
Appendix A

MAJOR LEGISLATION AND ADMINISTRATIVE

ACTIONS OF ECONOMIC SIGNIFICANCE IN 1965

Major Legislation and Administrative Actions of Economic Significance in 1965

February

VOLUNTARY RESTRAINT PROGRAM FOR BALANCE OF PAYMENTS

In a special message to the Congress, the President asked bankers and businessmen to “exercise voluntary restraint in lending money or making investment in developed nations.” The President said that restraint should particularly apply to short-term loans and direct investment. This led to the issuance by the Federal Reserve Board of guidelines to be followed by banks and by nonbank financial institutions in their foreign lending and investment activities, and to requests by the Department of Commerce for similar restraint by the business community.

March

GOLD COVER—P.L. 89-3

Eliminates the requirement that each Federal Reserve Bank maintain gold certificate reserves valued at not less than 25 percent of the amount of commercial bank deposits it holds.

APPALACHIAN PROGRAM—P.L. 89-4

Authorized Federal aid for the development of the economically depressed 11-state Appalachian region. Established an Appalachian Regional Commission to coordinate the many projects—road building, construction of health facilities and vocational schools, land improvement, reclamation of mining areas, and development of timber and water resources.

April

ELEMENTARY AND SECONDARY EDUCATION—P.L. 89-10

Authorized a 3-year program of Federal grants to school districts with large numbers of children from low-income families. Authorized a 5-year program of grants for the purchase of library books, other library materials, and textbooks. Also authorized programs to establish supplementary community education centers, expand educational research, and strengthen State departments of education.

MANPOWER PROGRAMS—P.L. 89-15

Extended and expanded the Manpower Development and Training Act (MDTA). Permitted 100 percent Federal financing to continue through June 30, 1966. Increased the maximum training period from 72 weeks to 2 years and provided additional training allowances and benefits. Brought the Area Redevelopment Act training program under MDTA.

FINANCIAL AND CREDIT REGULATIONS

The Federal Home Loan Bank Board issued several new regulations aimed at protecting depositors and shareholders at savings institutions from the possibility that competitive forces would encourage these institutions to extend excessively risky credit. The Federal Housing Administration also tightened regulations pertaining to its mortgage insurance program.

May

INTERNATIONAL COFFEE AGREEMENT—P.L. 89-23

Enabled the United States to carry out its obligations under the International Coffee Agreement of 1962. The Agreement was designed to bring more stability to coffee prices.

June

INTERNATIONAL MONETARY FUND CONTRIBUTION—P.L. 89-31

Authorized a 25-percent increase in the U.S. contribution to the IMF.

EXCISE TAX REDUCTION—P.L. 89-44

Provided excise tax reductions totaling \$4.7 billion between 1965 and 1969. Provided for the elimination of all Federal excises by 1969 except user, regulatory, and sumptuary levies and a 1-percent manufacturer's tax on passenger automobiles.

REDUCTION OF DUTY-FREE TOURIST EXEMPTION—P.L. 89-62

Made permanent the existing temporary \$100 exemption and provided for its calculation on the retail value of goods rather than the lower wholesale value. Reduced from one gallon to one quart the amount of duty-free foreign alcoholic beverages that could be brought into the country, and changed the valuation under the existing \$10 exemption for mailed packages from wholesale to retail.

July

RIVER BASIN PLANNING—P.L. 89-80

Provided for Federal and regional coordination of plans for water resource development.

SILVER COINAGE—P.L. 89-81

Revised the Nation's coinage by authorizing coinage of half dollars with less silver content and quarters and dimes without silver content.

HEALTH CARE AND SOCIAL SECURITY—P.L. 89-97

Provided a health care insurance program for persons 65 and older, expanded to other needy individuals the Kerr-Mills program of medical care payments to the indigent aged, strengthened child health care programs and other Federal-State public assistance programs. Increased Social Security benefits by 7 percent, retroactive to January 1965, and raised Social Security taxes and covered wages, effective January 1966.

August

STAFFING SUPPORT FOR COMMUNITY MENTAL HEALTH CENTERS—P.L. 89-105

Authorized a new 7-year program of grants to pay the initial costs of professional and technical personnel at community health centers; expanded teacher training and research and demonstration projects for education of handicapped children.

COMMUNITY HEALTH SERVICE EXTENSION—P.L. 89-109

Expanded and extended for an additional year the general public health grants to States and the authority for project grants to support community health services; extended for 3 years the mass immunization program; expanded and extended for 3 years the migratory workers' health program.

HEALTH RESEARCH FACILITIES—P.L. 89-115

Extended for 3 years and expanded the existing program of grants for construction of health research facilities.

OMNIBUS HOUSING ACT—P.L. 89-117

Established a program of rent supplements for low-income families; extended and amended laws relating to public housing, urban renewal, relocation grants, open space land, and metropolitan organization and planning; provided a new grant program for the construction of essential water and sewer facilities.

ECONOMIC DEVELOPMENT—P.L. 89-136

Authorized up to \$3.25 billion in grants and loans for public works, development facilities, and other projects intended to aid economically depressed areas and to aid planning for economic development.

September

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—P.L. 89-174

Created a cabinet level Department of Housing and Urban Development. Transferred to the new Department all of the functions of the Housing and Home Finance Agency and its components.

ANTITRUST EXEMPTIONS—P.L. 89-175

Provided exemptions from the antitrust laws to strengthen the U.S. balance of payments. Established procedures for voluntary agreements among banks, trusts, pension funds, etc., to curtail the outflow of dollars and credit.

STATE TECHNICAL SERVICES—P.L. 89-182

Provided matching grants to States which establish technical information programs to apprise local businesses and industries of the opportunities for using scientific information and techniques.

HIGH-SPEED GROUND TRANSPORT—P.L. 89-220

Authorized the Secretary of Commerce to conduct a 3-year \$90 million research, development, and demonstration project in high-speed ground transportation.

October

WATER POLLUTION CONTROL—P.L. 89-234

Provided for the establishment and enforcement of water quality standards for interstate streams. Increased Federal financial aid for construction of community waste treatment projects and created a new Water Pollution Control Administration within the Department of HEW.

IMMIGRATION—P.L. 89-236

Revised the Nation's immigration system to eliminate national origins quotas and to set general priorities for admission to the United States.

REGIONAL MEDICAL PROGRAMS—P.L. 89-239

Authorized a 3-year program of grants to support the establishment of a network of regional medical complexes in the fields of heart disease, cancer, stroke, and related diseases.

INTEREST EQUALIZATION TAX—P.L. 89-243

Extended through July 1967 the tax on the purchase by Americans of certain foreign securities.

AIR POLLUTION CONTROL—P.L. 89-272

Provides for control of air pollution from automotive exhaust emissions and authorizes a national research program for disposal of solid wastes.

CANADIAN AUTO AGREEMENT—P.L. 89-283

Authorized the President to remove tariff duties on Canadian automobiles and parts for original equipment, and eased the eligibility criteria for granting assistance to injured workers and firms.

HIGHWAY BEAUTIFICATION—P.L. 89-285

Provided for the removal of billboards and junkyards from primary and interstate highway systems. Authorized grants to the States for landscaping and roadside development.

VOCATIONAL SCHOOL LOANS—P.L. 89-287

Provided insured loans and interest subsidies for students engaged in post-high school business, trade, technical, and other vocational education.

HEALTH PROFESSIONAL EDUCATION—P.L. 89-290

Extended for 3 years and expanded the existing programs of Federal grants for construction of teaching facilities to train health personnel and of loans for students in health fields; initiated a new program of scholarships and institutional grants for financial support and curriculum improvement.

MEDICAL LIBRARIES—P.L. 89-291

Authorized a 4-year program of Federal grants-in-aid to build medical library facilities and a 5-year program of other assistance.

November

FARM PROGRAM—P.L. 89-321

Extended with some modifications existing programs for wheat, wool, and feed grains; provided authority for new programs for dairy products and cotton; authorized a cropland adjustment program; and provided for rice acreage diversion payments, if the national rice acreage allotment is reduced.

HIGHER EDUCATION—P.L. 89-329

Established Federal scholarships for financially needy undergraduate students. Authorized a National Teacher Corps to improve education in slums and other impoverished areas. Authorized guaranteed loans for college students, graduate fellowships for elementary and high school teachers, and Federal aid to improve college libraries, college instructional equipment, and community service programs.

SUGAR QUOTAS—P.L. 89-331

Revised and extended through 1971 quotas on domestic and imported sugar. Increased mainland domestic quotas by 580,000 tons a year and granted quotas for U.S. imports to 31 nations.

WATER POLLUTION

The President issued an Executive Order aimed at prevention, control, and abatement of water pollution by Federal activities.

December

DISCOUNT RATE AND REGULATION Q ACTION

Federal Reserve Bank discount rates were raised from 4 to 4½ percent. At the same time, maximum rates that member banks can pay on time deposits and certificates of deposit maturing in 30 days or more were raised to 5½ percent from 4 percent on such deposits maturing in 30 to 90 days, and 4½ percent on those maturing in 90 days or more; no change was made in the 4 percent rate payable on savings deposits. The Federal Deposit Insurance Corporation also increased the maximum interest rate which can be paid on time deposits by insured nonmember banks.

REVISION OF GUIDELINES FOR FINANCIAL INSTITUTIONS AND CORPORATIONS

The Federal Reserve Board and the Department of Commerce issued revised guidelines for foreign credits and investment by financial institutions and businesses in 1966.