## THE TREASURY'S OFFER.

The Roosevelt Administration's first offer of securities, other than short-term bills, has been announced by Secretary WOODIN. It consists of an issue of $500,000,000 in three-year notes,, bearing interest at 2⅞ per cent. Because they will be sold in denominations as low as $100, as well as in larger ones, it has been suggested that a special effort will be made to place them in the hands of small investors. But the Treasury's offer merely follows the usual form. An issue of $400,000,000 in three-year notes, sold last June by the Hoover Administration, was offered in precisely the same denominations as the new issue now announced by Mr. WOODIN.

The most significant fact about the present offer is that it represents the first effort made by the new Administration to refund into longer-term securities part of the country's floating debt. This has been increasing rapidly during the depression. On June 30, 1930, when the Government last succeeded in balancing its budget, the Treasury owed $1,420,000,000 in short-term certificates and bills, maturing over periods which ranged from ninety days to one year. On March 4, 1933, when the Roosevelt Administration took over authority in Washington, this short-term debt had increased to $2,854,000,000—that is, it had more than doubled in less than three years.

By borrowing on short-term the Treasury has obtained remarkably low rates of interest. On more than half of the certificates now outstanding it pays 2 per cent or less, and on many of its ninety-day bills less than 1 per cent. But this method of borrowing has also brought certain disadvantages. It has created a vast floating debt, constantly in need of fresh financing. It has tended to concentrate the national debt in the banks rather than in the public's hands, since the public is not equipped to make short-term loans. It has thereby tied up bank credit which might otherwise have been available for commercial purposes.

The Administration has now moved to place at least a small part of the floating debt where it will not need refinancing for three years. At 2⅞ per cent, it is offering to pay a lower rate of interest than is carried by most of the three-year obligations now outstanding. Public response to its offer will accordingly provide an interesting test of the market for new Government securities, in the light of present conditions, and an indication whether it is practicable at this time to undertake really large-scale operations in refunding the short-term debt.

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