,500.00	-----	14,700.00
Series B-1927.....	May 15, 1923.....	On Mar. 15, 1927.....	4¾	-----	-----	668,201,400.00	-----	17,400.00
Series A-1930-32.....	Mar. 15, 1927.....	Called Mar. 15, 1931.....	3½	-----	-----	1,360,456,450.00	-----	115,000.00
Series B-1930-32.....	Sept. 15, 1927.....	do.....	3½	-----	-----	619,495,700.00	-----	71,000.00
Series C-1930-32.....	Jan. 16, 1928.....	Called Dec. 15, 1931.....	3½	-----	-----	607,399,650.00	-----	60,450.00



Series 1932	Dec. 15, 1931	On Dec. 15, 1932	3¼			600,446,200.00	84,600.00
Series A-1934	May 2, 1932	On May 2, 1934	3			244,234,600.00	86,500.00
Series A-1935	June 15, 1932	On June 15, 1935	3			416,602,800.00	134,000.00
Series B-1934	Aug. 1, 1932	On Aug. 1, 1934	2½			345,292,600.00	57,000.00
Series A-1936	do	On Aug. 1, 1936	3¼			365,135,000.00	205,300.00
Series A-1937	Sept. 15, 1932	On Sept. 15, 1937	3¼			834,401,500.00	490,900.00
Series B-1937	Oct. 15, 1932	On Apr. 15, 1937	3			508,328,900.00	271,500.00
Series B-1936	Dec. 15, 1932	On Dec. 15, 1936	2¾			360,553,200.00	91,100.00
Series A-1935	Feb. 1, 1933	On Feb. 1, 1935	2½			277,516,600.00	240,900.00
Series C-1936	May 2, 1933	On Apr. 15, 1936	2½			572,419,200.00	198,700.00
Series B-1938	June 15, 1933	On June 15, 1938	2½			623,911,800.00	535,900.00
Series B-1935	Aug. 15, 1933	On Aug. 1, 1935	1½			353,865,000.00	11,209,200.00
Series C-1935	Jan. 29, 1934	On Mar. 15, 1935	2½			528,101,600.00	71,000.00
Series D-1935	Feb. 19, 1934	On Dec. 15, 1935	2½			418,291,900.00	158,900.00
Series C-1937	do	On Feb. 15, 1937	3			428,730,700.00	78,400.00
Series C-1938	Mar. 15, 1934	On Mar. 15, 1938	3			455,175,500.00	384,500.00
Series A-1939	June 15, 1934	On June 15, 1939	2½			1,293,714,200.00	1,809,500.00
Series D-1936	Sept. 15, 1934	On Sept. 15, 1936	1½			514,066,000.00	1,500.00
Series D-1938	do	On Sept. 15, 1938	2½			596,416,100.00	448,800.00
Series E-1936	Dec. 15, 1934	On June 15, 1936	1½			686,616,400.00	82,400.00
Series A-1940	Mar. 15, 1935	On Mar. 15, 1940	1½			1,378,364,200.00	15,078,500.00
Series B-1940	June 15, 1935	On June 15, 1940	1½			738,428,400.00	4,734,600.00
Series B-1939	July 15, 1935	On Dec. 15, 1939	1½			526,233,000.00	655,400.00
Series C-1939	Sept. 16, 1935	On Mar. 15, 1939	1½			941,613,750.00	938,550.00
Series D-1939	June 15, 1937	On Sept. 15, 1939	1½			426,554,600.00	290,700.00
Series E-1938	Sept. 15, 1937	On Dec. 15, 1938	1½			433,460,900.00	206,700.00
CERTIFICATES OF INDEBTEDNESS							
Act of Sept. 24, 1917 (40 Stat. 288) as amended: Certificates of indebtedness.	Various	Various	Various				3,910,600.00
TREASURY BILLS							
Act of Sept. 24, 1917 (40 Stat. 288), as amended: Treasury bills.	do	do	do				82,966,000.00
TREASURY SAVINGS CERTIFICATES							
Issue of Dec. 15, 1921	Dec. 15, 1921	5 years from date of issue	3½-4½			138,288,376.20	36,425.00
Issue of Sept. 30, 1922	Sept. 30, 1922	do	3-4			205,662,045.20	116,475.00
Issue of Dec. 1, 1923	Dec. 1, 1923	do	3½-4½			159,511,791.25	55,350.00
Total matured debt on which interest has ceased							204,590,740.26

Footnotes at end of table.

TABLE 30.—Description of the public debt issues outstanding June 30, 1940—Continued

Detail	Authorized to be outstanding at one time	Issues on deposits including reissues	Authorized to be outstanding at present time	Amount out- standing
<b>NONINTEREST-BEARING DEBT</b>				
<b>OLD DEMAND NOTES</b>				
Acts of July 17, 1861 (12 Stat. 259); Aug. 5, 1861 (12 Stat. 313); Feb. 12, 1862 (12 Stat. 338).....	\$60,000,000.00	\$60,030,000.00		\$53,012.50
<b>FRACTIONAL CURRENCY</b>				
Acts of July 17, 1862 (12 Stat. 592); Mar. 3, 1863 (12 Stat. 711); June 30, 1864 (13 Stat. 220).....	50,000,000.00	368,724,080.00		1,976,328.33
<b>LEGAL TENDER NOTES</b>				
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. 1290).....	450,000,000.00		\$346,681,016.00	346,681,016.00
<b>NATIONAL BANK NOTES (REDEMPTION ACCOUNT)</b>				
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 debts of the United States bearing no interest.	Indefinite			189,999,123.50
Thrift and Treasury savings stamps, unclassified sales, etc.....				3,773,860.50
Total noninterest-bearing debt.....				542,483,340.83
Total debt.....				43,127,083,386.85
Less gold reserve.....				156,039,430.93
Gross debt as shown on statement of the public debt June 30, 1940.....				42,971,043,955.92

<sup>1</sup> Treasury bills are sold on a discount basis on competitive bidding. The average sale price of these series gives an approximate yield on a bank discount basis.

<sup>2</sup> This issue bore interest at the rate of 4¼ percent from Oct. 15, 1933, to Oct. 15, 1934, and thereafter at the rate of 3¼ percent.

<sup>3</sup> Approximate yield if held to maturity.

<sup>4</sup> For detailed information and amounts outstanding June 30, 1929, see table 24 in annual report for 1929, p. 456. For amounts retired subsequent to 1929, see table 38, p. 758 of this report and corresponding tables in reports for 1930 to 1939.

<sup>5</sup> After deducting amounts officially estimated to have been lost or irrevocably destroyed.

## TAX EXEMPTIONS:

<sup>6</sup> 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.)

<sup>7</sup> 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.

<sup>8</sup> 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. 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.

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.

<sup>9</sup> Exempt, both as to principal and interest, from all taxation (except estate or inheritance taxes) 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.

<sup>10</sup> Exempt, both as to principal and interest, from all taxation (except estate or inheritance taxes) 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; and the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest within the meaning referred to herein.

Any gain from the sale or other disposition of Treasury bills shall be exempt from all taxation (except estate or inheritance taxes) 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; and no loss from the sale or other disposition of such Treasury bills shall be allowed as a deduction, or otherwise recognized, for the purposes of any tax now or hereafter imposed by the United States or any of its possessions.

*In hands of foreign holders.*—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.

## RECEIVABILITY IN PAYMENT OF CERTAIN TAXES:

*Federal estate or inheritance taxes.*—Treasury bonds and Treasury notes, bearing interest at a higher rate than 4 per centum per annum, which have been owned by any person continually for at least 6 months prior to the date of his death and which upon such date constitute part of his estate are receivable by the United States at par and accrued interest in payment of Federal estate taxes.

*Federal income and profits taxes.*—Treasury notes, Treasury certificates of indebtedness, and Treasury bills, maturing on tax payment dates, are receivable at par in payment of income and profits taxes payable at the maturity of the notes, certificates, or bills.

TABLE 31.—Principal of the public debt outstanding at the end of each fiscal year from 1853 to 1940<sup>1</sup>

[On basis of daily Treasury statements (revised) see p. 583]

June 30—	Interest-bearing <sup>2</sup>	Matured	Noninterest-bearing <sup>3</sup>	Total gross debt	Gross debt per capita
1853	\$59,642,412	\$162,249		\$59,804,661	\$2.36
1854	42,044,517	199,248		42,243,765	1.62
1855	35,418,001	170,498		35,588,499	1.32
1856	31,805,180	168,901		31,974,081	1.15
1857	28,503,377	197,998		28,701,375	1.01
1858	44,743,256	170,168		44,913,424	1.53
1859	58,333,156	165,225		58,498,381	1.93
1860	64,683,256	160,575		64,843,831	2.06
1861	90,423,292	159,125		90,582,417	2.83
1862	365,356,045	230,520	\$158,591,390	524,177,955	16.03
1863	707,834,255	171,970	411,787,456	1,119,773,681	33.56
1864	1,360,026,914	366,629	455,437,271	1,815,830,814	53.33
1865	2,217,709,407	2,129,425	458,090,180	2,677,929,012	77.07
1866	2,322,116,330	4,435,865	429,211,734	2,755,763,929	77.69
1867	2,238,954,794	1,739,108	409,474,321	2,650,168,223	73.19
1868	2,191,326,130	1,246,334	390,873,992	2,583,446,456	69.87
1869	2,151,495,065	5,112,034	388,503,491	2,545,110,590	67.41
1870	2,035,881,095	3,569,664	397,002,510	2,436,453,269	63.70
1871	1,920,696,750	1,948,902	399,406,489	2,322,052,141	58.19
1872	1,800,794,100	7,926,547	401,270,191	2,209,990,838	54.44
1873	1,696,483,950	51,929,460	402,796,935	2,151,210,345	51.62
1874	1,724,930,750	3,216,340	431,785,640	2,159,932,730	50.47
1875	1,708,676,300	11,425,570	436,174,779	2,156,276,649	49.06
1876	1,696,685,450	3,902,170	430,258,158	2,130,845,778	47.21
1877	1,697,888,500	16,648,610	393,222,793	2,107,759,903	45.47
1878	1,780,735,650	5,594,070	373,088,595	2,159,418,315	45.37
1879	1,887,716,110	37,015,380	374,181,153	2,298,912,643	47.05
1880	1,709,993,100	7,621,205	373,204,567	2,090,908,872	41.69
1881	1,625,567,750	6,723,615	386,994,363	2,019,285,728	39.35
1882	1,449,810,400	16,260,555	300,844,689	1,856,915,644	35.37
1883	1,324,229,150	7,831,165	389,898,603	1,721,958,918	32.07
1884	1,212,563,850	19,655,955	393,087,639	1,625,307,444	29.60
1885	1,182,150,950	4,100,745	392,299,474	1,578,551,169	27.11
1886	1,132,014,100	9,704,195	413,941,255	1,555,659,550	28.10
1887	1,007,692,350	6,114,915	451,678,029	1,465,485,294	24.97
1888	936,522,500	2,495,845	445,613,311	1,384,631,656	23.09
1889	815,853,990	1,911,235	431,705,286	1,249,470,511	20.39
1890	711,313,110	1,815,555	409,267,919	1,122,396,584	17.92
1891	610,529,120	1,614,705	393,662,736	1,005,806,561	15.75
1892	585,029,330	2,785,875	380,403,636	968,218,841	14.88
1893	585,037,100	2,094,060	374,300,666	961,431,766	14.49
1894	635,041,890	1,851,240	380,004,687	1,016,897,817	15.04
1895	716,202,060	1,721,590	378,989,470	1,096,913,120	15.91
1896	847,363,890	1,636,890	373,728,570	1,222,729,350	17.40
1897	847,365,130	1,346,880	378,081,703	1,226,793,713	17.14
1898	847,367,470	1,262,680	384,112,913	1,232,743,063	16.90
1899	1,046,048,750	1,218,300	389,433,654	1,436,700,704	19.33
1900	1,023,478,860	1,176,320	238,761,733	1,263,416,913	16.56
1901	987,141,040	1,415,620	233,015,585	1,221,572,245	15.71
1902	931,070,340	1,280,860	245,680,157	1,178,031,357	14.89
1903	914,541,410	1,205,090	243,659,413	1,159,405,913	14.40
1904	895,157,440	1,970,920	239,130,656	1,136,259,016	13.88
1905	895,158,340	1,370,245	235,828,510	1,132,357,095	13.60
1906	895,159,140	1,128,135	246,235,695	1,142,522,970	13.50
1907	894,834,280	1,086,815	251,257,098	1,147,178,193	13.33
1908	897,503,990	4,130,015	276,056,398	1,177,690,403	13.46
1909	913,317,490	2,883,855	232,114,027	1,148,315,372	12.91
1910	913,317,490	2,124,895	231,497,584	1,146,939,969	12.69
1911	915,353,190	1,879,830	236,751,917	1,153,984,937	12.28
1912	963,776,770	1,760,450	228,301,285	1,193,838,505	12.48
1913	965,706,610	1,659,550	225,681,585	1,193,047,745	12.26
1914	967,953,310	1,552,560	178,729,530	1,182,235,400	12.00
1915	969,759,090	1,507,260	199,997,718	1,191,264,068	11.83
1916	971,562,590	1,473,100	252,109,878	1,225,145,568	11.96
1917	2,712,549,477	14,232,230	248,836,878	2,975,618,585	28.57
1918	11,985,882,436	20,242,550	237,503,733	12,243,628,719	115.65
1919	25,234,496,274	11,109,370	236,428,775	25,482,034,419	240.09
1920	24,061,095,362	6,747,700	230,075,350	24,297,918,412	228.32
1921	23,737,352,080	10,939,620	227,958,908	23,976,250,608	221.09
1922	22,711,035,587	25,250,880	227,792,723	22,964,079,190	208.97
1923	22,007,590,754	98,172,160	243,924,844	22,349,687,758	200.10
1924	20,981,586,430	30,241,250	239,292,747	21,251,120,427	186.86
1925	20,210,906,251	30,242,930	275,122,993	20,516,272,174	177.82
1926	19,383,770,860	13,327,800	246,084,419	19,643,183,079	167.70
1927	18,250,943,966	14,707,235	244,523,065	18,510,174,266	156.04
1928	17,317,695,097	45,331,660	241,263,806	17,604,290,563	146.69

Footnotes at end of table.

TABLE 31.—Principal of the public debt outstanding at the end of each fiscal year from 1853 to 1940<sup>1</sup>—Continued

June 30—	Interest-bearing <sup>2</sup>	Matured	Noninterest-bearing <sup>3</sup>	Total gross debt	Gross debt per capita
1929 .....	\$16,638,941,380	\$50,751,399	\$241,504,969	\$16,931,197,748	\$139.40
1930 .....	15,921,892,350	31,715,370	231,700,579	16,185,308,299	131.49
1931 .....	16,519,588,640	51,822,845	230,073,658	16,801,485,143	135.37
1932 .....	19,161,273,540	60,086,685	265,649,541	19,487,009,766	155.93
1933 .....	22,157,643,120	65,910,825	315,118,219	22,538,672,164	179.21
1934 .....	26,480,487,920	54,266,380	518,331,688	27,053,085,988	213.65
1935 .....	27,645,229,826	230,662,905	825,274,361	28,701,167,092	225.07
1936 .....	32,755,631,770	169,362,895	620,389,957	33,545,384,622	261.20
1937 .....	35,802,586,915	118,529,615	505,974,491	36,427,091,021	281.82
1938 .....	36,578,684,982	141,350,510	447,451,959	37,167,487,451	285.43
1939 .....	39,891,844,494	142,293,290	411,279,534	40,445,417,318	308.34
1940 .....	42,380,009,306	204,590,740	386,443,910	42,971,043,956	326.43

<sup>1</sup> Figures for 1853 to 1885, inclusive, are taken from "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. Later figures are taken from the monthly debt statements and revised figures published in the annual reports of the Secretary of the Treasury.

<sup>2</sup> 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).

<sup>3</sup> 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; and also the 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 was not included in the published debt statements. 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 32.—Comparative statement of the public debt outstanding June 30, 1933 to 1940

[On basis of daily Treasury statements (revised), see p. 583]

Class	June 30, 1933	June 30, 1934	June 30, 1935	June 30, 1936	June 30, 1937	June 30, 1938	June 30, 1939	June 30, 1940
Interest-bearing:								
Public issues:								
Marketable issues:								
Consols of 1930.....	\$599,724,050.00	\$599,724,050.00	\$599,724,050.00					
Panama Canal loan bonds.....	124,701,580.00	124,701,580.00	124,701,580.00	\$49,800,000.00	\$49,800,000.00	\$49,800,000.00	\$49,800,000.00	\$49,800,000.00
Conversion bonds of 1946-47.....	28,894,500.00	28,894,500.00	28,894,500.00	28,894,500.00	28,894,500.00	28,894,500.00	28,894,500.00	28,894,500.00
Postal savings bonds.....	52,697,440.00	78,030,240.00	101,943,340.00	120,881,020.00	119,086,360.00	118,065,420.00	117,776,160.00	117,586,760.00
Liberty loan bonds.....	8,201,307,550.00	6,345,774,300.00	1,334,968,000.00					
Treasury bonds.....	5,215,942,300.00	9,332,732,350.00	12,683,570,300.00	17,167,930,100.00	19,935,749,800.00	21,846,029,950.00	25,218,322,650.00	26,554,797,450.00
Treasury notes.....	4,548,379,200.00	6,653,111,900.00	10,023,251,900.00	11,380,985,050.00	10,617,241,250.00	9,146,922,950.00	7,242,709,700.00	6,382,600,100.00
Certificates of indebtedness.....	2,108,327,500.00	1,517,245,000.00						
Treasury bills.....	954,493,000.00	1,404,035,000.00	2,052,898,000.00	2,353,516,000.00	2,303,094,000.00	1,154,164,000.00	1,307,569,000.00	1,302,194,000.00
Total marketable issues.....	21,834,467,120.00	26,084,248,920.00	26,949,951,670.00	31,102,006,670.00	33,053,865,910.00	32,343,876,820.00	33,965,072,010.00	34,435,872,810.00
Nonmarketable issues:								
United States savings bonds.....			62,036,156.25	316,222,800.00	802,126,199.05	1,240,432,055.15	1,874,023,877.10	2,908,212,720.86
Adjusted service bonds of 1945.....				711,260,300.00	388,574,850.00	318,701,150.00	282,894,650.00	261,029,818.50
Total nonmarketable issues.....			62,036,156.25	1,027,483,100.00	1,190,701,049.05	1,559,133,205.15	2,156,918,527.10	3,169,242,539.36
Total public issues.....	21,834,467,120.00	26,084,248,920.00	27,011,987,826.25	32,129,489,770.00	34,244,566,959.05	33,903,010,025.15	36,121,990,537.10	37,605,115,349.36
Special issues:								
Old-age reserve account (notes).....					267,100,000.00	662,300,000.00	1,177,200,000.00	1,413,200,000.00
Federal old-age and survivors insurance trust fund (notes).....								324,900,000.00
Railroad retirement account (notes).....						66,200,000.00	67,200,000.00	79,400,000.00
Civil service retirement fund (notes).....	226,800,000.00	238,700,000.00	247,700,000.00	274,700,000.00	309,400,000.00	388,900,000.00	465,400,000.00	550,200,000.00
Foreign service retirement fund (notes).....	2,119,000.00	2,437,000.00	2,693,000.00	2,884,000.00	3,111,000.00	3,328,000.00	3,528,000.00	3,926,000.00
Canal Zone retirement fund (notes).....	2,257,000.00	2,302,000.00	2,349,000.00	2,849,000.00	3,304,000.00	3,662,000.00	3,946,000.00	4,284,000.00
Alaska Railroad retirement fund (notes).....					52,000.00	327,000.00	563,000.00	767,000.00
Postal Savings System (notes).....		35,000,000.00	125,000,000.00	100,000,000.00	30,000,000.00	45,000,000.00	128,000,000.00	96,500,000.00
Federal Deposit Insurance Corporation (notes).....			100,000,000.00	100,000,000.00	95,000,000.00	85,000,000.00	101,000,000.00	56,000,000.00

Government life insurance fund (adjusted service bonds)					500,157,956.40	500,157,956.40	500,157,956.40	500,157,956.40
Government life insurance fund (notes)						23,000,000.00	36,359,000.00	24,259,000.00
Adjusted service certificate fund (certificates)	92,000,000.00	117,800,000.00	155,500,000.00	126,800,000.00	37,600,000.00	25,800,000.00	19,500,000.00	11,300,000.00
Unemployment trust fund (certificates)				18,909,000.00	312,295,000.00	872,000,000.00	1,267,000,000.00	1,710,000,000.00
Total special issues	323,176,000.00	396,239,000.00	633,242,000.00	626,142,000.00	1,558,019,956.40	2,675,674,956.40	3,769,853,956.40	4,774,893,956.40
Total interest-bearing debt	22,157,643,120.00	26,480,487,920.00	27,645,229,826.25	32,755,631,770.00	35,802,586,915.45	36,578,684,981.55	39,891,844,493.50	42,380,009,305.76
Noninterest-bearing (public issues):								
Matured debt on which interest has ceased	65,910,825.26	54,266,380.26	230,662,905.26	169,362,895.26	118,529,615.26	141,350,510.26	142,293,290.26	204,590,740.26
United States notes (less gold reserve)	190,641,927.97	190,641,585.07	190,641,585.07	190,641,585.07	190,641,585.07	190,641,585.07	190,641,585.07	190,641,585.07
Deposits for retirement of national bank and Federal Reserve Bank notes	119,102,864.00	322,340,598.00	629,307,198.00	424,440,470.50	310,038,301.50	251,527,461.50	215,365,126.50	189,999,123.50
Other debt bearing no interest	5,373,426.67	5,349,505.15	5,325,577.20	5,307,901.40	5,294,604.04	5,282,912.92	5,272,822.77	5,803,201.33
Total noninterest-bearing (public issues)	381,029,043.90	572,598,068.48	1,055,937,265.53	789,752,852.23	624,504,105.87	588,802,469.75	553,572,824.60	591,034,650.16
Total gross debt	22,538,672,163.90	27,053,085,988.48	28,701,167,091.78	33,545,384,622.23	36,427,091,021.32	37,167,487,451.30	40,445,417,318.10	42,971,043,955.92
Gross debt per capita	179.21	213.65	225.07	261.20	281.82	285.43	308.34	326.43
Computed rate of interest per annum on interest-bearing debt outstanding (percent)	3.350	3.181	2.716	2.559	2.582	2.589	2.600	2.583

TABLE 33.—Composition of the public debt at the end of the fiscal years 1916 to 1939 and by months from July 1939 to June 1940<sup>1</sup>

[In millions of dollars. On basis of daily Treasury statements (revised), see p. 583]

Year and month	Bonds	Notes <sup>2</sup>	Certificates of indebtedness and Treasury bills	Special issues to Government agencies and trust funds	Total interest-bearing debt	Matured debt on which interest has ceased	Debt bearing no interest	Total gross debt
June 30—								
1916	\$967	\$4			\$972	\$1	\$252	\$1,225
1917	2,412	27	\$273		2,713	14	249	2,976
1918	9,911	369	1,706		11,986	20	238	12,244
1919	17,188	4,422	3,625		25,234	11	236	25,482
1920	16,218	5,074	2,769		24,061	7	230	24,298
1921	16,119	4,919	2,699		23,737	11	223	23,976
1922	15,965	4,917	1,829		22,711	25	223	22,964
1923	16,535	4,441	1,031		22,008	98	244	22,350
1924	16,025	4,149	808		20,982	30	239	21,251
1925	16,842	2,740	533	\$95	20,211	30	275	20,516
1926	16,928	1,799	453	204	19,384	13	246	19,643
1927	15,220	1,986	686	359	18,251	15	245	18,510
1928	13,021	2,582	1,252	462	17,318	45	241	17,604
1929	12,125	2,267	1,640	607	16,639	51	242	16,931
1930	12,111	1,626	1,420	764	15,922	32	232	16,185
1931	13,531	452	2,246	291	16,520	52	230	16,801
1932	14,260	1,261	3,341	309	19,161	60	266	19,487
1933	14,223	4,548	3,063	323	22,158	66	315	22,539
1934	16,510	6,653	2,921	396	26,480	54	518	27,053
1935	14,936	10,023	2,053	633	27,645	231	825	28,701
1936	18,395	11,381	2,354	626	32,756	169	620	33,545
1937	21,324	10,617	2,303	1,558	35,803	119	506	36,427
1938	23,602	9,147	1,154		36,579	141	447	37,167
1939	27,572	7,243	1,308	3,770	39,892	142	411	40,445
Month ended—								
1939—July	27,649	7,243	1,309	3,918	40,118	140	408	40,666
August	27,711	7,243	1,307	4,094	40,356	133	406	40,896
September	27,744	7,232	1,306	4,063	40,346	112	404	40,861
October	27,784	7,232	1,405	4,109	40,530	109	401	41,040
November	27,831	7,232	1,454	4,295	40,812	98	400	41,310
December	29,576	6,203	1,455	4,231	41,465	97	398	41,961
1940—January	29,854	6,203	1,307	4,256	41,619	114	395	42,128
February	29,983	6,203	1,308	4,356	41,849	132	394	42,375
March	30,093	6,125	1,309	4,471	42,002	165	392	42,559



April.....	30,194	6,125	1,306	4,496	42,122	150	391	42,663
May.....	30,241	6,125	1,304	4,585	42,255	166	389	42,810
June.....	29,920	6,383	1,302	4,775	42,380	205	386	42,971

<sup>1</sup> For an analysis of the items included in each category in this table, see the Statement of the Public Debt of the United States issued after the close of each month. Details for June 30, 1940, are shown in table 29 on p. 726 of this report, and details for the close of prior fiscal years are shown in similar tables appearing in reports for those years.

<sup>2</sup> Includes Treasury (war) savings securities.

NOTE.—Figures are rounded to nearest million and will not necessarily add to totals. For monthly figures back to June 1916, see annual report for 1936, p. 413, and corresponding tables in subsequent reports.

## Public debt operations

TABLE 34.—Public debt retirements chargeable against ordinary receipts during the fiscal year 1940, and cumulative totals from July 1, 1917, to June 30, 1939 and 1940, by sources and issues

[On basis of daily Treasury statements (revised), see p. 583]

Detail	Face amount retired	Principal amount paid
Purchases and/or redemptions for cumulative sinking fund:		
Cumulative total to June 30, 1939.....	\$5,970,656,550.00	\$5,962,971,793.87
Fiscal year 1940:		
Redemptions:		
3½% Treasury bonds of 1940-43.....	29,967,650.00	29,967,650.00
Treasury notes:		
1½% series B-1939.....	10,366,200.00	10,366,200.00
1½% series D-1939.....	10,744,400.00	10,744,400.00
1½% series A-1940.....	61,543,600.00	61,543,600.00
1½% series B-1940.....	15,669,600.00	15,669,600.00
Total.....	128,291,450.00	128,291,450.00
Cumulative total to June 30, 1940.....	6,098,948,000.00	6,091,263,243.87
Purchases and/or redemptions of bonds, etc., from cash repayments of principal by foreign governments, being repayments of loans under Liberty bond acts (received under ratified or unrati ed debt agreements):		
Cumulative total to June 30, 1939.....	464,169,250.00	454,212,191.91
Fiscal year 1940: Receipts transferred to Fourth Liberty loan principal account and applied as partial reimbursement for the redemption of a \$50 bond from that account.....	7.31	7.31
Cumulative total to June 30, 1940.....	464,169,257.31	454,212,199.22
Purchases and/or redemptions from franchise tax receipts derived from Federal Reserve Banks:		
Cumulative total to June 30, 1939.....	<sup>1</sup> 149,809,170.07	<sup>1</sup> 149,138,300.29
Fiscal year 1940, no retirements.....		
Cumulative total to June 30, 1940.....	149,809,170.07	149,138,300.29
Purchases and/or redemptions from net earnings derived by the United States from Federal intermediate credit banks (franchise tax receipts):		
Cumulative total to June 30, 1939.....	<sup>2</sup> 4,006,419.71	<sup>2</sup> 3,998,178.70
Fiscal year 1940: 1½% Treasury notes, series A-1940.....	685,000.00	685,000.00
Cumulative total to June 30, 1940.....	4,691,419.71	4,683,178.70
Redemption of bonds, etc., received as repayments of principal by foreign governments, under ratified debt agreements:		
Cumulative total to June 30, 1939.....	207,271,500.00	207,271,500.00
Fiscal year 1940, no retirements.....		
Cumulative total to June 30, 1940.....	207,271,500.00	207,271,500.00

Redemption of bonds, etc., received as interest payments on obligations of foreign governments, under ratified debt agreements:		
Cumulative total to June 30, 1939.....	908, 163, 950.00	908, 163, 950.00
Fiscal year 1940, no retirements.....		
Cumulative total to June 30, 1940.....	908, 163, 950.00	908, 163, 950.00
Redemption of bonds, etc., from repayments of principal of loans to States, municipalities, etc., Public Works Administration:		
Cumulative total to June 30, 1939.....	8, 095, 500.00	8, 095, 500.00
Fiscal year 1940: 3½% Treasury bonds of 1940-43.....	134, 450.00	134, 450.00
Cumulative total to June 30, 1940.....	8, 229, 950.00	8, 229, 950.00
Redemption of Liberty bonds issued in the year 1918 from bequest of James Reuel Smith:		
Cumulative total to June 30, 1939.....	112, 800.00	112, 800.00
Fiscal year 1940: Receipts transferred to Fourth Liberty loan principal account and applied as partial reimbursement for the redemption of a \$50 bond from that account.....	42.69	42.69
Cumulative total to June 30, 1940.....	112, 842.69	112, 842.69
Redemption of bonds, etc., received for estate taxes:		
Cumulative total to June 30, 1939.....	66, 277, 900.00	66, 277, 900.00
Fiscal year 1940, no retirements.....		
Cumulative total to June 30, 1940.....	66, 277, 900.00	66, 277, 900.00
Redemption of bonds, etc., received as gifts and forfeitures or from miscellaneous sources:		
Cumulative total to June 30, 1939.....	<sup>3</sup> 11, 165, 865.30	<sup>3</sup> 11, 165, 865.30
Fiscal year 1940, forfeitures:		
Treasury bonds:		
4% of 1944-54.....	500.00	500.00
3% of 1946-48.....	1, 000.00	1, 000.00
2½% of 1955-60.....	1, 000.00	1, 000.00
2¾% of 1956-59.....	500.00	500.00
2½% of 1949-53.....	10, 000.00	10, 000.00
2¾% of 1960-65.....	500.00	500.00
2% of 1947.....	500.00	500.00
Treasury notes:		
1½% series A-1943.....	1, 000.00	1, 000.00
1½% series B-1943.....	500.00	500.00
Total.....	15, 500.00	15, 500.00
Cumulative total June 30, 1940.....	11, 181, 365.30	11, 181, 365.30
Total purchases and redemptions:		
Cumulative total to June 30, 1939.....	<sup>3</sup> 7, 789, 728, 905.08	<sup>3</sup> 7, 771, 407, 980.07
Fiscal year 1940.....	129, 126, 450.00	129, 126, 450.00
Cumulative total to June 30, 1940.....	7, 918, 855, 355.08	7, 900, 534, 430.07

<sup>1</sup> Includes \$1,240,735.59 applied to the gold reserve.<sup>2</sup> Includes \$1,819,669.71 applied to the gold reserve.<sup>3</sup> Amounts exclude \$4,842,066.45 written off the debt December 31, 1920, on account of fractional currency estimated to have been lost or destroyed in circulation.

TABLE 35.—*Summary of transactions in interest-bearing and noninterest-bearing securities, fiscal year 1940*

[On basis of daily Treasury statements (revised), see p. 583]

Class of transactions	Amount
I. Transactions in interest-bearing securities (as affecting the outstanding public debt):	
A. Interest-bearing securities outstanding June 30, 1939.....	\$39,891,844,493.50
B. Interest-bearing securities issued during the fiscal year 1940:	
1. Upon original subscription against cash received.....	13,162,881,731.10
2. Upon exchange, etc., for securities of equal par value retired.....	5,348,491,945.00
3. Upon adjudicated claims for replacement.....	397,250.00
4. Total securities issued.....	18,511,770,926.10
C. Total interest-bearing securities to account for (items A and B-4).....	58,403,615,419.60
D. Interest-bearing securities retired during the fiscal year 1940:	
1. Account of redemption.....	10,538,316,288.84
2. Account of exchange, etc., for securities of equal par value issued.....	5,348,491,945.00
3. Account of loss or destruction (covered by insurance or bonds of indemnity).....	397,250.00
4. Total securities retired.....	15,887,205,483.84
E. Securities outstanding June 30, 1940, which matured during the fiscal year.....	136,400,630.00
F. Total interest-bearing securities outstanding June 30, 1940.....	42,380,009,305.76
G. Total interest-bearing securities accounted for (items D-4, E, and F).....	58,403,615,419.60
II. Transactions in interest-bearing securities and securities which matured prior to July 1, 1939 (as affecting the accountability of the Treasury Department and its agents):	
A. Securities on hand June 30, 1939:	
1. Retired:	
(a) Adjusted service bonds retired account of redemption—in office of Treasurer of the United States.....	4,800.00
(b) Treasury notes retired account of denominational exchange—matured notes in Federal Reserve Bank.....	200,000.00
2. Unissued:	
(a) Securities in Division of Loans and Currency.....	18,917,508,765.00
(b) Securities in Federal Reserve Banks and other Treasury agencies (exclusive of Division of Loans and Currency).....	8,377,159,425.00
3. Total securities on hand June 30, 1939.....	27,294,872,990.00
B. Interest-bearing securities received from Bureau of Engraving and Printing during the fiscal year 1940.....	21,379,590,340.00

## C. Securities received for retirement during the fiscal year 1940:

1. Account of redemption:	
(a) Interest-bearing securities (see item I, D-1, above).....	<sup>2</sup> 10,571,870,401.50
(b) Securities matured prior to July 1, 1939.....	<sup>3</sup> 74,165,173.89
(c) Securities bearing no interest.....	9,245.50
2. Account of exchange, etc., for securities of equal par value issued:	
(a) Interest-bearing securities (see item I, D-2, above).....	5,348,491,945.00
(b) Securities matured prior to July 1, 1939.....	93,800.00
3. Account of loss or destruction (covered by insurance or bonds of indemnity):	
(a) Interest-bearing securities (see item I, D-3, above).....	397,250.00
(b) Securities matured prior to July 1, 1939.....	35,250.00
4. Total securities received for retirement.....	15,995,063,065.89
D. Total securities to account for (items II, A-3, B, and C-4).....	64,669,526,395.89

## E. Securities issued during the fiscal year 1940:

1. Upon original subscription against cash received:	
(a) Interest-bearing securities (see item I, B-1, above).....	<sup>4</sup> 13,517,038,325.00
2. Upon exchange, etc., for securities of equal par value retired:	
(a) Interest-bearing securities (see item I, B-2, above).....	5,348,491,945.00
(b) Securities matured prior to July 1, 1939.....	93,800.00
3. Upon adjudicated claims for replacement:	
(a) Interest-bearing securities (see item I, B-3, above).....	397,250.00
(b) Securities matured prior to July 1, 1939.....	35,250.00
4. Total securities issued.....	18,866,056,570.00

## F. Securities delivered to the Register of the Treasury during the fiscal year 1940:

1. Account of redemption:	
(a) Interest-bearing securities (see item II, C-1 (a), above).....	<sup>5</sup> 10,571,872,870.00
(b) Securities matured prior to July 1, 1939 (see item II, C-1 (b), above).....	74,165,173.89
(c) Securities bearing no interest (see item II, C-1 (c), above).....	9,245.50
2. Account of exchange, etc., for securities of equal par value issued:	
(a) Interest-bearing securities (see item II, C-2 (a), above).....	5,348,486,945.00
(b) Securities matured prior to July 1, 1939 (see item II, C-2 (b), above).....	293,800.00
3. Account of loss or destruction (covered by insurance or bonds of indemnity):	
(a) Interest-bearing securities (see item II, C-3 (a), above).....	397,250.00
(b) Securities matured prior to July 1, 1939 (see item II, C-3 (b), above).....	35,250.00
4. Unissued securities (excess stock):	
(a) By Division of Loans and Currency.....	749,683,800.00
(b) By Federal Reserve Banks and other Treasury agencies (exclusive of the Division of Loans and Currency).....	1,756,267,400.00
5. Total securities delivered to the Register of the Treasury.....	18,501,211,734.39

Footnotes at end of table.

TABLE 35.—Summary of transactions in interest-bearing and noninterest-bearing securities, fiscal year 1940—Continued

Class of transactions	Amount
II. Transactions in interest-bearing securities and securities which matured prior to July 1, 1939 (as affecting the accountability of the Treasury Department and its agents)—Continued.	
G. Securities on hand June 30, 1940:	
1. Retired:	
(a) Adjusted service bonds retired account of redemption—in office of Treasurer of the United States.....	\$2,331.50
(b) Treasury bonds retired account of denominational exchange—in Federal Reserve Bank.....	5,000.00
2. Unissued:	
(a) Securities in Division of Loans and Currency.....	19,308,804,660.00
(b) Securities in Federal Reserve Banks and other Treasury agencies (exclusive of the Division of Loans and Currency).....	7,993,446,100.00
3. Total securities on hand June 30, 1940.....	27,302,258,091.50
H. Total securities accounted for (items E-4, F-5, and G-3).....	64,669,526,395.89

<sup>1</sup> Includes discount accrued on United States savings bonds in amount of \$42,098,812.09, and payments in the amount of \$2,886.87 credited in the Treasurer's account in the fiscal year 1940, for which original registration stubs were received by the Treasury Department in prior fiscal years.

<sup>2</sup> Includes United States savings bonds in the face amount of \$148,042,850, redemption value of which is \$114,488,737.34.

<sup>3</sup> Includes matured Treasury (war) savings securities of which \$61,993.89 was charged to interest and \$14,950 to principal.

<sup>4</sup> Includes United States savings bonds in the face amount of \$1,502,834,175, sale price of which is \$1,127,125,631.25. Includes United States savings bonds issued by Post Office Department in amount of \$2,250, for which original registration stubs have been received by Treasury Department, but for which payments have not been received and credited in the Treasurer's account; also includes United States savings bonds in amount of \$20,547,499.11, which represents excess of amounts transferred from unclassified sales to sales of a designated series, over amounts received as unclassified sales.

<sup>5</sup> Includes United States savings bonds in net amount of \$3,818.25, in excess of receipts reported by Register of the Treasury, due to redemptions disallowed in one fiscal year not being covered by repayments until a subsequent fiscal year.

TABLE 36.—Summary of transactions in interest-bearing securities, by form of issue, fiscal year 1940

[On basis of daily Treasury statement (revised), see p. 583]

Account	Pre-war and postal savings bonds	Treasury bonds	United States savings bonds	Adjusted service bonds	Treasury notes	Treasury bills	Certificates of indebtedness	Total
I. Outstanding June 30, 1939.....	\$196,470,660.00	\$25,218,322,650.00	\$1,874,023,877.10	<sup>1</sup> \$783,052,606.40	\$9,225,905,700.00	\$1,307,569,000.00	\$1,286,500,000.00	\$39,891,844,493.50
II. Issued during 1940:								
A. Upon original subscription against cash received.....		1,689,482,250.00	<sup>2</sup> 1,148,677,581.10	8,356,800.00	2,665,454,100.00	5,371,611,000.00	2,279,300,000.00	13,162,881,731.10
B. Upon exchange, etc., for securities of equal par value retired.....	7,460,420.00	2,291,034,950.00	20,985,475.00	1,900.00	1,972,445,200.00	1,055,564,000.00	1,000,000.00	5,348,491,945.00
C. Upon adjudicated claims for replacement.....	4,200.00	94,100.00	239,700.00	59,250.00	-----	-----	-----	397,250.00
D. Total issued during 1940...	7,464,620.00	3,980,611,300.00	1,169,902,756.10	8,417,950.00	4,637,899,300.00	6,427,175,000.00	2,280,300,000.00	18,511,770,926.10
III. Retired during 1940:								
A. Account of redemption.....	189,320.00	307,827,100.00	114,488,737.34	30,221,631.50	2,934,564,500.00	5,306,525,000.00	1,844,500,000.00	10,538,316,288.84
B. Account of exchange, etc., for securities of equal par value issued.....	7,460,420.00	2,291,034,950.00	20,985,475.00	1,900.00	1,972,445,200.00	1,055,564,000.00	1,000,000.00	5,348,491,945.00
C. Account of loss or destruction (covered by insurance or bonds of indemnity).....	4,200.00	94,100.00	239,700.00	59,250.00	-----	-----	-----	397,250.00
D. Total retired during 1940...	7,653,940.00	2,598,956,150.00	135,713,912.34	30,282,781.50	4,907,009,700.00	6,362,089,000.00	1,845,500,000.00	15,887,205,483.84
IV. Outstanding June 30, 1940.....	196,281,340.00	26,599,977,800.00	<sup>2</sup> 2,908,212,720.86	<sup>1</sup> 761,187,774.90	8,956,795,300.00	1,372,655,000.00	1,721,300,000.00	42,516,409,935.76
Deduct interest-bearing debt which matured during the year.....	80.00	45,180,350.00	-----	-----	20,759,200.00	70,461,000.00	-----	136,400,630.00
V. Outstanding June 30, 1940.....	196,281,260.00	26,554,797,450.00	<sup>2</sup> 2,908,212,720.86	<sup>1</sup> 761,187,774.90	8,936,036,100.00	1,302,194,000.00	1,721,300,000.00	42,380,009,305.76

<sup>1</sup> Includes \$500,157,956.40, of 4¼% adjusted service bonds—Government life insurance fund series 1946.<sup>2</sup> Includes discount accrued on United States savings bonds in the amount of \$42,093,812.09.

TABLE 37.—Changes in interest-bearing debt, by issues, fiscal year 1940

[On basis of daily Treasury statements (revised), see p. 583]

Detail	Outstanding July 1, 1939	Issues during year	Redemptions dur- ing year	Outstanding June 30, 1940	
				Transfers to mated debt	Interest-bearing debt
Pre-war bonds:					
3% Panama Canal loan of 1961.....	\$49,800,000.00				\$49,800,000.00
3% conversion bonds of 1946.....	15,761,000.00				15,761,000.00
3% conversion bonds of 1947.....	13,133,500.00				13,133,500.00
2½% postal savings bonds (seventeenth to forty-ninth series).....	117,776,160.00		\$189,320.00	\$80.00	117,586,760.00
Total pre-war bonds.....	196,470,660.00		189,320.00	80.00	196,281,260.00
Treasury bonds:					
4¼% of 1947-52.....	758,945,800.00				758,945,800.00
4% of 1944-54.....	1,036,692,900.00		500.00		1,036,692,400.00
3½% of 1946-56.....	489,080,100.00				489,080,100.00
3½% of 1943-47.....	454,135,200.00				454,135,200.00
3½% of 1940-43.....	352,993,450.00		307,813,100.00	45,180,350.00	
3½% of 1941-43.....	544,870,050.00				544,870,050.00
3½% of 1946-49.....	818,627,000.00				818,627,000.00
3% of 1951-55.....	755,432,000.00				755,432,000.00
3¼% of 1941.....	834,453,200.00				834,453,200.00
3¼% of 1943-45.....	1,400,528,250.00				1,400,528,250.00
3¼% of 1944-46.....	1,518,737,650.00				1,518,737,650.00
3% of 1946-48.....	1,035,874,400.00		1,000.00		1,035,873,400.00
3½% of 1949-52.....	491,375,100.00				491,375,100.00
2½% of 1955-60.....	2,611,093,650.00		1,000.00		2,611,092,650.00
2½% of 1945-47.....	1,214,428,950.00				1,214,428,950.00
2½% of 1948-51.....	1,223,495,850.00				1,223,495,850.00
2½% of 1951-54.....	1,626,687,150.00				1,626,687,150.00
2½% of 1956-59.....	981,827,050.00		500.00		981,826,550.00
2½% of 1949-53.....	1,786,140,650.00		10,000.00		1,786,130,650.00
2½% of 1945.....	540,843,550.00				540,843,550.00
2½% of 1948.....	450,978,400.00				450,978,400.00
2½% of 1953-63.....	918,780,600.00				918,780,600.00
2½% of 1950-52.....	1,185,841,700.00				1,185,841,700.00
2½% of 1960-65.....	1,485,385,100.00		500.00		1,485,384,600.00
2% of 1947.....	701,074,900.00		500.00		701,074,400.00
2% of 1948-50.....		\$571,431,150.00			571,431,150.00
2¼% of 1951-53.....		1,118,051,100.00			1,118,051,100.00
Total Treasury bonds.....	25,218,322,650.00	1,689,482,250.00	307,827,100.00	45,180,350.00	26,554,797,450.00



United States savings bonds:				
Series A-1935.....	177,329,119.50	4,269,066.25	7,398,524.00	174,199,661.75
Series B-1936.....	325,404,288.50	8,027,368.09	15,189,733.34	318,241,923.25
Series C-1937.....	425,805,175.25	10,754,293.75	22,127,044.75	414,432,424.25
Series C-1938.....	515,331,821.88	13,351,253.62	28,371,533.50	500,311,542.00
Series D-1939.....	333,033,431.25	530,631,992.25	35,183,839.25	828,481,584.25
Series D-1940.....		603,191,106.25	6,218,062.50	596,973,043.75
Unclassified sales.....	97,120,040.72	1 21,547,499.11		75,572,541.61
Total United States savings bonds.....	1,874,023,877.10	1,148,677,581.10	114,488,737.34	2,908,212,720.86
3% adjusted service bonds of 1945.....	282,894,650.00	8,356,800.00	30,221,631.50	261,029,818.50
Treasury notes:				
1½% series B-1939.....	526,232,500.00		525,577,100.00	655,400.00
1½% series D-1939.....	11,035,100.00		10,744,400.00	290,700.00
1½% series A-1940.....	1,378,364,200.00		1,363,285,700.00	15,078,500.00
1½% series B-1940.....	738,428,400.00		733,693,800.00	4,734,600.00
1½% series C-1940.....	737,161,600.00			737,161,600.00
1½% series A-1941.....	676,707,600.00			676,707,600.00
1½% series B-1941.....	503,877,500.00			503,877,500.00
1½% series C-1941.....	204,425,400.00			204,425,400.00
1½% series A-1942.....	426,349,500.00			426,349,500.00
2% series B-1942.....	342,143,300.00			342,143,300.00
1½% series C-1942.....	232,375,200.00			232,375,200.00
1½% series A-1943.....	629,116,900.00		1,000.00	629,115,900.00
1½% series B-1943.....	420,973,000.00		500.00	420,972,500.00
1% series C-1943.....		277,711,000.00		277,711,000.00
¾% series A-1944.....	415,519,500.00			415,519,500.00
1% series B-1944.....		515,210,900.00		515,210,900.00
1% series C-1944.....		283,006,000.00		283,006,000.00
¾% series A-1945.....		718,024,200.00		718,024,200.00
Total Treasury notes.....	7,242,709,700.00	1,793,952,100.00	2,633,302,500.00	20,759,200.00
Treasury bills, series maturing—				
July 5, 1939.....	100,287,000.00		100,217,000.00	70,000.00
July 12, 1939.....	100,167,000.00		99,586,000.00	581,000.00
July 19, 1939.....	100,444,000.00		100,356,000.00	88,000.00
July 26, 1939.....	100,205,000.00		99,140,000.00	1,065,000.00
Aug. 2, 1939.....	100,384,000.00		100,355,000.00	29,000.00
Aug. 9, 1939.....	101,918,000.00		101,667,000.00	251,000.00
Aug. 16, 1939.....	100,341,000.00		100,316,000.00	25,000.00
Aug. 23, 1939.....	101,001,000.00		100,316,000.00	685,000.00
Aug. 30, 1939.....	100,521,000.00		100,511,000.00	10,000.00
Sept. 6, 1939.....	100,912,000.00		100,602,000.00	310,000.00
Sept. 13, 1939.....	100,342,000.00		100,302,000.00	40,000.00
Sept. 20, 1939.....	100,938,000.00		100,642,000.00	296,000.00
Sept. 27, 1939.....	100,109,000.00		100,109,000.00	

Footnote at end of table

TABLE 37.—Changes in interest-bearing debt, by issues, fiscal year 1940—Continued

Detail	Outstanding July 1, 1939	Issues during year	Redemptions dur- ing year	Outstanding June 30, 1940	
				Transfers to mat- ured debt	Interest-bearing debt
Treasury bills, series maturing—Continued.					
Oct. 4, 1939		\$100,563,000.00	\$100,563,000.00		
Oct. 11, 1939		100,392,000.00	100,372,000.00	\$20,000.00	
Oct. 18, 1939		100,861,000.00	100,614,000.00	247,000.00	
Oct. 25, 1939		100,240,000.00	100,240,000.00		
Nov. 1, 1939		101,030,000.00	100,630,000.00	400,000.00	
Nov. 8, 1939		100,429,000.00	100,429,000.00		
Nov. 15, 1939		100,104,000.00	100,104,000.00		
Nov. 22, 1939		100,858,000.00	100,858,000.00		
Nov. 29, 1939		100,403,000.00	100,403,000.00		
Dec. 6, 1939		100,358,000.00	99,993,000.00	365,000.00	
Dec. 13, 1939		100,107,000.00	100,032,000.00	75,000.00	
Dec. 20, 1939		100,046,000.00	98,267,000.00	1,779,000.00	
Dec. 27, 1939		100,726,000.00	100,176,000.00	550,000.00	
Jan. 3, 1940		100,548,000.00	99,334,000.00	1,214,000.00	
Jan. 10, 1940		100,198,000.00	99,471,000.00	727,000.00	
Jan. 17, 1940		150,279,000.00	148,007,000.00	2,272,000.00	
Jan. 24, 1940		150,159,000.00	147,898,000.00	2,261,000.00	
Jan. 31, 1940		150,500,000.00	150,235,000.00	265,000.00	
Feb. 7, 1940		100,320,000.00	97,760,000.00	2,560,000.00	
Feb. 14, 1940		100,206,000.00	99,341,000.00	865,000.00	
Feb. 21, 1940		100,163,000.00	95,571,000.00	4,592,000.00	
Feb. 28, 1940		100,116,000.00	98,760,000.00	1,356,000.00	
Mar. 6, 1940		100,945,000.00	100,106,000.00	839,000.00	
Mar. 13, 1940		100,044,000.00	98,791,000.00	1,253,000.00	
Mar. 20, 1940		100,244,000.00	95,477,000.00	4,767,000.00	
Mar. 27, 1940		101,021,000.00	99,774,000.00	1,247,000.00	
Apr. 3, 1940		101,930,000.00	101,365,000.00	565,000.00	
Apr. 10, 1940		101,257,000.00	100,496,000.00	761,000.00	
Apr. 17, 1940		100,241,000.00	98,402,000.00	1,839,000.00	
Apr. 24, 1940		100,253,000.00	97,169,000.00	3,084,000.00	
May 1, 1940		100,179,000.00	97,389,000.00	2,790,000.00	
May 8, 1940		100,420,000.00	99,554,000.00	866,000.00	
May 15, 1940		100,444,000.00	99,784,000.00	660,000.00	
May 22, 1940		100,838,000.00	91,013,000.00	9,825,000.00	
May 29, 1940		100,455,000.00	86,317,000.00	14,138,000.00	
June 5, 1940		100,677,000.00	99,377,000.00	1,300,000.00	
June 12, 1940		100,730,000.00	100,340,000.00	390,000.00	
June 19, 1940		100,484,000.00	98,911,000.00	1,573,000.00	
June 26, 1940		100,649,000.00	99,083,000.00	1,566,000.00	

July 3, 1940.....		100,525,000.00			\$100,525,000.00
July 10, 1940.....		100,685,000.00			100,685,000.00
July 17, 1940.....		100,246,000.00			100,246,000.00
July 24, 1940.....		100,043,000.00			100,043,000.00
July 31, 1940.....		100,051,000.00			100,051,000.00
Aug. 7, 1940.....		100,011,000.00			100,011,000.00
Aug. 14, 1940.....		100,028,000.00			100,028,000.00
Aug. 21, 1940.....		100,105,000.00			100,105,000.00
Aug. 28, 1940.....		100,202,000.00			100,202,000.00
Sept. 4, 1940.....		100,008,000.00			100,008,000.00
Sept. 11, 1940.....		100,004,000.00			100,004,000.00
Sept. 18, 1940.....		100,117,000.00			100,117,000.00
Sept. 25, 1940.....		100,169,000.00			100,169,000.00
Total Treasury bills.....	\$1,307,569,000.00	5,371,611,000.00	5,306,525,000.00	70,461,000.00	1,302,194,000.00
Special issues:					
Adjusted service bonds (Government life insurance fund series).....	500,157,956.40				500,157,956.40
Treasury notes:					
Federal old-age and survivors insurance trust fund series:					
Old-age reserve account series.....	1,177,200,000.00	258,000,000.00	22,000,000.00		1,413,200,000.00
Federal old-age and survivors insurance trust fund series.....		324,900,000.00			324,900,000.00
Railroad retirement series.....	67,200,000.00	12,200,000.00			79,400,000.00
Civil service retirement fund series:					
4% series.....	465,400,000.00	143,800,000.00	59,200,000.00		550,000,000.00
3% series.....		200,000.00			200,000.00
Foreign service retirement fund series.....	3,528,000.00	1,161,000.00	763,000.00		3,926,000.00
Canal Zone retirement fund series.....	3,946,000.00	637,000.00	299,000.00		4,284,000.00
Alaska Railroad retirement fund series.....	563,000.00	204,000.00			767,000.00
Postal Savings System series.....	128,000,000.00	40,000,000.00	71,500,000.00		96,500,000.00
Federal Deposit Insurance Corporation series.....	101,000,000.00	66,000,000.00	111,000,000.00		56,000,000.00
Government life insurance fund series.....	36,359,000.00	24,400,000.00	36,500,000.00		24,259,000.00
Certificates of indebtedness:					
Adjusted service certificate fund series.....	19,500,000.00	15,300,000.00	23,500,000.00		11,300,000.00
Unemployment trust fund series.....	1,267,000,000.00	2,264,000,000.00	1,821,000,000.00		1,710,000,000.00
Total special issues.....	3,769,853,956.40	3,150,802,000.00	2,145,762,000.00		4,774,893,956.40
Total all securities.....	39,891,844,493.50	13,162,881,731.10	10,538,316,288.84	136,400,630.00	42,380,009,305.76

<sup>1</sup> Deduct. Represents excess of amounts transferred from unclassified sales to sales of a designated series over amounts received as unclassified sales.

TABLE 38.—Transactions in noninterest-bearing securities, by issues, fiscal year 1940

[On basis of daily Treasury statements (revised), see p. 583]

Title of issue	Rate of interest <sup>1</sup>	Outstanding July 1, 1939	Issued account of original subscription	Retired account of redemption	Issued and retired account of exchange, etc.	Transfers from interest-bearing debt	Outstanding June 30, 1940
<b>MATURED DEBT ON WHICH INTEREST HAS CEASED</b>							
I. Pre-war and postal savings bonds, etc.:	<i>Percent</i>						
Compound interest notes (1864-66).....	2 6	\$156,250.00					\$156,250.00
Funded loan of 1907 (refunding).....	4	344,200.00					344,200.00
Refunding certificates (1879).....	4	8,290.00		\$30.00			8,260.00
1-year notes of 1863.....	5	29,980.00		20.00			29,960.00
Consols of 1867.....	6	83,650.00					83,650.00
Funded loan of 1891 (refunding).....	4½	18,700.00					18,700.00
Loan of 1908-18.....	3	140,460.00		15,340.00			125,120.00
Loan of 1925.....	4	58,300.00		100.00			58,200.00
Postal savings bonds.....	2½	37,800.00		3,740.00		\$80.00	34,140.00
Consols of 1930.....	2	2,261,350.00		600.00			2,260,750.00
Panama Canal loan of 1916-36.....	2	90,240.00					90,240.00
Panama Canal loan of 1918-38.....	2	85,060.00					85,060.00
All other issues <sup>2</sup> .....	Various	620,310.26					620,310.26
Total pre-war and postal savings bonds, etc.....		3,934,590.26		19,830.00		80.00	3,914,840.26
II. Liberty loan bonds:							
First Liberty loan:							
First 3½'s.....	3½	8,904,550.00		721,200.00	\$400.00		8,183,350.00
First 4's.....	4	177,700.00		18,500.00	3,550.00		159,200.00
First 4½'s.....	4½	3,337,100.00		605,700.00	850.00		2,731,400.00
First-second 4¼'s.....	4¼	19,650.00		10,700.00			8,950.00
Total.....		12,439,000.00		1,356,100.00	4,800.00		11,082,900.00
Second Liberty loan:							
Second 4's.....	4	497,250.00		11,250.00	18,650.00		486,000.00
Second 4½'s.....	4½	762,350.00		75,650.00	14,950.00		686,700.00
Total.....		1,259,600.00		86,900.00	33,600.00		1,172,700.00
Third Liberty loan.....	4¼	1,987,300.00		101,000.00	31,900.00		1,886,300.00
Fourth Liberty loan.....	4¼	17,884,950.00		3,080,600.00	58,750.00		14,804,350.00
Total Liberty loan bonds.....		33,570,850.00		4,624,600.00	129,050.00		28,946,250.00

III. Treasury bonds, loan of 1940-43.....	3½				45,180,350.00	45,180,350.00
IV. Victory notes:						
Victory 3½'s.....	3½	900.00				900.00
Victory 4½'s.....	4½	613,600.00		35,350.00		578,250.00
Total Victory notes.....		614,500.00		35,350.00		579,150.00
V. Treasury notes, series:						
A-1924.....	5½	17,200.00		1,000.00		16,200.00
A-1925.....	4½	8,000.00		3,000.00		5,000.00
B-1925.....	4½	30,900.00		1,000.00		29,900.00
C-1925.....	4½	12,500.00				12,500.00
A-1926.....	4½	2,800.00				2,800.00
B-1926.....	4½	7,300.00				7,300.00
A-1927.....	4½	15,100.00		400.00		14,700.00
B-1927.....	4½	22,500.00		5,100.00		17,400.00
A-1930-32.....	3½	153,800.00		38,800.00		115,000.00
B-1930-32.....	3½	72,250.00		1,250.00		71,000.00
C-1930-32.....	3½	70,950.00		10,500.00		60,450.00
1932.....	3½	104,600.00		20,000.00		84,600.00
A-1934.....	3	99,200.00		12,700.00		86,500.00
B-1934.....	2½	59,000.00		2,000.00		57,000.00
A-1935.....	3	141,600.00		7,600.00		134,000.00
B-1935.....	1½	11,209,200.00				11,209,200.00
C-1935.....	2½	96,000.00		25,000.00		71,000.00
D-1935.....	2½	268,900.00		110,000.00		158,900.00
A-1936.....	3½	221,300.00		16,000.00		205,300.00
B-1936.....	2½	175,800.00		84,700.00		91,100.00
C-1936.....	2½	202,600.00		3,900.00		198,700.00
D-1936.....	1½	201,500.00		200,000.00		1,500.00
E-1936.....	1½	82,400.00				82,400.00
A-1937.....	3½	579,800.00		98,900.00		480,900.00
B-1937.....	3	279,500.00		8,000.00		271,500.00
C-1937.....	3	99,700.00		21,300.00		78,400.00
A-1938.....	2½	432,900.00		192,000.00		240,900.00
B-1938.....	2½	673,100.00		137,200.00		535,900.00
C-1938.....	3	388,500.00		4,000.00		384,500.00
D-1938.....	2½	736,950.00		288,150.00		448,800.00
E-1938.....	1½	584,800.00		378,100.00		206,700.00
A-1939.....	2½	5,903,900.00		4,094,400.00		1,809,500.00
B-1939.....	1½				655,400.00	655,400.00
C-1939.....	1½	1,705,800.00		769,250.00		936,550.00
D-1939.....	1½				290,700.00	290,700.00
A-1940.....	1½				15,078,500.00	15,078,500.00
B-1940.....	1½				4,734,600.00	4,734,600.00
Total Treasury notes.....		24,660,350.00		6,534,250.00	20,759,200.00	38,885,300.00

Footnotes at end of table.

TABLE 38.—Transactions in noninterest-bearing securities, by issues, fiscal year 1940—Continued

Title of issue	Rate of interest <sup>1</sup>	Outstanding July 1, 1939	Issued account of original subscription	Retired account of redemption	Issued and retired account of exchange, etc.	Transfers from interest-bearing debt	Outstanding June 30, 1940
<b>MATURED DEBT ON WHICH INTEREST HAS CEASED—Con.</b>							
<b>VI. Certificates of indebtedness:</b>							
<b>Tax issues, series:</b>							
	<i>Percent*</i>						
TJ-1921.....	6	\$1,500.00					\$1,500.00
TD-1921.....	6	2,000.00					2,000.00
TS-1921.....	6	1,500.00					1,500.00
TD-1922.....	4½	1,000.00					1,000.00
TM-1924.....	4½	1,000.00					1,000.00
TJ-1929.....	4½	1,800.00					1,800.00
TS-1929.....	4½	11,500.00					11,500.00
TD-1929.....	4½	68,000.00		\$11,000.00			57,000.00
TD2-1929.....	4½	3,500.00		1,000.00			2,500.00
TM-1930.....	5½	68,500.00					68,500.00
TJ-1930.....	4½	23,500.00		2,000.00			21,500.00
TS-1930.....	3½	2,000.00					2,000.00
TD-1930.....	3½	7,000.00		1,000.00			6,000.00
TJ2-1931.....	1¾	1,000.00					1,000.00
TS-1931.....	2¾	17,500.00		2,000.00			15,500.00
TS2-1931.....	1½	5,000.00					5,000.00
TD2-1931.....	1½	1,000.00					1,000.00
TM-1932.....	2	2,000.00					2,000.00
TJ-1932.....	2¾	528,500.00		102,500.00			426,000.00
TS-1932.....	1½	13,500.00		10,000.00			3,500.00
TS2-1932.....	3	156,000.00					156,000.00
TO-1932.....	3¼	22,000.00					22,000.00
TM-1933.....	3¾	147,500.00		11,500.00			136,000.00
TJ-1933.....	1½	528,000.00		19,000.00			509,000.00
First-maturing Mar. 15, 1933.....	1½	112,500.00		56,200.00			56,300.00
TS-1933.....	2½	296,000.00					296,000.00
TD-1933.....	¾	874,000.00					874,000.00
TAG-1933.....	4	115,500.00		18,000.00			97,500.00
TD2-1933.....	4½	703,000.00		115,000.00			588,000.00
TM-1934.....	¾	81,000.00		10,000.00			71,000.00
TJ-1934.....	1½	359,000.00					359,000.00
TD-1934.....	2½	23,000.00		500.00			22,500.00
TS-1934.....	1½	23,000.00		11,000.00			12,000.00
All other issues <sup>2</sup> .....	Various	12,000.00					12,000.00
<b>Loan issues, series:</b>							
4-C.....	4½	500.00		500.00			
B-1922.....	5½	1,000.00					1,000.00
A-1932.....	3½	45,000.00		5,000.00			40,000.00
A-1933.....	3¾	4,500.00					4,500.00

B-1933.....	2	76,000.00	58,000.00	18,000.00
All other issues <sup>4</sup> .....	Various	4,000.00		4,000.00
Total certificates of indebtedness.....		4,344,800.00	434,200.00	3,910,600.00
VII. Treasury bills, series matured: <sup>1</sup>				
April 27, 1932.....	2,483	1,000.00		1,000.00
May 18, 1932.....	2,761	21,000.00		21,000.00
Aug. 17, 1932.....	425	10,000.00		10,000.00
May 17, 1933.....	228	16,000.00		16,000.00
Aug. 9, 1933.....	481	7,000.00		7,000.00
Sept. 5, 1934.....	434	4,000.00		4,000.00
May 22, 1935.....	208	30,000.00		30,000.00
June 5, 1935.....	219	12,000.00		12,000.00
Aug. 28, 1935.....	108	30,000.00		30,000.00
Sept. 18, 1935.....	094	25,000.00		25,000.00
Dec. 31, 1935.....	157	10,000.00		10,000.00
Jan. 8, 1936.....	176	58,000.00	58,000.00	
June 3, 1936.....	151	19,000.00		19,000.00
June 10, 1936.....	176	12,000.00	4,000.00	8,000.00
July 22, 1936.....	177	20,000.00	10,000.00	10,000.00
Aug. 26, 1936.....	131	10,000.00		10,000.00
Dec. 23, 1936.....	118	40,000.00		40,000.00
Jan. 27, 1937.....	089	40,000.00		40,000.00
May 12, 1937.....	213	17,000.00	1,000.00	16,000.00
June 9, 1937.....	130	31,000.00	20,000.00	11,000.00
June 16, 1937.....	224	11,000.00	11,000.00	
July 28, 1937.....	120	10,000.00		10,000.00
Sept. 15, 1937.....	117	52,000.00	7,000.00	45,000.00
Sept. 16, 1937.....	545	1,000.00		1,000.00
Do.....	543	808,000.00	40,000.00	768,000.00
Sept. 17, 1937.....	531	10,000.00		10,000.00
Do.....	507	7,000.00		7,000.00
Oct. 6, 1937.....	316	100,000.00		100,000.00
Oct. 13, 1937.....	333	50,000.00		50,000.00
Oct. 27, 1937.....	361	7,000.00	7,000.00	
Nov. 24, 1937.....	386	68,000.00		68,000.00
Dec. 16, 1937.....	419	150,000.00	100,000.00	50,000.00
Jan. 12, 1938.....	667	85,000.00		85,000.00
Jan. 26, 1938.....	715	690,000.00	500,000.00	190,000.00
Feb. 9, 1938.....	723	20,000.00	20,000.00	
Feb. 23, 1938.....	617	20,000.00		20,000.00
Mar. 2, 1938.....	562	50,000.00	10,000.00	40,000.00
Mar. 9, 1938.....	545	295,000.00	65,000.00	230,000.00
Mar. 18, 1938.....	117	40,000.00		40,000.00
Mar. 19, 1938.....	129	120,000.00		120,000.00
Do.....	124	9,000.00	3,000.00	6,000.00
Mar. 23, 1938.....	578	60,000.00		60,000.00
Do.....	102	10,000.00	10,000.00	

Footnotes at end of table.

TABLE 38.—Transactions in noninterest-bearing securities, by issues, fiscal year 1940—Continued

Title of issue	Rate of interest <sup>1</sup>	Outstanding July 1, 1939	Issued account of original subscription	Retired account of redemption	Issued and retired account of exchange, etc.	Transfers from interest-bearing debt	Outstanding June 30, 1940
<i>Percent</i>							
MATURED DEBT ON WHICH INTEREST HAS CEASED—Con.							
VII. Treasury bills, series matured 1—Continued.							
Mar. 30, 1938.....	0.619	\$15,000.00					\$15,000.00
Do.....	.101	10,000.00		\$10,000.00			
Apr. 6, 1938.....	.490	20,000.00					20,000.00
Do.....	.065	6,000.00					6,000.00
Apr. 13, 1938.....	.514	50,000.00					50,000.00
Apr. 20, 1938.....	.502	30,000.00					30,000.00
Apr. 27, 1938.....	.485	330,000.00		290,000.00			40,000.00
Do.....	.103	232,000.00					232,000.00
May 11, 1938.....	.478	40,000.00					40,000.00
May 18, 1938.....	.078	130,000.00		30,000.00			100,000.00
May 25, 1938.....	.524	100,000.00		100,000.00			
June 1, 1938.....	.615	3,000.00		3,000.00			
Do.....	.086	125,000.00		45,000.00			80,000.00
June 8, 1938.....	.711	53,000.00					53,000.00
Do.....	.073	141,000.00					141,000.00
June 15, 1938.....	.584	5,000.00		5,000.00			
June 16, 1938.....	.058	20,000.00		20,000.00			
Do.....	.059	34,000.00					34,000.00
June 17, 1938.....	.068	64,000.00		39,000.00			25,000.00
June 18, 1938.....	.081	700,000.00		700,000.00			
June 22, 1938.....	.441	500,000.00		300,000.00			200,000.00
Do.....	.067	10,000.00					10,000.00
June 29, 1938.....	.384	139,000.00		89,000.00			50,000.00
July 6, 1938.....	.139	1,000,000.00					1,000,000.00
July 13, 1938.....	.429	50,000.00					50,000.00
July 20, 1938.....	.362	14,000.00		14,000.00			
Aug. 3, 1938.....	.033	180,000.00		30,000.00			150,000.00
Aug. 17, 1938.....	.027	500,000.00		500,000.00			
Aug. 24, 1938.....	.025	18,000.00					18,000.00
Sept. 7, 1938.....	.040	60,000.00		20,000.00			40,000.00
Sept. 14, 1938.....	.027	280,000.00		10,000.00			250,000.00
Sept. 21, 1938.....	.016	60,000.00		60,000.00			
Sept. 28, 1938.....	.011	111,000.00		10,000.00			101,000.00
Oct. 13, 1938.....	.038	10,000.00		10,000.00			
Oct. 19, 1938.....	.054	400,000.00		400,000.00			
Nov. 2, 1938.....	.062	500,000.00		500,000.00			
Nov. 9, 1938.....	.044	50,000.00					50,000.00
Nov. 16, 1938.....	.047	600,000.00		500,000.00			100,000.00
Nov. 23, 1938.....	.048	100,000.00					100,000.00



Nov. 30, 1938.....	.047	2, 140, 000. 00		320, 000. 00		1, 820, 000. 00
Dec. 7, 1938.....	.049	260, 000. 00		200, 000. 00		60, 000. 00
Dec. 14, 1938.....	.103	415, 000. 00		100, 000. 00		315, 000. 00
Dec. 21, 1938.....	.106	740, 000. 00		540, 000. 00		200, 000. 00
Dec. 28, 1938.....	.142	560, 000. 00		60, 000. 00		500, 000. 00
Jan. 4, 1939.....	.032	100, 000. 00		100, 000. 00		
Jan. 11, 1939.....	.022	55, 000. 00		35, 000. 00		20, 000. 00
Jan. 18, 1939.....	.018	687, 000. 00		190, 000. 00		497, 000. 00
Jan. 25, 1939.....	.026	918, 000. 00		868, 000. 00		50, 000. 00
Feb. 1, 1939.....	.027	60, 000. 00		60, 000. 00		
Feb. 8, 1939.....	.022	3, 265, 000. 00		3, 159, 000. 00		106, 000. 00
Feb. 15, 1939.....	.027	1, 335, 000. 00		1, 315, 000. 00		20, 000. 00
Feb. 23, 1939.....	.026	4, 167, 000. 00		3, 250, 000. 00		917, 000. 00
Mar. 1, 1939.....	.021	20, 000. 00		10, 000. 00		10, 000. 00
Mar. 8, 1939.....	.017	1, 110, 000. 00		810, 000. 00		300, 000. 00
Mar. 15, 1939.....	.013	1, 015, 000. 00		370, 000. 00		645, 000. 00
Mar. 22, 1939.....	.006	2, 632, 000. 00		2, 582, 000. 00		50, 000. 00
Mar. 29, 1939.....	.000	2, 964, 000. 00		2, 908, 000. 00		56, 000. 00
Apr. 5, 1939.....	.000	308, 000. 00		308, 000. 00		
Apr. 12, 1939.....	.000	165, 000. 00		160, 000. 00		5, 000. 00
Apr. 19, 1939.....	.001	1, 665, 000. 00		1, 635, 000. 00		30, 000. 00
Apr. 26, 1939.....	.007	2, 448, 000. 00		2, 248, 000. 00		200, 000. 00
May 3, 1939.....	.002	1, 229, 000. 00		1, 158, 000. 00		65, 000. 00
May 10, 1939.....	.004	1, 374, 000. 00		1, 314, 000. 00		60, 000. 00
May 17, 1939.....	.005	1, 514, 000. 00		1, 504, 000. 00		10, 000. 00
May 24, 1939.....	.004	2, 400, 000. 00		2, 400, 000. 00		
May 31, 1939.....	.004	2, 135, 000. 00		1, 614, 000. 00		521, 000. 00
June 7, 1939.....	.0003	7, 340, 000. 00		7, 280, 000. 00		60, 000. 00
June 14, 1939.....	.002	13, 300, 000. 00		12, 818, 000. 00		482, 000. 00
June 21, 1939.....	.003	7, 366, 000. 00		7, 328, 000. 00		38, 000. 00
June 28, 1939.....	.003	2, 508, 000. 00		2, 245, 000. 00		263, 000. 00
Various series from July 5, 1939 to June 26, 1940, matured during fiscal year <sup>4</sup>	Various				\$70, 461, 000. 00	70, 461, 000. 00
Total Treasury bills.....		74, 945, 000. 00		62, 440, 000. 00	70, 461, 000. 00	82, 966, 000. 00
VIII. Treasury (war) savings securities:						
Treasury savings certificates:						
Issued Dec. 15, 1921.....		37, 825. 00		1, 400. 00		36, 425. 00
Issued Sept. 30, 1922.....		124, 000. 00		7, 525. 00		116, 475. 00
Issued Dec. 1, 1923.....		61, 375. 00		6, 025. 00		55, 350. 00
Total Treasury savings certificates.....		223, 200. 00		14, 950. 00		208, 250. 00
IX. Total matured debt on which interest has ceased.....		142, 293, 290. 26		74, 103, 180. 00	\$129, 050. 00	136, 400, 630. 00
						204, 590, 740. 26

Footnotes at end of table.

TABLE 38.—*Transactions in noninterest-bearing securities, by issues, fiscal year 1940—Continued*

Title of issue	Rate of interest <sup>1</sup>	Outstanding July 1, 1939	Issued account of original subscription	Retired account of redemption	Issued and retired account of exchange, etc.	Transfers from interest-bearing debt	Outstanding June 30, 1940
<b>DEBT BEARING NO INTEREST</b>							
I. United States notes (less gold reserve).....		\$190,641,585.07					\$190,641,585.07
II. Old demand notes.....		53,012.50					53,012.50
III. National and Federal Reserve Bank notes.....		215,365,126.56	\$1,290.00	\$25,367,293.00			189,999,123.50
IV. Fractional currency.....		1,978,715.78		2,387.45			1,976,328.33
V. Thrift and Treasury savings stamps (unclassified sales, etc.).....		3,241,094.49	542,011.51	9,245.50			3,773,860.50
Total debt bearing no interest.....		411,279,534.34	543,301.51	25,378,925.95			386,443,909.90

<sup>1</sup> Treasury bills are sold on a discount basis on competitive bidding. The average sale price of these series gives an approximate yield on a bank discount basis.

<sup>2</sup> Interest compounded.

<sup>3</sup> Represents issues in which there were no transactions during the fiscal years 1930 to 1940; for amount of each issue outstanding (unchanged since June 30, 1929), see annual report for 1929, p. 478.

<sup>4</sup> Represents issues in which there were no transactions during the fiscal years 1933 to 1940; for amount of each issue outstanding (unchanged since June 30, 1932), see annual report for 1932, p. 418.

<sup>5</sup> For details see p. 755.

TABLE 39.—*Issues, maturities, and redemptions of interest-bearing securities, exclusive of trust account and other special issues, July 1939 through June 1940*<sup>1</sup>

Date	Issue	Rate of interest <sup>2</sup>	Amount issued <sup>3</sup>	Amount matured (or redeemed)
1939		Percent		
July 1	Postal savings bonds, series 17.....	2½		\$103, 140. 00
5	Treasury bills, issued Apr. 5, 1939.....	0.016		100, 287, 000. 00
5	Treasury bills, maturing Oct. 4, 1939.....	.014	\$100, 563, 000. 00	
12	Treasury bills, issued Apr. 12, 1939.....	.025		100, 167, 000. 00
12	Treasury bills, maturing Oct. 11, 1939.....	.012	100, 392, 000. 00	
19	Treasury bills, issued Apr. 19, 1939.....	.023		100, 444, 000. 00
19	Treasury bills, maturing Oct. 18, 1939.....	.015	100, 861, 000. 00	
26	Treasury bills, issued Apr. 26, 1939.....	.016		100, 205, 000. 00
26	Treasury bills, maturing Oct. 25, 1939.....	.019	100, 240, 000. 00	
31	United States savings bonds, series A-1935.....	2.9	227, 601. 75	587, 401. 75
31	United States savings bonds, series B-1936.....	2.9	902, 946. 50	1, 342, 841. 75
31	United States savings bonds, series C-1937.....	2.9	1, 599, 630. 00	1, 999, 609. 50
31	United States savings bonds, series C-1938.....	2.9	1, 756, 334. 87	2, 466, 788. 75
31	United States savings bonds, series D-1939.....	2.9	64, 295, 568. 75	1, 480, 875. 00
31	United States savings bonds, unclassified sales.....	2.9	20, 383, 066. 24	
	Total, July.....		491, 221, 148. 11	409, 083, 656. 75
Aug. 2	Treasury bills, issued May 3, 1939.....	0.012		100, 384, 000. 00
2	Treasury bills, maturing Nov. 1, 1939.....	.022	101, 030, 000. 00	
9	Treasury bills, issued May 10, 1939.....	.009		101, 918, 000. 00
9	Treasury bills, maturing Nov. 8, 1939.....	.032	100, 429, 000. 00	
16	Treasury bills, issued May 17, 1939.....	.005		100, 341, 000. 00
16	Treasury bills, maturing Nov. 15, 1939.....	.032	100, 104, 000. 00	
23	Treasury bills, issued May 24, 1939.....	.005		101, 001, 000. 00
23	Treasury bills, maturing Nov. 22, 1939.....	.042	100, 858, 000. 00	
30	Treasury bills, issued May 31, 1939.....	.004		100, 521, 000. 00
30	Treasury bills, maturing Nov. 29, 1939.....	.076	100, 403, 000. 00	
31	United States savings bonds, series A-1935.....	2.9	127, 400. 50	560, 731. 25
31	United States savings bonds, series B-1936.....	2.9	529, 374. 50	1, 237, 360. 25
31	United States savings bonds, series C-1937.....	2.9	885, 012. 00	1, 899, 137. 00
31	United States savings bonds, series C-1938.....	2.9	1, 002, 268. 75	2, 396, 270. 50
31	United States savings bonds, series D-1939.....	2.9	70, 332, 163. 75	1, 773, 018. 75
31	United States savings bonds, unclassified sales.....	2.9	293, 256. 69	
	Total, August.....		575, 993, 481. 19	512, 031, 517. 75
Sept. 6	Treasury bills, issued June 7, 1939.....	0.004		100, 912, 000. 00
6	Treasury bills, maturing Dec. 6, 1939.....	.108	100, 358, 000. 00	
13	Treasury bills, issued June 14, 1939.....	.004		100, 342, 000. 00
13	Treasury bills, maturing Dec. 13, 1939.....	.159	100, 107, 000. 00	
15	Treasury notes, series D-1939.....	1½		11, 035, 100. 00
20	Treasury bills, issued June 21, 1939.....	0.003		100, 938, 000. 00
20	Treasury bills, maturing Dec. 20, 1939.....	.125	100, 046, 000. 00	
27	Treasury bills, issued June 28, 1939.....	.005		100, 109, 000. 00
27	Treasury bills, maturing Dec. 27, 1939.....	.082	100, 725, 000. 00	
30	United States savings bonds, series A-1935.....	2.9	511, 464. 25	733, 917. 00
30	United States savings bonds, series B-1936.....	2.9	570, 198. 00	1, 604, 939. 50
30	United States savings bonds, series C-1937.....	2.9	783, 285. 00	2, 279, 778. 75
30	United States savings bonds, series C-1938.....	2.9	956, 248. 50	3, 150, 007. 75
30	United States savings bonds, series D-1939.....	2.9	75, 469, 837. 50	2, 977, 031. 25
30	United States savings bonds, unclassified sales.....	2.9	41, 056, 779. 54	
	Total, September.....		448, 471, 253. 71	424, 081, 774. 25
Oct. 4	Treasury bills, issued July 5, 1939.....	0.014		100, 563, 000. 00
4	Treasury bills, maturing Jan. 3, 1940.....	.036	100, 548, 000. 00	
11	Treasury bills, issued July 12, 1939.....	.012		100, 392, 000. 00
11	Treasury bills, maturing Jan. 10, 1940.....	.022	100, 198, 000. 00	
18	Treasury bills, issued July 19, 1939.....	.015		100, 861, 000. 00
18	Treasury bills, maturing Jan. 17, 1940.....	.033	150, 279, 000. 00	
25	Treasury bills, issued July 26, 1939.....	.019		100, 240, 000. 00
25	Treasury bills, maturing Jan. 24, 1940.....	.027	150, 159, 000. 00	
31	United States savings bonds, series A-1935.....	2.9	460, 353. 75	683, 589. 25
31	United States savings bonds, series B-1936.....	2.9	569, 905. 25	1, 326, 288. 00
31	United States savings bonds, series C-1937.....	2.9	687, 163. 25	1, 770, 002. 75
31	United States savings bonds, series C-1938.....	2.9	961, 729. 00	2, 407, 000. 25
31	United States savings bonds, series D-1939.....	2.9	62, 683, 237. 50	2, 540, 625. 00
31	United Savings savings bonds, unclassified sales.....	2.9	415, 530, 732. 35	
	Total, October.....		551, 015, 656. 40	410, 783, 505. 25
Nov. 1	Treasury bills, issued Aug. 2, 1939.....	0.022		101, 030, 000. 00
1	Treasury bills, maturing Jan. 31, 1940.....	.028	150, 500, 000. 00	
1	Treasury notes, series B-1939, redeemed in exchange for Treasury notes, series B-1944.....	1½		515, 210, 900. 00
1	Treasury notes, series B-1944.....	1	515, 210, 900. 00	
8	Treasury bills, issued Aug. 9, 1939.....	.032		100, 429, 000. 00

Footnotes at end of table.

TABLE 39.—*Issues, maturities, and redemptions of interest-bearing securities, exclusive of trust account and other special issues, July 1939 through June 1940*<sup>1</sup>—Continued

Date	Issue	Rate of interest <sup>2</sup>	Amount issued <sup>3</sup>	Amount matured (or redeemed)
1939		Percent		
Nov. 8	Treasury bills, maturing Feb. 7, 1940.....	0.017	\$100,320,000.00	
15	Treasury bills, issued Aug. 16, 1939.....	.032		\$100,104,000.00
15	Treasury bills, maturing Feb. 14, 1940.....	.020	100,206,000.00	
22	Treasury bills, issued Aug. 23, 1939.....	.042		100,858,000.00
22	Treasury bills, maturing Feb. 21, 1940.....	.018	100,163,000.00	
29	Treasury bills, issued Aug. 30, 1939.....	.076		100,403,000.00
29	Treasury bills, maturing Feb. 28, 1940.....	.015	100,116,000.00	
30	United States savings bonds, series A-1935.....	2.9	382,911.50	646,937.25
30	United States savings bonds, series B-1936.....	2.9	520,419.00	1,166,621.75
30	United States savings bonds, series C-1937.....	2.9	617,467.25	1,673,243.00
30	United States savings bonds, series C-1938.....	2.9	857,582.25	2,230,039.75
30	United States savings bonds, series D-1939.....	2.9	45,362,287.50	2,550,056.25
30	United States savings bonds, unclassified sales.....	2.9	8,572,828.87	
	Total, November.....		1,122,829,396.37	1,026,301,798.00
Dec. 6	Treasury bills, issued Sept. 6, 1939.....	0.108		100,358,000.00
6	Treasury bills, maturing Mar. 6, 1940.....	.016	100,945,000.00	
8	Treasury bonds of 1948-50.....	2	571,431,150.00	
13	Treasury bills, issued Sept. 13, 1939.....	0.159		100,107,000.00
13	Treasury bills, maturing Mar. 13, 1940.....	.019	100,044,000.00	
15	Treasury notes, series B-1939.....	1½		11,021,600.00
20	Treasury bills, issued Sept. 20, 1939.....	0.125		100,046,000.00
20	Treasury bills, maturing Mar. 20, 1940.....	.018	100,244,000.00	
22	Treasury notes, series A-1940, redeemed in exchange for Treasury notes, series C-1944 and Treasury bonds of 1951-53.....	1½		1,301,057,100.00
22	Treasury notes, series C-1944.....	1	283,006,000.00	
22	Treasury bonds of 1951-53.....	2½	1,118,051,100.00	
27	Treasury bills, issued Sept. 27, 1939.....	0.082		100,726,000.00
27	Treasury bills, maturing Mar. 27, 1940.....	.007	101,021,000.00	
31	United States savings bonds, series A-1935.....	2.9	446,809.00	520,122.50
31	United States savings bonds, series B-1936.....	2.9	965,740.75	1,134,377.00
31	United States savings bonds, series C-1937.....	2.9	878,469.50	1,441,885.75
31	United States savings bonds, series C-1938.....	2.9	1,230,889.50	2,141,712.75
31	United States savings bonds, series D-1939.....	2.9	56,656,950.00	2,284,331.25
31	United States savings bonds, unclassified sales.....	2.9	15,845,255.28	
	Total, December.....		2,450,766,364.03	1,720,838,129.25
1940				
Jan. 1	Postal savings bonds, series 18.....	2½		86,260.00
3	Treasury bills, issued Oct. 4, 1939.....	0.036		100,548,000.00
3	Treasury bills, maturing Apr. 2, 1940.....	Negative	101,930,000.00	
10	Treasury bills, issued Oct. 11, 1939.....	0.022		100,198,000.00
10	Treasury bills, maturing Apr. 10, 1940.....	Negative	101,257,000.00	
17	Treasury bills, issued Oct. 18, 1939.....	0.033		150,279,000.00
17	Treasury bills, maturing Apr. 17, 1940.....	Negative	100,241,000.00	
24	Treasury bills, issued Oct. 25, 1939.....	0.027		150,159,000.00
24	Treasury bills, maturing Apr. 24, 1940.....	.0007	100,253,000.00	
31	Treasury bills, issued Nov. 1, 1939.....	.028		150,500,000.00
31	Treasury bills, maturing May 1, 1940.....	.004	100,179,000.00	
31	United States savings bonds, series A-1935.....	2.9	222,772.75	559,161.75
31	United States savings bonds, series B-1936.....	2.9	882,202.25	1,234,816.00
31	United States savings bonds, series C-1937.....	2.9	1,566,349.50	1,828,971.75
31	United States savings bonds, series C-1938.....	2.9	1,716,239.00	2,194,861.75
31	United States savings bonds, series D-1939.....	2.9	68,716,353.50	2,991,096.75
31	United States savings bonds, series D-1940.....	2.9	44,300,006.25	
31	United States savings bonds, unclassified sales.....	2.9	155,638,766.79	
	Total, January.....		776,903,690.04	660,579,168.00
Feb. 7	Treasury bills, issued Nov. 8, 1939.....	0.017		100,320,000.00
7	Treasury bills, maturing May 8, 1940.....	.0006	100,420,000.00	
14	Treasury bills, issued Nov. 15, 1939.....	.020		100,206,000.00
14	Treasury bills, maturing May 15, 1940.....	.005	100,444,000.00	
21	Treasury bills, issued Nov. 22, 1939.....	.018		100,163,000.00
21	Treasury bills, maturing May 22, 1940.....	.006	100,838,000.00	
28	Treasury bills, issued Nov. 29, 1939.....	.015		100,116,000.00
28	Treasury bills, maturing May 29, 1940.....	.005	100,455,000.00	
29	United States savings bonds, series A-1935.....	2.9	124,228.50	414,432.00
29	United States savings bonds, series B-1936.....	2.9	515,976.25	920,255.25
29	United States savings bonds, series C-1937.....	2.9	859,683.75	1,640,085.75
29	United States savings bonds, series C-1938.....	2.9	969,991.25	1,835,102.50
29	United States savings bonds, series D-1939.....	2.9	82,648,298.04	2,822,595.75
29	United States savings bonds, series D-1940.....	2.9	43,360,331.25	
29	United States savings bonds, unclassified sales.....	2.9	16,186,080.76	
	Total, February.....		546,821,589.80	408,437,471.25

Footnotes at end of table.

TABLE 39.—Issues, maturities, and redemptions of interest-bearing securities, exclusive of trust account and other special issues, July 1939 through June 1940<sup>1</sup>—Continued

Date	Issue	Rate of interest <sup>2</sup>	Amount issued <sup>3</sup>	Amount matured (or redeemed)
1940		Percent		
Mar. 6	Treasury bills, issued Dec. 6, 1939.....	0.016		\$100,945,000.00
6	Treasury bills, maturing June 5, 1940.....	Negative	\$100,677,000.00	
13	Treasury bills, issued Dec. 13, 1939.....	0.019		100,044,000.00
13	Treasury bills, maturing June 12, 1940.....	Negative	100,730,000.00	
15	Treasury notes, series A-1940.....	1½		77,307,100.00
15	Treasury notes, series B-1940 redeemed in exchange for Treasury notes, series A-1945.....	1½		718,024,200.00
15	Treasury notes, series A-1945.....	¾	718,024,200.00	
20	Treasury bills, issued Dec. 20, 1939.....	0.018		100,244,000.00
20	Treasury bills, maturing June 19, 1940.....	Negative	100,484,000.00	
27	Treasury bills, issued Dec. 27, 1939.....	0.007		101,021,000.00
27	Treasury bills, maturing June 26, 1940.....	Negative	100,649,000.00	
31	United States savings bonds, series A-1935.....	2.9	501,648.25	557,729.00
31	United States savings bonds, series B-1936.....	2.9	559,238.34	1,124,604.84
31	United States savings bonds, series C-1937.....	2.9	760,113.25	1,666,546.75
31	United States savings bonds, series C-1938.....	2.9	924,507.25	2,161,243.50
31	United States savings bonds, series D-1939.....	2.9	3,004,797.21	3,454,405.75
31	United States savings bonds, series D-1940.....	2.9	221,103,187.50	593,587.50
31	United States savings bonds, unclassified sales.....	2.9	\$120,861,247.24	
	Total, March.....		1,226,556,444.56	1,207,143,417.34
Apr. 3	Treasury bills, issued Jan. 3, 1940.....	Negative		101,930,000.00
3	Treasury bills, maturing July 3, 1940.....	0.004	100,525,000.00	
10	Treasury bills, issued Jan. 10, 1940.....	Negative		101,257,000.00
10	Treasury bills, maturing July 10, 1940.....	0.003	100,685,000.00	
17	Treasury bills, issued Jan. 17, 1940.....	Negative		100,241,000.00
17	Treasury bills, maturing July 17, 1940.....	0.001	100,246,000.00	
24	Treasury bills, issued Jan. 24, 1940.....	0.007		100,253,000.00
24	Treasury bills, maturing July 24, 1940.....	.004	100,043,000.00	
30	United States savings bonds, series A-1935.....	2.9	451,000.25	614,257.50
30	United States savings bonds, series B-1936.....	2.9	555,796.75	1,147,796.25
30	United States savings bonds, series C-1937.....	2.9	666,109.25	1,773,900.00
30	United States savings bonds, series C-1938.....	2.9	934,303.25	2,209,887.00
30	United States savings bonds, series D-1939.....	2.9	692,249.25	3,350,128.75
30	United States savings bonds, series D-1940.....	2.9	106,516,818.75	1,039,762.50
30	United States savings bonds, unclassified sales.....	2.9	11,687,673.65	
	Miscellaneous.....			11,000.00
	Total, April.....		523,002,951.15	413,827,732.00
May 1	Treasury bills, issued Jan. 31, 1940.....	0.004		100,179,000.00
1	Treasury bills, maturing July 31, 1940.....	.007	100,051,000.00	
8	Treasury bills, issued Feb. 7, 1940.....	.006		100,420,000.00
8	Treasury bills, maturing Aug. 7, 1940.....	.008	100,011,000.00	
15	Treasury bills, issued Feb. 14, 1940.....	.005		100,444,000.00
15	Treasury bills, maturing Aug. 14, 1940.....	.016	100,028,000.00	
22	Treasury bills, issued Feb. 21, 1940.....	.006		100,838,000.00
22	Treasury bills, maturing Aug. 21, 1940.....	.032	100,105,000.00	
29	Treasury bills, issued Feb. 28, 1940.....	.005		100,455,000.00
29	Treasury bills, maturing Aug. 28, 1940.....	.067	100,202,000.00	
31	United States savings bonds, series A-1935.....	2.9	374,812.75	752,869.25
31	United States savings bonds, series B-1936.....	2.9	509,404.75	1,355,422.25
31	United States savings bonds, series C-1937.....	2.9	596,143.25	2,037,215.25
31	United States savings bonds, series C-1938.....	2.9	836,577.50	2,612,682.75
31	United States savings bonds, series D-1939.....	2.9	785,952.25	4,400,701.00
31	United States savings bonds, series D-1940.....	2.9	118,096,425.00	2,122,987.50
31	United States savings bonds, unclassified sales.....	2.9	\$56,931,821.34	
	Total, May.....		564,664,494.16	515,617,878.00
June 5	Treasury bills, issued Mar. 6, 1940.....	Negative		100,677,000.00
5	Treasury bills, maturing Sept. 4, 1940.....	0.089	100,008,000.00	
12	Treasury bills, issued Mar. 13, 1940.....	Negative		100,730,000.00
12	Treasury bills, maturing Sept. 11, 1940.....	0.118	100,004,000.00	
15	Treasury notes, series B-1940.....	1½		20,404,200.00
15	Treasury bonds of 1940-43, redeemed in exchange for Treasury notes, series C-1943.....	3½		279,473,800.00
15	Treasury notes, series C-1943.....	1	279,473,800.00	
15	Treasury bonds of 1940-43, called for redemption.....	3½		73,519,650.00
19	Treasury bills, issued Mar. 20, 1940.....	Negative		100,484,000.00
19	Treasury bills, maturing Sept. 18, 1940.....	0.095	100,117,000.00	
26	Treasury bills, issued Mar. 27, 1940.....	Negative		100,649,000.00
26	Treasury bills, maturing Sept. 25, 1940.....	0.046	100,169,000.00	
30	United States savings bonds, series A-1935.....	2.9	438,063.00	764,179.50
30	United States savings bonds, series B-1936.....	2.9	945,165.75	1,586,662.25

Footnotes at end of table,

TABLE 39.—*Issues, maturities, and redemptions of interest-bearing securities, exclusive of trust account and other special issues, July 1939 through June 1940*<sup>1</sup>—Continued

Date	Issue	Rate of interest <sup>2</sup>	Amount issued <sup>3</sup>	Amount matured (or redeemed)
1940				
June 30	United States savings bonds, series C-1937.....	2.9	\$854,867.75	\$2,131,313.75
30	United States savings bonds, series C-1938.....	2.9	1,204,582.50	2,606,042.25
30	United States savings bonds, series D-1939.....	2.9	918,117.00	4,427,459.75
30	United States savings bonds, series D-1940.....	2.9	69,301,600.00	2,320,856.25
30	United States savings bonds, unclassified sales.....	2.9	* 24,062,126.42	-----
	Miscellaneous.....	-----	-----	4,500.00
	Total, June.....	-----	729,372,069.58	789,778,663.75
	Total, fiscal year 1940.....	-----	10,007,618,539.10	8,498,504,711.59

<sup>1</sup> On basis of daily Treasury statements (unrevised), supplemented by special statements on public debt issues, redemptions, and exchanges by the Public Debt Service.

<sup>2</sup> For Treasury bills, average rates on a bank discount basis are shown; for United States savings bonds, the approximate yield to maturity is shown.

<sup>3</sup> For United States savings bonds amounts shown represent cash receipts and/or accruals.

<sup>4</sup> Deduct. Represents excess of amounts transferred from unclassified sales to sales of a designated series over amounts received as unclassified sales.

TABLE 40.—*Sources of public debt increase or decrease, fiscal years 1915 to 1940*

[On basis of daily Treasury statements (unrevised), see p. 583]

[In thousands]

Year	Public debt retirements chargeable against ordinary receipts								
	Sinking fund	Foreign payments			Bonds and notes received for estate taxes	Bonds received for loans from Public Works Administration	Franchise tax receipts, Federal Reserve Banks	Net earnings, Federal intermediate credit banks <sup>1</sup>	Miscellaneous gifts, forfeitures, etc.
		Cash repayments of principal	Bonds, etc., received as repayments of principal	Bonds, etc., received as interest payments					
1915.									
1916.									
1917.									
1918.									
1919.		\$7,922			\$93		\$1,134		
1920.		72,670			3,141		2,922		
1921.	\$261,100	73,939			26,349		60,724		\$13
1922.	276,046	64,838			21,085		60,333		5,010
1923.	284,019	32,140			6,569		10,815		393
1924.	295,987	38,509	\$22,965	\$68,753	8,897		3,635		555
1925.	306,309	386	22,823	87,914	47		114	\$680	93
1926.	317,092	4,394	29,000	135,970			59	509	208
1927.	333,528	19,254	25,000	136,260			818	414	63
1928.	354,741	19,068	27,429	134,962			250	369	5,678
1929.	370,277	571	37,895	135,307	2		2,667	266	3,090
1930.	388,369	51,135	40,335	137,747	20		4,283	172	160
1931.	391,660	48,246		69,456	73		18	74	61
1932.	412,555				1			21	85
1933.	425,660	30,977	1,546	1,364			2,037		53
1934.	359,492		210	147					21
1935.	573,001				1				15
1936.	403,238								556
1937.	103,815			142					1
1938.	<sup>3</sup> 65,116		68	142					14
1939.	48,518	120				\$8,095		1,501	<sup>3</sup> 139
1940.	128,349					134		685	12
Total...	6,098,872	464,169	207,271	908,164	66,278	8,229	149,809	4,691.	16,136

Footnotes at end of table.

TABLE 40.—*Sources of public debt increase or decrease, fiscal years 1915 to 1940—Continued*

[In thousands]

Year	Total public debt retirements chargeable against ordinary receipts	Surplus or deficit of receipts (general, special, and trust accounts combined) <sup>1</sup>	Increase or decrease in General Fund balance	Increase or decrease in gross debt	Total gross debt	General Fund balance
1915					\$1,191,362	\$158,142
1916		\$48,478	\$82,262	\$33,783	1,225,146	240,404
1917		853,567	897,116	1,750,473	2,975,619	1,137,520
1918	\$1,134	9,033,264	447,487	9,479,607	12,455,225	1,585,007
1919	8,015	13,370,687	353,342	13,026,281	25,494,506	1,251,665
1920	78,746	212,475	863,963	1,136,185	24,299,321	357,702
1921	427,123	86,724	191,977	531,871	25,977,451	549,678
1922	422,695	313,802	277,673	1,014,069	22,963,382	272,106
1923	402,850	309,657	98,834	615,671	22,349,707	370,939
1924	458,000	505,367	156,683	1,098,891	21,250,813	235,411
1925	466,538	250,505	17,676	734,619	20,516,194	217,836
1926	487,376	377,768	7,834	872,978	19,643,216	210,002
1927	519,555	635,810	24,055	1,131,509	18,511,907	234,057
1928	540,255	398,828	31,470	907,614	17,604,293	265,527
1929	549,604	184,787	61,186	673,205	16,931,088	326,713
1930	553,884	183,789	8,106	745,779	16,185,310	318,607
1931	440,082	902,717	153,337	615,972	16,801,281	471,944
1932	412,630	\$ 3,153,097	64,747	2,685,721	19,487,002	417,197
1933	461,605	\$ 5,068,267	446,008	3,051,670	22,538,672	862,205
1934	359,864	\$ 5,154,616	1,719,717	4,514,469	27,053,141	2,581,922
1935	573,558	\$ 2,961,886	740,576	1,647,752	28,700,893	1,841,346
1936	403,240	\$ 4,640,726	840,164	5,077,650	33,778,543	2,681,510
1937	103,971	\$ 2,878,078	123,037	2,646,070	36,424,613	2,553,473
1938	65,465	\$ 1,145,147	337,555	740,127	37,164,740	2,215,918
1939	58,246	\$ 2,710,731	622,307	3,274,792	40,439,532	2,838,225
1940	129,184	\$ 3,604,665	947,432	2,527,999	42,967,531	1,890,743
Total	7,923,620	47,967,188	1,732,601	41,776,169		

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Revised.

<sup>4</sup> Deficit and decrease in italics.

<sup>5</sup> For explanation of accounts, see p. 584.

<sup>6</sup> Covers all expenditures of the Reconstruction Finance Corporation including payments against credits established for the Reconstruction Finance Corporation through the purchase of its notes under section 9 of the Reconstruction Finance Corporation Act.

## RECAPITULATION

[In thousands]

Retirements from—		
Charges against ordinary receipts	\$7,923,620	
Surplus of receipts	3,507,990	
Total		\$11,431,610
Increase in debt on account of—		
Deficit in ordinary receipts	51,475,178	
Increase in General Fund balance	1,732,601	
Total		53,207,779
Net increase		41,776,169
Gross debt:		
June 30, 1915	1,191,362	
June 30, 1940	42,967,531	
Net increase		41,776,169

TABLE 41.—*Transactions on account of the cumulative sinking fund, fiscal year 1940*

[On basis of daily Treasury statements (revised), see p. 583]

Unexpended balance July 1, 1939.....		\$1,663,669,776.95
Appropriation for 1940:		
Initial credit:		
(a) Under the Victory Liberty 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 obligations 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).....	7,860,538.70	
(c) Under the National Industrial Recovery Act (2½% of the aggregate amount of expenditures from appropriations made or authorized under this act).....	80,173,054.93	
		\$341,438,458.50
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).....		240,531,996.42
		581,970,454.92
Total available, 1940.....		2,245,640,231.87
Securities retired in 1940:		
3½% Treasury bonds of 1940-43.....	Par amount \$29,967,650.00	Principal cost \$29,967,650.00
Treasury notes:		
1½% series B-1939.....	10,366,200.00	10,366,200.00
1½% series D-1939.....	10,744,400.00	10,744,400.00
1½% series A-1940.....	61,543,600.00	61,543,600.00
1½% series B-1940.....	15,669,600.00	15,669,600.00
Total.....	128,291,450.00	128,291,450.00
		128,291,450.00
Unexpended balance June 30, 1940.....		2,117,348,781.87

TABLE 42.—*Transactions on account of the cumulative sinking fund, fiscal years 1921 to 1940*

[On basis of daily Treasury statements (revised), see p. 583]

Year	Appropriation available <sup>1</sup>	Debt retired (par amount)	Expended (principal cost)
1921.....	\$256,230,010.66	\$261,250,250.00	\$254,844,576.50
1922.....	274,516,965.89	275,896,000.00	274,481,902.16
1923.....	284,156,439.19	284,018,800.00	284,149,754.16
1924.....	294,927,023.26	295,987,350.00	294,927,019.57
1925.....	306,666,759.52	306,308,400.00	306,666,736.01
1926.....	321,184,577.22	317,091,750.00	321,184,468.20
1927.....	336,890,916.27	333,528,400.00	336,890,832.47
1928.....	355,081,401.18	354,741,300.00	355,080,563.11
1929.....	370,241,327.02	370,277,100.00	370,241,297.84
1930.....	382,925,568.19	388,368,950.00	382,925,400.49
1931.....	392,152,206.67	391,660,000.00	392,152,187.50
1932.....	410,850,121.31	412,554,750.00	410,850,073.60
1933.....	425,575,012.75	425,660,300.00	425,569,628.44
1934.....	438,540,888.81	359,491,900.00	359,186,053.82
1935.....	573,183,651.62	573,000,000.00	573,000,000.00
1936.....	553,224,372.89	403,340,750.00	403,340,750.00
1937.....	722,650,458.86	103,733,650.00	103,733,650.00
1938.....	1,196,526,189.72	65,232,400.00	65,232,400.00
1939.....	1,712,184,276.95	48,514,500.00	48,514,500.00
1940.....	2,245,640,231.87	128,291,450.00	128,291,450.00
Total.....	8,208,612,025.74	6,098,948,000.00	6,091,263,243.87

<sup>1</sup> Unexpended balance each year included in appropriation available for next year, but excluded from total. Unexpended balance \$2,117,348,781.87 at end of 1940.



TABLE 43.—*Securities retired through the cumulative sinking fund, par amount and principal cost, to June 30, 1940*

[On basis of daily Treasury statements (revised), see p. 583]

Issue	Par amount	Principal cost
<b>Liberty bonds:</b>		
First 3½'s	\$142,090,650	\$142,090,650.00
First 4's	1,831,600	1,824,103.09
First 4½'s	123,491,600	123,493,498.13
First-second 4½'s	428,800	428,800.00
Second 4's	470,900	671,196.27
Second 4½'s	374,735,400	374,988,667.88
Third 4½'s	1,261,876,000	1,268,640,946.97
Fourth 4½'s	1,043,670,550	1,043,484,086.28
<b>Victory notes:</b>		
3½'s	106,186,900	104,542,256.28
4½'s	610,584,150	604,769,347.07
<b>Treasury bonds:</b>		
4½% of 1947-52	10,000	10,000.00
4% of 1944-54	69,100	69,100.00
3½% of 1946-56	7,000	7,000.00
3½% of 1943-47	38,901,550	38,169,957.24
3½% of 1940-43	36,012,650	35,902,746.05
3½% of 1941-43	49,353,000	48,487,927.18
3½% of 1946-49	2,321,500	2,310,379.60
3½% of 1951-55	8,678,300	8,517,873.61
3½% of 1941	589,900	581,378.40
3½% of 1943-45	609,750	602,614.64
3½% of 1944-46	121,150	121,150.00
3% of 1946-48	10,000	10,000.00
3% of 1940-52	2,000	2,000.00
2½% of 1955-60	55,050	55,050.00
2½% of 1945-47	24,950	24,950.00
<b>Treasury notes:</b>		
5½% series B-1924	103,000,000	103,028,635.62
4½% series A-1925	101,000,000	101,004,123.53
4½% series B-1925	11,315,900	11,279,715.38
4½% series C-1925	113,199,900	113,196,011.61
4½% series A-1926	1,018,300	1,018,300.00
4½% series B-1926	9,564,200	9,485,492.59
4½% series A-1927	26,798,000	26,880,711.16
4½% series B-1927	60,217,900	60,217,900.00
3½% series A-1930-32	691,284,850	687,390,338.29
3½% series B-1930-32	41,989,300	41,682,698.99
3½% series C-1930-32	359,556,100	358,811,853.00
3½% series 1932	418,764,000	418,764,000.00
3% series A-1934	7,513,700	7,513,700.00
2½% series D-1935	6,940,000	6,940,000.00
2½% series A-1936	18,573,600	18,581,100.00
2½% series B-1936	10,555,100	10,542,080.01
2½% series C-1936	25,951,900	25,913,939.07
1½% series D-1936	1,875,900	1,875,900.00
1½% series E-1936	7,862,800	7,862,800.00
3½% series A-1937	57,215,300	57,209,592.52
3% series B-1937	22,473,500	22,438,520.95
3% series C-1937	21,562,900	21,562,900.00
2½% series A-1938	15,560,000	15,541,747.20
2½% series B-1938	12,500,000	12,393,106.26
3% series C-1938	3,484,100	3,484,100.00
2½% series D-1938	17,001,750	17,001,750.00
1½% series E-1938	8,919,000	8,919,000.00
2½% series A-1939	11,240,000	11,240,000.00
1½% series B-1939	10,366,200	10,366,200.00
1½% series C-1939	11,353,750	11,353,750.00
1½% series D-1939	10,744,400	10,744,400.00
1½% series A-1940	61,543,600	61,543,600.00
1½% series B-1940	15,669,600	15,669,600.00
<b>Total</b>	<b>6,098,948,000</b>	<b>6,091,263,243.87</b>

## Interest on the public debt

TABLE 44.—Interest on the public debt, payable, paid, and outstanding unpaid, fiscal year 1940

(On basis of daily Treasury statements (revised), see p. 583)

Issue	Outstanding unpaid June 30, 1939	Due and payable during 1940	Payments during 1940	Outstanding unpaid June 30, 1940
Pre-war loans.....	\$468,895.62	\$5,304,013.27	\$5,317,162.12	\$455,746.77
Liberty and Victory loans.....	6,859,290.22	1,123,923.88	399,032.10	6,331,334.24
Treasury bonds.....	22,500,865.98	765,379,175.34	762,878,942.71	25,001,098.61
Treasury notes.....	2,519,974.48	166,149,900.63	166,090,057.50	2,579,817.61
Certificates of indebtedness.....	855,571.47	38,493,105.53	38,496,982.09	2,851,694.91
Treasury (war) savings securities <sup>1</sup> .....	3,455,730.00	113.89	61,993.89	3,393,850.00
Treasury bills <sup>2</sup> .....		395,983.41	395,983.41	
United States savings bonds <sup>2</sup> .....		42,098,812.09	42,098,812.09	
Adjusted service bonds.....	25,799,992.08	31,546,117.65	25,709,295.73	31,636,814.00
Total.....	62,460,319.85	1,049,238,297.93	1,041,448,261.64	70,250,356.14

<sup>1</sup> Adjustments, deduct.<sup>2</sup> Amounts represent discount treated as interest.TABLE 45.—Interest paid on the public debt, by issues, fiscal years 1938 to 1940<sup>1</sup>

(On basis of warrants issued, see p. 583)

Issues	Rate of interest	1938	1939	1940
Debt unmatured as of June 30, in the respective year:	Percent			
Panama Canal loan of 1961.....	3	\$1,502,874.50	\$1,491,289.00	\$1,511,757.00
Conversion bonds of 1946-47.....	3	866,409.75	865,520.25	868,225.50
Postal savings bonds.....	2½	2,958,038.50	2,939,191.25	2,935,619.25
Treasury bonds of 1947-52.....	4½	32,303,392.77	32,236,294.15	32,161,920.75
Treasury bonds of 1944-54.....	4	41,454,000.59	41,492,976.00	41,133,362.00
Treasury bonds of 1946-56.....	3¾	18,285,570.95	18,313,348.73	18,316,808.23
Treasury bonds of 1943-47.....	3½	15,345,137.54	15,267,650.01	15,204,048.35
Treasury bonds of 1941-43.....	3½	18,356,204.46	18,413,910.93	18,393,180.55
Treasury bonds of 1946-49.....	3½	25,587,215.04	25,590,809.00	25,483,094.08
Treasury bonds of 1951-55.....	3	22,600,981.56	22,550,864.25	22,599,039.00
Treasury bonds of 1941.....	3¼	27,102,772.93	27,104,976.32	27,087,925.60
Treasury bonds of 1943-45.....	3¼	45,449,424.90	45,420,572.08	45,458,704.01
Treasury bonds of 1944-46.....	3¼	49,247,495.35	49,253,069.31	49,253,610.26
Treasury bonds of 1946-48.....	3	31,040,592.75	31,080,326.25	30,944,856.00
Treasury bonds of 1949-52.....	3½	15,302,693.67	15,360,975.04	15,341,739.77
Treasury bonds of 1955-60.....	2½	74,838,476.86	74,809,856.79	74,885,584.16
Treasury bonds of 1945-47.....	2¾	33,316,670.09	33,335,211.86	33,361,945.91
Treasury bonds of 1948-51.....	2¾	33,614,686.58	33,636,728.07	33,640,796.30
Treasury bonds of 1951-54.....	2¾	44,493,593.52	44,768,379.63	44,616,359.19
Treasury bonds of 1956-59.....	2¾	26,896,694.73	26,959,121.07	26,989,336.37
Treasury bonds of 1949-53.....	2½	44,301,905.46	44,546,336.14	44,527,409.88
Treasury bonds of 1945.....	2½	6,663,908.17	13,493,098.70	13,498,841.23
Treasury bonds of 1948.....	2½		11,259,763.88	11,268,714.62
Treasury bonds of 1958-63.....	2¾		24,891,424.75	25,174,423.67
Treasury bonds of 1950-52.....	2½		2,789,490.86	29,620,397.73
Treasury bonds of 1960-65.....	2¾		7,392,774.49	40,512,457.97
Treasury bonds of 1947.....	2		6,944,782.50	13,983,255.00
Treasury bonds of 1948-50.....	2			5,779,843.94
Treasury bonds of 1951-53.....	2¼			11,712,660.26
United States savings bonds series A-1935.....	2.9	4,708,238.50	4,464,081.50	4,269,066.25
United States savings bonds series B-1936.....	2.9	8,997,336.00	8,436,274.50	8,021,893.09
United States savings bonds series C-1937.....	2.9	3,438,532.50	11,373,653.50	10,740,868.75
United States savings bonds series C-1938.....	2.9		3,707,070.50	13,326,579.25
United States savings bonds series D-1939.....	2.9			5,740,404.75
Adjusted service bonds of 1945.....	3	3,651,665.51	3,167,685.85	3,202,187.69
Adjusted service bonds, Government life insurance fund series, 1946.....	4½	22,507,108.04	22,507,108.04	22,507,108.04
Treasury notes at various interest rates.....		151,518,154.82	104,473,886.50	66,177,011.32
Treasury notes, old-age reserve account series.....	3	15,412,232.89	26,951,054.81	41,312,803.26
Treasury notes, Federal old-age and survivors insurance trust fund series.....	2½			1,176,024.59

Footnotes at end of table.

TABLE 45.—Interest paid on the public debt, by issues, fiscal years 1938 to 1940<sup>1</sup>  
Continued

Issues	Rate of interest	1938	1939	1940
Debt unmatured as of June 30, in the respective year—Continued.	Percent			
Treasury notes, railroad retirement account series.....	3	\$1,410,821.92	\$2,201,876.72	\$2,282,516.39
Treasury notes, civil service retirement fund series.....	4	12,511,978.08	16,947,791.77	19,629,508.18
Treasury notes, civil service retirement fund series.....	3			245.90
Treasury notes, foreign service retirement fund series.....	4	118,519.78	121,759.01	126,117.49
Treasury notes, Canal Zone retirement fund series.....	4	142,419.07	159,002.85	165,575.09
Treasury notes, Alaska Railroad retirement fund series.....	4	10,972.28	21,089.87	29,500.87
Treasury notes, Postal Savings System series.....	2	684,972.37	893,753.60	2,013,290.76
Treasury notes, Government life insurance fund series.....	2		283,194.52	126,174.86
Treasury notes, Federal Deposit Insurance Corporation series.....	2	1,898,201.52	2,074,506.10	978,852.46
Certificates of indebtedness, adjusted service certificate fund series.....	4	49,205.48	34,630.14	19,781.42
Treasury bills <sup>4</sup> .....		599,764.01	32,980.52	122,598.37
Debt matured as of June 30 in the respective year:				
Old debt matured issued prior to Apr. 1, 1917.....		919.69	1,277.26	1,317.17
First Liberty loan bonds.....	3½	122,826.63	74,116.65	63,606.15
First Liberty loan bonds (converted).....	4	9,036.63	3,226.48	1,480.69
First Liberty loan bonds (converted).....	4½	76,745.39	39,696.21	30,211.16
First Liberty loan bonds (second converted).....	4½	332.54	279.44	15.94
Second Liberty loan bonds.....	4	8,070.00	6,117.00	4,883.62
Second Liberty loan bonds (converted).....	4½	11,868.49	9,718.65	12,186.93
Third Liberty loan bonds.....	4½	62,837.05	28,971.82	29,178.50
Fourth Liberty loan bonds.....	4½	492,180.69	355,357.92	252,897.99
Victory Liberty loan notes.....	4½	3,778.13	3,762.25	4,571.12
Treasury notes at various interest rates.....		51,623,033.25	33,667,726.12	30,106,417.97
Treasury notes, civil service retirement fund series.....	4	2,450,794.53	1,368,328.76	1,935,245.91
Treasury notes, foreign service retirement fund series.....	4	15,376.77	19,573.71	26,216.07
Treasury notes, Canal Zone retirement fund series.....	4	3,463.46		4,556.38
War savings stamps.....		80,162.34	72,751.41	61,893.89
Treasury bonds of Apr. 16, 1934.....	¾			
Treasury savings certificates.....	2	1,025.00	1,000.00	100.00
Consols of 1930.....	2	3,781.75	193.00	242.00
Panama Canal loan of 1916-36.....	2	1.60	80.00	1.20
Panama Canal loan of 1918-38.....	2			
Treasury bills <sup>4</sup> .....		3,521,496.79	281,622.07	273,385.04
Treasury certificates.....	2	334.50	355.50	383.00
Certificates of indebtedness, unemployment trust fund series.....	2½	15,172,022.11	26,836,602.17	37,725,798.84
Certificates of indebtedness, at various interest rates.....		6,514.63	5,791.84	3,501.02
Certificates of indebtedness, adjusted service certificate fund series.....	4	1,420,723.29	987,879.46	747,517.81
Treasury bonds of 1940-43.....	3¾	11,971,083.72	11,919,118.43	11,928,627.88
Total.....		926,247,272.42	940,958,138.78	1,041,448,261.64

<sup>1</sup> For details for the fiscal years 1918 to 1929, see annual report for 1929, p. 503; and for later years, similar tables in subsequent reports.<sup>2</sup> Deduct excess of credits, collection of interest accruals, and counter warrant adjustments.<sup>3</sup> Approximate yield if held to maturity.<sup>4</sup> Sold on a discount basis.

TABLE 46.—Amount of interest-bearing debt outstanding, the computed annual interest charge, and the computed rate of interest, for the fiscal years 1916 to 1940, and by months from July 1939 to June 1940<sup>1</sup>

[On basis of daily Treasury statements (revised), see p. 583.]

Year and month	Interest-bearing debt <sup>2</sup>	Computed annual interest charge	Computed rate of interest
End of June 30—			Percent
1916.....	\$971,562,590	\$23,064,635	2.376
1917.....	2,712,549,476	83,625,482	3.120
1918.....	11,935,882,436	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.....	36,578,684,982	947,164,071	2.589
1939.....	39,891,844,494	1,037,107,765	2.600
1940.....	42,380,009,306	1,094,721,802	2.583
Month ended—			
1939—July.....	40,118,185,810	1,044,381,964	2.603
August.....	40,355,643,930	1,050,968,868	2.604
September.....	40,345,520,996	1,051,922,231	2.607
October.....	40,529,953,240	1,054,475,733	2.602
November.....	40,811,683,747	1,058,636,198	2.594
December.....	41,465,161,213	1,077,186,384	2.598
1940—January.....	41,619,428,888	1,085,506,376	2.608
February.....	41,849,409,965	1,091,630,644	2.608
March.....	42,002,177,549	1,091,001,949	2.597
April.....	42,121,747,470	1,094,297,859	2.598
May.....	42,255,426,112	1,097,897,120	2.598
June.....	42,380,009,306	1,094,721,802	2.583

<sup>1</sup> 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.

<sup>2</sup> The interest-bearing debt includes discount on Treasury bills from June 30, 1930, the amount being deducted from the interest-bearing debt prior to calculating the average interest rate.

Miscellaneous

TABLE 47.—*Contingent liabilities of the United States, June 30, 1940*

[Compiled from latest reports received by the Treasury]

Detail	Authorizing act	Amount of contingent liability		
		Principal	Matured interest <sup>1</sup>	Total
GUARANTEED BY THE UNITED STATES				
Unmatured obligations:				
Commodity Credit Corporation:				
5/8% notes, series D, 1941	Mar. 8, 1938	\$202,553,000.00	\$187.31	\$202,553,187.31
1% notes, series E, 1941	do	204,241,000.00	2,242.31	204,243,242.31
		<sup>2</sup> 406,794,000.00	2,429.62	
				\$406,796,429.62
Federal Farm Mortgage Corporation:				
3% bonds of 1944-49	Jan. 31 1934, as amended	835,085,600.00	910,183.50	835,995,783.50
3 1/4% bonds of 1944-64	do	94,678,600.00	144,528.44	94,823,128.44
3% bonds of 1942-47	do	236,476,200.00	176,975.50	236,653,175.50
2 3/4% bonds of 1942-47	do	103,147,500.00	24,986.20	103,172,486.20
		1,269,387,900.00	1,256,673.64	
				1,270,644,573.64
Federal Housing Administration:				
Mutual mortgage insurance fund:				
3% debentures, series A	June 27, 1934, as amended	3,495,355.28	128.70	3,495,483.98
2 3/4% debentures, series B—third called	do	1,173,600.00		1,173,600.00
2 3/4% debentures, series B—uncalled	do	808,150.00	373.47	808,523.47
Housing insurance fund:				
2 3/4% debentures, series D	do	2,023,850.00		2,023,850.00
		7,500,955.28	502.17	
				7,501,457.45
Home Owners' Loan Corporation:				
3% bonds, series A, 1944-52	June 13, 1933, as amended	778,579,150.00	1,157,967.43	779,737,117.43
2 1/2% bonds, series G, 1942-44	do	879,038,625.00	95,892.63	879,134,517.63
5/8% bonds, series L, 1941	do	190,837,900.00	2,522.10	190,840,422.10
1 1/2% bonds, series M, 1945-47	do	754,904,025.00	137,844.71	755,041,869.71
		<sup>3</sup> 2,603,359,700.00	1,394,226.87	
				2,604,753,926.87

TABLE 47.—Contingent liabilities of the United States, June 30, 1940—Continued

Detail	Authorizing act	Amount of contingent liability		
		Principal	Matured interest <sup>1</sup>	Total
GUARANTEED BY THE UNITED STATES—Continued				
Unmatured obligations—Continued.				
Reconstruction Finance Corporation:				
<sup>7</sup> / <sub>8</sub> % notes, series N.....	Jan. 22, 1932, as amended.....	\$211,460,000.00	\$971.03	\$211,460,971.03
<sup>7</sup> / <sub>8</sub> % notes, series P.....	do.....	298,939,000.00	3,748.12	298,942,748.12
<sup>7</sup> / <sub>8</sub> % notes, series R.....	do.....	310,090,000.00	257.58	310,090,257.58
1% notes, series S.....	do.....	275,868,000.00	287.40	275,868,287.40
Tennessee Valley Authority.....	May 18, 1933, as amended.....	<sup>4</sup> 1,096,357,000.00	5,264.13	\$1,096,362,264.13
United States Housing Authority:		( <sup>5</sup> )		
<sup>1</sup> / <sub>2</sub> % notes, series B, 1944.....	Sept. 1, 1937, as amended.....	<sup>6</sup> 114,157,000.00	2,241.32	114,159,241.32
United States Maritime Commission.....	June 29, 1936, as amended.....			
Total ununmatured obligations.....		5,497,556,555.28	2,661,337.75	5,500,217,893.03
Matured obligations: <sup>1</sup>				
Federal Farm Mortgage Corporation:				
<sup>1</sup> / <sub>4</sub> % bonds of 1939.....	Jan. 31, 1934, as amended.....	353,500.00	748.50	354,248.50
Home Owners' Loan Corporation:				
4% bonds of 1933-51.....	June 13, 1933.....		15,063.00	15,063.00
<sup>2</sup> / <sub>4</sub> % bonds, series B, 1939-49.....	June 13, 1933, as amended.....	23,865,200.00	576,625.39	24,441,825.39
2% bonds, series E, 1938.....	do.....	76,000.00	5,570.00	81,570.00
<sup>1</sup> / <sub>2</sub> % bonds, series F, 1939.....	do.....	173,400.00	1,067.66	174,467.66
<sup>3</sup> / <sub>8</sub> % bonds, series K, 1940.....	do.....	6,791,000.00	521.66	6,791,521.66
		<sup>7</sup> 30,905,600.00	598,847.71	31,504,447.71
Total matured obligations.....		<sup>1</sup> 31,259,100.00	599,596.21	31,858,696.21
Total, based on guarantees.....		5,528,815,655.28	3,260,933.96	5,532,076,589.24
ON CREDIT OF THE UNITED STATES				
Secretary of Agriculture.....	May 12, 1933.....			
Postal Savings System:				
Funds due depositors.....	June 25, 1910, as amended.....	1,293,504,240.90	36,404,481.96	<sup>8</sup> 1,329,908,722.86

Tennessee Valley Authority:				
2½% bonds, series A.....	May 18, 1933, as amended	3,000,000.00		3,000,000.00
2½% bonds, series B.....	do.....	5,300,000.00		5,300,000.00
		* 8,300,000.00		8,300,000.00
Total, based on credit of the United States.....		1,301,804,240.90	36,404,481.96	1,338,208,722.86
OTHER OBLIGATIONS				
Federal Reserve notes (face amount).....	Dec. 23, 1913, as amended			<sup>10</sup> 5,188,054,343.86

## DETAIL OF CONTINGENT LIABILITIES AS SHOWN ABOVE, JUNE 30, 1940

Title	Extent of guaranty by the United States	Tax exemptions	Rate of interest	Date of issue	Redeemable (on and after)	Payable	Interest payable
GUARANTEED BY THE UNITED STATES							
Commodity Credit Corporation:			Percent				
¾% notes, series D, 1941.....	Principal and interest.....	( <sup>a</sup> )	¾%	Aug. 1, 1939.....		Aug. 1, 1941.....	Feb. 1, Aug. 1.
1% notes, series E, 1941.....	do.....	( <sup>a</sup> )	1	Nov. 2, 1939.....		Nov. 15, 1941.....	May 15, Nov. 15.
Federal Farm Mortgage Corporation:							
3% bonds of 1944-49.....	do.....	( <sup>a</sup> )	3	May 15, 1934.....	May 15, 1944.....	May 15, 1949.....	Do.
3¼% bonds of 1944-64.....	do.....	( <sup>a</sup> )	3¼	Mar. 15, 1934.....	Mar. 15, 1944.....	Mar. 15, 1964.....	Mar. 15, Sept. 15.
3% bonds of 1942-47.....	do.....	( <sup>a</sup> )	3¼	Jan. 15, 1935.....	Jan. 15, 1942.....	Jan. 15, 1947.....	Jan. 15, July 15.
2¾% bonds of 1942-47.....	do.....	( <sup>a</sup> )	2¾	Mar. 1, 1935.....	Mar. 1, 1942.....	Mar. 1, 1947.....	Mar. 1, Sept. 1.
Federal Housing Administration:							
Mutual mortgage insurance fund:							
3% debentures, series A.....	do.....	( <sup>b</sup> )	3	Various.....		Various.....	Jan. 1, July 1.
2¾% debentures, series B.....	do.....	( <sup>b</sup> )	2¾	do.....		do.....	Do.
Housing insurance fund:							
2¾% debentures, series D.....	do.....	( <sup>c</sup> )	2¾	do.....		do.....	Do.
Home Owners' Loan Corporation:							
3% bonds, series A, 1944-52.....	do.....	( <sup>d</sup> )	3	May 1, 1934.....	May 1, 1944.....	May 1, 1952.....	May 1, Nov. 1.
2¼% bonds, series G, 1942-44.....	do.....	( <sup>d</sup> )	2¼	July 1, 1935.....	July 1, 1942.....	July 1, 1944.....	Jan. 1, July 1.
¾% bonds, series L, 1941.....	do.....	( <sup>d</sup> )	¾	May 15, 1939.....		May 15, 1941.....	May 15, Nov. 15.
1½% bonds, series M, 1945-47.....	do.....	( <sup>d</sup> )	1½	June 1, 1939.....	June 1, 1945.....	June 1, 1947.....	June 1, Dec. 1.
Reconstruction Finance Corporation:							
¾% notes, series N.....	do.....	( <sup>e</sup> )	¾	July 20, 1938.....		July 20, 1941.....	Jan. 20, July 20.
¾% notes, series P.....	do.....	( <sup>e</sup> )	¾	Nov. 1, 1938.....		Nov. 1, 1941.....	May 1, Nov. 1.
¾% notes, series R.....	do.....	( <sup>e</sup> )	¾	Feb. 15, 1939.....		Jan. 15, 1942.....	Jan. 15, July 15.
1% notes, series S.....	do.....	( <sup>e</sup> )	1	Nov. 10, 1939.....		July 1, 1942.....	Jan. 1, July 1.

Footnotes at end of table.

TABLE 47.—Contingent liabilities of the United States, June 30, 1940—Continued

DETAIL OF CONTINGENT LIABILITIES AS SHOWN ABOVE, JUNE 30, 1940—Continued

Title	Extent of guaranty by the United States	Tax exemptions	Rate of interest	Date of issue	Redeemable (on and after)	Payable	Interest payable
<b>GUARANTEED BY THE UNITED STATES—Continued.</b>							
Tennessee Valley Authority.....	(11)						
United States Housing Authority: 1½% notes, series B, 1944.....	Principal and interest.....	(7)	1½	Feb. 1, 1939.....		Feb. 1, 1944.....	Feb. 1, Aug. 1.
United States Maritime Commission.....	(12)						
<b>ON CREDIT OF THE UNITED STATES</b>							
Secretary of Agriculture.....	(13)						
Postal Savings System.....	(14)		2	Date of deposit.....		On demand.....	Quarterly from first day of month next following the date of deposit.
Tennessee Valley Authority: 2½% bonds, series A.....	(15)	(9)	2½	Sept. 1, 1938.....		Sept. 1, 1943 and 1945	Mar. 1, Sept. 1.
2½% bonds, series B.....	(15)	(9)	2½	June 15, 1939.....		June 15, 1959, 1960, and 1961	June 15, Dec. 15.
<b>OTHER OBLIGATIONS</b>							
Federal Reserve notes.....	(16)						

<sup>1</sup> Funds have been deposited with the Treasurer of the United States for payment of outstanding matured principal and interest obligations guaranteed by the United States.

<sup>2</sup> Does not include \$25,000,000 face amount of ½% notes, second series, due December 29, 1940, held by the Treasury and reflected in the public debt.

<sup>3</sup> Includes \$75 face amount of bonds held by the Home Owners' Loan Corporation as "Treasury" bonds pending cancellation.

<sup>4</sup> Does not include \$7,000,000 face amount of 1% notes, series Q-2, due January 1, 1942, held by the Treasury and reflected in the public debt.

<sup>5</sup> Bonds in the face amount of \$272,500 issued under section 15a and an interim certificate in the face amount of \$52,000,000 issued under section 15c of the Tennessee Valley Authority Act of 1933, as amended, are held by the Treasury and reflected in the public debt.

<sup>6</sup> Does not include \$20,000,000 face amount of notes series D held by the Treasury and reflected in the public debt.

<sup>7</sup> Does not include \$255,000 face amount of bonds in transit for redemption on June 30, 1940.

<sup>8</sup> Offset by cash in designated depository banks amounting to \$43,122,294.52, which is secured by the pledge of collateral as provided in the Regulations of the Postal Savings System, having a face value of \$42,035,145, cash in possession of System amounting to \$62,412,182.60, Government and Government-guaranteed securities with a face value of \$1,217,585,690, and other assets. The postal savings deposits shown on the June 30, 1940, Public Debt Statement are as of April 30, 1940.

<sup>9</sup> Held by the Reconstruction Finance Corporation.

<sup>10</sup> In actual circulation, exclusive of \$10,862,551.14 redemption fund deposited in the Treasury and \$282,861,450 of their own Federal Reserve notes held by the issuing banks. The collateral security for Federal Reserve notes issued consists of \$5,575,500,000 in gold certificates and in credits with the Treasurer of the United States payable in gold certificates, and \$1,428,000 face amount of commercial paper.

<sup>11</sup> Under section 15c of the Tennessee Valley Authority Act of 1933, as amended by the act of July 26, 1939, the Tennessee Valley Authority is authorized to issue bonds not to exceed in the aggregate \$61,500,000, having a maturity of not more than 50 years from the date of issue, and bearing interest not to exceed 3½% per annum. Such bonds shall be fully and unconditionally guaranteed both as to principal and interest by the United States.



<sup>12</sup> Debentures authorized to be issued by the United States Maritime Commission under the Merchant Marine Act, 1936, as amended, shall be fully and unconditionally guaranteed as to principal and interest by the United States.

<sup>13</sup> The Secretary of Agriculture is authorized pursuant to act of May 12, 1933, to borrow money upon all cotton in his possession or control and deposit as collateral for such loans warehouse receipts for such cotton.

<sup>14</sup> The faith of the United States is solemnly pledged to the payment of the deposits made in Postal Savings depository offices, with accrued interest thereon.

<sup>15</sup> Bonds issued on the credit of the United States.

<sup>16</sup> 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, in the city of Washington, District of Columbia, or at any Federal Reserve Bank.

#### TAX EXEMPTIONS:

<sup>a</sup> Bonds and the income derived therefrom exempt from Federal, State, municipal, and local taxation (except surtaxes, estate, inheritance, and gift taxes).

<sup>b</sup> The National Housing Act as amended by the National Housing Act Amendments of 1938, approved February 3, 1938, reads in part as follows: "Such debentures as are issued in exchange for property covered by mortgages insured under section 203 or section 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."

<sup>c</sup> With reference to the debentures issued in the name of the housing insurance fund, the National Housing Act Amendments of 1938, approved February 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."

<sup>d</sup> 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 or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

<sup>e</sup> 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.

<sup>f</sup> 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 or by any State, county, municipality, or local taxing authority.

<sup>g</sup> Bonds which have been issued by the Tennessee Valley Authority on the credit of the United States as provided in section 15 of the Tennessee Valley Authority Act of 1933, as amended, have all the rights and privileges accorded by law to Panama Canal bonds authorized by section 8 of the act of June 28, 1902, chapter 1302, as amended by the act of December 21, 1905 (ch. 3, sec. 1, 34 Stat. 5), as now compiled in section 743 of title 31 of the United States Code.

TABLE 48.—Contingent liabilities of the United States as of June 30, 1933 to 1940

Agency	Obligation	Face amount of contingent liability							
		June 30, 1933	June 30, 1934	June 30, 1935	June 30, 1936	June 30, 1937	June 30, 1938	June 30, 1939	June 30, 1940
GUARANTEED BY THE UNITED STATES									
Commodity Credit Corporation.	Notes.....						\$206,174,000.00	\$206,174,000.00	\$406,794,000.00
Federal Farm Mortgage Corporation.	Bonds.....		\$311,634,200.00	\$1,225,599,400.00	\$1,422,185,100.00	\$1,422,190,900.00	1,409,759,900.00	1,379,409,900.00	1,269,387,900.00
Federal Housing Administration:									
Mutual mortgage insurance fund.	Debentures.....					90,366.19	583,459.76	2,634,398.67	5,477,105.28
Housing insurance fund.	do.....								2,023,850.00
Home Owners' Loan Corporation.	Bonds.....		134,318,950.00	2,647,313,625.00	3,044,219,475.00	2,987,078,600.00	2,937,169,125.00	2,927,948,600.00	2,603,359,700.00
Reconstruction Finance Corporation.	Notes.....		234,814,666.67	249,771,666.67	251,629,666.67	255,234,666.67	298,872,666.67	819,689,000.00	1,096,357,000.00
United States Housing Authority.	do.....							114,157,000.00	114,157,000.00
Total, based on guarantees.			680,767,816.67	4,122,684,691.67	4,718,033,241.67	4,664,594,532.86	4,852,559,151.43	5,450,012,898.67	5,497,556,555.28
ON CREDIT OF THE UNITED STATES									
Secretary of Agriculture.....	Notes.....		58,486,654.00	45,000,000.00					
Postal Savings System.....	Funds due depositors.	\$1,187,250,095.60	1,197,986,761.90	1,204,932,325.60	1,231,746,559.50	1,267,749,526.20	1,251,875,391.90	1,262,369,779.20	1,293,504,240.90
Tennessee Valley Authority.....	Bonds.....							8,300,000.00	8,300,000.00
Total, based on credit of the United States.		1,187,250,095.60	1,256,473,415.90	1,249,932,325.60	1,231,746,559.50	1,267,749,526.20	1,251,875,391.90	1,270,669,779.20	1,301,804,240.90
OTHER OBLIGATIONS									
Federal Reserve System.....	Federal Reserve notes.	3,049,344,678.68	3,325,265,033.00	3,234,959,135.00	4,021,532,607.00	4,196,006,553.25	4,139,147,770.18	4,502,272,595.67	5,188,054,343.86

<sup>1</sup> Amount shown herein is for June 30, 1940; the postal savings deposits shown on the June 30, 1940, Public Debt Statement are as of April 30, 1940.

NOTE.—These amounts do not include any outstanding matured principal and interest obligations guaranteed by the United States for which funds had been deposited, on the dates indicated, with the Treasurer of the United States for their payment. Does not include guaranteed obligations owned by the Treasury.

TABLE 49.—Average yield on long-term United States Government bonds, by months, January 1919 to June 1940<sup>1</sup>

[Averages of daily figures. Percent per annum]

Month	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
January.....	4.63	4.93	5.23	4.45	4.32	4.30	3.96	3.77	3.51	3.18
February.....	4.70	5.05	5.28	4.50	4.33	4.28	3.95	3.71	3.48	3.19
March.....	4.73	5.09	5.27	4.41	4.38	4.28	3.96	3.71	3.37	3.17
April.....	4.72	5.28	5.24	4.28	4.39	4.23	3.93	3.70	3.35	3.20
May.....	4.67	5.58	5.25	4.26	4.37	4.15	3.87	3.67	3.31	3.24
June.....	4.69	5.54	5.27	4.24	4.34	3.98	3.79	3.67	3.34	3.29
July.....	4.72	5.57	5.26	4.14	4.34	3.94	3.79	3.68	3.36	3.42
August.....	4.78	5.67	5.22	4.12	4.35	3.91	3.85	3.70	3.32	3.48
September.....	4.73	5.43	5.12	4.19	4.36	3.92	3.85	3.70	3.30	3.46
October.....	4.71	5.08	4.83	4.30	4.40	3.87	3.82	3.68	3.29	3.47
November.....	4.81	5.21	4.64	4.33	4.37	3.90	3.79	3.62	3.23	3.38
December.....	4.90	5.40	4.47	4.32	4.35	3.96	3.80	3.56	3.17	3.45
Average.....	4.73	5.32	5.09	4.30	4.36	4.06	3.86	3.68	3.34	3.33

Month	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940
January.....	3.52	3.43	3.20	4.26	3.22	3.50	2.88	2.80	2.47	2.65	2.47	2.30
February.....	3.62	3.41	3.30	4.11	3.31	3.32	2.79	2.77	2.46	2.64	2.44	2.32
March.....	3.74	3.29	3.27	3.92	3.42	3.20	2.77	2.71	2.60	2.64	2.34	2.25
April.....	3.64	3.37	3.26	3.68	3.42	3.11	2.74	2.68	2.80	2.62	2.30	2.25
May.....	3.64	3.31	3.16	3.76	3.30	3.02	2.72	2.66	2.76	2.51	2.17	2.38
June.....	3.69	3.25	3.13	3.76	3.21	2.98	2.72	2.66	2.76	2.52	2.13	2.39
July.....	3.64	3.25	3.15	3.58	3.20	2.92	2.69	2.65	2.72	2.52	2.16	-----
August.....	3.71	3.26	3.18	3.45	3.21	3.03	2.76	2.61	2.72	2.51	2.21	-----
September.....	3.70	3.24	3.25	3.42	3.19	3.20	2.85	2.60	2.77	2.58	2.65	-----
October.....	3.61	3.21	3.63	3.43	3.22	3.10	2.85	2.62	2.76	2.48	2.60	-----
November.....	3.35	3.19	3.63	3.45	3.46	3.07	2.83	2.53	2.71	2.50	2.46	-----
December.....	3.36	3.22	3.93	3.35	3.53	3.01	2.83	2.51	2.67	2.49	2.35	-----
Average.....	3.60	3.29	3.34	3.68	3.31	3.12	2.79	2.65	2.68	2.56	2.36	-----

<sup>1</sup> From Jan. 1, 1919, through Oct. 14, 1925, yields are based on all outstanding partially tax-exempt Government bonds with 8 or more years to earliest call date; from July 17, 1928, yields are based on all outstanding partially tax-exempt Government bonds with 12 or more years to earliest call date; for the period from Oct. 15, 1925, through July 16, 1928, there were no bonds with more than 8 but less than 12 years to earliest call date. During the period Jan. 1, 1919, through Oct. 14, 1925, the average included certain Liberty loan issues, whereas after Oct. 14, 1925, it included only Treasury bonds. 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 issues used based on the day's closing price on the New York Stock Exchange, except that in some instances the mean of closing bid and asked prices was used. The table below shows the issues of Government bonds which were included in the above averages.

Issue	Date bond is first included in average	Date bond is first excluded from average	Amount issued
First Liberty loan converted 4½% of 1932-47.....	Jan. 1, 1919	June 16, 1924	\$555,212,300
Second Liberty loan converted 4½% of 1927-42.....	do.....	Nov. 15, 1919	3,707,936,200
Third Liberty loan 4½% of 1928.....	do.....	Sept. 15, 1920	4,175,650,050
Fourth Liberty loan 4½% of 1933-38.....	do.....	Oct. 15, 1925	6,964,581,100
Treasury bonds:			
1947-52, 4½%.....	Nov. 1, 1922	Oct. 15, 1935	763,962,300
1944-54, 4%.....	Dec. 15, 1924	Dec. 15, 1932	1,047,088,500
1946-56, 3½%.....	Mar. 15, 1926	Mar. 15, 1934	494,898,100
1943-47, 3½%.....	July 12, 1927	June 15, 1931	494,854,750
1946-49, 3½%.....	June 15, 1931	June 15, 1934	821,406,000
1951-55, 3%.....	Sept. 15, 1931	Sept. 15, 1939	800,424,000
1949-52, 3½%.....	Dec. 15, 1934	Dec. 15, 1937	491,377,100
1955-60, 2½%.....	Mar. 15, 1935	-----	2,611,156,200
1951-54, 2½%.....	June 15, 1936	June 15, 1939	1,626,688,150
1956-59, 2½%.....	Sept. 15, 1936	-----	981,848,050
1949-53, 2½%.....	Dec. 15, 1936	Dec. 15, 1937	1,786,504,050
1958-63, 2½%.....	June 15, 1938	-----	918,780,600
1960-65, 2½%.....	Dec. 15, 1938	-----	1,485,385,100

TABLE 50.—Prices and yields of Treasury bonds and notes and of securities guaranteed by the United States

[Decimals except in yield column are thirty-seconds]

Issue	Date of issue	Amount out- standing (millions)	Price range since date of issue <sup>1</sup>				Price, <sup>1</sup> June 29, 1940	Yield, <sup>2</sup> June 29, 1940
			High		Low			
			Price	Date	Price	Date		
PUBLIC DEBT SECURITIES								
Treasury bonds:								
3½%—Mar. 15, 1941-43.....	Mar. 16, 1931	\$545	109.22	Nov. 19, 1936	88.01	Jan. 12, 1932	\$103.02	3 21/32
3¼%—Aug. 1, 1941.....	Aug. 15, 1933	834	109.24	Nov. 19, 1936	97.29	Jan. 10, 1934	103.26	3 9/32
3½%—June 15, 1943-47.....	June 15, 1927	454	111.14	June 5, 1939	87.20	Jan. 11, 1932	108.16	.48
3¼%—Oct. 15, 1943-45.....	Oct. 15, 1933	1,401	111.07	June 5, 1939	97.29	Jan. 10, 1934	108.18	.62
3¼%—Apr. 15, 1944-46.....	Apr. 16, 1934	1,519	111.26	June 7, 1939	99.30	Sept. 17, 1934	109.14	.72
4%—Dec. 15, 1944-54.....	Dec. 15, 1924	1,037	116.19	June 22, 1939	94.06	Jan. 11, 1932	113.20	.88
2½%—Sept. 15, 1945-47.....	Sept. 16, 1935	1,214	110.06	June 6, 1939	99.27	Sept. 17, 1935	108.26	1.01
2½%—Dec. 15, 1945.....	Dec. 15, 1937	541	109.15	Apr. 6, 1940	101.31	Dec. 15, 1937	108.12	.92
3¼%—Mar. 15, 1946-56.....	Mar. 15, 1926	489	116.13	June 6, 1939	89.18	Jan. 12, 1932	114.03	1.19
3%—June 15, 1946-48.....	June 15, 1934	1,036	111.31	June 5, 1939	97.28	Sept. 17, 1934	110.18	1.16
3½%—June 15, 1946-49.....	June 15, 1931	819	112.21	June 5, 1939	83.05	Jan. 11, 1932	111.04	1.19
4¼%—Oct. 15, 1947-52.....	Oct. 16, 1922	759	122.13	June 6, 1939	98.18	Oct. 8, 1923	119.22	1.40
2%—Dec. 15, 1947.....	Dec. 15, 1938	701	106.03	June 26, 1939	99.14	Sept. 25, 1939	104.28	1.31
2½%—Mar. 15, 1948-51.....	Mar. 16, 1936	1,223	110.01	June 5, 1939	99.10	Apr. 1, 1937	108.12	1.59
2½%—Sept. 15, 1948.....	Mar. 15, 1938	451	109.04	Apr. 8, 1940	100.30	Apr. 2, 1938	108.00	1.46
2%—Dec. 15, 1948-50.....	Dec. 8, 1939	571	104.24	Apr. 8, 1940	101.09	May 24, 1940	103.26	1.52
3½%—Dec. 15, 1949-52.....	Dec. 15, 1934	491	114.05	June 5, 1939	101.07	Dec. 15, 1934	111.28	1.76
2½%—Dec. 15, 1949-53.....	Dec. 15, 1936	1,786	107.20	June 5, 1939	96.19	Apr. 8, 1937	105.18	1.86
2½%—Sept. 15, 1950-52.....	Sept. 15, 1938	1,186	107.20	June 5, 1939	99.15	Sept. 25, 1939	105.20	1.89
2½%—June 15, 1951-54.....	June 15, 1936	1,627	109.21	June 5, 1939	98.16	Apr. 1, 1937	107.10	2.00
3%—Sept. 15, 1951-55.....	Sept. 15, 1931	755	112.24	June 5, 1939	82.08	Jan. 11, 1932	110.08	1.98
2¼%—Dec. 15, 1951-53.....	Dec. 22, 1939	1,118	104.23	Apr. 3, 1940	101.07	May 24, 1940	103.20	1.90
2½%—Mar. 15, 1955-60.....	Mar. 15, 1935	2,611	110.09	June 5, 1939	98.30	Sept. 20, 1935	107.18	2.27
2½%—Sept. 15, 1956-59.....	Sept. 15, 1936	982	108.29	June 5, 1939	98.10	Apr. 1, 1937	106.18	2.26
2½%—June 15, 1958-63.....	June 15, 1938	919	108.19	June 5, 1939	99.15	Sept. 25, 1939	106.15	2.31
2½%—Dec. 15, 1960-65.....	Dec. 15, 1938	1,485	108.09	June 5, 1939	99.14	Sept. 25, 1939	106.12	2.36
Treasury notes:								
1½% C—Dec. 15, 1940.....	Dec. 16, 1935	737	103.07	June 21, 1938	99.08	Apr. 8, 1937	101.10	3 20/32
1½% A—Mar. 15, 1941.....	Mar. 16, 1936	677	103.08	June 21, 1938	99.06	Apr. 8, 1937	101.17	3 15/32
1½% B—June 15, 1941.....	June 15, 1936	504	103.03	Mar. 29, 1939	98.19	Apr. 10, 1937	101.20	3 10/32
1½% C—Dec. 15, 1941.....	Dec. 15, 1936	204	103.06	June 5, 1939	97.31	Apr. 9, 1937	101.30	3 4/32
1½% A—Mar. 15, 1942.....	June 15, 1937	426	104.18	May 18, 1939	99.26	Sept. 7, 1937	103.00	3 0/32
2% B—Sept. 15, 1942.....	Sept. 15, 1937	342	105.28	Apr. 5, 1939	100.26	Sept. 16, 1937	104.04	.13
1½% C—Dec. 15, 1942.....	Dec. 15, 1937	232	105.03	June 24, 1939	101.05	Dec. 15, 1937	103.26	.20
1½% A—June 15, 1943.....	June 15, 1938	629	103.00	Apr. 3, 1940	99.04	Sept. 6, 1939	101.25	.52
1% C—Sept. 15, 1943.....	June 15, 1940	278	101.09	June 29, 1940	100.26	June 17, 1940	101.09	.60
1½% B—Dec. 15, 1943.....	Dec. 15, 1938	421	103.08	Apr. 2, 1940	98.30	Sept. 6, 1939	101.27	.59
1% B—Mar. 15, 1944.....	Nov. 1, 1939	515	102.11	Apr. 3, 1940	100.13	June 10, 1940	101.09	.65

¾% A—June 15, 1944.....	June 15, 1939	416	101.08	Apr. 3, 1940	97.16	Sept. 6, 1939	100.15	.63
1% C—Sept. 15, 1944.....	Dec. 22, 1939	283	102.12	Apr. 8, 1940	100.10	June 11, 1940	101.16	.64
¾% A—Mar. 15, 1945.....	Mar. 15, 1940	718	101.00	Apr. 3, 1940	98.26	June 10, 1940	100.02	.74
GUARANTEED SECURITIES								
Federal Farm Mortgage Corporation bonds:								
3%—Jan. 15, 1942-47.....	Jan. 15, 1935	236	106.27	June 8, 1939	100.01	Sept. 17, 1935	104.07	.26
3¼%—Mar. 1, 1942-47.....	Mar. 1, 1935	103	106.15	June 6, 1939	98.23	Sept. 21, 1935	103.30	.39
3¼%—Mar. 15, 1944-64.....	Mar. 15, 1934	95	110.07	June 8, 1939	98.02	Sept. 18, 1934	107.24	1.11
3%—May 15, 1944-49.....	May 15, 1934	835	109.22	June 5, 1939	95.03	Sept. 12, 1934	107.20	.99
Home Owners' Loan Corporation bonds:								
½% L—May 15, 1941.....	May 15, 1939	191	100.22	Mar. 26, 1940	99.19	Sept. 13, 1939	100.14	.13
2¼% G—July 1, 1942-44.....	July 1, 1935	879	105.22	June 5, 1939	98.20	Nov. 16, 1935	103.24	.37
3% A—May 1, 1944-52.....	May 1, 1934	779	109.18	June 6, 1939	95.03	Sept. 12, 1934	107.10	1.05
1½% M—June 1, 1945-47.....	June 1, 1939	755	102.12	Apr. 8, 1940	96.24	Sept. 25, 1939	101.26	1.12
Reconstruction Finance Corporation notes:								
½% N—July 20, 1941.....	July 20, 1938	211	101.10	June 6, 1939	99.19	Sept. 11, 1939	100.23	.19
½% P—Nov. 1, 1941.....	Nov. 1, 1938	299	101.11	June 9, 1939	99.19	Sept. 11, 1939	100.24	.31
½% R—Jan. 15, 1942.....	Feb. 15, 1939	310	101.09	Mar. 11, 1940	99.16	Sept. 7, 1939	100.24	.39
1% S—July 1, 1942.....	Nov. 10, 1939	276	101.25	Mar. 15, 1940	100.18	May 28, 1940	101.05	.42
Commodity Credit Corporation notes:								
½% D—Aug. 1, 1941.....	Aug. 1, 1939	203	100.24	Mar. 15, 1940	99.08	Sept. 6, 1939	100.12	.28
1% E—Nov. 15, 1941.....	Nov. 2, 1939	204	101.14	Mar. 18, 1940	100.20	June 10, 1940	100.29	.34
United States Housing Authority notes:								
1¾% B—Feb. 1, 1944.....	Feb. 1, 1939	114	103.01	Mar. 18, 1940	99.07	Sept. 25, 1939	102.03	.78

<sup>1</sup> Bond prices are closes on New York Stock Exchange. Note prices are mean of closing bid and ask quotations.

<sup>2</sup> Computed to call date when prices are above par; to maturity date when prices are below par. Yields are percent per annum.

<sup>3</sup> Excess of price over zero yield.

# **CONDITION OF THE TREASURY EXCLUSIVE OF PUBLIC DEBT LIABILITIES**

**TABLE 51.—Current assets and liabilities of the Treasury at the close of the fiscal years 1939 and 1940**

[On basis of daily Treasury statements (unrevised), see p. 583]

	1939	1940	Increase or decrease (—)
<b>GOLD</b>			
Assets: Gold.....	\$16,109,993,966.45	\$19,963,074,512.62	\$3,853,080,546.17
Liabilities:			
Gold certificates.....	1 2,887,493,419.00	1 2,882,200,529.00	—5,232,890.00
Gold certificate fund—Board of Governors, Federal Reserve System.....	10,699,275,119.95	14,928,032,390.77	4,228,757,270.82
Redemption fund—Federal Reserve notes.....	8,842,394.33	10,862,551.14	2,020,156.81
Gold reserve <sup>2</sup> .....	156,039,430.93	156,039,430.93	—
Exchange stabilization fund.....	1,800,000,000.00	1,800,000,000.00	—
Gold in General Fund.....	558,343,602.24	185,879,610.78	—372,463,991.46
Total.....	16,109,993,966.45	19,963,074,512.62	3,853,080,546.17
<b>SILVER</b>			
Assets:			
Silver bullion (monetary value).....	1,230,585,527.01	1,353,161,688.25	122,576,161.24
Silver dollars.....	502,212,924.00	498,127,922.00	—4,085,002.00
Total.....	1,732,798,451.01	1,851,289,610.25	118,491,159.24
Liabilities:			
Silver certificates outstanding.....	1 1,702,584,818.00	1 1,828,786,049.00	126,201,231.00
Treasury notes of 1890 outstanding.....	1 1,166,472.00	1 1,162,722.00	—3,750.00
Silver in General Fund.....	29,047,161.01	21,340,839.25	—7,706,321.76
Total.....	1,732,798,451.01	1,851,289,610.25	118,491,159.24
<b>GENERAL FUND</b>			
Assets:			
In Treasury offices:			
Gold (as above).....	558,343,602.24	185,879,610.78	—372,463,991.46
Silver at monetary value (as above).....	29,047,161.01	21,340,839.25	—7,706,321.76
Subsidiary silver coin.....	3,814,999.65	3,768,806.05	—46,193.60
Silver bullion at recoinage value.....	273,020.00	761,627.87	488,607.87
Silver bullion at cost value.....	585,832,157.11	643,261,333.28	57,429,176.17
Minor coin.....	2,627,535.83	1,996,068.17	—631,467.66
United States notes.....	2,231,593.00	2,065,107.00	—166,486.00
Federal Reserve notes.....	9,875,400.00	14,328,405.00	4,453,005.00
Federal Reserve Bank notes.....	306,080.00	220,827.50	—85,252.50
National bank notes.....	1,334,411.50	518,331.00	—816,080.50
Unclassified collections, etc.....	18,374,344.27	16,766,886.06	—1,607,458.21
Subtotal.....	1,212,060,304.61	890,907,841.96	—321,152,462.65
In Federal Reserve Banks:			
To credit of Treasurer of the United States.....	955,849,371.94	263,999,083.27	—691,850,288.67
In transit.....	66,133,743.74	<sup>3</sup> 10,064,180.06	—76,197,923.80
Subtotal.....	1,021,983,115.68	253,934,903.21	—768,048,212.47
In special depositories account of sales of Government securities.....	776,415,000.00	805,379,000.00	28,964,000.00

Footnotes at end of table.

TABLE 51.—*Current assets and liabilities of the Treasury at the close of the fiscal years 1939 and 1940—Continued*

	1939	1940	Increase or decrease (—)
<b>GENERAL FUND—Continued</b>			
<b>Assets—Continued.</b>			
In general and limited depositary banks (except foreign):			
To credit of Treasurer of the United States.....	\$30,505,557.92	\$50,878,237.79	\$20,372,679.87
To credit of other Government officers.....	37,676,699.07	32,321,992.02	—5,354,707.05
In transit.....	6,428,574.70	2,806,558.11	—3,622,016.59
Subtotal.....	74,610,831.69	86,006,787.92	11,395,956.23
In treasury, Philippine Islands:			
To credit of Treasurer of the United States.....	1,384,661.48	1,696,559.25	311,897.77
In transit.....	94.24	221.65	127.41
Subtotal.....	1,384,755.72	1,696,780.90	312,025.18
In foreign depositaries:			
To credit of other Government officers....	174,027.00	189,214.44	15,187.44
Total assets, General Fund.....	3,086,628,034.70	2,038,114,528.43	—1,048,513,506.27
<b>Liabilities:</b>			
Treasurer's checks outstanding.....	7,409,223.96	8,546,177.05	1,136,953.09
Deposits of Government officers:			
Post Office Department.....	2,625,131.59	5,363,814.36	2,738,682.77
Board of trustees, Postal Savings System.....	70,356,654.41	67,833,917.52	—2,522,736.89
Postmasters, clerks of courts, disbursing officers, etc.....	138,972,147.42	59,859,968.49	—79,112,178.93
Deposits for redemption of national bank notes (5% fund, lawful money).....	255,615.16	—	—255,615.16
Uncollected items, exchanges, etc.....	28,783,729.64	5,767,509.67	—23,016,219.97
Total liabilities, General Fund.....	248,402,502.18	147,371,387.09	—101,031,115.09
<b>Balance in General Fund:</b>			
Increment resulting from reduction in weight of gold dollar.....	142,379,204.93	142,776,989.84	397,784.91
Seigniorage (silver) <sup>4</sup> .....	536,306,220.68	585,186,084.38	48,879,863.70
Working balance.....	2,159,540,106.91	1,162,780,067.12	—996,760,039.79
Subtotal.....	2,838,225,532.52	1,890,743,141.34	—947,482,391.18
Total General Fund, liabilities and balance.....	3,086,628,034.70	2,038,114,528.43	—1,048,513,506.27

<sup>1</sup> 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 on p. 401.

<sup>2</sup> Reserve against United States notes (\$346,681,016 in 1939 and 1940) and Treasury notes of 1890 outstanding (\$1,166,472 in 1939 and \$1,162,722 in 1940). Treasury notes of 1890 are also secured by silver dollars in the Treasury.

<sup>3</sup> Excess of credits (deduct).

<sup>4</sup> This seigniorage 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 bullion acquired under the Silver Purchase Act of 1934 and under the President's proclamation dated Aug. 9, 1934.

NOTE.—The amount to the credit of disbursing officers and certain agencies was \$1,982,555,150.86 on June 30, 1939, and \$1,842,920,753.58 on June 30, 1940.

TABLE 52.—*Balance in the General Fund of the Treasury at the end of each month, fiscal year 1940*<sup>1</sup>

[On basis of daily Treasury statements (unrevised), see p. 583]

End of month	Balance of increment resulting from reduction in weight of gold dollar	Seigniorage <sup>2</sup>	Working balance	Total balance
<b>1939</b>				
July.....	\$142,405,399	\$544,125,912	\$1,760,775,534	\$2,447,306,845
August.....	142,455,653	549,434,474	1,539,275,081	2,231,165,208
September.....	142,488,299	553,958,828	1,481,260,586	2,177,707,713
October.....	142,512,592	557,695,709	1,213,110,531	1,913,318,832
November.....	142,542,285	561,278,161	1,461,707,132	2,165,527,578
December.....	142,567,088	565,425,040	1,768,168,815	2,476,160,943
<b>1940</b>				
January.....	142,592,806	568,461,885	1,571,248,033	2,282,302,724
February.....	142,661,556	572,944,331	1,634,160,443	2,349,766,330
March.....	142,689,009	576,961,325	1,794,017,562	2,513,667,896
April.....	142,713,876	581,065,670	1,486,448,333	2,210,227,879
May.....	142,755,647	583,810,471	1,303,105,331	2,029,671,449
June.....	142,776,990	585,186,084	1,162,780,067	1,890,743,141

<sup>1</sup> For monthly balances back to October 1915, see annual reports for 1930, p. 598; 1934, p. 377; and corresponding tables in subsequent reports.<sup>2</sup> This item of seigniorage 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 and under the President's proclamation dated Aug. 9, 1934.TABLE 53.—*Assets and liabilities of the exchange stabilization fund as of June 30, 1939 and 1940*

Assets and liabilities	June 30, 1939	June 30, 1940
<b>ASSETS</b>		
Cash:		
Treasurer of U. S., gold.....	\$1,800,000,000.00	\$1,800,000,000.00
Treasurer of U. S., checking account.....	1,598,137.07	1,564,334.28
Federal Reserve Bank of New York, special account.....	104,567,674.90	127,198,969.35
Disbursing officers' balances and advance accounts.....	3,185.31	11,072.26
Total cash.....	1,906,168,997.28	1,928,774,375.89
Special accounts of Secretary of Treasury—Federal Reserve Bank of New York—special account No. 1 (gold) <sup>1</sup> .....	84,635,422.59	86,020,180.63
Due from foreign banks (foreign exchange):		
France.....	81.49	17.85
Belgas.....	2,220.34	505.06
Sterling.....	42,225.04	2,836.40
Central Bank of China (secured deposits):		
65,229,995.63 yuan (gold held as collateral, \$19,379,015.65).....	19,112,500.00	19,112,500.00
65,000,000.00 yuan (gold held as collateral, \$19,379,015.65).....		10,448,728.13
Investments—Treasury bonds <sup>2</sup> .....	5,026,562.50	9,730.73
Accrued interest receivable <sup>3</sup> .....	41,796.88	6,013.43
Other accounts—deferred charges.....	15.00	2,636.00
Commodity sales contracts—deferred charges.....	2,636.00	
Total assets.....	2,015,032,457.12	2,044,377,519.15
<b>LIABILITIES AND CAPITAL</b>		
Capital account.....	2,000,000,000.00	2,000,000,000.00
Accounts payable:		
Vouchers payable.....		4,018.05
Due to foreign banks.....		22,845,963.21
Earnings, <sup>3</sup> less general expenses <sup>4</sup> .....	15,032,457.12	21,527,537.89
Total liabilities and capital.....	2,015,032,457.12	2,044,377,519.15

<sup>1</sup> See Schedule No. 1.<sup>2</sup> See Schedule No. 3.<sup>3</sup> See Schedule No. 2.<sup>4</sup> See Schedule No. 4.



## SCHEDULE NO. 1

## LOCATION OF GOLD HELD BY AND FOR ACCOUNT OF THE EXCHANGE STABILIZATION FUND—SPECIAL ACCOUNT NO. 1

Location	June 30, 1939	June 30, 1940
	Amount in ounces	
Gold held by:		
Federal Reserve Bank of New York.....	84,040.992	462,392.042
U. S. Assay Office, N. Y., held in safekeeping.....	2,334,113.939	1,995,327.406
Total.....	2,418,154.931	2,457,719.448
	Amount in dollars	
Gold held by:		
Federal Reserve Bank of New York.....	\$2,941,434.71	\$16,183,721.49
U. S. Assay Office, N. Y., held in safekeeping.....	81,693,987.88	69,836,459.14
Total.....	84,635,422.59	86,020,180.63

## SCHEDULE NO. 2

## TOTAL EARNINGS OF THE EXCHANGE STABILIZATION FUND

Source	From Jan. 31, 1934, to June 30, 1939	From Jan. 31, 1934, to June 30, 1940
Profits on British sterling transactions.....	\$316,897.59	\$310,494.44
Profits on French franc transactions.....	352,012.49	351,537.99
Profits on gold bullion.....	7,033,105.87	12,907,527.19
Profits on handling charges on gold.....		
Profits on silver transactions.....	105,371.27	105,371.27
Profits on sale of silver bullion to Treasury (nationalized).....	3,473,362.29	3,473,362.29
Profits on investments.....	619,826.17	1,019,326.18
Interest on investments.....	3,029,137.48	3,236,149.14
Miscellaneous profits.....	33.30	473.74
Interest earned on foreign balances.....	56,717.37	56,717.37
Interest earned on Chinese yuan.....	979,391.65	1,265,656.11
Total.....	15,965,855.48	22,726,615.72

## SCHEDULE NO. 3

## INVESTMENTS—CLASSES OF TREASURY BONDS HELD FOR ACCOUNT OF THE EXCHANGE STABILIZATION FUND

Class	Face value	Principal cost	Accrued interest	Average rate at which bonds are held
	June 30, 1939			
27½% Treasury bonds of 1955-60.....	\$5,000,000	\$5,026,562.50	\$41,796.88	100.5313
	June 30, 1940			
2¼% Treasury bonds of 1951-53.....	10,000,000	10,000,000.00	9,221.31	100.0000
2¾% Treasury bonds of 1958-63.....	50,000	49,640.63	56.35	99.2813
2¾% Treasury bonds of 1960-65.....	402,000	399,082.50	453.07	99.2743
Total.....	10,452,000	10,448,723.13	9,730.73	

## REPORT OF THE SECRETARY OF THE TREASURY

## SCHEDULE NO. 4

## ADMINISTRATIVE EXPENSES OF THE EXCHANGE STABILIZATION FUND

Kind	From Jan. 31, 1934, to June 30, 1939	From Jan. 31, 1934, to June 30, 1940
Salaries.....	\$549,652.68	\$723,720.40
Travel.....	41,222.12	47,753.95
Subsistence.....	28,817.24	35,108.04
Telephone and telegraph.....	220,620.09	279,656.42
Stationery, etc.....	12,802.07	13,811.21
All other.....	80,284.16	99,027.81
Total.....	933,398.36	1,199,077.83

TABLE 54.—Assets and liabilities of the exchange stabilization fund at the close of the fiscal years 1934 to 1940<sup>1</sup>

Assets and liabilities	1934	1935	1936	1937	1938	1939	1940
<b>ASSETS</b>							
Cash:							
Treasurer of United States, gold	\$1,800,000,000.00	\$1,800,000,000.00	\$1,800,000,000.00	\$1,800,000,000.00	\$1,800,000,000.00	\$1,800,000,000.00	\$1,800,000,000.00
Treasurer of United States, checking account	33,042,497.33	29,280,742.22	29,730,237.76	1,282,316.25	1,643,849.25	1,598,137.07	1,564,334.28
Federal Reserve Bank of New York special account	78,037,109.32	149,447,372.04	97,260,593.45	4,703,145.01	100,765,630.03	104,567,674.90	127,198,969.35
Federal Reserve Bank of New York, Fiscal Agent of U. S. Guaranty Trust Co. (London)	8,746.71						
Disbursing officers' balances	5,636.25	7,582.22	12,731.63	7,156.21	11,829.04	3,185.31	11,072.26
Total cash	1,911,093,989.61	1,978,735,696.48	1,927,003,562.84	1,805,992,617.47	1,902,421,308.32	1,906,168,997.28	1,928,774,375.89
Accounts receivable			17,544.40	5,007.34	5,007.34		
Special accounts of Secretary of Treasury—							
Federal Reserve Bank of New York:							
Gold, special account No. 1	20,503,496.68		59,138,448.66	168,639,549.61	43,701,226.28	84,635,422.59	86,020,180.63
Silver, special account No. 2	30,132,289.73			1,322,650.38			
Due from foreign banks (foreign exchange):							
Francs				1,359.39	85.74	81.49	17.88
Belgas						2,220.34	505.06
Sterling		21,274.50		1,309,303.54	100,245.77	42,225.04	2,836.40
Central Bank of China (secured deposits):							
165,000,000.00 yuan (gold held as collateral, \$48,838,340.89)					48,487,500.00		
65,229,995.63 yuan (gold held as collateral, \$19,379,015.65)						19,112,500.00	
65,000,000.00 yuan (gold held as collateral, \$19,379,015.65)							19,112,500.00
Investments—United States Government securities	38,209,123.30	26,774,889.94	20,106,250.00	30,187,325.03	15,107,637.53	5,026,562.50	10,448,723.13
Accrued interest receivable	182,906.05	222,638.58	167,187.50	177,433.40	52,042.78	41,796.88	9,730.73
Other accounts—deferred items						15.00	6,013.43
Commodity sales contracts—deferred charges					2,651.00	2,636.00	2,636.00
Total assets	2,000,121,805.37	2,005,754,499.50	2,006,432,993.40	2,007,635,246.16	2,009,877,704.76	2,015,032,457.12	2,044,377,519.15
<b>LIABILITIES AND CAPITAL</b>							
Capital account	2,000,000,000.00	2,000,000,000.00	2,000,000,000.00	2,000,000,000.00	2,000,000,000.00	2,000,000,000.00	2,000,000,000.00
Balance due foreign banks					605.78		22,845,963.21
Accounts payable, commodity sales contracts					2,651.00		
Vouchers payable	3,370.10						4,018.05
Earnings less expenses	118,435.27	5,754,499.50	6,432,993.40	7,635,246.16	9,874,447.98	15,032,457.12	21,527,537.89
Total liabilities and capital	2,000,121,805.37	2,005,754,499.50	2,006,432,993.40	2,007,635,246.16	2,009,877,704.76	2,015,032,457.12	2,044,377,519.15

<sup>1</sup> Figures as per audit reports except for fiscal years 1934 and 1940 which are shown as per books. Audit of 1935 covered the fiscal years 1934 and 1935 without adjustments for close of fiscal year 1934.

TABLE 55.—*Securities owned by the United*  
SECURITIES OTHER THAN OBLIGA-

	Authorizing act	1933	1934
<b>Capital stock:</b>			
Banks for cooperatives.....	June 16, 1933, as amended.....		\$60,000,000.00
Central Bank for Cooperatives.....	do.....		50,000,000.00
Commodity Credit Corporation.....	do.....		
Disaster Loan Corporation.....	Feb. 11, 1937, as amended.....		
Electric Home and Farm Authority.....	June 16, 1933, as amended.....		
Export-Import Bank of Washington <sup>4</sup> .....	do.....		
Federal Crop Insurance Corporation.....	Feb. 16, 1938.....		
Federal Deposit Insurance Corpora- tion.....	June 16, 1933, as amended.....		150,000,000.00
Federal Farm Mortgage Corpora- tion.....	Jan. 31, 1934, as amended.....		
Federal home loan banks.....	July 22, 1932, as amended.....	<sup>3</sup> \$42,970,000.00	<sup>3</sup> \$1,445,700.00
Federal intermediate credit banks.....	Mar. 4, 1923, as amended.....	<sup>4</sup> 60,000,000.00	<sup>5</sup> 70,000,000.00
Federal land banks.....	July 17, 1916, as amended.....	124,871,729.25	123,019,675.00
Federal National Mortgage Associa- tion. <sup>3</sup>	June 27, 1934, as amended.....		
Federal savings and loan associations	June 13, 1933, as amended.....		1,086,300.00
Federal Savings and Loan Insurance Corporation. <sup>6</sup>	June 27, 1934.....		
Home Owners' Loan Corporation <sup>1</sup> .....	June 13, 1933, as amended.....	<sup>3</sup> 1,000,000.00	<sup>3</sup> 154,000,000.00
Inland Waterways Corporation.....	June 3, 1924, as amended.....	<sup>4</sup> 12,000,000.00	12,000,000.00
Panama Railroad Company.....	June 28, 1902.....	7,000,000.00	7,000,000.00
Production credit corporations.....	June 16, 1933, as amended.....		
Reconstruction Finance Corporation.....	Jan. 22, 1932, as amended.....	500,000,000.00	500,000,000.00
RFC Mortgage Company <sup>2</sup> .....	Jan. 31, 1935, as amended.....		
Regional agricultural credit corpora- tions.....	July 21, 1932, as amended.....		
Second Export-Import Bank of Wash- ington. <sup>9</sup>	June 16, 1933, as amended.....		
Tennessee Valley Associated Co- operatives, Inc.....	May 12, 1933.....		1,000.00
U. S. Housing Authority.....	Sept. 1, 1937.....		
U. S. Housing Corporation <sup>11</sup> .....	May 16, 1918, as amended.....	1,916,233.15	<sup>12</sup> 1,950,000.00
U. S. Shipping Board—Merchant Fleet Corporation.....	Sept. 7, 1916, as supple- mented.....	50,000,000.00	50,000,000.00
U. S. Spruce Production Corpora- tion.....	July 9, 1918, as amended.....	100,000.00	100,000.00
War Finance Corporation.....	April 5, 1918.....	10,000.00	10,000.00
Total capital stock.....		799,867,962.40	1,260,612,675.00
<b>Paid-in surplus:</b>			
Federal intermediate credit banks.....	Jan. 31, 1934.....		<sup>3</sup> 15,000,000.00
Federal land banks.....	May 12, 1933, as amended.....		40,863,477.16
Federal National Mortgage Associa- tion. <sup>3</sup>	June 27, 1934, as amended.....		
Total paid-in surplus.....			55,863,477.16
<b>Bonds and notes:</b>			
Commodity Credit Corporation.....	Mar. 8, 1938, as amended.....		
Home Owners' Loan Corporation.....	June 13, 1933, as amended.....		
Reconstruction Finance Corporation.....	Jan. 22, 1932, as amended.....	71,486,107,803.00	72,991,165,147.98
Tennessee Valley Authority.....	May 18, 1933, as amended.....		
U. S. Housing Authority.....	Sept. 1, 1937.....		
Total bonds and notes.....		1,486,107,803.00	2,991,165,147.98
<b>Other securities:</b>			
Farm Credit Administration:			
Seed, feed, drought relief, and crop production loans. <sup>15</sup>	July 1, 1918, as supple- mented.....	140,664,482.20	91,603,755.27
Loans from Agricultural Market- ing Act revolving fund.....	June 15, 1929, as amended.....	465,452,216.77	150,360,286.43
Loans to joint stock land banks.....	May 12, 1933, as amended.....		<sup>2</sup> 935,410.02
Farm Security Administration, rural rehabilitation loans to farmers, etc.....	Apr. 8, 1935, as supple- mented.....		
Interior Department, Indian loans.....	June 18, 1934, as amended.....		
Navy Department, sales of surplus property.....	July 9, 1918, as amended.....	4,924,381.40	4,909,988.20
Public Works Administration, ad- vances to States, municipalities, railroads, and others.....	June 16, 1933, as amended.....		145,423,423.39

Footnotes on p. 792.

States Government as of June 30, 1933 to 1940

TIONS OF FOREIGN GOVERNMENTS<sup>1</sup>

1935	1936	1937	1938	1939	1940
\$60,000,000.00	\$79,000,000.00	\$90,000,000.00	\$96,000,000.00	\$99,000,000.00	\$99,000,000.00
65,000,000.00	66,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00
3,000,000.00	<sup>2</sup> 100,000,000.00	<sup>2</sup> 100,000,000.00	100,000,000.00	100,000,000.00	100,000,000.00
1,000,000.00	850,000.00	<sup>2</sup> 6,000,000.00	10,000,000.00	18,000,000.00	24,000,000.00
11,000,000.00	18,000,000.00	850,000.00	850,000.00	850,000.00	850,000.00
150,000,000.00	150,000,000.00	21,000,000.00	21,000,000.00	46,000,000.00	75,000,000.00
<sup>2</sup> 200,000,000.00	<sup>2</sup> 200,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	8,000,000.00
<sup>2</sup> 81,645,700.00	<sup>2</sup> 99,342,000.00	150,000,000.00	150,000,000.00	150,000,000.00	150,000,000.00
<sup>2</sup> 70,000,000.00	<sup>2</sup> 70,000,000.00	<sup>2</sup> 200,000,000.00	200,000,000.00	200,000,000.00	200,000,000.00
124,958,815.00	123,912,630.00	<sup>2</sup> 120,514,000.00	124,741,000.00	124,741,000.00	124,741,000.00
		<sup>2</sup> 70,000,000.00	70,000,000.00	70,000,000.00	70,000,000.00
		120,064,745.00	124,801,520.00	124,952,320.00	125,000,000.00
			10,000,000.00	10,000,000.00	10,000,000.00
32,464,000.00	49,223,000.00	48,183,700.00	47,802,700.00	43,991,700.00	34,137,100.00
100,000,000.00	100,000,000.00	100,000,000.00	100,000,000.00	100,000,000.00	100,000,000.00
<sup>2</sup> 100,000,000.00	<sup>2</sup> 100,000,000.00	<sup>2</sup> 100,000,000.00	100,000,000.00	100,000,000.00	100,000,000.00
12,000,000.00	12,000,000.00	12,000,000.00	12,000,000.00	12,000,000.00	12,000,000.00
7,000,000.00	7,000,000.00	7,000,000.00	7,000,000.00	7,000,000.00	7,000,000.00
<sup>2</sup> 120,000,000.00	<sup>2</sup> 120,000,000.00	<sup>2</sup> 120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00
500,000,000.00	500,000,000.00	500,000,000.00	500,000,000.00	500,000,000.00	<sup>1</sup> 261,715,425.46
10,000,000.00	10,000,000.00	25,000,000.00	25,000,000.00	25,000,000.00	25,000,000.00
<sup>2</sup> 44,500,000.00	<sup>2</sup> 25,000,000.00	<sup>2</sup> 15,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00
2,750,000.00	( <sup>10</sup> )				
1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
1,989,280.43	1,989,699.93	2,014,035.82	1,000,000.00	1,000,000.00	1,000,000.00
50,000,000.00	50,000,000.00	( <sup>13</sup> )	1,980,318.36	1,924,678.18	1,829,394.40
100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
10,000.00	10,000.00	10,000.00	1,000.00		
1,747,418,795.43	1,882,428,329.93	1,857,737,480.82	1,877,277,538.36	1,919,560,698.18	1,704,373,919.86
<sup>2</sup> 30,000,000.00	<sup>2</sup> 30,000,000.00	<sup>2</sup> 30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00
74,493,662.75	106,961,657.38	142,160,468.78	175,137,966.31	186,728,901.53	187,296,764.50
			1,000,000.00	1,000,000.00	1,000,000.00
104,493,662.75	136,961,657.38	172,160,468.78	206,137,966.31	217,728,901.53	218,296,764.50
				10,000,000.00	25,000,000.00
		25,000,000.00	15,000,000.00	20,000,000.00	
<sup>2</sup> 2,986,215,554.93	<sup>2</sup> 3,262,734,653.76	<sup>2</sup> 2,799,389,546.17	<sup>2</sup> 14,770,537,591.74	<sup>2</sup> 98,200,052.89	7,000,000.00
			4,000,000.00	272,500.00	52,272,500.00
2,986,215,554.93	3,262,734,653.76	2,824,389,546.17	789,537,591.74	128,472,552.89	20,000,000.00
197,124,401.86	176,233,417.11	189,141,393.81	184,531,883.34	179,564,864.47	180,590,219.69
125,211,123.35	112,605,799.81	111,386,896.35	94,825,898.95	92,341,527.80	86,369,152.12
<sup>2</sup> 374,478.44	<sup>2</sup> 272,686.79	<sup>2</sup> 116,996.96	55,553.78	33,981.64	4,436.00
			169,372,670.78	256,274,833.73	307,889,043.23
		534,468.48	1,910,774.94	2,529,396.26	2,893,523.86
5,086,301.17	5,026,142.24	4,784,715.69	4,707,805.83	4,645,070.50	4,571,510.80
312,360,510.09	146,949,557.39	128,488,708.59	36,311,879.85	59,357,782.78	94,570,433.47

TABLE 55.—*Securities owned by the United States*

## SECURITIES OTHER THAN OBLIGATIONS

	Authorizing act	1933	1934
Other securities—Continued.			
Puerto Rico Reconstruction Administration:			
Loans.....	Apr. 8, 1935, as amended.....		
Capital stock of Puerto Rico Cement Corporation.....	do.....		
Resettlement Administration, loans.....	Apr. 8, 1935, as supplemented.....		
Rural Electrification Administration, advances to cooperatives, States, and private utilities. <sup>17</sup>	Apr. 8, 1935, as amended.....		
Treasury Department:			
Counties and municipalities.....	July 21, 1932, as amended.....		
Railroads.....	Feb. 28, 1920, as amended.....	\$38,482,257.61	\$37,711,041.34
Securities received by the Bureau of Internal Revenue in settlements of tax liabilities.....	July 1, 1898, as amended.....		
U. S. Shipping Board, sales of ships, etc.....	Sept. 7, 1916, as supplemented.....	157,453,786.16	142,940,237.36
U. S. Maritime Commission, ship construction and reconditioning loans, ship sales notes, etc.....	do.....		
War Department, sales of surplus property.....	July 9, 1918, as amended.....	828,000.00	828,000.00
Total other securities.....		807,805,124.14	574,712,142.01
Grand total.....		3,093,780,889.54	4,882,353,442.15

<sup>1</sup> This statement is made on the basis of the face value of the securities herein described as 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.

<sup>2</sup> Includes \$3,000,000 appropriated funds, balance Reconstruction Finance Corporation funds.

<sup>3</sup> Reconstruction Finance Corporation funds.

<sup>4</sup> Includes \$1,000,000 appropriated funds, balance Reconstruction Finance Corporation funds.

<sup>5</sup> Includes \$60,000,000 appropriated funds, balance Reconstruction Finance Corporation funds.

<sup>6</sup> Home Owners' Loan Corporation funds made available for stock subscriptions.

<sup>7</sup> Less funds expended on account of securities included elsewhere in this statement.

<sup>8</sup> Includes \$75,000,000 appropriated funds, \$45,000,000 Reconstruction Finance Corporation funds.

<sup>9</sup> Includes \$250,000 appropriated funds, balance Reconstruction Finance Corporation funds.

<sup>10</sup> Absorbed by the Export-Import Bank of Washington.

<sup>11</sup> Amounts revised for prior years to eliminate known losses.

<sup>12</sup> Estimated.

<sup>13</sup> Activities taken over by U. S. Maritime Commission.

<sup>14</sup> Decrease in holdings due chiefly to cancellation of notes of the Reconstruction Finance Corporation, under provisions of the act of Congress approved Feb. 24, 1938 (Public No. 432, 75th Cong.).

<sup>15</sup> Includes Reconstruction Finance Corporation funds as follows: 1933, \$54,922,197; 1934, \$2,453,742 (estimated); 1935, \$34,764,266.63; 1936, \$33,650,659.45; and 1937, \$32,979,456.87.

<sup>16</sup> Activities taken over by Farm Security Administration.

<sup>17</sup> Includes Reconstruction Finance Corporation funds as follows: 1937, \$4,000,000; 1938, \$37,154,574.54; 1939, \$63,847,574.54; and 1940, \$128,284,574.54.

*Government as of June 30, 1933 to 1940—Continued*OF FOREIGN GOVERNMENTS <sup>1</sup>—Continued

1935	1936	1937	1938	1939	1940
		\$3,700,593.21	\$3,897,142.09	\$6,517,294.49 1,219,600.00	\$4,329,277.68 1,219,600.00
	\$79,005,229.83	127,668,516.45	( <sup>16</sup> )		
	823,262.31	11,860,964.22	59,989,366.61	121,904,066.07	219,638,770.80
			2,774,400.00	2,570,400.00	2,373,962.79
\$31,192,156.36	30,590,232.55	30,230,232.55	30,230,232.55	30,230,232.55	30,185,927.88 172,150.91
		( <sup>13</sup> )			
119,719,682.87	105,183,152.88	93,470,611.87	66,851,877.41	54,846,518.99	69,468,276.66
433,000.00	383,000.00				
791,501,654.14	657,072,480.91	701,384,098.18	655,459,486.13	812,035,569.28	1,004,276,285.89
5,629,629,667.25	5,939,197,121.98	5,555,671,593.95	<sup>14</sup> 3,528,412,582.54	3,077,797,721.88	3,031,219,470.25

TABLE 55.—*Securities owned by the United States Government as of June 30, 1933 to 1940—Continued*  
 PRINCIPAL AMOUNT OF OBLIGATIONS OF FOREIGN GOVERNMENTS OWNED BY THE UNITED STATES

Country	1933	1934	1935	1936	1937	1938	1939	1940
<b>Funded obligations:</b>						(1)		
Austria.....	\$23,752,217.00	\$23,752,217.00	\$23,752,217.00	\$23,752,217.00	\$23,752,217.00	\$400,680,000.00	\$400,680,000.00	\$400,680,000.00
Belgium.....	400,680,000.00	400,680,000.00	400,680,000.00	400,680,000.00	400,680,000.00	165,241,108.90	165,241,108.90	165,241,108.90
Czechoslovakia <sup>2</sup> .....	165,391,108.90	165,241,108.90	165,241,108.90	165,241,108.90	165,241,108.90	16,466,012.87	16,466,012.87	16,466,012.87
Estonia.....	16,466,012.87	16,466,012.87	16,466,012.87	16,466,012.87	16,466,012.87	8,195,841.19	8,119,331.70	8,039,601.83
Finland.....	8,546,000.00	8,478,840.04	8,412,130.51	8,342,232.60	8,270,138.77	3,863,650,000.00	3,863,650,000.00	3,863,650,000.00
France.....	3,863,650,000.00	3,863,650,000.00	3,863,650,000.00	3,863,650,000.00	3,863,650,000.00			
Germany (Austrian indebtedness) <sup>3</sup> .....						\$25,980,480.66	25,980,480.66	25,980,480.66
Great Britain.....	4,368,000,000.00	4,368,000,000.00	4,368,000,000.00	4,368,000,000.00	4,368,000,000.00	4,368,000,000.00	4,368,000,000.00	4,368,000,000.00
Greece.....	31,516,000.00	31,516,000.00	31,516,000.00	31,516,000.00	31,516,000.00	31,516,000.00	31,516,000.00	31,516,000.00
Hungary.....	1,908,560.00	1,908,560.00	1,908,560.00	1,908,560.00	1,908,560.00	1,908,560.00	1,908,560.00	1,908,560.00
Italy.....	2,004,900,000.00	2,004,900,000.00	2,004,900,000.00	2,004,900,000.00	2,004,900,000.00	2,004,900,000.00	2,004,900,000.00	2,004,900,000.00
Latvia.....	6,879,464.20	6,879,464.20	6,879,464.20	6,879,464.20	6,879,464.20	6,879,464.20	6,879,464.20	6,879,464.20
Lithuania.....	6,197,682.00	6,197,682.00	6,197,682.00	6,197,682.00	6,197,682.00	6,197,682.00	6,197,682.00	6,197,682.00
Poland.....	206,057,000.00	206,057,000.00	206,057,000.00	206,057,000.00	206,057,000.00	206,057,000.00	206,057,000.00	206,057,000.00
Rumania.....	63,860,560.43	63,860,560.43	63,860,560.43	63,860,560.43	63,860,560.43	63,860,560.43	63,860,560.43	63,860,560.43
Yugoslavia.....	61,625,000.00	61,625,000.00	61,625,000.00	61,625,000.00	61,625,000.00	61,625,000.00	61,625,000.00	61,625,000.00
Total funded obligations.....	11,229,429,605.40	11,229,212,445.44	11,229,145,735.91	11,229,075,838.00	11,229,003,744.17	11,231,157,710.25	11,231,081,200.76	11,231,001,470.89
<b>Unfunded obligations:</b>								
Russia.....	192,601,297.37	192,601,297.37	192,601,297.37	192,601,297.37	192,601,297.37	192,601,297.37	192,601,297.37	192,601,297.37
Nicaragua.....	289,898.78	289,898.78	289,898.78	289,898.78	289,898.78	(4)		
Armenia.....	11,959,917.49	11,959,917.49	11,959,917.49	11,959,917.49	11,959,917.49	11,959,917.49	11,959,917.49	11,959,917.49
Total unfunded obligations.....	204,851,113.64	204,851,113.64	204,851,113.64	204,851,113.64	204,851,113.64	204,561,214.86	204,561,214.86	204,561,214.86
Germany <sup>5</sup> .....	723,532,500.00	1,225,023,750.00	1,225,023,750.00	1,225,023,750.00	1,225,023,750.00	1,225,023,750.00	1,225,023,750.00	1,225,023,750.00
Total foreign obligations.....	12,157,813,219.04	12,659,087,309.08	12,659,020,599.55	12,658,950,701.64	12,658,878,607.81	12,660,742,675.11	12,660,666,165.62	12,660,586,435.75

<sup>1</sup> The German Government has been notified that the Government of the United States will look to the German Government for the discharge of the indebtedness of the Government of Austria to the Government of the United States.

<sup>2</sup> Indebtedness of Czechoslovakia has been funded under agreement of Oct. 13, 1925, but the original obligations have not been exchanged for new bonds of that Government.

<sup>3</sup> Includes additional bonds aggregating \$3,489,482.75 received July 23, 1937, in exchange for bonds aggregating \$1,207,742 and annuities aggregating \$69,534.46 payable on Jan. 1, 1933, 1934, and 1935, but postponed as provided in agreements of May 8, 1930, and Sept. 14, 1932.

<sup>4</sup> Obligations together with accrued interest canceled pursuant to agreement of Apr. 14, 1938, in connection with settlement of claim of Nicaragua on account of refund of certain income taxes paid by Ferrocarril del Pacifico de Nicaragua (a railroad owned and operated by Nicaragua).

<sup>5</sup> Represents indebtedness to the United States under agreements of June 23, 1930, and May 26, 1932, converted at 23.82 cents to reichsmark for 1933; 40.33 cents to reichsmark thereafter.

NOTE.—Represents obligations originally acquired in connection with transactions arising out of the World War.



TABLE 56.—Principal of the funded and unfunded indebtedness of foreign governments to the United States, the accrued and unpaid interest thereon, and payments on account of principal and interest, as of Nov. 15, 1940

Country	Total indebtedness (payments on principal deducted)	Total payments received	Funded indebtedness				Unfunded indebtedness			
			Indebtedness		Payments on account		Indebtedness		Payments on account <sup>1</sup>	
			Principal (net)	Accrued interest	Principal	Interest	Principal (net)	Accrued interest	Principal	Interest
Armenia.....	\$24,401,099.98						\$11,959,917.49	\$12,441,182.49		
Belgium.....	461,781,161.45	\$52,191,273.24	\$400,680,000.00	\$61,101,161.45	\$17,100,000.00	\$14,490,000.00			\$2,057,630.37	\$18,543,642.87
Cuba.....		12,286,751.58							10,000,000.00	2,286,751.58
Czechoslovakia.....	<sup>2</sup> 165,815,132.10	20,134,092.26	165,241,108.90	574,023.20	19,829,914.17					304,178.09
Estonia.....	<sup>3</sup> 21,612,594.08	1,248,432.07	16,466,012.87	5,146,581.21		1,246,990.19				1,441.88
Finland.....	<sup>4</sup> 8,126,622.86	6,050,689.77	8,039,601.83	87,021.03	960,398.17	4,780,976.33				309,315.27
France.....	4,220,036,473.21	486,075,891.00	3,863,650,000.00	356,386,473.21	161,350,000.00	38,650,000.00			64,689,588.18	221,386,302.82
Germany (Austrian indebtedness) <sup>5</sup> .....	<sup>6</sup> 26,016,720.15	862,668.00	25,980,480.66	36,239.49	862,668.00					
Great Britain.....	5,651,702,208.17	2,024,848,817.09	4,368,000,000.00	1,283,792,208.17	232,000,000.00	1,232,770,518.42			202,181,641.56	357,896,657.11
Greece.....	<sup>7</sup> 34,889,958.13	4,127,056.01	31,516,000.00	3,373,958.13	981,000.00	1,983,980.00			2,922.67	1,159,153.34
Hungary.....	<sup>8</sup> 2,436,670.99	527,435.28	1,908,560.00	528,110.99	73,995.50	452,686.74				753.04
Italy.....	2,026,901,552.35	100,829,880.16	2,004,900,000.00	22,001,552.35	37,100,000.00	5,766,708.26			364,319.28	57,598,852.62
Latvia.....	<sup>9</sup> 8,912,019.45	761,549.07	6,879,464.20	2,032,555.25	9,200.00	621,520.12				130,828.95
Liberia.....		36,471.56							26,000.00	10,471.56
Lithuania.....	<sup>10</sup> 7,980,148.92	1,237,956.58	6,197,682.00	1,782,466.92	234,783.00	1,001,626.61				1,546.97
Nicaragua <sup>11</sup> .....		168,575.84							141,950.36	26,625.48
Poland.....	<sup>12</sup> 270,464,503.99	22,646,297.55	206,057,000.00	64,407,503.99	1,287,297.37	19,310,775.90				2,048,224.28
Rumania.....	<sup>13</sup> 65,828,752.90	7,491,007.22	63,860,560.43	1,968,192.47	2,700,000.00	29,061.46			1,798,632.02	263,313.74
Russia.....	404,622,157.33	<sup>14</sup> 8,750,311.88					192,601,297.37	212,020,859.96		<sup>15</sup> 8,750,311.88
Yugoslavia.....	61,856,093.78	2,588,771.69	61,625,000.00	231,093.78	1,225,000.00				727,712.55	636,059.14
Total.....	13,463,473,869.84	2,750,163,927.85	11,231,001,470.89	<sup>16</sup> 1,803,449,141.64	475,714,256.21	1,321,104,844.03	204,561,214.86	224,462,042.45	281,990,396.99	671,354,430.62

<sup>1</sup> Payments of governments which have funded were made prior to the date of the funding agreements.<sup>2</sup> Differences between principal of funded indebtedness and amounts here stated represent deferred payments provided for in the funding agreements, for which "bonds" of the respective debtor governments have been or will be delivered to the Treasury.<sup>3</sup> Increase over amount funded due to exercise of options with respect to the payment of interest due on original issue of bonds of debtor governments.<sup>4</sup> The German Government has been notified that the Government of the United States will look to the German Government for the discharge of this indebtedness of the Government of Austria to the Government of the United States.<sup>5</sup> Includes additional bonds aggregating \$3,489,482.75 received July 23, 1937, in exchange for bonds aggregating \$1,207,742 and annuities aggregating \$69,534.46, payable on Jan. 1, 1933, 1934, and 1935, but postponed as provided by agreements of May 8, 1930, and Sept. 14, 1932.<sup>6</sup> 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.<sup>7</sup> Does not include payment of \$100,000 by Rumanian Government on June 15, 1940, which was made 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.<sup>8</sup> Represents proceeds of liquidation of financial affairs of the Russian Government in this country. (Copies of letter dated May 23, 1922, from the Secretary of State and of reply of the Secretary of the Treasury dated June 2, 1922, in regard to loans to the Russian Government and liquidation of affairs of the latter in this country appear in the Annual Report of the Secretary of the Treasury for 1922, as exhibit 79, p. 283, and in the combined annual reports of the World War Foreign Debt Commission, as exhibit 2, p. 84.)<sup>9</sup> Includes balances of amounts postponed under provisions of joint resolution of Dec. 23, 1931. (For amounts postponed, see p. 35 of Annual Report of the Secretary of the Treasury for 1932.)

TABLE 57.—Principal of the funded and unfunded indebtedness of foreign governments to the United States, the accrued and unpaid interest thereon, and payments on account of principal and interest, as of November 15 of each year from 1928 to 1940

Year	Total indebtedness (payments on principal deducted)	Total payments received	Funded indebtedness				Unfunded indebtedness			
			Indebtedness		Payments on account		Indebtedness		Payments on account <sup>1</sup>	
			Principal (net)	Accrued interest <sup>2</sup>	Principal	Interest	Principal (net)	Accrued interest	Principal	Interest
1928	\$11,853,406,768.55	\$1,963,023,654.25	\$11,462,200,951.00	\$28,764,278.81	\$152,552,048.00	\$764,546,559.35	\$243,907,551.77	\$118,533,986.97	\$303,267,052.84	\$742,657,994.06
1929	11,829,755,777.51	2,162,605,203.58	11,455,772,818.00	32,541,624.26	191,565,786.00	904,763,750.32	229,466,727.85	111,974,607.40	303,269,975.51	763,005,691.75
1930	11,641,264,883.62	2,391,993,341.97	11,279,990,878.50	34,206,294.13	391,962,610.50	1,046,687,129.58	204,851,842.85	122,215,868.14	281,989,667.78	671,353,934.11
1931	11,598,501,461.42	2,627,580,897.72	11,232,604,719.57	28,572,000.00	443,310,743.87	1,230,926,551.96	204,851,842.85	132,472,899.00	281,989,667.78	671,353,934.11
1932	11,793,172,630.78	2,627,580,897.72	11,261,176,719.57	184,440,108.36	443,310,743.87	1,230,926,551.96	204,851,842.85	142,703,960.00	281,989,667.78	671,353,934.11
1933	11,888,508,973.91	2,737,707,104.88	11,229,429,605.40	301,236,727.54	475,057,858.04	1,309,305,852.24	204,851,113.64	152,991,527.33	281,990,396.99	671,352,997.61
1934	12,102,962,275.61	2,747,041,165.88	11,229,212,445.44	505,668,208.95	475,275,018.00	1,318,422,753.28	204,851,113.64	163,230,507.58	281,990,396.99	671,352,997.61
1935	12,328,960,509.67	2,747,436,589.89	11,229,145,735.91	721,489,130.85	475,341,727.53	1,318,750,034.75	204,851,113.64	173,474,529.27	281,990,396.99	671,354,430.62
1936	12,556,828,068.35	2,748,180,030.39	11,229,075,838.00	939,181,132.78	475,411,625.44	1,319,423,577.34	204,851,113.64	183,719,983.93	281,990,396.99	671,354,430.62
1937	12,786,196,128.24	2,748,574,488.89	11,231,232,007.83	1,156,141,124.08	475,483,719.27	1,319,745,942.01	204,851,113.64	193,971,882.69	281,990,396.99	671,354,430.62
1938	13,011,846,749.58	2,749,249,727.71	11,231,157,710.25	1,372,121,903.50	475,558,016.85	1,320,346,883.25	204,561,214.86	204,005,920.97	281,990,396.99	671,354,430.62
1939	13,237,290,908.97	2,749,663,012.53	11,231,081,200.76	1,587,414,511.64	475,634,526.34	1,320,683,658.58	204,561,214.86	214,233,981.71	281,990,396.99	671,354,430.62
1940	13,463,473,869.84	2,750,163,927.85	11,231,001,470.89	1,803,449,141.64	475,714,256.21	1,321,104,844.03	204,561,214.86	224,462,042.45	281,990,396.99	671,354,430.62

<sup>1</sup> Payments of governments which have funded were made prior to the dates of the funding agreements.

<sup>2</sup> Includes balances of amounts postponed under provisions of joint resolution of Dec. 23, 1931 (for amounts postponed see p. 35 of Annual Report of the Secretary of the Treasury for 1932).

<sup>3</sup> Does not include payment of \$100,000 by Rumanian Government on June 15, 1940, which was made 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.

# ASSETS AND LIABILITIES OF GOVERNMENTAL CORPORATIONS AND AGENCIES

TABLE 58.—Combined statement of assets and liabilities of governmental corporations and credit agencies of the United States, as of June 30, 1940

[In millions of dollars. Compiled from latest reports received by the Treasury]

## SUMMARY

	Assets <sup>1</sup>										Liabilities and reserves <sup>1</sup>			Proprietary interest			Distribution of United States interests		
	Loans	Preferred capital stock, etc.	Cash <sup>2</sup>	Investments			Accounts and other receivables	Real estate and other business property	Other <sup>3</sup>	Total	Guaranteed by United States (includes accrued interest)	Not guaranteed by United States	Total	Excess of assets over liabilities <sup>1</sup>	Privately owned	Owned by United States	Capital stock	Surplus	Interagency interests
				United States securities	Securities guaranteed by United States	All other													
Reconstruction Finance Corporation.....	1,061	470	45	49		8	425	(*)	44	1,663	1,100	4226	1,326	337		337	500	4165	* 828
Commodity Credit Corporation.....	169		1				21	8	473	673	408	140	548	125		125	100		25
Export-Import Bank of Washington.....	52		1				27	(*)	(*)	80		(*)	(*)	80		80	75	5	
Federal Crop Insurance Corporation.....	3		3				(*)		11	14		7	7	7		7	8		* 1
Federal Deposit Insurance Corporation.....	64		18	347			42	(*)	740	511		222	222	289	139	150	150		
Tennessee Valley Authority.....			7				6	322		335		15	15	320		320	269		51
Public Works Administration.....	95									95				95		95	95		
United States Maritime Commission.....	44					25	20	30	108	228		65	65	163		163	164		* 1
Rural Electrification Administration.....	220						8			222				222		222	95		127
Home Owners' Loan Corporation.....	2,013	* 203	83	4			2	3	424	2,737	* 2,651	63	2,714	24		24	200	* 76	* 100
Federal Savings and Loan Insurance Corporation.....			1	17	105					125		1	1	124		124	100	24	
Federal home loan banks.....	157		47	41	14		(*)		(*)	260		82	82	178	53	125	125		
Federal Housing Administration.....			12	25			19	1	6	62	8	4	12	50		50	50		
Federal National Mortgage Association.....	163				(*)		4	(*)	1	168		89	89	79		79	10	6	63
United States Housing Authority.....	10 87		57	4		(*)	1	128		278	115	5	119	158		158	1	137	20
Farm Credit Administration.....	267		12				(*)		6	285		193	193	92		92	92		
Federal Farm Mortgage Corporation.....	669		29			762	43		13	1,516	1,279	37	1,316	200		200	200		(*)
Federal land banks.....	1,880		72	86		4	167	6	92	2,307		1,794	1,794	513	209	304	125	11 188	* 8

Footnotes at end of table.

TABLE 58.—Combined statement of assets and liabilities of governmental corporations and credit agencies of the United States, as of June 30, 1940—Continued

[In millions of dollars]

## SUMMARY—Continued

	Assets <sup>1</sup>								Liabilities and reserves <sup>1</sup>			Excess of assets over liabilities <sup>1</sup>					Proprietary interest		Distribution of United States interests		
	Loans	Preferred capital stock, etc.	Cash <sup>2</sup>	Investments			Accounts and other receivables	Real estate and other business property	Other <sup>3</sup>	Total	Guaranteed by United States (includes accrued interest)	Not guaranteed by United States	Total	Privately owned	Owned by United States	Capital stock	Surplus	Interagency interests			
				United States securities	Securities guaranteed by United States	All other															
Federal intermediate credit banks.....	232		19	75			2		(*)	328		213	213	115		115	70	51			
Banks for cooperatives.....	62		17	76	11	10	1	(*)	(*)	177		3	3	174	4	170	149	16		5	
Production credit corporations.....			(*)	20	1	101	(*)	(*)	(*)	123		(*)	(*)	122		122	120	2			
Regional agricultural credit corporations.....	8		14				1		(*)	22		2	2	20		20	5	15			
War emergency corporations and agencies (in liquidation):																					
Navy Department (sale of surplus war supplies)							5			5				5		5	5				
Secretary of the Treasury (U. S. Railroad Administration).....		(*)				(*)	(*)		(*)	(*)				(*)		(*)	5				
United States Housing Corporation.....			1				1	(*)	(*)	2				2		2	34	32			
United States Spruce Production Corporation.....		(*)	(*)				1	(*)	(*)	1				1		1	(*)	(*)	(*)		
Other:																					
Disaster Loan Corporation.....	22		(*)				1	(*)	(*)	23		(*)	(*)	23		23	24				
Electric Home and Farm Authority.....	14		(*)				(*)	(*)	(*)	14		13	13	1		1	1	(*)	1	(*)	
Farm Security Administration.....	308						1	4	1	308		(*)	(*)	308		308	308	4			
Federal Prison Industries, Inc.....			3							9				8		8	4				
Interior Department (Indian loans).....	3									3				3		3	3				
Inland Waterways Corporation.....	(*)		1	4			1	20	(*)	26		1	1	24		24	12	12			
Panama Railroad Co.....			9		(*)		(*)	39	(*)	50		1	1	48		48	7	42	1		
Puerto Rico Reconstruction Administration.....	4	1					3			8				8		8	8				
RFC Mortgage Company.....	60		(*)	(*)			1		(*)	62		2	2	60		60	25	(*)			35

Tennessee Valley Associated Cooperatives, Inc.	(*)	(*)	(*)			(*)				(*)				(*)		(*)	(*)	(*)	
Treasury Department:																			
Federal savings and loan associations		34								34				34		34	34		
Railroad loans (Transportation Act, 1920)	30									30				30		30	<sup>b</sup> 30		
Securities received by the Bureau of Internal Revenue in settlement of tax liabilities									(*)	(*)				(*)		<sup>b</sup> (*)			
Securities received from the Reconstruction Finance Corporation under act of Feb. 24, 1938	2									2				2		2	<sup>b</sup> 2		
Interagency items: <sup>12</sup>																			
Due from governmental corporations or agencies																	<sup>b</sup> 105	<sup>a</sup> 105	
Due to governmental corporations or agencies																	<sup>b</sup> 12		12
Total	7,687	708	412	748	131	911	404	562	1,219	12,782	5,560	3,177	8,738	4,044	405	3,639	3,292	558	<sup>13</sup> 210









[illegible]

TABLE 58.—Combined statement of assets and liabilities of governmental corporations and credit agencies of the United States, as of June 30, 1940—Continued

## DETAILS—Continued

[In millions of dollars]

	Federal National Mort- gage Associa- tion	U. S. Housing Author- ity	Farm Credit Adminis- tration	Federal Farm Mort- gage Corporation	Federal land banks	Federal inter- mediate credit banks	Banks for coop- era- tives	Production credit corpora- tions	Regional agricul- tural credit corpora- tions	War emer- gency corpora- tions and agencies (in liqui- dation)	Other	Total
LIABILITIES—Continued												
Capital and surplus:												
Capital stock.....	10	1	92	200	236	70	152	120	5	39	551	3,588
Paid-in surplus.....	1	141			188	30			16		11	387
Reserves from earned surplus:												
Reserve for dividends and contingencies.....					21	3	1			(*)	(*)	41
Legal reserves.....	(*)				60							71
Earned surplus and undivided profits.....	4	4			17	18	15	2	1	32	48	167
Total liabilities, capital, and surplus.....	168	278	285	1,518	2,316	334	177	123	22	7	675	13,388

\* Less than \$500,000.

a Excess interagency assets (deduct).

b Nonstock (or includes nonstock proprietary interests).

c Deficit (deduct).

1 Exclusive of interagency assets and liabilities (except bond investments and deposits with Reconstruction Finance Corporation).

2 Excludes unexpended balances of appropriated funds.

3 Also includes real estate and other property held for sale.

4 Adjusted for interagency items and items in transit.

5 Excluded are the following amounts in bonds and notes held by the Secretary of the Treasury, which are shown as interagency liabilities: Reconstruction Finance Corporation, \$7,000,000; Commodity Credit Corporation, \$25,000,000; and United States Housing Authority, \$20,000,000.

6 Also includes deposits with the Reconstruction Finance Corporation and accrued interest thereon.

7 Includes \$16,690,481 deposited with Federal Reserve Banks for a conditional purchase commitment.

8 Shares of State building and loan associations, \$39,893,410; shares of Federal savings and loan associations, \$163,130,800.

9 Excludes \$75 bonds of Home Owners' Loan Corporation held as "Treasury" bonds pending cancellation.

10 Also excludes contract commitments. As of June 30, 1940, the U. S. Housing Authority had entered into definite contracts calling for maximum advances of \$689,308,000. Advances have been made in the amount of \$78,204,518, as of June 30, 1940, against loan contract commitments amounting to \$370,525,000. The Housing Authority has also agreed to disburse \$259,366,000 on additional loan contract commitments amounting to \$318,783,000, now being financed by securities issued by local housing authorities.

11 Includes \$475,981 due to Federal land banks from the United States Treasury for subscriptions to paid-in surplus.

12 Represents interagency assets and liabilities of the Treasury Department and of Government agencies, which agencies are not included in this statement.

13 Represents interagency holdings of capital stock and paid-in surplus items which are not deducted from the capital stock and paid-in surplus of the corresponding organizations.

14 Excludes obligations reacquired and held by the issuing organizations.

15 Includes cash in trust funds.

16 Included in this amount are \$31,514,100 matured obligations for which cash has been deposited with the Treasurer of the United States.

NOTE.—Figures are rounded to nearest million and consequently may not add to totals. For complete figures see daily Treasury statement for July 31, 1940.

TABLE 59.—*Proprietary interest of the United States in governmental corporations and credit agencies, as of June 30, 1929 to 1940*<sup>1</sup>

[In thousands of dollars]

Corporation or agency	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940
Reconstruction Finance Corporation				779,989	1,498,140	2,452,000	2,034,891	1,804,076	1,490,798	1,501,788	786,310	337,088
Commodity Credit Corporation						206,000	153,495	243,923	122,737	59,256	110,024	125,001
Export-Import Bank of Washington						14,000	13,843	18,163	17,540	16,715	47,535	79,538
Federal Crop Insurance Corporation											4,691	7,067
Federal Deposit Insurance Corporation						150,000	150,000	150,000	150,000	150,000	150,000	150,000
Tennessee Valley Authority						29,000	63,734	96,006	178,919	216,124	233,971	319,872
Public Works Administration						145,423	312,254	152,077	145,534	51,597	54,641	94,571
U. S. Shipping Board—Merchant Fleet Corporation	209,804	207,682	216,745	233,018	224,103	142,940	181,962	151,227	(3)			
U. S. Maritime Commission									87,317	98,749	112,762	162,993
Rural Electrification Administration								823	11,865	50,169	123,719	221,672
Home Owners' Loan Corporation					998	144,000	69,709	65,976	68,260	74,089	60,438	23,547
Federal Savings and Loan Insurance Corporation							101,597	103,844	108,235	113,125	118,283	123,621
Federal savings and loan associations						1,000	32,464	49,223	48,184	47,803	43,992	34,137
Federal home loan banks					43,204	81,000	81,646	99,542	120,514	124,741	124,741	124,741
Federal Housing Administration							28,866	29,710	29,706	34,565	39,556	50,342
U. S. Housing Authority					(4)					150,841	142,687	158,242
Farm Loan Board—crop loans	6,762	159,796	391,860	627,669	(5)							
Farm Credit Administration					553,747	274,000	192,639	174,634	191,372	134,403	111,688	91,887
Federal Farm Mortgage Corporation						197,000	206,012	201,404	176,455	156,967	184,054	200,073
Federal land banks	383	292	238	125,176	124,872	161,000	251,165	255,646	292,212	339,143	319,213	304,325
Federal intermediate credit banks	31,876	32,763	33,973	35,963	60,263	85,000	84,425	102,977	104,425	86,962	109,085	115,199
Banks for cooperatives						111,000	128,624	155,961	154,108	184,348	170,463	170,393
Production credit corporations						106,000	120,978	120,939	121,142	121,427	122,076	122,216
Regional agricultural credit corporations					149,866	51,000	77,359	35,035	26,782	17,776	18,747	19,966
War emergency corporations and agencies (in liquidation):												
Surplus war supplies	928	855	787	828	828	828	433	383				
Securities received by Secretary of Navy—sales of surplus property	5,723	5,574	5,030	4,938	4,924	4,910	5,086	5,026	4,785	4,708	4,645	4,572
U. S. Housing Corporation	3,867	2,793	2,315	2,020	1,916	2,195	1,989	1,990	2,014	1,980	1,925	1,829
U. S. Railroad Administration	1,761	1,299	1,244	1,157	1,257	1,200	1,132	1,106	531	118	114	110
U. S. Spruce Production Corporation	1,853	1,116	1,114	1,058	1,067	1,000	986	1,088	787	743	698	700
War Finance Corporation	532	531	334	333	313	200	120	30	30	10	2	(5)
Other:												
Disaster Loan Corporation									3,828	5,879	16,873	22,632
Electric Home and Farm Authority							872	839	865	902	938	1,073
Subsistence homesteads (Resettlement Administration)						2,000	24,324	79,875	127,669	(5)		
Farm Security Administration										169,373	256,275	307,889
Federal National Mortgage Association										7,651	39,857	78,718
Federal Prison Industries, Inc.										6,575	7,449	8,478
Interior Department (Indian loans)							4,399	5,014	5,575	1,911	2,529	2,894
Inland Waterways Corporation	19,768	20,974	23,980	24,391	24,607	24,000	23,750	24,602	24,542	24,981	24,853	24,411
Panama Railroad Co.	40,064	41,566	42,030	45,094	43,174	43,000	42,659	42,839	43,735	45,387	46,062	48,322

Footnotes at end of table.

TABLE 59.—*Proprietary interest of the United States in governmental corporations and credit agencies, as of June 30, 1929 to 1940*<sup>1</sup>—Con.

[In thousands of dollars]

Corporation or agency	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940
Other—Continued.												
Puerto Rico Reconstruction Administration.....									3,701	3,897	6,388	8,099
RFC Mortgage Company.....							2	18,055	48,125	39,836	58,069	60,185
Tennessee Valley Associated Cooperatives, Inc.....							306	299	302	302	301	297
Treasury Department:												
Railroad loans (Transportation Act, 1920).....	62,699	54,792	39,942	38,926	38,482	37,711	31,192	30,590	30,230	30,230	30,230	30,186
Securities received from Reconstruction Finance Corporation under act of Feb. 24, 1938.....										2,774	2,570	2,374
Securities received by the Bureau of Internal Revenue in settlement of tax liabilities.....												172
Total.....	386,020	530,033	759,592	1,920,560	2,773,761	4,249,162	4,422,913	4,222,922	3,943,358	4,077,845	3,688,454	3,639,432

<sup>1</sup> Proprietary interest includes cash balances deposited with the Treasurer of the United States.<sup>2</sup> Estimated.<sup>3</sup> Transferred to U. S. Maritime Commission.<sup>4</sup> Transferred to Farm Credit Administration.<sup>5</sup> Corporation liquidated Dec. 31, 1939, pursuant to Reorganization Plan No. II.<sup>6</sup> Transferred to Farm Security Administration.

# STOCK AND CIRCULATION OF MONEY IN THE UNITED STATES

TABLE 60.—*Stock of money, money in the Treasury, in the Federal Reserve Banks, and in circulation June 30, 1913 to 1940*<sup>1</sup>

[000 omitted, except in per capita figures]

June 30—	Stock of money <sup>1</sup>	Money held in the Treasury					Money outside of the Treasury					Population o continental United States (estimated)
		Total	Amount held as security against gold and silver certificates (and Treas- ury notes of 1890)	Reserve against United States notes (and Treas- ury notes of 1890)	Held for Fed- eral Reserve Banks and agents	All other	Total	Held by Fed- eral Reserve Banks and agents	In circulation			
									Amount <sup>2</sup>	Per capita		
1913.....	\$3,777,021	\$1,834,112	\$1,475,783	\$150,000	-----	\$208,329	\$3,418,692	-----	\$3,418,692	\$35.12	97,337	
1914.....	3,797,825	1,845,570	1,507,179	150,000	-----	188,391	3,459,434	-----	3,459,434	34.93	99,027	
1915.....	4,050,783	1,967,665	1,619,429	152,977	-----	195,259	3,702,547	\$382,965	3,319,532	32.96	100,725	
1916.....	4,541,730	2,356,536	2,057,409	152,979	-----	146,147	4,242,603	593,345	3,649,258	35.63	102,431	
1917.....	5,678,774	2,859,396	2,063,391	152,979	\$526,295	116,731	4,882,769	816,365	4,066,404	39.05	104,145	
1918.....	6,906,237	2,976,251	1,407,694	152,979	1,205,082	210,496	5,337,681	855,984	4,481,697	42.33	105,869	
1919.....	7,688,413	2,907,812	906,673	152,979	1,416,086	432,074	5,687,275	810,636	4,876,638	45.95	106,136	
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	51.38	106,422	
1921.....	8,174,528	2,921,089	919,643	152,979	1,537,857	310,610	6,173,082	1,262,082	4,910,992	45.29	108,445	
1922.....	8,276,070	3,515,583	1,000,578	152,979	2,108,887	253,139	5,761,065	1,297,893	4,463,172	40.61	109,893	
1923.....	8,702,788	3,821,846	1,150,168	152,979	2,285,170	233,529	6,031,111	1,207,836	4,823,275	43.18	111,693	
1924.....	8,846,542	4,248,438	1,628,139	152,979	2,260,891	206,429	6,226,243	1,376,935	4,849,307	42.64	113,727	
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	41.73	115,378	
1926.....	8,428,971	4,210,358	2,139,770	154,189	1,717,348	199,050	6,358,384	1,473,118	4,885,266	41.71	117,136	
1927.....	8,667,282	4,159,056	2,096,205	155,421	1,712,003	195,427	6,604,431	1,753,110	4,851,321	40.90	118,628	
1928.....	8,118,091	3,725,650	1,986,761	156,039	1,387,650	195,199	6,379,202	1,582,578	4,796,626	39.97	120,013	
1929.....	8,538,796	3,789,886	1,854,373	156,039	1,562,426	217,049	6,603,283	1,856,986	4,746,297	39.08	121,455	
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	123,091	
1931.....	9,079,624	4,227,735	2,196,103	156,039	1,776,690	98,902	7,047,992	2,226,059	4,821,933	38.85	124,113	
1932.....	9,004,505	3,493,122	1,979,137	156,039	1,235,737	122,209	7,490,520	1,795,349	5,695,171	45.57	124,974	
1933.....	10,078,417	3,797,692	1,711,721	156,039	1,771,486	158,446	7,992,446	2,271,682	5,720,764	45.49	125,770	
1934.....	13,634,381	8,408,392	5,453,713	156,039	* 3,999,055	2,798,640	6,679,455	1,305,985	5,373,470	42.44	126,628	
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	43.66	127,521	

Footnotes at end of table.

TABLE 60.—*Stock of money, money in the Treasury, in the Federal Reserve Banks, and in circulation June 30, 1913 to 1940*<sup>1</sup>—Continued

[000 omitted, except in per capita figures]

June 30—	Stock of money <sup>1</sup>	Money held in the Treasury					Money outside of the Treasury				Population of continental United States (estimated)
		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	Total	Held by Federal Reserve Banks and agents	In circulation		
									Amount <sup>3</sup>	Per capita	
1936.....	\$17,402,493	\$11,851,635	\$9,355,224	\$156,039	<sup>4</sup> \$5,304,027	\$2,340,372	\$9,602,055	\$3,360,854	\$6,241,200	\$48.60	128,429
1937.....	19,376,690	13,685,480	10,240,964	156,039	<sup>4</sup> 6,030,913	3,288,477	9,901,261	3,454,205	6,447,056	49.88	129,257
1938.....	20,096,865	14,535,627	12,233,068	156,039	<sup>4</sup> 7,829,838	2,146,520	9,964,467	3,503,576	6,460,891	49.62	130,215
1939.....	23,754,736	17,862,671	15,299,262	156,039	<sup>4</sup> 10,708,118	2,407,369	10,483,210	3,436,467	7,046,743	53.72	131,173
1940.....	28,457,960	21,836,936	19,651,067	156,039	<sup>4</sup> 14,938,595	2,029,829	11,333,196	3,485,695	7,847,501	59.61	131,640

<sup>1</sup> The figures in this table differ from the monthly circulation statements for the following reasons: (a) Beginning June 30, 1922, the form of circulation statement was revised so as to include in the holdings of the Federal Reserve Banks and agents, and hence in the stock of money, gold bullion and foreign gold coin held by the Federal Reserve Banks and agents, and to include in the holdings of the Federal Reserve Banks and agents, and hence exclude from money in circulation, all forms of money held by the Federal Reserve Banks and agents, whether as reserve against Federal Reserve notes or otherwise. For the sake of comparableness the figures in this table for earlier years have been revised to include these changes. For full explanation of this revision, see annual report for 1922, p. 433. (b) The form of the circulation statement was revised again beginning Dec. 31, 1927, so as to exclude earmarked gold coin from the stock of money, and hence from money in circulation; to include in the holdings of the Federal Reserve Banks and agents, and hence in the stock of money, gold held abroad for the account of the Federal Reserve Banks; and to include in all categories, minor coin (the bronze 1-cent piece and the nickel 5-cent piece). Beginning on Dec. 31, 1927, the circulation statement is dated for the end of the month instead of the beginning of the succeeding month, as was the practice theretofore, and figures on the revised daily Treasury statement basis for "money held in the Treasury" instead of the unrevised basis are used. For the sake of comparableness the figures in this table for earlier years have been revised to include these changes. For full explanation of this revision, see annual report for 1928, pp. 70-71, and for figures for years prior to 1913, pp. 550-551. Final revisions, minor in amount, are made in some figures of the June 30 circulation statements for use in these annual report tables.

<sup>2</sup> The composition of the stock of money is shown in table 61 on p. 809.

<sup>3</sup> The composition of the money in circulation is shown in table 62 on p. 810.

<sup>4</sup> Gold certificates not included in total money in the Treasury, since the gold held as security against them is included in the second column preceding.

TABLE 61.—*Stock of money, by kinds, at the end of each fiscal year from 1913 to 1940*<sup>1</sup>

(In thousands)

June 30—	Gold <sup>2</sup>	Silver bullion <sup>2</sup>	Standard silver dollars <sup>2</sup>	Subsidiary silver	Minor coin	United States notes <sup>2</sup>	Federal Reserve notes <sup>2</sup>	Federal Reserve Bank notes <sup>2</sup>	National bank notes <sup>2</sup>	Total <sup>2</sup>	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
1914.....	1, 890, 657	-----	568, 272	182, 007	59, 536	346, 681	-----	-----	750, 672	3, 797, 825	49. 78
1915.....	1, 985, 539	-----	568, 272	185, 430	61, 327	346, 681	\$84, 261	-----	819, 274	4, 050, 783	49. 02
1916.....	2, 444, 636	-----	568, 271	188, 890	63, 909	346, 681	176, 168	\$9, 000	744, 175	4, 541, 730	53. 83
1917.....	3, 220, 242	-----	568, 270	198, 275	69, 688	346, 681	547, 408	12, 790	715, 420	5, 678, 774	56. 71
1918.....	3, 162, 808	-----	499, 516	231, 857	78, 146	346, 681	1, 847, 580	15, 444	724, 205	6, 906, 237	45. 80
1919.....	3, 113, 306	-----	308, 146	242, 870	82, 909	346, 681	2, 687, 557	187, 667	719, 277	7, 688, 413	40. 49
1920.....	2, 865, 482	-----	268, 857	258, 855	92, 479	346, 681	3, 405, 877	201, 226	719, 038	8, 158, 496	35. 12
1921.....	3, 274, 730	-----	288, 788	271, 314	98, 522	346, 681	3, 000, 430	150, 772	743, 290	8, 174, 528	40. 06
1922.....	3, 784, 652	-----	381, 174	271, 211	98, 593	346, 681	2, 555, 062	80, 495	758, 202	8, 276, 070	45. 73
1923.....	4, 049, 554	-----	491, 887	269, 186	99, 056	346, 681	2, 676, 902	22, 083	747, 440	8, 702, 788	46. 53
1924.....	4, 488, 391	-----	503, 755	277, 614	102, 445	346, 681	2, 339, 048	10, 596	778, 012	8, 846, 542	50. 74
1925.....	4, 360, 382	-----	522, 061	283, 472	104, 004	346, 681	1, 942, 240	7, 176	733, 366	8, 299, 382	52. 54
1926.....	4, 447, 397	-----	533, 491	288, 923	108, 891	346, 681	1, 995, 206	5, 713	702, 669	8, 428, 971	52. 76
1927.....	4, 587, 298	-----	537, 944	295, 590	113, 295	346, 681	2, 077, 473	4, 854	704, 146	8, 667, 282	52. 93
1928.....	4, 109, 163	-----	539, 962	299, 010	116, 689	346, 681	2, 002, 811	4, 155	699, 621	8, 118, 091	50. 62
1929.....	4, 324, 351	-----	539, 961	304, 187	120, 640	346, 681	2, 194, 970	3, 711	704, 294	8, 533, 796	50. 64
1930.....	4, 534, 866	-----	539, 960	310, 978	126, 001	346, 681	1, 746, 501	3, 260	698, 317	8, 306, 564	54. 59
1931.....	4, 955, 921	-----	539, 958	308, 619	126, 887	346, 681	2, 101, 578	2, 974	697, 004	9, 079, 624	54. 58
1932.....	3, 918, 596	-----	540, 008	304, 883	126, 493	346, 681	3, 028, 397	2, 772	736, 674	9, 004, 505	43. 32
1933.....	4, 317, 554	-----	540, 007	298, 634	126, 746	346, 681	3, 336, 866	141, 326	970, 601	10, 078, 417	42. 84
1934.....	7, 856, 181	\$1, 560	540, 007	295, 892	127, 711	346, 681	3, 350, 988	160, 666	954, 695	13, 634, 581	57. 62
1935.....	9, 115, 043	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, 286, 310	53, 300	371, 722	17, 402, 493	60. 96
1937.....	12, 318, 271	335, 196	547, 080	358, 899	150, 854	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, 965	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

<sup>1</sup> See note 1, p. 808. For figures for years prior to 1913, see annual report for 1928, pp. 552-553.

<sup>2</sup> A part of the gold and silver included in the stock of money is held as a reserve against other kinds of money, as follows: (1) As a reserve for United States notes and Treasury notes of 1890—gold bullion varying in amount from \$150,000,000 to \$156,039,431 during the years included in the table; (2) as security for Treasury notes of 1890—an equal dollar amount in standard silver dollars (these notes are being canceled and retired on receipt); (3) as security for outstanding silver certificates—silver in bullion and standard silver dollars of a monetary value equal to the face amount of such silver certificates; and (4) as security for gold certificates—gold bullion of a value at the legal standard equal to the face amount of such gold certificates. Federal Reserve notes are obligations of the United States and a first lien on all the assets of the issuing Federal Reserve Bank. Federal Reserve notes are secured by the deposit with Federal Reserve agents of a like amount of gold certificates or of gold certificates and such discounted or purchased paper as is eligible under the terms of the Federal Reserve Act, or, until June 30, 1941, of direct obligations of the United States if so authorized by a majority vote of the Board of Governors of the Federal Reserve System. Federal Reserve Banks must maintain a reserve in gold certificates of at least 40 percent, including the redemption fund which must be deposited with the Treasurer of the United States, against Federal Reserve notes in actual circulation. "Gold certificates" as herein used includes credits with the Treasurer of the United States payable in gold certificates. Federal Reserve Bank notes and national bank notes are in process of retirement. The monetary value of gold was changed from \$20.67+ per fine ounce to \$35.00 per fine ounce on Jan. 31, 1934.

<sup>3</sup> The totals involve a duplication to the extent that United States notes, Federal Reserve notes, Federal Reserve Bank notes, and national bank notes, all 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 the equal amounts of gold or silver held as security therefor and included in the totals.

TABLE 62.—*Money in circulation, by kinds, at the end of each fiscal year from 1913 to 1940*<sup>1</sup>

[In thousands]

June 30—	Gold coin	Gold certifi- cates <sup>2</sup>	Standard silver dol- lars	Silver cer- tificates <sup>3</sup>	Treasury notes of 1890 <sup>3</sup>	Subsidiary silver	Minor coin	United States notes <sup>3</sup>	Federal Reserve notes <sup>3</sup>	Federal Reserve Bank notes <sup>3</sup>	National bank notes <sup>3</sup>	Total
1913.....	\$608,401	\$1,003,998	\$72,127	\$469,129	\$2,657	\$154,458	\$54,954	\$337,215	-----	-----	\$715,754	\$3,418,692
1914.....	611,545	1,026,149	70,300	478,602	2,428	159,966	57,419	337,846	-----	-----	715,180	3,459,434
1915.....	587,537	821,869	64,499	463,147	2,245	159,043	58,516	309,796	\$70,810	-----	782,120	3,319,582
1916.....	624,939	1,050,266	66,234	476,279	2,098	171,178	62,998	328,227	149,152	\$1,683	716,204	3,649,258
1917.....	666,545	1,082,926	71,754	468,365	1,970	193,745	68,411	311,595	506,756	3,702	690,635	4,066,404
1918.....	537,230	511,190	77,201	370,349	1,851	216,492	74,958	291,859	1,698,190	10,970	691,407	4,481,697
1919.....	474,875	327,552	79,041	163,445	1,745	229,316	81,780	274,119	2,450,278	155,014	639,472	4,876,638
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
1921.....	447,272	200,582	65,883	158,843	1,576	235,295	91,409	259,170	2,599,598	129,942	721,421	4,910,992
1922.....	415,937	173,342	57,973	205,335	1,510	229,310	89,157	292,343	2,138,715	71,868	727,681	4,463,172
1923.....	404,181	386,456	57,262	364,258	1,460	247,307	93,897	302,749	2,234,660	19,969	711,076	4,823,275
1924.....	393,330	801,381	54,015	364,414	1,423	252,995	96,952	297,790	1,843,106	10,066	733,835	4,849,307
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
1926.....	391,703	1,057,371	51,577	377,741	1,356	270,072	104,194	294,916	1,679,407	5,453	651,477	4,885,266
1927.....	384,957	1,007,075	48,717	375,798	1,327	275,605	108,132	292,205	1,702,843	4,606	650,057	4,851,321
1928.....	377,028	1,019,149	46,222	384,577	1,304	278,175	111,061	298,438	1,626,433	4,029	650,212	4,796,626
1929.....	368,488	934,994	43,684	387,073	1,283	284,226	115,210	262,188	1,692,721	3,616	652,812	4,746,297
1930.....	357,236	994,841	38,629	386,915	1,260	281,231	117,436	288,389	1,402,066	3,206	650,779	4,821,988
1931.....	363,020	996,510	34,326	377,149	1,240	273,147	117,393	299,427	1,708,429	2,929	648,363	4,821,933
1932.....	452,763	715,683	30,115	352,605	1,222	256,220	113,619	289,076	2,780,229	2,746	700,894	5,695,171
1933.....	320,939	265,487	27,995	360,699	1,186	256,865	112,532	268,809	3,060,793	125,845	919,614	5,720,764
1934.....	( <sup>4</sup> )	149,740	30,013	401,456	1,189	280,400	119,142	279,608	3,068,404	141,645	901,872	5,373,470
1935.....	( <sup>4</sup> )	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.....	( <sup>4</sup> )	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.....	( <sup>4</sup> )	88,116	38,046	1,078,071	1,172	340,827	144,107	281,459	4,168,780	37,616	288,892	6,447,056
1938.....	( <sup>4</sup> )	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.....	( <sup>4</sup> )	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.....	( <sup>4</sup> )	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

<sup>1</sup> See note 1, p. 808. For figures for years prior to 1913, see annual report for 1928, pp. 554-555.<sup>2</sup> For description of security held for redemption, see note 2, p. 809.<sup>3</sup> Under the order of the Secretary of the Treasury of Dec. 28, 1933, as amended and supplemented on Jan. 11 and 15, 1934, all gold coin domestically owned (with minor exceptions) was required to be delivered for the account of the Treasurer of the United States, and under the Gold Reserve Act of 1934 (Jan. 30) withdrawn from circulation and formed into bars. Gold coin (\$237,000,000) shown on Treasury records as being then outstanding was dropped from the monthly circulation statement as of Jan. 31, 1934.



TABLE 63.—*Stock of money, money in the Treasury, in the Federal Reserve Banks, and in circulation, by kinds, June 30, 1940*

Kind of money	Stock of money	Money held in the Treasury					Money outside of the Treasury					Popula- tion of continen- tal United States (esti- mated)
		Total	Amount held as security against gold and silver certificates (and Treas- ury 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 Re- serve Banks and agents	In circulation <sup>1</sup>			
									Amount	Per cap- ita		
Gold.....	<sup>2</sup> \$19,963,090,869	\$19,963,090,869	\$17,821,132,871	\$156,039,431		<sup>3</sup> \$1,985,918,567						
Gold certificates.....	<sup>4</sup> (17,821,132,871)	<sup>4</sup> (14,938,894,942)			<sup>4</sup> (\$14,938,894,942)		\$2,882,237,929	\$2,815,444,500	\$66,793,429	\$0.51		
Standard silver dollars.....	547,078,223	498,127,922	476,772,213			21,355,709	48,950,301	2,930,200	46,020,101	.35		
Silver bullion.....	1,353,161,688	1,353,161,688	1,353,161,688									
Silver certificates.....	<sup>4</sup> (1,828,771,179)						1,828,771,179	247,109,133	1,581,662,046	12.02		
Treasury notes of 1890.....	<sup>4</sup> (1,162,722)						1,162,722		1,162,722	.01		
Subsidiary silver.....	402,261,461	3,643,806				3,643,806	398,617,655	14,430,200	384,187,455	2.92		
Minor coin.....	173,909,149	1,795,068				1,795,068	172,114,081	3,137,180	168,976,901	1.28		
United States notes.....	346,681,016	2,042,995				2,042,995	344,638,021	96,750,834	247,887,187	1.88		
Federal Reserve notes.....	5,481,778,345	14,333,300				14,333,300	5,467,445,045	304,161,410	5,163,283,635	39.22		
Federal Reserve Bank notes.....	22,808,746	221,154				221,154	22,587,592	214,600	22,372,992	.17		
National bank notes.....	167,190,377	518,721				518,721	166,671,656	1,516,800	165,154,856	1.25		
Total, June 30, 1940.....	28,457,959,874	21,836,935,523	19,651,066,772	156,039,431	<sup>4</sup> (14,938,894,942)	<sup>6</sup> 2,029,829,320	<sup>7</sup> 11,333,196,181	<sup>3</sup> 4,485,694,857	<sup>7</sup> 7,847,501,324	59.61	131,640,000	
Comparative totals:												
May 31, 1940.....	27,565,916,563	21,077,328,490	18,879,236,942	156,039,431	14,179,051,392	2,042,052,117	11,188,773,623	3,478,743,186	7,710,030,437	58.60	131,563,000	
June 30, 1939.....	23,754,736,441	17,862,671,169	15,299,262,384	156,039,431	10,708,117,514	2,407,369,354	10,483,210,142	3,436,467,318	7,046,742,824	53.72	131,173,000	
Oct. 31, 1920.....	8,479,620,824	2,436,864,530	713,674,378	152,979,026	1,212,360,791	352,850,336	6,761,430,672	1,063,216,060	5,695,214,612	53.21	107,096,000	
Mar. 31, 1917.....	5,396,596,377	2,952,020,313	2,681,691,072	152,979,026		117,350,216	5,126,267,436	953,321,522	4,172,945,914	40.23	103,716,000	
June 30, 1914.....	3,797,825,099	1,845,569,804	1,507,178,879	150,000,000		188,390,925	3,459,434,174		3,459,434,174	34.93	99,027,000	
Jan. 1, 1879.....	1,007,084,483	212,420,402	21,602,640	100,000,000		90,817,762	816,266,721		816,266,721	16.92	48,231,000	

<sup>1</sup> The money in circulation includes any paper currency held outside the continental limits of the United States.<sup>2</sup> Does not include gold other than that held by the Treasury.<sup>3</sup> Includes \$1,800,000,000 exchange stabilization fund and \$142,778,972 balance of increment resulting from reduction in weight of the gold dollar.<sup>4</sup> These amounts are not included in the total, since the gold or silver held as security against gold and silver certificates and Treasury notes of 1890 is included under gold, stand-  
ard silver dollars, and silver bullion, respectively.<sup>5</sup> This total includes credits with the Treasurer of the United States payable in gold certificates in (1) the gold certificate fund—Board of Governors, Federal Reserve System, in  
the amount of \$14,928,032,391, and (2) the redemption fund for Federal Reserve notes in the amount of \$10,862,551.<sup>6</sup> Includes \$59,300,000 lawful money deposited as a reserve for postal savings deposits.<sup>7</sup> 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 the Treasury to arrive  
at the total amount of money in the United States.

NOTE.—For description of security held, see note 2, p. 809.

## TAX-EXEMPT SECURITIES

TABLE 64.—Estimated amount of securities outstanding, interest on which is wholly or partially exempt from the Federal income tax, June 30, 1940<sup>1</sup>

[In millions of dollars]

	Total	Wholly exempt	Partially exempt
<b>A. All tax-exempt securities:</b>			
1. Total outstanding issues.....	70, 233	35, 023	35, 210
2. Securities held by:			
(a) U. S. Government.....	52		52
(b) Federal agencies <sup>2</sup> .....	3, 462	1, 526	1, 936
(c) Federal trust funds <sup>3</sup> .....	4, 982	4, 666	316
(d) Federal Reserve Banks.....	2, 467	1, 128	1, 339
(e) State and local sinking funds.....	1, 608	1, 535	73
(f) State and local trust and investment funds.....	2, 759	2, 500	259
(g) Territorial and insular sinking and trust funds.....	38	34	4
Total securities held by governmental funds, etc.....	15, 368	11, 389	3, 979
3. Net outstanding issues.....	54, 865	23, 634	31, 231
<b>B. Securities of the U. S. Government:</b>			
1. Total outstanding issues.....	42, 380	12, 917	29, 463
2. Securities held by:			
(a) Federal agencies <sup>2</sup> .....	1, 834	239	1, 595
(b) Federal trust funds <sup>3</sup> .....	4, 938	4, 622	316
(c) Federal Reserve Banks.....	2, 458	1, 128	1, 330
(d) State and local sinking funds.....	73		73
(e) State and local trust and investment funds.....	259		259
(f) Territorial and insular sinking funds.....	4		4
Total securities held by governmental funds, etc.....	9, 566	5, 989	3, 577
3. Net outstanding issues.....	32, 814	6, 928	25, 886
<b>C. Securities of Federal instrumentalities guaranteed by the U. S. Government:<sup>4</sup></b>			
1. Total outstanding issues.....	5, 558	8	5, 550
2. Securities held by:			
(a) U. S. Government.....	52		52
(b) Federal agencies <sup>2</sup> .....	286	8	278
(c) Federal Reserve Banks.....	9		9
Total securities held by governmental funds, etc.....	347	8	339
3. Net outstanding issues.....	5, 211		5, 211

## D. Securities of Federal instrumentalities not guaranteed by the U. S. Government:

1. Total outstanding issues.....	2, 251	2, 054	197
2. Securities held by:			
(a) Federal agencies <sup>1</sup> .....	863	800	63
(b) Federal trust funds <sup>2</sup> .....	44	44	
Total securities held by governmental funds, etc.....	907	844	63
3. Net outstanding issues.....	1, 344	1, 210	134
E. Securities of State and local governments:			
1. Total outstanding issues.....	19, 891	19, 891	
2. Securities held by:			
(a) Federal agencies <sup>1</sup> .....	479	479	
(b) State and local sinking funds.....	1, 535	1, 535	
(c) State and local trust and investment funds.....	2, 500	2, 500	
Total securities held by governmental funds, etc.....	4, 514	4, 514	
3. Net outstanding issues.....	15, 377	15, 377	
F. Securities of Territories and insular possessions:			
1. Total outstanding issues.....	153	153	
2. Securities held by:			
(a) Territorial and insular sinking and trust funds.....	34	34	
3. Net outstanding issues.....	119	119	

<sup>1</sup> "Total outstanding issues" of tax-exempt securities of the several borrowers differs from the gross indebtedness of these borrowers in that it excludes noninterest-bearing and taxable interest-bearing debt. "Net outstanding issues" differs from net indebtedness in that it excludes from "total outstanding issues" tax-exempt securities held by governments, governmental agencies, Federal Reserve Banks, and public sinking, trust and investment funds, while net debt excludes from gross debt the total volume of sinking fund assets, regardless of their character, but ignores all other public assets.

Tax-exempt securities are segregated into 2 categories, those partially exempt and those wholly exempt. The former are exempt from the normal rates and the latter from both the normal and the surtax rates of the Federal income tax. United States savings bonds and Treasury bonds are here classified as partially tax-exempt securities. However, it is to be noted that by statutory provision, interest derived from \$5,000 of principal amount of these securities owned by any single holder is exempt from the surtax as well as the normal tax.

The estimates of the volume of tax-exempt securities outstanding on June 30, 1937 and 1940, are based in part on a questionnaire survey of State and local government debt and specified funds conducted by the Department of Commerce, Bureau of the Census, Division of State and Local Government, and in part on a questionnaire survey of territorial and insular debt and specified funds conducted by the Department of the Interior, Division of Territories and Island Possessions.

The estimates of the volume of tax-exempt securities outstanding in other years, shown in table 65, were based on a questionnaire survey conducted by the Treasury Department and upon the Bureau of the Census decennial *Financial Statistics of State and Local Governments* and annual *Financial Statistics of States* and *Financial Statistics of Cities*, as well as the statistics of new security issues and security retirements published in the *Bond Buyer* and the *State and Municipal Compendium of the Commercial and Financial Chronicle*.

<sup>2</sup> Includes joint stock land banks and exchange stabilization fund.

<sup>3</sup> Excludes individual Indian trust funds.

<sup>4</sup> Includes certain obligations of the Tennessee Valley Authority which are issued "on credit of the United States."

TABLE 65.—Estimated amount of securities outstanding, interest on which is wholly or partially exempt from the Federal income tax, June 30, 1913 to 1940, by types of borrowers <sup>1</sup>

## A. TOTAL OUTSTANDING ISSUES

[In millions of dollars]

June 30—	Grand total			U. S. Government <sup>2</sup>			Federal Farm Loan System			Federal Home Loan System <sup>3</sup> (partially exempt)	Reconstruction Finance Corporation (partially exempt)	Tennessee Valley Authority (wholly exempt)	Other Federal instrumentalities <sup>4</sup> (partially exempt)	Territories and insular possessions (wholly exempt)	States, counties, cities, etc. (wholly exempt)
	Wholly and partially exempt	Wholly exempt	Partially exempt	Total	Wholly exempt	Partially exempt	Total	Wholly exempt <sup>5</sup>	Partially exempt <sup>6</sup>						
1913.....	5,531	5,531	-----	966	966	-----	-----	-----	-----	-----	-----	-----	-----	37	4,528
1914.....	5,954	5,954	-----	968	968	-----	-----	-----	-----	-----	-----	-----	-----	37	4,949
1915.....	6,427	6,427	-----	970	970	-----	-----	-----	-----	-----	-----	-----	-----	40	5,417
1916.....	6,887	6,887	-----	972	972	-----	-----	-----	-----	-----	-----	-----	-----	40	5,875
1917.....	9,049	9,049	-----	2,713	2,713	-----	-----	-----	-----	-----	-----	-----	-----	46	6,290
1918.....	18,786	9,187	9,599	11,986	2,387	9,599	111	111	-----	-----	-----	-----	-----	46	6,643
1919.....	32,597	10,159	22,439	25,234	2,796	22,439	274	274	-----	-----	-----	-----	-----	47	7,042
1920.....	32,257	11,308	20,949	24,061	3,112	20,949	401	401	-----	-----	-----	-----	-----	49	7,746
1921.....	32,724	11,922	20,803	23,737	2,935	20,803	450	450	-----	-----	-----	-----	-----	61	8,476
1922.....	33,411	12,994	20,417	22,711	2,294	20,417	730	730	-----	-----	-----	-----	-----	77	9,893
1923.....	33,788	14,074	19,714	22,008	2,294	19,714	1,062	1,062	-----	-----	-----	-----	-----	120	10,598
1924.....	33,978	15,290	18,688	20,982	2,294	18,688	1,231	1,231	-----	-----	-----	-----	-----	132	11,633
1925.....	34,681	16,645	18,036	20,211	2,175	18,036	1,506	1,506	-----	-----	-----	-----	-----	134	12,830
1926.....	34,856	17,636	17,220	19,384	2,164	17,220	1,659	1,659	-----	-----	-----	-----	-----	149	13,664
1927.....	34,933	18,846	16,087	18,251	2,164	16,087	1,789	1,789	-----	-----	-----	-----	-----	158	14,735
1928.....	35,044	19,892	15,152	17,318	2,166	15,152	1,866	1,866	-----	-----	-----	-----	-----	161	15,699
1929.....	35,428	20,957	14,471	16,639	2,168	14,471	1,867	1,867	-----	-----	-----	-----	-----	162	16,760
1930.....	35,943	23,785	12,158	15,922	3,764	12,158	1,871	1,871	-----	-----	-----	-----	-----	165	17,985
1931.....	37,626	25,750	11,876	16,519	4,643	11,876	1,885	1,885	-----	-----	-----	-----	-----	162	19,060
1932.....	40,782	28,316	12,466	19,162	7,046	12,116	1,780	1,780	-----	-----	350	-----	-----	160	19,330
1933.....	45,109	31,499	13,610	22,158	10,133	12,025	1,694	1,694	-----	-----	1,585	-----	-----	155	19,517
1934.....	52,188	33,354	18,834	26,480	12,194	14,286	2,499	2,187	312	746	3,490	-----	-----	150	18,823
1935.....	56,939	35,080	21,859	27,646	13,565	14,081	3,625	2,399	1,226	2,647	3,905	-----	-----	144	18,972
1936.....	63,179	36,947	26,232	32,756	15,272	17,484	3,740	2,318	1,422	3,044	4,282	-----	-----	145	19,212
1937.....	65,648	36,591	29,057	35,803	15,065	20,738	3,650	2,228	1,422	3,037	3,860	-----	-----	146	19,152
1938.....	63,884	34,959	28,925	36,579	13,492	23,087	3,561	2,151	1,410	3,029	1,163	-----	236	146	19,170
1939.....	67,656	34,666	32,990	39,892	12,800	27,092	3,461	2,082	1,379	3,038	1,063	8	418	150	19,626
1940.....	70,233	35,023	35,210	42,380	12,917	29,463	3,324	2,054	1,270	2,652	1,103	8	722	153	19,891

B. HELD BY UNITED STATES GOVERNMENT, FEDERAL TRUST FUNDS AND AGENCIES<sup>1</sup>

[In millions of dollars]

June 30—	Grand total			U. S. Government			Federal Farm Loan System			Federal Home Loan System (partially exempt)	Reconstruction Finance Corporation (partially exempt)	Tennessee Valley Authority (wholly exempt)	Other Federal instrumentalities (partially exempt)	States, counties, cities, etc. (wholly exempt)
	Wholly and partially exempt	Wholly exempt	Partially exempt	Total	Wholly exempt	Partially exempt	Total	Wholly exempt	Partially exempt					
1913.....														
1914.....	1	1		1	1									
1915.....	1	1		1	1									
1916.....	2	2		2	2									
1917.....	2	2		2	2									
1918.....	110	51	49	53	4	49	57	57						
1919.....	286	142	144	149	5	144	137	137						
1920.....	373	173	200	207	7	200	166	166						
1921.....	532	191	341	349	8	341	183	183						
1922.....	561	147	414	422	8	414	139	139						
1923.....	514	111	403	412	9	403	102	102						
1924.....	489	113	376	386	10	376	103	103						
1925.....	638	132	506	516	10	506	122	122						
1926.....	757	141	616	626	10	616	131	131						
1927.....	832	114	718	728	10	718	104	104						
1928.....	925	115	810	821	11	810	104	104						
1929.....	989	116	873	884	11	873	105	105						
1930.....	1,079	331	748	972	224	748	106	106						
1931.....	542	366	176	435		176	106	106						1
1932.....	1,027	386	641	570	279	291	106	106						1
1933.....	2,368	531	1,837	651	399	252	106	106		350				
1934.....	5,115	1,051	4,064	1,254	581	673	444	317	127	1,585				26
1935.....	6,884	2,046	4,838	1,586	772	814	1,126	928	198	3,255				153
1936.....	7,632	2,093	5,539	1,876	752	1,124	1,116	919	197	3,655				346
1937.....	8,543	3,034	5,509	3,180	1,671	1,509	1,013	835	178	4,030				422
1938.....	7,018	4,159	2,859	4,421	2,774	1,647	990	847	143	3,605				528
1939.....	7,404	5,134	2,270	5,560	3,856	1,704	980	844	116	864			1	538
1940.....	8,496	6,192	2,304	6,772	4,861	1,911	944	844	100	249	8	8	110	426
										13				479

<sup>1</sup> See footnote 1 on p. 813.<sup>2</sup> On basis of daily Treasury statements (revised), see p. 533.<sup>3</sup> Includes Federal land bank bonds (both those issued by the individual banks and the consolidated series), Federal intermediate credit bank debentures, and joint stock land bank bonds. Does not include stocks.<sup>4</sup> Federal Farm Mortgage Corporation bonds.<sup>5</sup> Includes Home Owners' Loan Corporation bonds and home loan bank debentures.<sup>6</sup> Includes Commodity Credit Corporation notes, Federal Housing Administration debentures, Federal National Mortgage Association notes, and United States Housing Authority notes.<sup>7</sup> Excludes individual Indian trust funds and Federal Reserve Banks; for years prior to 1933, such tax-exempt securities as may have been held by the exchange stabilization fund are excluded. Includes joint stock land banks.



## (B) HELD IN TRUST AND INVESTMENT FUNDS

1937 <sup>a</sup> .....	2,479	200	2,279	.....	1939.....	2,742	221	2,513	<sup>a</sup> 8	1940.....	2,768	259	2,500	9
1938.....	2,603	210	2,393	.....										

E. NET OUTSTANDING ISSUES <sup>10</sup>

[In millions of dollars]

June 30—	Grand total			U. S. Government			Federal Farm Loan System			Federal Home Loan System (partially exempt)	Reconstruction Finance Corporation (partially exempt)	Tennessee Valley Authority (wholly exempt)	Other Federal instrumentalities (partially exempt)	Territories and insular possessions (wholly exempt)	States, counties, cities, etc. (wholly exempt)
	Wholly and partially exempt	Wholly exempt	Partially exempt	Total	Wholly exempt	Partially exempt	Total	Wholly exempt	Partially exempt						
1913.....	4,910	4,910	-----	966	966	-----	-----	-----	-----	-----	-----	-----	-----	36	3,008
1914.....	5,283	5,283	-----	967	967	-----	-----	-----	-----	-----	-----	-----	-----	36	4,280
1915.....	5,682	5,682	-----	961	961	-----	-----	-----	-----	-----	-----	-----	-----	39	4,682
1916.....	6,034	6,034	-----	913	913	-----	-----	-----	-----	-----	-----	-----	-----	39	5,082
1917.....	8,120	8,120	-----	2,645	2,645	-----	-----	-----	-----	-----	-----	-----	-----	45	5,430
1918.....	17,471	8,118	9,353	11,678	2,325	9,353	54	54	-----	-----	-----	-----	-----	45	5,694
1919.....	30,967	8,939	22,028	24,794	2,766	22,028	137	137	-----	-----	-----	-----	-----	46	5,990
1920.....	30,462	10,029	20,433	23,513	3,080	20,433	235	235	-----	-----	-----	-----	-----	48	6,666
1921.....	30,840	10,615	20,225	23,130	2,905	20,225	267	267	-----	-----	-----	-----	-----	57	7,386
1922.....	30,966	11,501	19,465	21,734	2,269	19,465	591	591	-----	-----	-----	-----	-----	76	8,565
1923.....	31,664	12,443	19,221	21,494	2,273	19,221	960	960	-----	-----	-----	-----	-----	118	9,092
1924.....	31,424	13,537	17,887	20,165	2,278	17,887	1,128	1,128	-----	-----	-----	-----	-----	125	10,006
1925.....	31,928	14,748	17,180	19,342	2,162	17,180	1,384	1,384	-----	-----	-----	-----	-----	125	11,077
1926.....	31,810	15,588	16,222	18,373	2,151	16,222	1,528	1,528	-----	-----	-----	-----	-----	134	11,775
1927.....	31,694	16,692	15,002	17,153	2,151	15,002	1,685	1,685	-----	-----	-----	-----	-----	141	12,715
1928.....	31,733	17,623	14,110	16,262	2,152	14,110	1,762	1,762	-----	-----	-----	-----	-----	149	13,560
1929.....	31,927	18,542	13,385	15,539	2,154	13,385	1,762	1,762	-----	-----	-----	-----	-----	147	14,479
1930.....	31,842	20,722	11,120	14,359	3,239	11,120	1,765	1,765	-----	-----	-----	-----	-----	152	15,566
1931.....	34,261	22,778	11,483	15,416	3,933	11,483	1,779	1,779	-----	-----	-----	-----	-----	148	16,918
1932.....	36,499	25,086	11,413	16,758	5,345	11,413	1,674	1,674	-----	-----	-----	-----	-----	137	17,930
1933.....	39,251	27,945	11,306	19,458	8,152	11,306	1,588	1,588	-----	-----	-----	-----	-----	131	18,074
1934.....	43,128	28,852	14,276	22,742	9,623	13,119	2,055	1,870	-----	737	235	-----	-----	125	17,234
1935.....	46,088	29,411	16,677	23,573	10,650	12,923	2,499	1,471	1,028	2,476	250	-----	-----	118	17,172
1936.....	51,563	31,240	20,323	28,395	12,405	15,990	2,624	1,399	1,225	2,856	252	-----	-----	119	17,317
1937 <sup>11</sup> .....	50,522	27,967	22,555	29,836	11,600	18,236	2,637	1,393	1,244	2,820	255	-----	-----	120	14,854
1938 <sup>11</sup> .....	50,116	25,063	25,053	29,325	8,898	20,427	2,571	1,304	1,267	2,825	299	-----	235	123	14,738
1939 <sup>11</sup> .....	53,347	23,820	29,527	31,499	7,304	24,195	2,501	1,238	1,263	2,849	814	-----	406	121	15,157
1940 <sup>11</sup> .....	54,865	23,634	31,231	32,814	6,928	25,886	2,378	1,210	1,168	2,476	1,089	-----	612	119	15,377

<sup>1</sup> See footnote 1 on p. 813.<sup>8</sup> The Federal Reserve Banks also held partially exempt securities issued by Federal agencies as follows: Federal Farm Mortgage Corporations bonds, \$2,200,000; Home Owners' Loan Corporation bonds, \$5,800,000; Reconstruction Finance Corporation notes, \$500,000.<sup>9</sup> Data for earlier years not available.<sup>10</sup> Total outstanding issues less those held by U. S. Government, Federal trust funds and agencies, Federal Reserve Banks, and in sinking funds of States, localities, Territories, and insular possessions. See also footnote 1 on p. 813.<sup>11</sup> After deduction of tax-exempt securities held in State and local trust and investment funds; data for earlier years not available.

## MISCELLANEOUS

TABLE 66.—*Net expenditures for Federal aid to States, individuals, etc. (exclusive of funds allocated for recovery and relief), fiscal years 1920, 1939, and 1940, and amounts appropriated for 1941, by appropriations*

[1920 on basis of warrants issued, 1939 and 1940 on basis of checks issued]

Appropriation titles	1920	1939	1940	1941 <sup>1</sup>
<b>I. APPROPRIATIONS FROM WHICH DIRECT PAYMENTS ARE MADE TO STATES, INDIVIDUALS, ETC., UNDER COOPERATIVE ARRANGEMENTS</b>				
<b>INDEPENDENT ESTABLISHMENTS</b>				
<i>Federal Power Commission</i>				
Payments to States under Federal Power Act (16 U. S. C. 810) .....		\$16,755.52	\$19,386.33	<sup>2</sup> \$25,875.00
<i>U. S. Maritime Commission</i>				
State Marine Schools (34 U. S. C. 1121) .....			( <sup>3</sup> )	190,000.00
<i>Federal Security Agency</i>				
Colleges for agriculture and mechanic arts (7 U. S. C. 321-343g) .....	\$2,500,000.00	2,550,000.00	<sup>4</sup> 2,550,000.00	2,550,000.00
Further endowment of colleges of agriculture and the mechanic arts (7 U. S. C. 343e-343g; 54 Stat. 582) .....		2,480,000.00	<sup>4</sup> 2,480,000.00	2,480,000.00
Cooperative vocational education in agriculture (20 U. S. C. 11-30) .....	707,130.02	6,670,766.81	<sup>4</sup> 19,729.92	
Cooperative vocational education in trades and industries (20 U. S. C. 11-30) .....	780,096.35	6,600,409.95	<sup>4</sup> 9,786.58	
Cooperative vocational education, teachers, etc. (20 U. S. C. 11-30) .....	619,556.42	1,876,821.22	<sup>4</sup> 10,000.00	
Cooperative vocational education in home economics (20 U. S. C. 11-30) .....		3,760,859.16	<sup>4</sup> 18,430.61	
Cooperative vocational education in distributive occupations (20 U. S. C. 11-30) .....		624,140.67	<sup>4</sup> 10,000.09	
Cooperative vocational rehabilitation of persons disabled in industry (29 U. S. C. 31-45b) .....		1,777,858.69	<sup>4</sup> 2,082,197.81	2,030,000.00
Further development and promotion of vocational education (20 U. S. C. 15h-15p; 54 Stat. 583) .....			19,384,914.13	12,885,000.00
Civilian Conservation Corps (16 U. S. C. 584-584g; 54 Stat. 681) .....			270,856,832.30	280,000,000.00
To promote the education of the blind (American Printing House for the Blind) (20 U. S. C. 101, 102) .....	30,000.00	115,000.00	115,000.00	115,000.00
Expenses, Division of Venereal Diseases, Public Health Service (42 U. S. C. 24, 25; 52 Stat. 459, 440) .....			<sup>5</sup> 4,188,399.31	6,200,000.00
Grants to States for public health work, Social Security Act, Aug. 14, 1935 (42 U. S. C. 801-803) .....		7,985,119.61	<sup>5</sup> 9,500,706.43	11,000,000.00
Payment to States, United States Employment Service (29 U. S. C. 49-491) .....		3,525,735.27	<sup>6</sup> 3,366,606.00	( <sup>6</sup> )
Grants to States under Social Security Act (42 U. S. C. 301-606, 1201-1206) .....		305,710,568.64	<sup>7</sup> 329,303,433.26	391,000,000.00
Grants to States for public employment offices (29 U. S. C. 49-491) .....				3,000,000.00
	4,636,782.79	343,677,280.02	643,760,142.13	711,260,000.00
<i>Federal Works Agency</i>				
Cooperative construction of rural post roads (23 U. S. C. 21, 54) (see also items of similar type under class II) .....	20,305,622.75	984,080.74	<sup>8</sup> 150,469.87	
Federal-aid highway system (23 U. S. C. 1-24, 41, 21a, 23a, 41a) .....		122,635,017.96	<sup>8</sup> 105,351,357.88	99,990,000.00
Federal-aid secondary or feeder roads (act June 16, 1936, 49 Stat. 1521, sec. 7) .....		16,433,576.39	<sup>8</sup> 18,355,138.85	15,000,000.00
Elimination of grade crossings (act June 16, 1936, 49 Stat. 1521, sec. 8) .....		20,976,659.58	<sup>8</sup> 29,521,720.26	25,000,000.00

Footnotes at end of table.



TABLE 66.—*Net expenditures for Federal aid to States, individuals, etc. (exclusive of funds allocated for recovery and relief), fiscal years 1920, 1939, and 1940, and amounts appropriated for 1941, by appropriations—Continued*

Appropriation titles	1920	1939	1940	1941 <sup>1</sup>
<b>I. APPROPRIATIONS FROM WHICH DIRECT PAYMENTS ARE MADE TO STATES, INDIVIDUALS, ETC., UNDER COOPERATIVE ARRANGEMENTS—CON.</b>				
<b>INDEPENDENT ESTABLISHMENTS—CON.</b>				
<i>Federal Works Agency—Continued</i>				
Public-lands highways (act June 16, 1936, 49 Stat. 1520, sec. 3).....		\$1,685,706.29	<sup>8</sup> \$2,128,682.39	\$1,000,000.00
United States housing fund (42 U. S. C. 1404 (d), 1418; 50 Stat. 889, 897, sec. 4 (d), 18).....			1,386,132.08	( <sup>13</sup> )
Public Buildings Administration (40 U. S. C. 345; 50 Stat. 773).....		45,006,897.85	61,182,875.93	22,355,000.00
	\$20,305,622.75	207,721,938.81	218,076,377.26	163,345,000.00
<i>Interdepartmental Social Hygiene Board</i>				
Payments for prevention and research, venereal diseases (41 Stat. 888).....	1,759,262.72			
<i>Veterans' Administration</i>				
State and territorial homes for disabled soldiers and sailors (24 U. S. C. 134). (Annual appropriations under title "Salaries and expenses, Veterans' Administration").....	1,094,584.44	698,948.90	978,766.88	1,687,200.00
<b>DEPARTMENT OF AGRICULTURE</b>				
Payments to States and Territories for agricultural experiment stations (7 U. S. C. 301-308, 361-386f, 369a, 427-427g).....	1,440,000.00	6,538,119.74	6,848,148.63	6,862,500.00
Cooperative agricultural extension work (7 U. S. C. 301-308, 341-348, 343c-343e, 343f, 343g).....	4,471,593.71	17,821,502.99	18,458,266.78	13,796,918.00
Payments to States and Territories from the national forests fund (16 U. S. C. 500).....	1,069,886.88	1,135,748.96	1,192,369.57	1,200,000.00
Payments to school funds, Arizona and New Mexico, national forests fund (act June 20, 1910, 36 Stat. 561, 573, secs. 6, 24).....	78,867.32	31,466.22	23,554.99	30,000.00
Forest-fire cooperation (16 U. S. C. 564-570).....		1,972,968.85	1,987,537.50	2,200,000.00
Cooperative distribution of forest planting stock (16 U. S. C. 567).....		88,212.79	90,331.66	83,700.00
Conservation and use of agricultural land resources (act Feb. 29, 1936, 49 Stat. 1148, 53 Stat. 973).....		438,770,192.26	552,042,803.99	438,560,000.00
	7,060,347.91	466,358,211.81	580,643,013.12	462,733,118.00
<b>DEPARTMENT OF THE INTERIOR</b>				
Payments to States from receipts under Mineral Leasing Act (30 U. S. C. 191).....		2,637,036.25	2,151,654.16	2,250,000.00
Payments to States under Grazing Act, June 28, 1934, public lands (43 U. S. C. 315i).....		415,659.21	503,969.63	500,000.00
Payments to counties from receipts under Migratory Bird Conservation Act (16 U. S. C. 715s) <sup>9</sup> .....		15,087.60		12,000.00
Payments to States under Grazing Act, June 28, 1934, Indian ceded lands (43 U. S. C. 315j).....		11,922.92		( <sup>2</sup> )
Payment to States of 5% of proceeds of public lands (receipt limitation) (31 U. S. C. 711, par. 17; annual appropriation provided for 1939, act May 9, 1938, 52 Stat. 297).....		1,523.99	602.08	7,500.00

Footnotes at end of table.

TABLE 66.—*Net expenditures for Federal aid to States, individuals, etc. (exclusive of funds allocated for recovery and relief), fiscal years 1920, 1939, and 1940, and amounts appropriated for 1941, by appropriations—Continued*

Appropriation titles	1920	1939	1940	1941 <sup>1</sup>
<b>I. APPROPRIATIONS FROM WHICH DIRECT PAYMENTS ARE MADE TO STATES, INDIVIDUALS, ETC., UNDER COOPERATIVE ARRANGEMENTS—CON.</b>				
<b>DEPARTMENT OF THE INTERIOR—CON.</b>				
Revested Oregon and California Railroad and reconveyed Coos Bay wagon-road-grant lands, Oregon (reimbursable) (act Aug. 28, 1937, 50 Stat. 874)		\$104,689.43	\$142,040.85	\$150,000.00
Payment of proceeds of sales of Coos Bay wagon-road-grant lands and timber (receipt limitation) (act Feb. 26, 1919, 40 Stat. 1179)		37,279.05	12,771.12	25,000.00
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)		242,514.39	(10)	(10)
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)		153,992.01	313,845.13	375,000.00
Payment to Oklahoma from royalties, oil and gas, south half of Red River (receipt limitation) (act Mar. 4, 1923 (30 U. S. C. 233))			8,786.13	7,000.00
Payment to States from potash deposits, royalties and rentals (act February 7, 1927, secs. 5 and 6 (30 U. S. C. 149, 285, 286))		44,597.12	49,255.80	37,500.00
		3,664,301.97	3,182,924.90	3,364,000.00
<b>DEPARTMENT OF LABOR</b>				
Grants to States under Social Security Act, Aug. 14, 1935 (42 U. S. C. 701-705, 711-715, 721)		8,289,657.40	9,680,706.10	11,200,000.00
<b>NAVY DEPARTMENT</b>				
State marine schools, act Mar. 4, 1911 (34 U. S. C. 1121)	\$176,689.36	246,665.69	140,035.61	(3)
Total class I	35,033,289.97	1,030,673,760.12	1,456,481,352.33	1,353,805,193.00
<b>II. APPROPRIATIONS FOR COOPERATIVE WORK WITH STATES<sup>11</sup></b>				
<b>DEPARTMENT OF AGRICULTURE</b>				
Cooperative construction, etc., of roads and trails, national forests (act July 11, 1916, 39 Stat. 358)	1,699,043.82			(12)
Federal forest road construction (act Feb. 28, 1919, 40 Stat. 1201)	2,550,513.26			(12)
Forest roads and trails (23 U. S. C. 23, 23a)		13,016,146.35	11,478,686.21	9,000,000.00
Cooperative fire protection of forested watersheds of navigable streams (16 U. S. C. 563)	86,886.73			
	4,336,443.81	13,016,146.35	11,478,686.21	9,000,000.00
<b>DEPARTMENT OF THE INTERIOR</b>				
Federal aid, wildlife restoration (act Sept. 2, 1937, 50 Stat. 917)		122,483.24	471,579.14	2,500,000.00
<b>WAR DEPARTMENT<sup>11</sup></b>				
National Guard (32 U. S. C. 21, 22)	2,663,485.27	39,832,397.26	71,019,749.28	88,466,967.00
Total class II	6,999,929.08	52,971,026.85	82,970,014.63	99,966,967.00
Grand total	42,033,219.05	1,083,644,786.97	1,539,451,366.96	1,453,772,160.00

TABLE 66.—*Net expenditures for Federal aid to States, individuals, etc. (exclusive of funds allocated for recovery and relief), fiscal years 1920, 1939, and 1940, and amounts appropriated for 1941, by appropriations—Continued*

Appropriation titles	1920	1939	1940	1941 <sup>1</sup>
III. EMERGENCY APPROPRIATIONS FROM WHICH GRANTS ARE MADE TO STATES				
Expenditures by States under allotments from emergency appropriations are included or shown under columns 14, 22, 26, 29, and 33 of the following table, with accompanying explanatory footnotes.				

<sup>1</sup> In addition to the amounts appropriated for the service of the fiscal year 1941, as shown in this column, there are under many of the titles unexpended balances of appropriations provided for previous years which are available for expenditure during 1941 to meet outstanding obligations incurred in such previous years.

<sup>2</sup> Indefinite (special account) appropriation based on certain receipts—estimated amount for 1941.

<sup>3</sup> Transferred from the Navy Department to Independent Offices, United States Maritime Commission, pursuant to the Reorganization Act of April 3, 1939.

<sup>4</sup> Transferred from the Department of the Interior to Federal Security Agency pursuant to the Reorganization Act of April 3, 1939.

<sup>5</sup> Transferred from the Treasury Department to Federal Security Agency pursuant to the Reorganization Act of April 3, 1939.

<sup>6</sup> Transferred from the Department of Labor to the Federal Security Agency pursuant to the Reorganization Act of April 3, 1939. Consolidated in 1941 with "Grants to States" for public employment offices.

<sup>7</sup> Additional items pertaining to Social Security Act for fiscal years 1938 to 1940 are shown under Department of Labor, Children's Bureau, and Public Health Service.

<sup>8</sup> Transferred from the Department of Agriculture to Federal Works Agency, Public Roads Administration, pursuant to the Reorganization Act of April 3, 1939. Additional amount of \$1,000,000 was appropriated on April 18, 1940.

<sup>9</sup> Transferred from the Department of Agriculture to the Department of the Interior pursuant to the Reorganization Act of April 3, 1939.

<sup>10</sup> Consolidated with the account immediately following.

<sup>11</sup> Only the more important appropriations are shown.

<sup>12</sup> Consolidated in 1941 with "Forest roads and trails" immediately following.

<sup>13</sup> Appropriations based on certain receipts credited to this account at the direction of the President by repay covering warrants.

NOTE.—The expenditures shown in this table include administrative expenses in some cases. Data for the fiscal years 1921 to 1930 are shown in the annual report for 1930, pp. 617 to 622, and for the fiscal years 1931 to 1933, in corresponding tables in the annual reports for those years.

TABLE 67.—*Expenditures made by the Government as direct payments to States, etc., under cooperative arrangements and expenditures within States which provided relief and other aid during the fiscal year 1940*<sup>1</sup>

[The records of the Treasury Department, except in the cases mentioned in notes at end of this statement, do not show the amounts disbursed or allotted to the several States and Territories under the respective appropriations shown in this statement, such matters being under the control of the department or establishment of the Government that administers the activities covered by the appropriations. The Department, however, for general information has compiled from its records so far as available, and in other cases from figures furnished by the departments and establishments concerned, the following statement, exhibiting by States and Territories the amounts paid to each under the appropriations for Federal aid to States shown under classes I and II in the preceding table. Any discrepancies between this and the preceding table are due to unavoidable differences in the bases upon which these figures have been compiled. The amounts in this table, derived from the accounts of various departments and establishments, are not on the same accounting bases, and are consequently not strictly comparable.]

DIRECT PAYMENTS TO STATES, ETC., UNDER COOPERATIVE ARRANGEMENTS

States, etc.	Under Department of Agriculture					Under Department of the Interior			Under Navy Department	Under Independent Offices	
	Agricultural experiment stations	Agricultural extension work	Forest funds, etc. <sup>2</sup>	Roads and trails <sup>3</sup>	Payment to counties from submarginal land program, Farm Tenant Act	Wildlife restoration <sup>4</sup>	Payments from receipts under Mineral Leasing Act	Payments under certain special funds <sup>5</sup>	State marine schools	Payments to States under Federal Water Power Act	State and territorial homes for disabled soldiers and sailors
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Alabama.....	\$172,695.12	\$695,062.82	\$65,928.45	\$49,781.99	\$125.85	\$1,615.16	\$2,189.62	\$33.98	-----	\$42.53	-----
Alaska.....	25,986.48	21,418.00	21,418.00	45,323.55	-----	20,280.63	-----	-----	-----	278.43	-----
Arizona.....	102,409.36	117,005.21	90,935.63	158,050.27	-----	7,267.22	180.00	31,596.56	-----	363.79	-----
Arkansas.....	153,983.20	578,790.37	119,331.78	106,727.93	428.46	2,250.00	-----	49.68	-----	3.02	-----
California.....	155,941.96	402,987.96	374,699.38	567,111.08	-----	-----	1,015,388.21	20,875.89	\$25,000.00	11,983.07	\$242,293.60
Colorado.....	112,430.96	211,338.52	125,992.53	165,225.69	355.55	29,916.09	48,852.42	19,447.66	-----	509.29	17,046.26
Connecticut.....	110,588.56	129,664.56	16,154.00	-----	-----	752.47	-----	-----	-----	-----	66,729.64
Delaware.....	95,010.20	75,510.49	3,863.00	-----	-----	2,341.35	-----	-----	-----	-----	-----
District of Columbia.....	-----	-----	-----	91,536.75	-----	-----	-----	-----	-----	-----	-----
Florida.....	120,801.64	219,433.77	135,745.90	29,590.95	145.38	178.95	-----	-----	-----	-----	-----
Georgia.....	177,522.92	732,718.71	89,984.01	37,273.09	-----	-----	-----	-----	-----	-----	-----
Hawaii.....	69,186.40	126,271.42	3,365.00	-----	-----	-----	-----	-----	-----	-----	-----
Idaho.....	103,718.56	154,227.74	162,585.07	573,773.96	-----	7,964.90	122.36	57,876.11	-----	1,639.62	12,030.60
Illinois.....	176,496.60	580,215.90	9,074.88	29,356.92	-----	6,952.08	-----	-----	-----	-----	120,764.55
Indiana.....	152,722.60	457,963.31	13,327.41	1,211.02	17.50	15,450.00	-----	-----	-----	-----	9,264.93
Iowa.....	154,854.64	529,534.33	2,172.00	.69	-----	-----	-----	-----	-----	-----	26,686.29
Kansas.....	140,050.96	402,975.84	2,187.00	-----	-----	-----	67.50	-----	-----	-----	15,044.71
Kentucky.....	168,938.04	628,720.60	22,864.25	38,593.43	-----	16,453.13	-----	-----	-----	-----	-----
Louisiana.....	145,133.44	457,396.85	62,277.87	12,892.98	234.33	-----	28,965.99	-----	-----	-----	-----
Maine.....	110,692.16	156,066.44	48,501.85	8,163.75	-----	12,260.11	-----	-----	-----	-----	-----
Maryland.....	118,550.48	195,337.15	15,760.00	-----	14.83	407.25	-----	-----	-----	-----	-----

Massachusetts	108,182.20	137,235.54	34,606.00			4,492.90		25,000.00		80,258.33
Michigan	156,967.84	463,291.99	138,760.22	122,200.25	29.33	3,098.80		2.72	22.38	26,978.22
Minnesota	146,797.64	483,564.26	106,656.55	38,794.29	78.50	17,791.65		8.54	11.19	60,023.87
Mississippi	162,651.40	683,452.30	62,416.88	69,476.71	148.65	6,845.15		7.20	3.57	
Missouri	166,967.80	602,511.47	20,065.75	55,112.67		12,800.11		2.81	.28	15,707.70
Montana	105,503.16	173,797.64	77,392.91	402,221.46	1,047.80		42,279.05	18,909.27	414.18	6,636.67
Nebraska	128,776.60	343,758.63	5,505.63	3,494.35	803.30	1,994.74		52.50	25.44	20,882.84
Nevada	92,460.64	73,178.64	22,024.07	49,272.38				.20	68,230.75	265.66
New Hampshire	98,357.20	93,200.82	24,421.26	42,097.03		3,303.46				6,936.59
New Jersey	120,525.84	171,129.45	39,703.00			4,553.77				26,511.50
New Mexico	103,761.00	142,485.31	43,441.24	129,484.41	446.79	8,053.75	312,269.22	129,194.66	3.42	
New York	179,789.75	485,480.49	72,289.00		19.55	37,367.62				737.49
North Carolina	192,628.00	827,714.56	81,379.74	43,227.12	159.88	30,804.87				
North Dakota	114,675.56	247,949.65	2,003.75	7.50	1,068.75	1,503.41	8,846.69			5,960.62
Ohio	183,014.76	597,585.91	10,779.01	1,714.82						71,832.72
Oklahoma	158,450.84	553,222.22	24,667.73	5,034.81		2.33	14,470.53	8,790.63		
Oregon	110,175.80	186,958.47	300,977.86	421,538.50	464.31	6,620.48		368,431.95	1,815.08	
Pennsylvania	224,689.52	623,114.05	56,152.55	32,998.40	6.00	33,908.07			37.75	32,447.07
Philippine Islands										
Puerto Rico	93,315.52	157,745.33	2,334.11	5,532.67					13.25	
Rhode Island	92,263.84	60,359.79	2,472.00			469.68				13,531.21
South Carolina	149,464.96	496,824.02	66,735.98	44,017.54	15.00	6,780.07				
South Dakota	114,432.44	259,909.04	33,063.62	31,910.16	3,364.67		142.32	553.04	28.47	18,335.86
Tennessee	164,783.88	634,573.99	42,697.10	35,474.67		23,433.70			1.88	
Texas	239,364.76	1,190,437.41	65,934.52	30,142.69	324.50	42,744.89				
Utah	100,503.68	121,037.04	34,597.79	143,209.81		16,693.41	49,061.09	66,689.32	835.29	
Vermont	100,471.60	112,747.63	9,888.51	17,746.13		2,642.17				6,206.60
Virginia	161,144.56	532,118.69	49,696.92	71,986.32		11,365.90			46.82	
Virgin Islands										
Washington	119,515.72	218,623.49	287,104.91	233,279.49	48.07	24,876.20		1,328.30	889.83	47,634.89
West Virginia	143,813.44	317,438.01	40,566.37	54,137.48		16,891.39			1.35	
Wisconsin	150,224.88	485,565.21	99,563.52	55,418.62	8.03			5.66	2.92	26,604.65
Wyoming	96,759.52	108,615.74	56,754.32	115,588.35	2,148.16	13,983.08	643,236.99	97,169.72	173.26	1,679.47
Total	6,848,148.63	18,458,266.78	3,293,793.72	4,169,732.68	11,505.52	471,579.14	2,151,654.16	889,229.89	19,386.33	978,766.88

Footnotes at end of table.

TABLE 67.—Expenditures made by the Government as direct payments to States, etc., under cooperative arrangements and expenditures within States which provided relief and other aid during the fiscal year 1940 <sup>1</sup>—Continued

DIRECT PAYMENTS TO STATES, ETC., UNDER COOPERATIVE ARRANGEMENTS—Continued

States, etc.	Under Federal Security Agency						Under Federal Works Agency	Total direct payments
	Colleges for agriculture and mechanic arts	Office of Education		To promote education of the blind—American Printing House for the Blind	U. S. Employment Service	Payments to States under Social Security Act <sup>7</sup>	Public roads, highways <sup>8</sup>	
		Cooperative vocational education and rehabilitation	Other <sup>6</sup>					
(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	
Alabama.....	\$102,361.69	\$597,831.63	\$3,489.79	\$4,615.38	\$645,797.21	\$2,674,348.49	\$2,532,824.57	\$7,548,744.28
Alaska.....	50,000.00				53,834.80	353,908.20		585,420.98
Arizona.....	75,326.74	104,887.01		1,019.23	251,972.69	2,150,923.98	2,186,560.59	5,278,498.28
Arkansas.....	92,678.98	435,858.55	3,884.63	2,192.31	426,224.23	1,697,900.77	3,434,809.45	7,055,113.36
California.....	139,428.64	949,568.52	31,511.10	3,730.77	4,304,774.97	37,002,535.47	4,366,931.90	49,614,762.52
Colorado.....	82,666.96	200,251.37	746.30	1,057.69	443,776.25	8,849,748.06	2,700,563.00	13,009,924.60
Connecticut.....	89,651.26	188,049.69		1,269.23	1,288,171.00	4,263,888.85	860,245.62	7,015,164.88
Delaware.....	72,915.22	111,532.57			227,677.79	561,997.58	546,573.41	1,697,421.61
District of Columbia.....		37,432.48	182,094.56		565,631.10	1,410,773.64	389,290.45	2,676,758.98
Florida.....	87,955.15	284,323.50		2,038.46	633,309.21	4,065,391.12	1,821,139.93	7,400,053.96
Georgia.....	105,568.93	651,105.86	16,319.93	2,500.00	866,417.49	3,180,222.07	2,262,933.27	8,122,566.28
Hawaii.....	74,504.47	105,982.63		442.31	158,410.41	591,091.93	535,951.34	1,665,205.91
Idaho.....	75,442.42	123,540.73	1,324.80	519.23	258,056.66	1,885,501.93	1,489,538.42	4,907,863.11
Illinois.....	163,317.34	1,043,473.94	10,354.91	5,846.15	3,354,709.80	21,323,025.46	6,052,860.49	32,876,449.02
Indiana.....	109,604.53	594,462.48	8,326.75	2,615.38	1,796,449.79	11,417,370.28	2,952,338.67	17,531,124.65
Iowa.....	100,217.80	340,173.51	2,468.02	3,288.46	680,581.00	7,420,711.89	2,718,435.00	11,979,123.63
Kansas.....	93,003.25	246,130.64		1,576.92	454,178.55	4,444,938.37	2,057,158.79	7,857,312.53
Kentucky.....	101,974.51	471,898.14	891.16	3,519.23	821,790.70	3,764,944.73	2,108,441.09	8,149,029.01
Louisiana.....	95,700.97	429,388.28	268.32	2,730.78	783,687.35	4,950,336.44	2,034,079.38	9,003,092.98
Maine.....	79,751.92	113,081.84			474,928.09	2,602,830.55	1,168,271.09	4,774,547.80
Maryland.....	89,952.37	250,821.96	2,353.41	2,057.69	887,738.61	4,382,922.25	928,848.27	6,874,764.27
Massachusetts.....	121,969.69	523,648.95	11,505.97	4,923.07	3,230,289.74	18,931,869.05	1,023,511.95	24,237,493.39
Michigan.....	129,218.11	778,486.50	2,916.61	5,269.24	3,074,310.61	14,412,578.30	3,033,579.83	22,347,710.95
Minnesota.....	101,355.28	429,559.55	12,837.17	3,230.77	1,221,839.25	10,600,317.93	2,516,019.67	15,738,886.11
Mississippi.....	94,578.64	509,218.83	157.15	1,903.85	397,793.61	1,719,616.31	2,514,342.11	6,222,612.36
Missouri.....	114,384.52	642,715.17	3,302.67	1,923.08	1,539,217.10	11,516,240.30	2,977,380.30	17,668,331.73
Montana.....	76,574.53	134,099.79		480.77	271,089.77	2,047,908.94	3,037,139.81	6,395,495.75
Nebraska.....	86,851.48	235,091.25		1,115.38	381,954.96	3,904,002.34	2,404,225.00	7,518,534.44
Nevada.....	71,113.57	56,285.51			162,885.90	600,810.07	1,479,018.98	2,675,546.37

New Hampshire.....	75,690.19	80,106.86			320,028.26	1,229,300.77	604,909.09	2,578,351.53
New Jersey.....	119,422.57	509,835.29	14,520.95	1,211.56	2,723,936.15	8,510,059.07	1,805,692.26	14,047,101.41
New Mexico.....	75,176.86	120,319.45	802.59	1,519.23	197,557.48	984,431.77	1,667,194.01	3,916,141.19
New York.....	223,942.90	1,634,575.91	91,556.12	9,365.38	8,134,678.42	29,904,318.06	6,650,265.46	47,449,386.15
North Carolina.....	108,770.17	703,451.09	12,555.35	5,538.46	1,086,987.38	4,627,633.61	3,898,415.39	11,619,265.62
North Dakota.....	78,326.23	129,583.62		692.31	193,373.03	1,607,893.13	624,485.14	3,016,369.39
Ohio.....	151,284.28	970,199.09	13,230.14	5,750.00	2,840,837.38	21,608,593.63	5,083,934.06	31,538,755.80
Oklahoma.....	99,301.84	521,320.02	16,363.24	2,903.85	687,639.06	9,594,553.88	2,127,036.63	13,813,757.61
Oregon.....	81,664.12	189,666.68	4,634.24	3,019.23	663,573.50	3,861,379.02	2,004,079.10	8,204,998.34
Pennsylvania.....	187,784.41	1,459,813.54	102.50	7,846.15	6,287,463.61	24,820,339.14	5,499,200.67	39,290,903.43
Philippine Islands.....				365.38				365.38
Puerto Rico.....	50,000.00	275,242.09		1,076.92		216,109.78	679,775.00	1,481,144.67
Rhode Island.....	78,407.59	94,007.78			665,321.62	1,748,041.69	552,361.66	3,307,236.86
South Carolina.....	91,263.82	402,535.45	8,635.97	2,173.08	570,203.46	2,522,047.67	914,428.99	5,275,126.01
South Dakota.....	78,473.05	116,504.50		769.23	150,161.50	1,834,164.62	1,449,516.53	4,091,329.05
Tennessee.....	101,998.57	570,107.60	1,466.96	3,750.00	874,074.58	4,919,895.82	3,096,418.96	10,468,677.71
Texas.....	141,232.03	1,160,529.45	22,962.05	7,557.69	2,249,411.70	10,680,041.91	9,502,123.22	25,332,806.82
Utah.....	76,210.60	125,067.83		596.15	294,405.04	2,695,988.56	1,512,513.28	5,237,408.89
Vermont.....	74,397.79	86,927.17	109.25		204,206.08	936,073.37	415,531.23	1,966,947.53
Virginia.....	99,617.47	515,661.21	1,249.90	3,076.92	872,067.22	2,535,741.09	2,082,654.15	6,936,427.17
Virgin Islands.....								
Washington.....	89,119.21	251,094.20	1,637.22	1,653.85	866,099.21	7,032,789.56	2,033,086.80	11,208,780.95
West Virginia.....	91,146.91	258,675.61		2,576.92	910,379.17	3,398,082.59	1,303,413.81	6,537,123.05
Wisconsin.....	105,941.92	595,860.01	12,670.59	3,692.31	1,057,344.87	9,672,441.55	2,957,526.57	15,222,871.31
Wyoming.....	72,758.50	112,817.07			172,735.24	816,270.20	1,572,559.15	3,883,248.77
Total.....	5,030,000.00	21,472,802.40	497,250.32	125,000.00	61,679,982.60	348,484,845.79	120,170,133.54	594,852,078.38

Footnotes at end of table.

TABLE 67.—Expenditures made by the Government as direct payments to States, etc., under cooperative arrangements and expenditures within States which provided relief and other aid during the fiscal year 1940 <sup>1</sup>—Continued

## GRANTS TO AND EXPENDITURES WITHIN STATES, ETC., PROVIDING DIRECT RELIEF, WORK RELIEF, AND OTHER AID, EXCLUSIVE OF LOANS

States, etc.	Under Department of Agriculture		Under Department of the Interior		Under War Department	Under Federal Security Agency		
	Farm Security Administration <sup>2</sup>	Agricultural adjustment program	Puerto Rico Reconstruction Administration <sup>3</sup>	Virgin Islands	National Guard <sup>10</sup>	Civilian Conservation Corps	National Youth Administration <sup>8</sup>	Public Health Service
	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)
Alabama.....	\$10,646,296.00	\$26,611,976.73			\$1,426,419.36	\$4,956,032.05	\$2,132,053.83	\$150,666.83
Alaska.....	188,693.00	7,544.47			1,591,484.45	4,139.27		5,020.00
Arizona.....	2,374,254.00	4,498,790.47			361,524.27	4,956,828.58	401,736.51	18,213.00
Arkansas.....	8,393,567.00	27,956,729.81			1,347,860.25	6,195,172.81	1,775,169.80	102,473.52
California.....	7,239,995.00	24,611,994.64			2,637,939.24	14,160,508.79	4,368,457.34	167,637.00
Colorado.....	4,963,812.00	11,082,436.98			984,525.22	6,900,636.07	985,260.23	32,083.00
Connecticut.....	206,474.00	631,886.95			1,604,380.42	1,769,897.65	1,015,318.40	41,288.00
Delaware.....	115,351.00	841,436.54			376,867.06	533,146.49	146,170.47	8,933.00
District of Columbia.....	3,660,376.00	5,600,596.21			5,099,896.82	531,022.40	1,169,021.33	35,886.00
Florida.....	2,935,749.00	4,792,207.96			794,517.33	3,009,038.42	1,191,837.14	68,675.00
Georgia.....	7,872,984.00	24,925,689.24			1,356,386.13	5,133,128.02	2,306,919.48	154,402.00
Hawaii.....	438,457.00	9,115,605.19			408,469.08	1,407,471.73	50,287.05	13,145.00
Idaho.....	3,664,607.00	9,507,989.59			472,865.78	9,027,115.26	656,309.48	15,775.40
Illinois.....	4,147,002.00	42,844,046.70			3,250,138.33	8,850,284.81	5,222,059.59	210,432.78
Indiana.....	3,727,076.00	23,071,826.39			1,640,101.30	5,133,659.04	2,293,915.34	99,834.10
Iowa.....	3,687,209.00	61,464,852.10			996,417.13	5,133,393.53	1,675,983.23	79,170.00
Kansas.....	4,534,994.00	36,253,721.19			969,711.07	2,478,016.02	1,650,254.62	52,154.83
Kentucky.....	3,790,364.00	11,941,713.99			929,647.89	5,307,568.87	2,033,082.58	117,331.00
Louisiana.....	4,956,698.00	24,161,478.62			960,790.46	5,133,924.55	2,060,066.49	103,479.00
Maine.....	2,360,922.00	1,965,253.42			737,442.73	1,593,067.20	945,675.75	20,058.64
Maryland.....	738,862.00	2,762,905.45			1,362,663.14	3,717,687.81	1,040,258.93	68,957.00
Massachusetts.....	253,753.00	644,251.41			3,105,096.70	3,539,795.31	2,827,748.24	109,916.00
Michigan.....	3,052,765.00	11,581,969.89			1,868,749.78	7,965,335.98	3,701,027.08	134,312.88
Minnesota.....	4,107,196.00	31,043,960.15			1,754,069.71	7,434,313.58	2,084,460.13	72,379.00
Mississippi.....	8,210,588.00	33,050,352.93			1,157,636.16	5,310,223.99	1,646,981.68	126,549.00
Missouri.....	6,045,731.00	28,068,210.37			1,884,628.83	7,434,048.07	2,627,223.97	121,552.00
Montana.....	4,358,248.00	16,108,494.58			278,515.59	5,134,190.06	625,326.79	10,585.50
Nebraska.....	4,757,402.00	36,701,408.14			522,042.54	2,655,111.99	1,045,672.79	9,285.00
Nevada.....	130,026.00	275,871.72			65,309.83	4,425,009.65	82,024.16	4,349.00
New Hampshire.....	400,467.00	467,834.34			487,938.88	2,124,089.59	425,960.08	14,402.00
New Jersey.....	606,530.00	1,197,346.58			2,203,721.79	3,717,953.32	2,730,568.23	117,627.00
New Mexico.....	1,744,636.00	6,490,334.98			445,799.81	7,257,217.61	677,032.50	16,449.17



New York.....	2,597,384.00	5,731,814.32			5,868,042.58	9,912,329.60	9,058,943.63	286,376.47
North Carolina.....	6,676,913.00	16,260,485.18			961,191.71	6,903,291.18	2,486,476.47	158,690.00
North Dakota.....	3,272,808.00	32,446,485.68			338,088.25	1,062,044.80	893,307.92	25,602.00
Ohio.....	2,977,809.00	19,455,392.56			3,021,590.43	4,956,297.56	4,286,016.24	194,497.00
Oklahoma.....	8,952,207.00	28,874,926.45			1,864,288.62	6,018,076.84	2,381,188.05	99,351.00
Oregon.....	2,444,080.00	7,053,776.39			875,647.91	10,797,278.43	713,030.63	29,430.00
Pennsylvania.....	2,275,543.00	6,761,092.20			3,760,265.28	8,673,188.84	6,182,885.64	204,137.12
Philippine Islands.....		41,847.88						
Puerto Rico.....	276,061.00	12,342,066.01	\$9,116,837.02		401,056.35	1,896,249.30	190,076.87	74,453.00
Rhode Island.....	60,940.00	72,570.01			999,929.42	707,852.86	586,624.78	19,343.00
South Carolina.....	3,152,076.00	15,974,478.25			804,356.30	4,956,563.07	1,423,802.00	97,285.00
South Dakota.....	6,326,035.00	22,398,228.08			401,917.24	2,654,846.48	935,618.54	15,915.75
Tennessee.....	3,675,396.00	15,473,103.60			1,247,977.99	6,372,268.78	2,118,921.36	127,095.98
Texas.....	16,614,822.00	99,440,488.02			3,208,478.54	9,735,233.63	5,167,360.08	244,402.00
Utah.....	1,311,242.00	3,298,495.63			482,288.64	6,018,076.84	710,111.07	17,212.00
Vermont.....	493,492.00	639,126.56			337,685.83	1,946,993.62	230,917.30	11,184.00
Virginia.....	2,755,973.00	5,027,879.37			1,093,240.59	9,737,888.75	1,877,210.47	106,397.00
Virgin Islands.....	68,024.00			\$65,000.00		450,427.46		1,926.00
Washington.....	2,662,702.00	8,803,946.41			1,696,791.30	6,726,195.28	1,442,677.42	45,674.00
West Virginia.....	2,273,777.00	1,675,904.36			494,190.77	3,893,987.25	2,136,057.52	43,925.34
Wisconsin.....	3,204,369.00	14,602,118.81			1,387,508.74	8,142,166.44	2,465,781.90	77,791.00
Wyoming.....	2,665,135.00	4,065,491.68			283,140.16	4,779,201.59	193,221.10	4,690.00
Total.....	189,047,872.00	840,790,485.18	9,116,837.02	65,000.00	71,019,749.28	270,856,832.30	97,078,231.50	4,188,399.31

Footnotes at end of table.

TABLE 67.—Expenditures made by the Government as direct payments to States, etc., under cooperative arrangements and expenditures within States which provided relief and other aid during the fiscal year 1940<sup>1</sup>—Continued

## GRANTS TO AND EXPENDITURES WITHIN STATES, ETC., PROVIDING DIRECT RELIEF, WORK RELIEF, AND OTHER AID, EXCLUSIVE OF LOANS—Continued

States, etc.	Under Federal Works Agency						Total payments within States	Grand total
	Highways		Federal Emergency Administration of Public Works grants	Public Buildings Administration	United States Housing Authority	Work Projects Administration <sup>a</sup>		
	Forest Service	Public Roads Administration <sup>b</sup>						
Alabama.....	\$3,381.44	\$715,576.57	\$3,441,014.15	\$523,944.36	\$19,744.33	\$26,106,826.24	\$76,733,931.89	\$84,282,676.17
Alaska.....	400,521.59		194,465.95	441,386.99			2,833,255.72	3,418,676.70
Arizona.....	440,481.90	739,033.07	1,391,613.18	66,041.05		5,166,909.64	20,415,425.67	25,693,923.95
Arkansas.....	52,509.75	765,659.26	1,393,279.83	220,612.43		22,082,364.68	70,285,399.14	77,340,512.50
California.....	1,280,816.35	1,755,920.12	9,744,672.99	6,013,271.77		71,183,165.44	143,164,378.68	192,779,141.20
Colorado.....	495,311.92	883,043.93	4,553,088.85	1,244,646.87		16,050,510.19	48,175,355.26	61,185,279.86
Connecticut.....		381,627.37	3,547,740.32	1,497,463.28	28,409.16	15,216,738.72	25,941,224.27	32,956,389.15
Delaware.....		62,098.61	395,210.35	26,646.99		1,788,673.80	4,294,534.31	5,991,955.92
District of Columbia.....		271,168.19	3,373,005.96	13,810,739.26	53,205.25	17,654,405.32	51,259,322.74	53,936,081.72
Florida.....	128,725.91	491,720.35	2,410,584.09	615,277.37	2,495.72	23,543,125.27	39,983,953.56	47,384,007.52
Georgia.....	1,613.05	1,231,152.63	3,704,749.40	575,248.58	212,927.70	25,580,156.59	73,055,356.82	81,177,923.10
Hawaii.....		130,239.74	882,207.34	76,440.47		1,277,144.28	13,799,466.88	15,464,672.79
Idaho.....	650,661.64	371,319.36	696,660.27	210,202.61		6,549,174.71	31,822,681.10	36,730,544.21
Illinois.....		2,395,404.04	15,605,265.46	1,119,478.32	20,710.80	119,586,796.26	203,251,619.09	236,128,068.11
Indiana.....		763,207.30	8,625,426.73	2,273,467.24	250,026.59	41,539,991.76	89,418,531.79	106,949,656.44
Iowa.....		517,860.00	5,157,908.69	432,613.66		16,886,718.53	96,032,125.87	108,011,249.50
Kansas.....		773,576.01	4,432,746.03	388,096.07		16,324,831.39	67,858,101.23	75,715,413.76
Kentucky.....		983,151.34	3,253,212.53	1,087,813.02	14,179.79	26,596,730.54	56,059,795.55	64,208,824.56
Louisiana.....	19,325.00	716,240.88	4,505,429.52	2,304,836.80		20,220,491.37	65,142,760.69	74,145,853.67
Maine.....	2,837.83	308,394.45	717,590.00	97,131.42		5,033,010.52	13,781,383.96	18,555,931.76
Maryland.....		740,708.84	6,130,245.70	1,886,803.35		8,909,436.91	27,358,529.13	34,233,293.40
Massachusetts.....		783,411.66	8,683,568.42	2,613,181.05	26,577.46	68,654,390.68	91,241,689.93	115,479,183.32
Michigan.....	97,143.33	1,234,177.58	11,781,336.76	1,067,848.81	36,615.86	67,207,629.33	109,728,912.28	132,076,623.23
Minnesota.....	176,387.00	1,122,838.22	8,332,921.26	468,053.11	95,905.70	34,013,677.42	90,706,161.28	106,445,047.39
Mississippi.....	27,370.55	744,376.52	3,897,947.19	286,544.46		19,965,654.31	74,424,224.79	80,646,837.15
Missouri.....	71,359.00	1,549,969.06	5,439,772.95	2,690,336.99		51,169,331.27	107,102,163.51	124,770,495.24
Montana.....	504,423.21	768,831.40	1,885,730.68	512,746.12		8,953,514.90	39,140,606.83	45,536,102.58
Nebraska.....		890,097.92	6,645,307.55	286,507.18	994.94	17,549,882.26	71,063,712.31	78,582,246.75
Nevada.....	151,167.14	485,534.73	134,230.41	58,351.73		1,267,561.36	7,079,435.73	9,754,932.10
New Hampshire.....	175,744.58	154,001.02	1,197,457.74	197,950.02		4,792,146.32	10,437,991.57	13,016,343.10
New Jersey.....		1,078,090.83	9,270,541.83	766,968.10	2,279.39	54,785,523.00	76,477,150.07	90,524,251.48

New Mexico.....	364,613.32	312,491.41	738,617.44	51,801.58	8,250,472.40	26,349,466.22	30,265,607.41
New York.....		3,077,612.49	20,242,589.73	3,483,609.56	137,150,837.31	197,472,499.83	244,921,885.98
North Carolina.....	99,438.00	1,233,894.56	4,624,372.99	1,008,648.09	23,196,006.19	63,609,407.37	75,228,672.99
North Dakota.....		906,728.24	1,064,784.09	141,360.36	7,605,962.97	47,757,172.31	50,773,541.70
Ohio.....		1,793,433.68	16,445,938.14	1,195,732.04	312,741.71	156,901,656.17	188,440,411.97
Oklahoma.....	2,945.81	592,595.48	5,474,769.12	471,370.99	62,751.81	24,634,161.02	93,242,389.80
Oregon.....	1,063,663.29	826,199.53	1,475,833.66	231,878.39		10,841,268.95	44,557,085.62
Pennsylvania.....	15,693.19	2,049,485.35	26,851,287.40	2,801,805.72	12,712.31	112,895,691.32	211,774,690.80
Philippine Islands.....						41,847.88	42,213.26
Puerto Rico.....		193,979.00	1,756,770.80	469,230.13		1,337,581.07	29,535,505.22
Rhode Island.....		65,649.00	2,553,051.43	777,408.39		8,979,547.92	18,130,153.67
South Carolina.....	1,925.00	954,653.69	4,995,221.75	230,128.74	1,743.91	21,849,470.42	59,716,830.14
South Dakota.....	139,553.59	410,195.18	460,398.38	98,559.08		8,284,224.55	46,216,820.92
Tennessee.....	49.28	966,262.46	4,503,941.24	329,521.62	60,241.24	21,911,872.19	67,255,329.45
Texas.....	64,574.09	3,286,484.34	9,560,162.03	2,409,893.19	7,939.55	50,343,042.08	225,406,686.37
Utah.....	184,503.96	437,688.64	1,415,914.53	37,596.27		7,596,831.95	26,747,370.42
Vermont.....		131,936.61	671,317.39	59,786.88		2,702,422.17	9,191,809.89
Virginia.....	9,350.22	837,781.29	4,524,440.94	500,064.82		12,733,910.10	46,140,563.72
Virgin Islands.....			11,138.00	136,556.64	965.11	15,233.40	749,270.61
Washington.....	540,862.03	646,173.41	4,601,401.25	1,459,464.58		21,276,961.26	61,111,629.89
West Virginia.....	62,887.43	378,897.57	5,973,681.08	637,954.62		22,094,367.34	46,202,753.33
Wisconsin.....	45,657.50	958,250.84	9,061,377.26	732,437.47	100,003.61	37,884,738.53	93,885,072.41
Wyoming.....	283,606.90	477,794.67	641,598.70	66,417.29		2,288,382.18	19,631,928.04
Total.....	7,559,104.80	44,346,618.44	269,078,539.48	61,182,875.93	1,386,132.08	1,461,791,766.14	3,327,483,323.46

<sup>1</sup> Amounts shown in the numbered columns are based upon figures furnished by departments and agencies of the Government as follows: 1-5 and 20-21 by Department of Agriculture; 6-8 and 22-23 by Department of the Interior; 9 by Navy Department; 10-11 by independent offices; 12-17 and 25-27 by Federal Security Agency; 24 by War Department; 18 and 28-33 by Federal Works Agency.

<sup>2</sup> Column 3 includes \$1,192,369.57, payments from the national forests fund; \$23,554.99, payments to school funds, national forests fund; \$1,987,537.50, forest fire cooperation; and \$90,331.66, cooperative distribution of forest planting stock.

<sup>3</sup> Column 4 includes \$482,189.02, roads and trails for States, national forests fund, and \$3,687,543.66, forest roads and trails.

<sup>4</sup> Column 6 includes \$20,280.63 under Alaska Game Law and \$451,298.51 wildlife restoration.

<sup>5</sup> Column 8 includes \$503,969.63, payments to States under the Grazing Act of June 28, 1934, public lands; \$602.08, payments to States of 5 percent of proceeds of public lands; \$12,771.12, proceeds of sales of Coos Bay wagon-road-grant lands and timber; \$313,845.13, payment to counties, Oregon and California grant lands 50 percent fund, and payment to counties in lieu of taxes on Oregon and California grant lands 25 percent fund; \$3,786.13, payment to Oklahoma from royalties, oil and gas, south half of Red River; and \$49,255.80, potash deposits, royalties and rentals. Oregon total of \$368,431.95 includes \$41,815.70 for State of Oregon and \$326,616.25 for certain counties in Oregon.

<sup>6</sup> Columns 14, 22, 26, and 33 represent expenditures from allocations under the Emergency Relief Appropriation Act of 1935 and supplemental acts. Column 29 includes expenditures of \$12,356,152.12 under the same acts, and \$999,334.20 of National Industrial Recovery Act funds. Column 33, under District of Columbia, includes \$3,756,190.67 not allocated to any State.

<sup>7</sup> Column 17 includes \$329,303,433.26, Social Security Board; \$9,680,706.10, Department of Labor (Children's Bureau); and \$9,500,706.43, Federal Security Agency, Public Health Service.

<sup>8</sup> Column 18 includes \$100,199,917.18, Federal-aid highway system (regular); \$17,978,297.76, Federal-aid secondary or feeder roads; and \$9,480.95, cooperative construction of rural post roads.

<sup>9</sup> Column 20 includes \$1,930,360.00, liquidation and management of resettlement projects; \$30,535,726.00, farm tenancy; and \$156,581,786.00, emergency relief funds for loans, relief, rural rehabilitation, etc.

<sup>10</sup> Column 24, under District of Columbia, \$4,552,289.55 charged by War Department to National Guard Bureau.

TABLE 68.—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 and the amount paid and balance due, by classes, as of September 30, 1940

Awards certified	Total number of awards	Total amount	Class I		Class II		Class III		Private Act No. 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	Other 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 Act No. 509, approved July 19, 1940.....	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 Act No. 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 Sept. 30, 1940, at 5 percent per annum as specified in the Settlement of War Claims Act of 1928.....		91,938,763.08		235,006.50		2,045,307.61		50,485,869.60		142,003.13		39,030,576.24
Total due claimants.....		354,914,857.89		5,202,348.45		28,092,510.92		220,979,299.52		366,003.13		100,274,695.87
2. Payments made on account up to Sept. 30, 1940:												
Principal of awards:												
Agreement of Aug. 10, 1922.....	14,237	121,860,212.26	420	3,489,437.75	3,817	14,806,524.56		103,564,249.95				
Agreement of Dec. 31, 1928.....	12,263	3,791,791.80	115	556,625.00	2,148	2,445,886.69		1,789,280.11				
Private Act No. 509.....	1	119,501.63							1	119,501.63		

Interest to Jan. 1, 1928, at rates specified in awards:										
Agreement of Aug. 10, 1922.....		7, 472, 591.59		732, 801.61		6, 739, 789.98		( <sup>2</sup> )		
Agreement of Dec. 31, 1928.....		1, 086, 361.01		115, 976.22		970, 384.79		( <sup>2</sup> )		
Private Act No. 509.....									( <sup>2</sup> )	
Interest at 5 percent per annum from Jan. 1, 1928, to date of payment as directed by the Settlement of War Claims Act of 1928.....		1, 542, 888.09		188, 801.74		1, 354, 086.35		( <sup>2</sup> )	( <sup>2</sup> )	
Total payment to Sept. 30, 1940.....		135, 873, 346.38		5, 083, 642.32		26, 316, 672.37		104, 353, 530.06		119, 501.63
Less ½ of 1 percent deduction from each payment:										
Agreement of Aug. 10, 1922.....		<sup>3</sup> 651, 898.77		21, 650.20		112, 426.94		517, 821.63		
Agreement of Dec. 31, 1928.....		<sup>4</sup> 26, 871.04		3, 767.97		19, 156.68		3, 946.39		
Private Act No. 509.....		<sup>5</sup> 795.35								795.35
Net payments made to claimants up to Sept. 30, 1940.....		135, 193, 781.22		5, 058, 224.15		26, 185, 088.75		103, 831, 762.04		118, 706.28
3. Balance due on account:										
Principal of awards:										
Agreement of Aug. 10, 1922.....	497	124, 800, 664.39	4	60, 000.00	179	707, 784.92	310	62, 788, 759.84		4 61, 244, 119.63
Agreement of Dec. 31, 1928.....	28	3, 353, 057.25			21	1, 917.23	7	3, 351, 140.02		
Private Act No. 509.....	1	104, 498.37							1	104, 498.37
Interest to Jan. 1, 1928, at rates specified in awards:										
Agreement of Aug. 10, 1922.....		386, 642.15		12, 501.37		374, 140.78				
Agreement of Dec. 31, 1928.....		774.36				774.36				
Private Act No. 509.....										
Accrued interest at 5 percent per annum from Jan. 1, 1928, on total amount payable as of Jan. 1, 1928, to Sept. 30, 1940.....		90, 395, 874.99		46, 204.76		691, 221.26		50, 485, 869.60		142, 003.13 39, 030, 576.24
Balance due claimants as of Sept. 30, 1940.....		219, 041, 511.51		118, 706.13		1, 775, 838.55		116, 625, 769.46		246, 501.50 100, 274, 695.87

<sup>1</sup> Includes payments on account of interest to Jan. 1, 1928, on class III awards and Private Act No. 509. 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 three 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.

<sup>2</sup> See note 1.

<sup>3</sup> Of this amount \$651,869.90 has been covered into the Treasury as miscellaneous receipts. A further sum of \$88.87 will be covered into the Treasury at a later date.

<sup>4</sup> Of this amount \$24,150.09 has been paid to the Government of Germany. A further sum of \$2,720.95 is payable in connection with the adjudication of late claims under the agreement of Dec. 31, 1928.

<sup>5</sup> Amount withheld but not covered into the Treasury.

TABLE 69.—Food order stamps issued for the Federal Surplus Commodities Corporation from May 16, 1939, to June 30, 1940

[Money value]

City	Date of first sale	Orange stamps	Blue stamps
1. Rochester, N. Y.	May 16, 1939	\$2,292,861.00	\$1,147,480.50
2. Albany, N. Y.	May 20, 1939	85,538.00	42,769.00
3. Dayton, Ohio	June 5, 1939	613,332.00	563,089.00
4. Seattle, Wash. (State) <sup>1</sup>	July 3, 1939	163,020.00	81,510.00
5. Seattle, Wash.	July 3, 1939	2,190,494.00	1,321,026.00
6. Birmingham, Ala.	Aug. 1, 1939	-----	1,408,029.00
7. Shawnee, Okla.	Aug. 15, 1939	107,018.00	311,270.00
8. Des Moines, Iowa	Aug. 22, 1939	767,422.00	604,990.00
9. Springfield, Ill.	Oct. 16, 1939	254,090.00	197,113.00
10. Salt Lake City, Utah	Oct. 23, 1939	831,662.00	415,931.00
11. Madison, Wis.	Nov. 1, 1939	199,322.00	102,712.00
12. Allentown, Pa.	Nov. 4, 1939	208,804.00	104,802.00
13. Denver, Colo.	Nov. 20, 1939	1,201,876.00	600,938.00
14. Minneapolis, Minn.	Nov. 27, 1939	852,742.00	791,354.00
15. St. Paul, Minn.	Nov. 27, 1939	654,728.00	639,611.00
16. Wichita Falls, Tex.	Dec. 1, 1939	100,150.00	138,270.00
17. Providence, R. I.	Dec. 4, 1939	753,848.00	438,593.00
18. Richmond, Va.	Dec. 14, 1939	101,984.00	129,904.00
19. Little Rock, Ark.	Dec. 16, 1939	363,086.00	411,493.00
20. San Francisco, Calif.	Dec. 16, 1939	969,678.00	484,839.00
21. Mandan, N. Dak.	Dec. 30, 1939	132,270.00	81,713.00
22. Portland, Oreg.	Dec. 30, 1939	951,228.00	475,614.00
23. Memphis, Tenn.	Jan. 4, 1940	270,000.00	383,500.00
24. Sioux Falls, S. Dak.	Jan. 4, 1940	125,186.00	90,817.00
25. Macon, Ga.	Jan. 10, 1940	154,200.00	225,600.00
26. Memphis, Tex.	Jan. 15, 1940	32,200.00	38,600.00
27. Portland, Maine	Jan. 15, 1940	151,500.00	86,250.00
28. Columbia, S. C.	Jan. 24, 1940	139,000.00	162,000.00
29. Sioux City, Iowa	Jan. 24, 1940	182,500.00	154,250.00
30. Hutchinson, Kans.	Jan. 26, 1940	71,200.00	42,600.00
31. Los Angeles, Calif.	Jan. 29, 1940	4,192,000.00	2,096,000.00
32. Louisville, Ky.	Feb. 7, 1940	180,000.00	190,000.00
33. Springfield, Mass.	Feb. 10, 1940	382,000.00	198,000.00
34. Wichita, Kans.	Feb. 17, 1940	178,900.00	133,850.00
35. Greenville, S. C.	Feb. 17, 1940	105,000.00	135,000.00
36. Lincoln, Nebr.	Feb. 21, 1940	262,500.00	131,250.00
37. Salina, Kans.	Feb. 23, 1940	39,200.00	25,200.00
38. Manchester, N. H.	Mar. 8, 1940	358,500.00	204,250.00
39. Spokane, Wash.	Mar. 9, 1940	290,400.00	145,200.00
40. Charlotte, N. C.	Mar. 11, 1940	67,800.00	73,400.00
41. Hartford, Conn.	Mar. 12, 1940	120,000.00	122,500.00
42. Hattiesburg, Miss.	Mar. 15, 1940	88,600.00	175,300.00
43. Topeka, Kans.	Mar. 15, 1940	84,000.00	59,650.00
44. Grand Rapids, Mich.	Mar. 16, 1940	251,600.00	171,300.00
45. Paducah, Ky.	Mar. 16, 1940	47,000.00	51,000.00
46. Pittsburgh, Pa.	Mar. 18, 1940	1,174,000.00	587,000.00
47. Cincinnati, Ohio	Mar. 20, 1940	471,800.00	372,400.00
48. Fort Wayne, Ind.	Mar. 20, 1940	103,500.00	95,750.00
49. Helena, Mont.	Mar. 25, 1940	112,300.00	56,150.00
50. Peoria, Ill.	Mar. 27, 1940	53,500.00	69,750.00
51. Akron, Ohio	Mar. 28, 1940	397,500.00	262,750.00
52. Houston, Tex.	Mar. 30, 1940	142,000.00	167,500.00
53. Phoenix, Ariz.	Apr. 5, 1940	480,500.00	240,250.00
54. Columbus, Ga.	Apr. 15, 1940	43,000.00	77,000.00
55. Savannah, Ga.	Apr. 15, 1940	62,000.00	77,000.00
56. Austin, Tex.	Apr. 17, 1940	41,600.00	70,800.00
57. Okmulgee, Okla.	Apr. 17, 1940	35,000.00	104,500.00
58. Raleigh, N. C.	Apr. 28, 1940	23,900.00	37,950.00
59. Baltimore, Md.	Apr. 30, 1940	190,000.00	95,000.00
60. Jacksonville, Fla.	Apr. 30, 1940	74,500.00	106,250.00
61. Tulsa, Okla.	May 1, 1940	67,000.00	138,800.00
62. Albuquerque, N. Mex.	May 4, 1940	41,500.00	20,750.00
63. Cedar Rapids, Iowa	May 6, 1940	24,100.00	34,550.00
64. Oklahoma City, Okla.	May 15, 1940	35,000.00	93,192.00
65. Nashville, Tenn.	May 15, 1940	72,000.00	88,000.00
66. Norfolk, Nebr.	May 28, 1940	66,290.00	33,145.00
67. Anadarko, Okla.	June 1, 1940	13,500.00	33,250.00
68. Springfield, Mo.	June 1, 1940	49,000.00	24,500.00
69. Waco, Tex.	June 1, 1940	31,000.00	61,500.00
70. Clinton, Okla.	June 3, 1940	9,300.00	20,650.00
71. Newark, N. J.	June 12, 1940	100,000.00	50,000.00
72. McAlester, Okla.	June 13, 1940	15,000.00	35,000.00
73. Yonkers, N. Y.	June 14, 1940	46,000.00	23,000.00
74. Ponca City, Okla.	June 14, 1940	8,500.00	20,250.00

<sup>1</sup> Discontinued Oct. 20, 1939.<sup>2</sup> Discontinued Nov. 16, 1939.

TABLE 69.—*Food order stamps issued for the Federal Surplus Commodities Corporation from May 16, 1939, to June 30, 1940—Continued*

[Money value]

	Date of first sale	Orange stamps	Blue stamps
75. Greensboro, N. C. ....	June 15, 1940	\$15,000.00	\$33,500.00
76. Brockton, Mass. ....	June 22, 1940	31,000.00	15,500.00
77. Reno, Nev. ....	June 24, 1940	4,900.00	2,450.00
78. Duluth, Minn. ....	June 27, 1940	95,500.00	47,750.00
79. Pine Bluff, Ark. ....	June 27, 1940	7,500.00	22,750.00
80. Davenport, Iowa. ....	June 28, 1940	21,500.00	10,750.00
81. Moline, Ill. ....	June 28, 1940	21,500.00	10,750.00
82. Omaha, Nebr. ....	June 28, 1940	50,000.00	25,000.00
Total. ....		25,798,629.00	18,908,559.50

TABLE 70.—*Number of employees in the departmental service of the Treasury in Washington, quarterly from June 30, 1939, to June 30, 1940*

Bureau, office, or division	June 30, 1939	Sept. 30, 1939	Dec. 31, 1939	Mar. 31, 1940	June 30, 1940	Increase or decrease (—)
Accounts and Deposits:						
Office of the Commissioner	140	185	184	188	205	65
Disbursement	627	633	651	689	710	83
Appointments	25	21	20	22	21	-4
Chief Clerk	86	107	105	101	99	13
Coast Guard	279	342	372	372	366	87
Comptroller of the Currency	1 482	494	475	487	471	-11
Customs	187	217	187	190	189	2
Engraving and Printing	5,802	5,549	5,648	5,659	5,649	-153
Federal Alcohol	138	157	157	139	137	-1
Internal Revenue	4,792	4,716	4,495	4,565	4,604	-188
Mint	44	44	43	43	43	-1
Narcotics	87	86	83	86	87	-----
Printing	34	32	32	33	36	2
Procurement	635	623	675	675	630	-5
Public Debt:						
Office of the Commissioner	33	37	37	38	36	3
Accounts and Audit	152	150	151	151	152	-----
Miscellaneous	42	45	41	42	47	5
Loans and Currency	1,375	1,385	1,361	1,370	1,367	-8
Paper Custody	28	28	27	27	25	-3
Register of the Treasury	367	369	386	382	375	8
Secret Service	23	21	21	21	21	-2
Guard Force	232	237	237	235	236	4
Secretary:						
Office of the Secretary	63	65	64	61	63	-----
General Counsel	44	40	40	33	51	7
Research and Statistics	82	65	66	68	65	-17
Savings Bonds	187	194	204	206	208	21
Superintendent of Treasury Buildings	271	260	257	250	264	-7
Treasurer of the United States	965	1,003	1,007	1,061	1,061	96
Emergency relief	2,307	2,099	1,996	1,954	1,641	-666
Total	2 19,529	19,204	19,022	19,148	18,859	-670

<sup>1</sup> Includes 362 employees paid from assessments against national banks, not included in previous reports.

<sup>2</sup> Excludes 1,643 employees in the Public Buildings Branch of the Procurement Division, 355 in the Public Health Service, and 65 in the Bureau of the Budget, which agencies were transferred from the Treasury Department on July 1, 1939.

TABLE 71.—*Number of employees in the departmental and field services of the Treasury on June 30, 1939, and June 30, 1940*

Bureau, office, or division	June 30, 1939			June 30, 1940			Increase or decrease (—)		
	Departmental	Field	Total	Departmental	Field	Total	Departmental	Field	Total
Coast Guard	279	10,662	10,941	366	18,300	18,666	87	7,638	7,725
Customs	187	8,810	8,997	189	8,846	9,035	2	36	38
Comptroller of the Currency	2 482	2 815	1,297	471	816	1,287	-11	1	-10
Disbursement	627	347	974	710	383	1,093	83	36	119
Federal Alcohol	138	22	160	137	-----	137	-1	-22	-23
Internal Revenue	4,792	19,381	24,173	4,604	19,813	24,417	-188	432	244
Mint	44	1,031	1,075	43	1,000	1,043	-1	-31	-32
Narcotics	87	273	360	87	277	364	-----	4	4
Procurement	635	4	639	630	2	632	-5	-2	-7
Public Debt	1,997	19	2,016	2,002	19	2,021	5	-----	5
Secret Service	23	282	305	21	322	343	-2	40	38
All others	7,931	-----	7,931	7,958	-----	7,958	27	-----	27
Emergency relief	2,307	6,565	8,872	1,641	4,534	6,175	-666	-2,031	-2,697
Total	2 19,529	4 48,211	67,740	18,859	54,312	73,171	-670	6,101	5,431

<sup>1</sup> Includes 13,765 in military personnel.

<sup>2</sup> Includes 362 departmental and 815 field employees paid from assessments against national banks, not included in previous reports.

<sup>3</sup> See note 2, table 70.

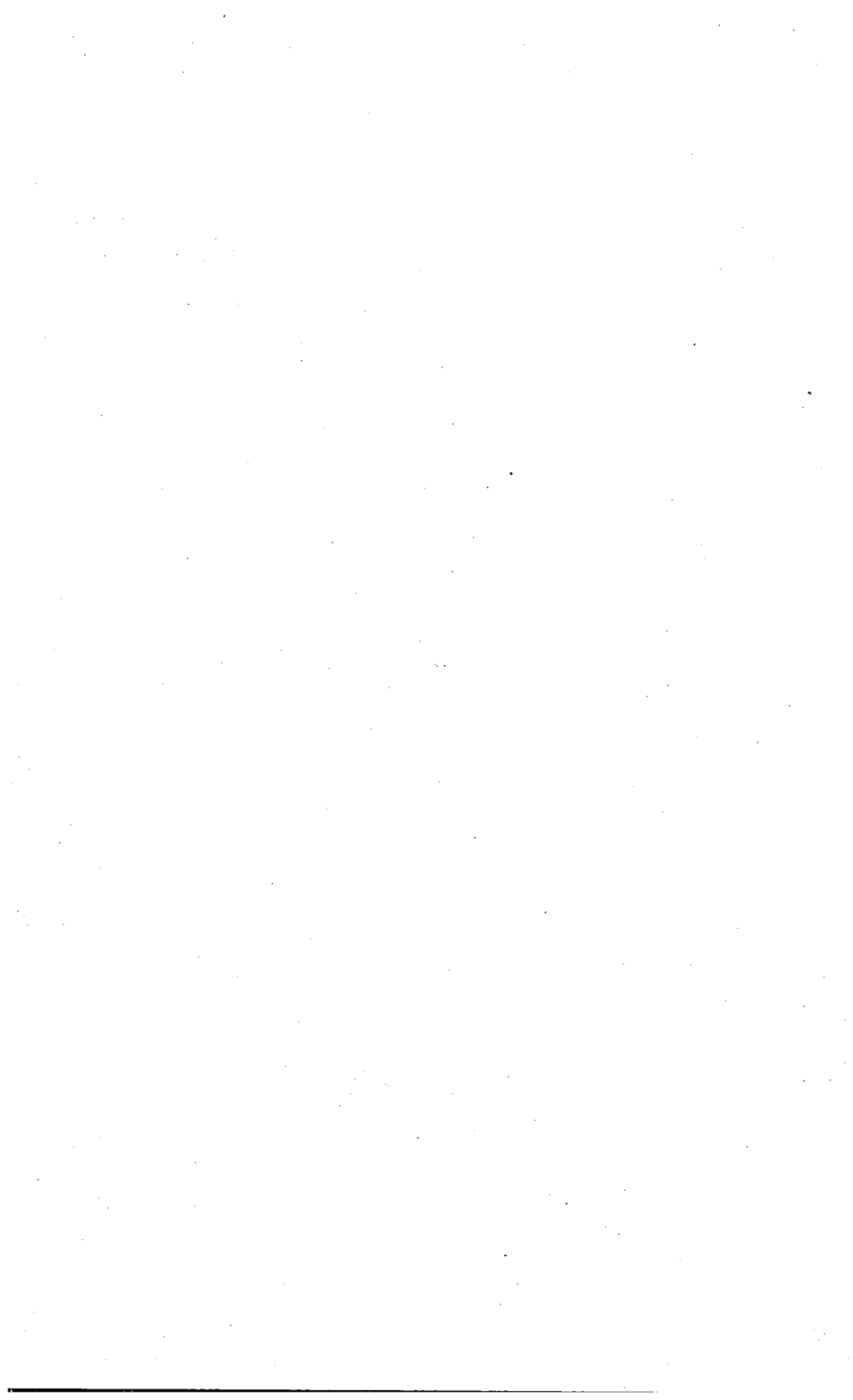
<sup>4</sup> Excludes 1,713 employees in the Public Buildings Branch of the Procurement Division and 6,789 employees in the Public Health Service, which agencies were transferred from the Treasury Department on July 1, 1939.



TABLE 72.—Number of persons retired, departmental and field services of the Treasury, August 20, 1920, to June 30, 1940, and number of persons eligible for retirement but retained, as of June 30, 1940

Bureau, office, or division	Retired					Retained as of June 30, 1940
	On account of age	On account of disability	Involuntary separation, 15 years service	Involuntary separation, 30 years service	Total	
DEPARTMENTAL						
Accounts and Deposits.....	1	2	2	1	6	
Appointments.....	2	3	2		7	1
Bookkeeping and Warrants.....	13	7		2	22	
Chief Clerk.....	130	48	1		179	
Coast Guard.....	11	19		3	33	1
Comptroller of the Currency.....	53	31	1	19	104	
Customs.....	11	5		3	19	
Disbursement.....	21	25		1	47	
Engraving and Printing.....	978	652	22	1	1,653	
General Counsel.....	1				1	
Internal Revenue.....	156	223	10	14	403	1
Mint.....	2	1		2	5	
Narcotics.....	3	2		1	6	
Printing.....	9	11			20	
Procurement <sup>1</sup> .....	72	61	2	19	154	
Public Debt:						
Office of the Commissioner.....	10	9			19	
Public Debt Accounts and Audit.....	6	12			18	
Loans and Currency.....	95	197	4		296	
Register of the Treasury.....	58	95	1	1	155	
Savings Bonds.....		1			1	
Secret Service.....	17	13			30	1
Secretary.....	1	3		3	7	
Superintendent of Treasury Buildings.....	23	40			63	
Treasurer.....	149	256	1	66	472	
All others.....	118	25	8		151	
Total departmental.....	1,940	1,741	54	136	3,871	4
FIELD						
Coast Guard.....	35	26	2	1	64	
Customs.....	1,874	668	7	146	2,695	3
Disbursement.....		4			4	
Internal Revenue.....	597	271	161	70	1,099	2
Mint and Assay.....	362	72	6	2	442	
Narcotics.....	5	15			20	
Procurement <sup>1</sup> .....	779	284	6	4	1,073	
All others.....	174	168	51	6	399	
Total field.....	3,826	1,508	233	229	5,796	5
Grand total.....	5,766	3,249	287	365	9,667	9

<sup>1</sup> Includes the personnel of the Public Buildings Branch of the Procurement Division, who were retired prior to July 1, 1939, the date the Public Buildings Branch was transferred to the Federal Works Agency.



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NOTE.—The year, except where otherwise indicated, refers to the fiscal year ended June 30

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