

TREASURY DEPARTMENT



Information Service

WASHINGTON, D. C.

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RELEASE MORNING NEWSPAPERS,
SUNDAY, March 4, 1951.

The Secretary of the Treasury announced today that there will be offered for a limited period a new investment series of long-term non-marketable Treasury bonds in exchange for outstanding 2-1/2% Treasury bonds of June 15 and December 15, 1967-72, the details of which will be announced on March 19,

The new bonds will be issued in registered form only, with appropriate maturity, and will bear interest at the rate of 2-3/4% per annum payable semi-annually. They will not be transferable or redeemable prior to maturity; however, owners of such non-marketable bonds will be given an option of exchanging them prior to maturity for marketable Treasury notes bearing terms to be announced in the official offering.

The new non-marketable 2-3/4% Treasury bonds will be acceptable at par and accrued interest in payment of Federal estate and inheritance taxes due following the death of the owner. They will not be acceptable in payment of Federal income taxes.

The offering of this new security is for the purpose of encouraging long-term investors to retain their holdings of Government securities, in order to minimize the monetization of the public debt through liquidation of present holdings of the Treasury bonds of 1967-72.

The Secretary stated that he planned to open the subscription books on Monday, March 26, and that the full terms of the offering and the official circular would be made available on March 19. The subscription books will remain open for a period of about two weeks, although the Secretary will reserve the right to close the books at any time without notice.

The Secretary indicated that a special offering of Series F and G bonds, or an offering similar to the 2-1/2% Treasury bonds, Investment Series A-1965, will probably be made available for cash subscription at a later date when it appears that a need therefor may exist.

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Statement by Senator A. Willis Robertson (D. Va.):

"A French proverb says patience is bitter but its fruits are sweet.

"Some two weeks ago I asked extreme partisans of the Treasury position and of the Federal Reserve Board position with respect to the management of the national debt to be patient while representatives of the two agencies were attempting to reconcile their differences. At that time I predicted that an area of agreement could be reached that would be geared to the general welfare.

"Naturally, I am very happy that such an agreement has been reached, under which we may reasonably expect a refinancing of a portion of the outstanding long term marketable bonds without an undue inflationary effect, and under which the type of independence which the Congress intended the Federal Reserve Board to enjoy will not be destroyed."

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Statement by Senator Burnet R. Maybank (D. S.C.):

"I am deeply gratified to learn that the Secretary of the Treasury and the Federal Reserve Board are now in full harmony as to methods of Government financing and monetary management. The importance of this agreement cannot be over-emphasized both as a guide to Federal financial operations, and as a stimulus to our entire defense mobilization effort. It should be productive of confidence in the safety of our economy."

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Senator Joseph C. O'Mahoney, Chairman of the Joint Committee on the Economic Report, issued the following statement:

"It is good news that the Treasury and the Federal Reserve have reached firm agreement on current questions of Government financing and monetary policy. I have known from my conferences with Secretary Snyder and Chairman McCabe that all along, they have had the same over-all goal of so conducting Federal fiscal affairs as to strengthen the national economy, control inflation and preserve our prosperity. They have differed only as to procedure. The announcement of their accord in a program covering future financial operations of the Government will solidify public confidence in our ability to deal successfully with all problems of the defense emergency."

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Representative Brent Spence, Chairman of the House Banking and Currency Committee, issued the following statement:

"The concurrence of the Treasury and the Federal Reserve Board in a financing and monetary program is most satisfying. The recent widespread discussion of their 'differences' -- much of it exaggerated -- constituted a minor diversion from pressing defense tasks. Now all concerned can go ahead. The way is cleared for the soundest possible debt management operations. I congratulate the Treasury and Federal Reserve officials who brought the agreement about."

JOINT ANNOUNCEMENT BY THE SECRETARY OF THE TREASURY
AND THE CHAIRMAN OF THE BOARD OF GOVERNORS, AND OF THE
FEDERAL OPEN MARKET COMMITTEE, OF THE FEDERAL RESERVE SYSTEM

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The Treasury and the Federal Reserve System have reached full accord with respect to debt-management and monetary policies to be pursued in furthering their common purpose to assure the successful financing of the Government's requirements and, at the same time, to minimize monetization of the public debt.