Credit Curbs May Delay Government Security Plan

WASHINGTON (AP) — A tightening of the money market after the Federal Reserve Board's severe crackdown last week on credit expansion may delay briefly announcement of plans for a 12-billion-dollar refinancing of government securities.

This was indicated today as the interest rate on 91-day Treasury bills, by which the government borrows to meet its short-term needs, bounded upward to the highest level in 22 years.

In the light of the money scarcity that development evidenced, it was learned, the Treasury is taking another look at tentative plans to announce within the next few days a program for refinancing government securities maturing Dec. 15.

The announcement now may be delayed a short time, one source said, to let the money market settle down from the effects of the reserve board action.

It also appeared unlikely that the Treasury would borrow any new money—in addition to the refinancing—at this time.

Increased tax receipts may have eliminated any immediate need for further new borrowing.

The Treasury's bill rate — the rate of interest it pays for 91-day borrowing — climbed steeply this week to 2.440 per cent. This exceeded the 2.416 per cent the Treasury paid in June 1953 during the stringent credit shortage of that year, and was the highest bill rate since the historic high of 4.259 per cent in the money drought of March 1933.

The bill rate is generally regarded as the quickest reflector of money availability. There are 13 issues of bills, each amounting to about $1,600,000,000. One issue matures each week, and a new issue is refloated in its place. The bill rate is set by offers from the money market where each weekly issue is auctioned by the Treasury.

The size, frequency and manner of handling the bill offerings make the bill rate a sensitive barometer of money conditions. The bill rate rises quickly to reflect credit shortages, and falls rapidly when there is plenty of money and credit available.

This week the bill rate rose by nearly two tenths of a point, an unusually large jump from one week to another. This development followed the turn-around by the Federal Reserve Board last week. The board approved, effective last Friday, the start of a fourth round of increases (from 2¼ to 2½ per cent) by the reserve banks in their discount rate—the interest rate at which reserve banks lend to their member commercial banks.

In addition the reserve board last week resumed open market sale of government securities it owns. Such sales pull money out of commercial banks and immobilize it in the reserve banks.

Both actions tend to make credit scarcer, and therefore more expensive.

Brazil Votes Against Cafe

RIO DE JANEIRO (AP) — The Brazilian Chamber of Deputies voted 179-94 early today to bar Joao Cafe Filho from returning to the presidency.

The deputies' resolution was sent immediately to the Senate for action there.

The resolution said the disability of the former President to fill the office—voted by Congress—should continue until Congress takes contrary action. It added that Congress had a constitutional duty to preserve the national regime, "which now is menaced as before."

The deputies acted after Cafe sent Congress a message yesterday saying he was taking over the office from Provisional President Nereu Ramos, installed after a bloodless army coup last week.

Cafe was under virtual house arrest in his apartment in Rio's fashionable Copacabana district. Army troops cordoned off the building and were reported allowing no one to enter or leave it.

No violence was reported.

Congress had declared Cafe unable to serve as president at his request after he suffered a heart attack and took a leave of absence Nov. 8. He was released from the hospital yesterday after a team of eight doctors examined him and presumably found he had recovered.

Cafe had turned the presidency over to Carlos Coimbra da Luz, president of the Chamber of Deputies. Two days later the war minister, Gen. Henrique Teixeira Lott, engineered a bloodless coup ousting Luz and replacing him by Ramos, the president of the Senate.

SABREJET CRASHES

SEOUL (AP) — A U. S. sabrejet crashed five miles west of Kangnung on the east coast today, killing the pilot, the U. S. Air Force said. His name was withheld.

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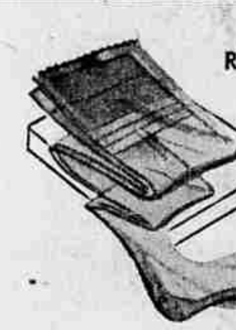

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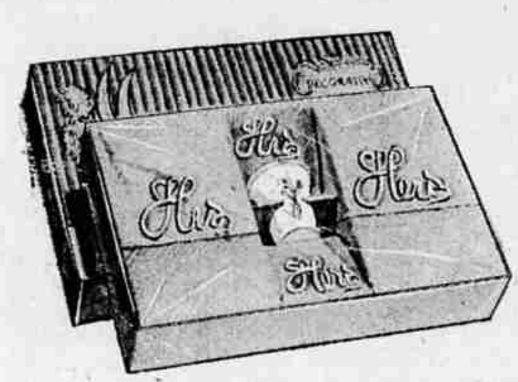

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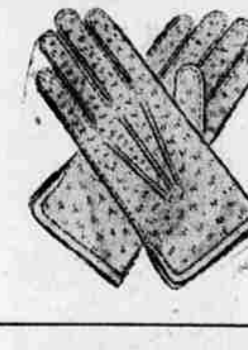

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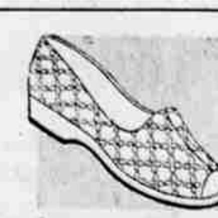

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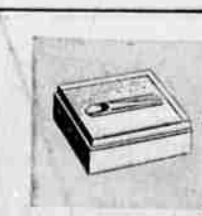

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