U.S. Treasury Dept.

Press Releases

August 1, 1961

FOR IMMEDIATE RELEASE

The Treasury today made public the following memorandum from Treasury Secretary Douglas Dillon to the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Federal Deposit Insurance Corporation, and the Comptroller of the Currency:

THE SECRETARY OF THE TREASURY
WASHINGTON

MEMORANDUM TO: Chairman, Board of Governors of the Federal Reserve System
Chairman, Federal Deposit Insurance Corporation
The Comptroller of the Currency

The present international situation reemphasizes the need for accelerated emergency planning by American business and industry. Because of the vital importance of the banking system to the whole economy of our country, this places a heavy responsibility upon our financial community to provide for operational continuity of our banking system in the event of an enemy attack upon the United States.

At the very least, a financial institution must be able to reconstruct its records if the original records are destroyed or unavailable. It is, therefore, imperative that our banks establish an independent means of reconstructing their assets and liabilities and their account relationship with customers, in order to furnish surviving or successor management with sufficient information to continue operations.

In 1958, the Advisory Committee on Commercial Bank Preparedness and the Banking Committee on Emergency Operations distributed to all commercial banks a comprehensive and practical plan for their guidance. Since that time, some banks have established definite programs to meet this urgent national need but many have not taken such action.

It should be obvious that unless positive measures are taken by all members of the banking community to assure adequate records protection, the entire governmental program for the operational continuity of the Nation's banking system in the event of attack would be in jeopardy.

Participation by individual banks in the operational continuity program is, of course, purely voluntary. I believe that the members of the banking community will meet their responsibility to establish adequate systems of records protection if they fully understand the need for such protection.

I therefore recommend that all bank supervisory authorities take appropriate and prompt actions to ensure that all banks and bank examiners are fully aware of the importance of adequate preparations.

Douglas Dillon

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 1, 1961

FOR IMMEDIATE RELEASE

The Treasury today made public the following memorandum from Treasury Secretary Douglas Dillon to the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Federal Deposit Insurance Corporation, and the Comptroller of the Currency:

"The present international situation reemphasizes the need for accelerated emergency planning by American business and industry. Because of the vital importance of the banking system to the whole economy of our country, this places a heavy responsibility upon our financial community to provide for operational continuity of our banking system in the event of an enemy attack upon the United States.

"At the very least, a financial institution must be able to reconstruct its records if the original records are destroyed or unavailable. It is, therefore, imperative that our banks establish an independent means of reconstructing their assets and liabilities and their account relationship with customers, in order to furnish surviving or successor management with sufficient information to continue operations.

"In 1958, the Advisory Committee on Commercial Bank Preparedness and the Banking Committee on Emergency Operations distributed to all commercial banks a comprehensive and practical plan for their guidance. Since that time, some banks have established definite programs to meet this urgent national need but many have not taken such action.

"It should be obvious that unless positive measures are taken by all members of the banking community to assure adequate records protection, the entire governmental program for the operational continuity of the Nation's banking system in the event of attack would be in jeopardy.

"Participation by individual banks in the operational continuity program is, of course, purely voluntary. I believe that the members of the banking community will meet their responsibility to establish adequate systems of records protection if they fully understand the need for such protection.

"I therefore recommend that all bank supervisory authorities take appropriate and prompt actions to ensure that all banks and bank examiners are fully aware of the importance of adequate preparations."

oOo

D-191

MODIFIED

from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated May 11, 1961, (91 days remaining until maturity date on November 9, 1961) and noncompetitive tenders for $ 100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 10, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 10, 1961. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does ~~not have any exemption,~~ as such, and loss

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE

August 2, 1961

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $ 1,700,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing August 10, 1961 , in the amount of $ 1,700,867,000 , as follows:

91 -day bills (to maturity date) to be issued August 10, 1961 , in the amount of $ 1,100,000,000 , or thereabouts, representing an additional amount of bills dated May 11, 1961 , and to mature November 9, 1961 , originally issued in the amount of $ 600,476,000 / (including $100,104,000 issued June 14, 196, the additional and original bills to be freely interchangeable.

182 -day bills, for $ 600,000,000 , or thereabouts, to be dated August 10, 1961 , and to mature February 8, 1962 .

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern ~~Standard~~ Daylight Saving time, Monday, August 7, 1961 . Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three

-192

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 2,1961

FOR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $ 1,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 10, 1961, in the amount of $ 1,700,867,000, as follows:

91-day bills (to maturity date) to be issued August 10, 1961, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated May 11, 1961, and to mature November 9, 1961, originally issued in the amount of $600,476,000 (including $100,104,000 issued June 14, 1961), the additional and original bills to be freely interchangeable.

182-day bills, for $ 600,000,000, or thereabouts, to be dated August 10, 1961, and to mature February 8, 1962.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern Daylight Saving time, Monday, August 7, 1961. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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.

D-192

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Departmment of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated May 11, 1961, (91-days remaining until maturity date on November 9, 1961) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 10, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 10, 1961. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

oOo

THE SECRETARY OF THE TREASURY
WASHINGTON

August 2, 1961

Dear Wilbur:

In light of the President's Address of July 25 to the Nation on the critical international situation, the steps to be taken to meet it, and their budgetary impact, I feel it is appropriate for me to give you my views on the tax legislation pending before your Committee under existing and presently foreseeable circumstances.

Since suggestions have been made that the new situation arising from additional defense preparations might affect the need for or feasibility of considering incentive measures, I wish to give you as realistic an evaluation as I can of the budgetary framework and the continuing need for the tax changes recommended. We have carefully reviewed the current and prospective budget situation as altered by the requirements outlined by the President for additional defense spending. This review shows that, in the absence of a further worsening of the international situation such as to require substantial additions to our defense expenditures, the budget can be balanced for the fiscal year 1963 without any increase in taxes. In view of the recovery and general economic outlook, our current estimates indicate that revenue from existing taxes should be adequate to fulfill all our present commitments.

As you know, the investment credit was recommended primarily as a vitally needed measure to increase our economic growth and productivity and to strengthen our competitive position in world markets, both immediately and in the future. An important aspect of its potential benefits for our international position is its reinforcement of the recent improvement in the balance of payments.

The investment credit is not recommended as a means of tax reduction for its own sake but as a much needed incentive and aid to the modernization of our industrial equipment, thereby serving the broad interests of the Nation. The great majority of the witnesses at the Hearings of your Committee testified to the importance of speeding up the modernization of our industrial equipment. The effectiveness of investment incentives in fostering capital formation has been recognized by many of the leading industrial nations of the free world whose experience demonstrates that a substantial contribution may be made in this way to the healthy growth of the economy.

The need for an investment credit to increase our efficiency and productivity is as great if not greater now than when it was originally recommended earlier this year. The importance of vigorous growth of our producing capacity has been enhanced by the additional demands imposed by the world situation. I have noted with concern recent reports that domestic tool orders by American industry are lagging in part because of uncertainty regarding the timing of the enactment of the investment credit. Indeed, the press reports that while orders by foreign producers for machine tools in this country are rising, domestic demand has leveled off and seems to be static. This is an additional compelling argument for enactment of this legislation during the present session of the Congress.

For all these reasons I strongly urge your Committee to proceed as promptly as possible with the final consideration and adoption of the tax bill, including the investment incentive provisions already tentatively approved.

The President's tax program as presented to Congress in May involved a balance between the revenue cost of the investment credit and offsetting revenue increases from measures that would improve and strengthen the tax system. The changes since that time in the international situation and the consequent budget adjustments make it even more important that the set of tax proposals now being considered by your Committee be balanced with respect to revenue consequences. The tentative decisions on these proposals recently announced by your Committee would involve a net revenue reduction of about $300 million. I would urge that your final consideration of this legislation provide an approximate balance in over-all revenue effect, preferably through the addition of further revenue raising measures implementing the President's recommendations on closing loopholes including a possible revision of the special tax provisions relating to mutual savings banks and savings and loan associations, or if need be through a small reduction in the 8 percent level of the investment credit, or perhaps through some combination of both.

The President has authorized me to say that enactment at this session of tax legislation on the investment credit, offset by corresponding revenue gains from the closing of loopholes in our tax structure, is essential in the strengthening of our nation to meet the tasks that lie ahead.

With best wishes,

Sincerely,

signed
Douglas Dillon

Douglas Dillon

The Honorable Wilbur D. Mills
Chairman, Committee on Ways and Means
U. S. House of Representatives
Washington 25, D. C.

10

measures ~~to be followed by~~ the ~~each participating Latin American country in carrying out its own over-all development plan~~ which are necessary for a successful development plan. There will also be intensive discussions of the problems of economic integration and commodity price stablization which are of interest to all the nations represented at the conference.

We are hopeful that we can create at this conference the inter-American machinery necessary to carry the "Alliance for Progress" forward on a basis of dedicated and imaginative co-operative effort. If we succeed, we shall have crossed a major frontier ~~in human progress~~ and can look forward to a ~~whole~~ new era of ~~growth~~ economic and spiritual growth for the Americas.

oOo

energies and resources to their own social and economic development. They will find in us a warm, sympathetic, and ready response to their problems, coupled with a firm determination to work closely and continuously with them in accelerating economic progress and extending social justice throughout the Americas.

The basic and overriding aim of the meeting at Punta del Este is to begin the massive planning effort which will be at the heart of President Kennedy's "Alliance for Progress". It will not be the purpose of this meeting to allocate funds or to accept or to reject development projects proposed by any country. Our purpose will be to start the planning process so indispensable to growth and progress.

We hope that we can agree in Punta del Este on broad, guiding economic and social principles, including ~~specific~~ the self-help

DRAFT

August 2, 1961

STATEMENT OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
UPON DEPARTURE FROM WASHINGTON ON
THURSDAY, AUGUST 3, 1961
FOR THE MINISTERIAL MEETING OF THE INTER-AMERICAN
ECONOMIC AND SOCIAL COUNCIL AT PUNTA DEL ESTE, URUGUAY

In his final instructions to the United States delegation at the White House yesterday, President Kennedy told us that the hopes of millions of peoples throughout the Americas rest to a very large extent on the success of our efforts at the meeting of the Inter-American Economic and Social Council.

As we leave for Punta del Este, we are very conscious of our heavy responsibility. We are confident that the Delegations from the other American republics are equally conscious of their ~~heavy~~ responsibilities to their own peoples.

We believe that we shall find at Punta del Este a firm determination among the other delegations to attack the basic causes of social injustice in their countries, and to apply intensified

TREASURY DEPARTMENT
Washington

STATEMENT OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
UPON DEPARTURE FROM WASHINGTON ON
THURSDAY, AUGUST 3, 1961
FOR THE MINISTERIAL MEETING OF THE INTER-AMERICAN
ECONOMIC AND SOCIAL COUNCIL AT PUNTA DEL ESTE, URUGUAY

In his final instructions to the United States delegation at the White House yesterday, President Kennedy told us that the hopes of millions of peoples throughout the Americas rest to a very large extent on the success of our efforts at the meeting of the Inter-American Economic and Social Council.

As we leave for Punta del Este, we are very conscious of our heavy responsibility. We are confident that the Delegations from the other American republics are equally conscious of their responsibilities to their own peoples.

We believe that we shall find at Punta del Este a firm determination among the other delegations to attack the basic causes of social injustice in their countries, and to apply intensified energies and resources to their own social and economic development. They will find in us a warm, sympathetic, and ready response to their problems, coupled with a firm determination to work closely and continuously with them in accelerating economic progress and extending social justice throughout the Americas.

The basic and overriding aim of the meeting at Punta del Este is to begin the massive planning effort which will be at the heart of President Kennedy's "Alliance for Progress". It will not be the purpose of this meeting to allocate funds or to accept or to reject development projects proposed by any country. Our purpose will be to start the planning process so indispensable to growth and progress.

We hope that we can agree in Punta del Este on broad, guiding economic and social principles, including the self-help measures which are necessary for any successful development plan. There will also be intensive discussions of the problems of economic integration and commodity price stabilization which are of interest to all the nations represented at the conference.

We are hopeful that we can create at this conference the inter-American machinery necessary to carry the "Alliance for Progress" forward on a basis of dedicated and imaginative cooperative effort. If we succeed, we shall have crossed a major frontier and can look forward to a new era of economic and spiritual growth for the Americas.

oOo

D-193

14

REMARKS BY STANLEY S. SURREY,
ASSISTANT SECRETARY OF THE TREASURY
BEFORE THE SECTION OF TAXATION
AMERICAN BAR ASSOCIATION
ST. LOUIS, MISSOURI
AUGUST 6, 1961 - 12:00 NOON

I welcome this opportunity to appear before old friends and associates and to discuss matters of mutual interest in the field of taxation. As a member of the Section for many years, and as a recent member of your Council, I am fully aware of both your deep concern respecting tax issues and your significant competence in tax matters. We do not always agree with each other -- Committee Chairmen will disagree with the Council and the Section will disagree with both. But the record shows a steady striving for ability and objectivity in the handling of the problems that come before the Section. The record also shows a steadily developing change in the character of the problems themselves -- a change away from narrow questions involving particular taxpayers or groups of taxpayers to issues of broader scope that go to the improvement of our technical tax structure in the interest of the Nation as a whole. These are important developments, for it would be a serious loss to waste the resources of this organization on minor matters and a folly to devote them to special pleading. We all know that the task of improving our tax system can well use the skills and talents of this Section.

We are once again entering a period of change in the Federal tax system. In recent history the most significant period was that of World War II when our mass coverage, high-rate income tax system took shape. The Korean War period solidified the shape of that system, giving us in the main the rate structure we have today. The 1954 Code revision was essentially confined to the technical level. Its few significant policy changes included a more rapid write-off of depreciation allowances on new assets, the introduction of the dividend credit and exclusion, reduced taxes on persons over 65 receiving pensions and unearned income, and more liberal personal deductions. But basically the Federal tax system had settled into the Korean War - 1954 plateau and the years from 1954 produced hardly any changes. For the most part, this plateau was marked by a decline of activity in the tax field by the Treasury Department and an almost complete absence of governmental research and study in that field. These factors in turn led to a reduction of contacts between the universities and the Treasury, with the result being a distinct lessening of tax research in the universities. This inactivity occurred at a time when there was increasing concern in the business and academic worlds and in Congress that the structure of the Federal income tax required considerable reshaping. Hearings held in the Congress in 1955 and again in 1959, based both times on a compendium of papers specially addressed to these problems, emphasized this concern.

The interest in tax revision gradually came to focus on three key aspects. The first relates to the equity of the tax system -- the lack of essential fairness that results when so many special preferences and treatments are woven into the system while the tax rates, particularly those on individuals, remain at very high levels. Our strong reliance on the income tax reflects in large part the general recognition that a graduated tax on net income is the fairest way to collect needed revenues that our society has yet devised. A tax so chosen because of its inherent equity can hardly tolerate being riddled with inequities in its actual application. The second aspect relates to the effect of the tax structure on the rate of economic growth. Some economists feel that the structure may well be too powerful in relation to expenditures -- by restricting demand in this way, it prevents the economy from achieving its full potential. The fact that the tax system would produce a surplus when the economy is considerably short of high employment lends support to this view. Other economists believe that the level of investment would not be high enough even at full employment to permit the economy to achieve needed increases in its rate of growth, and urge the adoption of tax incentives to encourage the allocation of a larger share of our national output to investment. There are also misgivings about the "narrow base - high rate structure" contours of the income tax because of the adverse economic effects that flow both from the consequent high marginal rates and from the misallocation of resources caused by special preferences. The third aspect -- and one closer to the tax practitioner -- is the complexity of the tax system and the distortions it creates in the conduct of our business and family affairs. Any tax system will necessarily have its effect on our business and social structure in the large. But the present tax system, again because of its many preferences and consequent complexities, seems to have an undue and inappropriate effect in shaping our society in many of its daily routines.

I think these concerns are both genuine and justified. And it is because of them that I believe we are entering on a period of significant change in the Federal tax structure. We can start with the short run. In 1961, as part of the concern over special preferences and inequities, the Congress has been asked to grapple with issues that we all know existed but with understandable reluctance we kept from facing head on. Here I refer to expense accounts, the non-compliance in dividend and interest reporting, the many escapes from taxation in the foreign income area, the allowance of capital gain treatment on sales of depreciable property, and the under-taxation of business organizations operated on a mutual basis, such as cooperatives, savings institutions and casualty insurance companies. As respects the need for greater emphasis on incentives to investment, the Congress has been asked to consider an investment credit at the corporate and proprietorship level and to discard an expensive and ineffective effort at incentive at the shareholder level -- and one that is also inequitable as well -- the dividend credit and exclusion. We need not spend time on how this will end -- the constant outpouring of news letters and stories from Washington keeps you far more informed and confused than I can achieve in this short talk. Indeed, it is always interesting for me to start the day's work by reading what Secretary Dillon is thinking or what I am thinking. All that one needs do then is to add up the conflicting pros and cons and find the best bet for the thought of the day.

The President and Secretary Dillon have stated that 1961 is only a first step in a continued effort to reform the tax system. The broad outlines of the program will center on a reconsideration of the income tax base with the viewpoint of determining the extent to which it can appropriately be broadened, and a re-examination of all brackets of the rate structure to see whether the rates can be lowered as a concomitant readjustment. This tax reform program thus has as its central goal the shaping of a basic tax structure that is both appropriate and conducive to a growing economy. If a basically sound tax structure -- considered from the earlier aspects of fairness, economic growth, and lessened complexity -- can be achieved, then it can be more readily adapted than our present structure to the short run needs that may occur, be they by way of tax increase or decrease because of swings in the domestic economy or pressures from without.

But the years immediately ahead will not mark the end of tax changes. A complex society such as ours, ever growing and changing, must necessarily expect and demand that its tax system also keep pace. The changes now under consideration merely mark the insights of today, based on the research of the past. Those insights tell us only what we need today and parenthetically tell us that the needs are overdue. But what of the tax system of the years ahead? The scientist, the architect, the business man each thinks and speaks in his field of the world of 1970, of 1975, and on. What do the tax practitioner and tax economist say when they speak of the future? What can they say -- can they speak at all? Is the crystal ball far more cloudier in the field of taxation? Is there even a crystal ball of taxation at all, or must we be content in taxation to forget the future and only try to make sure that we recognize when the present is becoming outmoded?

It is here, I think, that we come to some considerations respecting the process of change and development in taxation that should be of concern to all of us, and especially to this group. Change in our tax system means essentially legislative change. Legislative change in turn means knowledge about the tax system that is communicated to and understood by at least the business and professional groups in our society, and as far as possible by the public at large. For the Congress in the end must depend upon the existence of that general understanding if a change is to have the degree of acceptability that will enable it to be made at the legislative level. It is here, however, that the Congress, and the Executive Branch as well, must look to the tax expert to play his part. For tax knowledge starts with the tax expert, be he a legal or accounting practitioner, a research consultant in the business world, or an economist or law professor in the universities. How well do we fulfill the role that only we can play? Or, rather than to seek our present rating, it is preferable to ask the question whether we can do better than we are doing today.

In pursuing this question, let us divide the inquiry into two parts -- that of achieving a better understanding as respects current proposals and that of obtaining more knowledge as to the needs of the future. Any tax bill is likely to provoke considerable debate. But the difficulty is that it usually produces no more than mere debate. Much of the material technically complex and may even grow more so. The issue is not, therefore, complexity versus simplicity. Rather, the problem has become one of the management of tax complexity. What devices and procedures can we utilize that will enable us to manage this inevitable complexity in a fashion that is more satisfactory than our present situation? I hope to be able in a subsequent paper to discuss this problem at great length, for it is certainly a major question for the tax practitioner.

Costs to Society of Tax Administration.--A study of the costs to society, in time, brains, and money, involved in the over-all administration of our tax system and an appraisal of the appropriateness of those costs. Do measurement procedures exist which can tell us something useful about the magnitude of the social effort involved in administering our tax system? Is the total cost large or small in relation to the revenue-raising task that must be accomplished? How much of the total cost stems from the many refinements, special treatments, and elections that permeate the system?

Sanctions and Tax Compliance.--A study of the factors that work for and against compliance on the part of taxpayers generally, and of the sanctions and procedures that would be appropriate in the light of those factors. Certainly with a system that appears to involve some $25 billion of unreported income, we must proceed more energetically than we have to seek solutions for this non-compliance.

The above are large topics, difficult to grapple with, yet not beyond the talents and research resources of today. When we turn to the "Federal Income Tax" itself, we find a host of issues, to mention only a few:

Place of the Corporation in our Federal Tax System.--A study of the appropriate tax treatment of the corporation, including corporate distributions to shareholders, under the Federal income tax.

Tax Treatment of Capital Gains and Losses.--A study of the appropriate tax treatment of capital gains and losses including, if a differential treatment is called for, the formulation of capital gain and loss definitions consistent with the policy premises underlying that treatment.

Role of the Family Trust Under the Income Tax.--The increasing use of trusts to hold the property of upper income families and to accumulate income under the direction of a trustee with power to control its distribution makes the trust decree a significant means of reducing the impact of the income tax on a family group. It also leads to institutionalization of investment management and may involve serious social distortions. Our present tax rules need re-examination to see if they are appropriate under modern estate planning practices.

Tax Averaging and Related Devices.--A study of the need for tax averaging and of the appropriate method of averaging. The shift to automatic data processing may well force a concerete consideration of this issue since it would seem to offer governmental aid if the computation and data factors involved in averaging are too complex for taxpayer handling.

Flexible Counter-Cyclical Use of the Tax System.--A study of the operative technique by which a flexible, counter-cyclical use of the tax system may be exercised. The recent report of the Commission on Money and Credit has spurred consideration of this matter. For long it has been a goal of the economists, yet it does not appear that real consideration has been given to the operational problems and the legal framework.

Employee Fringe Benefits, Including Pension Plans.-- A study of the income tax treatment (and in some cases estate and gift tax treatment) of employee fringe benefits, including pension plans.

And so the list goes. No special significance should be attached to the topics listed above, or to their order. They merely represent some thoughts as to the knowledge and data we should have available in future years to be able to deal competently with tax policy issues that may arise. Many more technical topics can of course be added -- the treatment of charitable foundations, the treatment of legal expenses incurred by individuals, the treatment of debt under the Code, loss carryovers, multiple corporations, and so on.

It is clear that the task of list making is one we can meet. But what is to be done with these elegant lists? Certainly a great deal of the work must be carried on in the universities and in the Treasury Department. The universities must be stimulated to greater activity, and law professors will have to join with economists and other social scientists if the tasks are to be adequately performed. The Treasury Department will also have to play a large role, both in supplying basic data and in providing analyses that can only be done under Government auspices.

Can the organized bar play a role? The research on Judicial Tax Procedure, to be conducted under the auspices of the American Bar Foundation with the cooperation of the Section of Taxation, indicates that procedures can be developed whereby the Section can stimulate research and participate in that research. But it also indicates that new methods and procedures must be devised, for the usual procedures of the Section are not conducive to providing sustained major research. But surely ways can be found -- witness the work of the Association of the Bar of the City of New York. On narrower technical topics we can see beginning in the current Committee Reports. The Report of the Committee on Withholding shows how a special committee and a hard working chairman can go beyond the customary committee action, though even here a few critical issues remain open. And one can read with interest and profit the extended discussions on Charities Which Make Grants Abroad in the Report of the Committee on Exempt Organizations, and the Report on Subchapters R and S by the Special Committee. Further, the many informative reports of the various committees clearly perform a useful service in placing the year's developments in perspective.

All of this indicates that our Section is groping towards ways in which it can make its undoubted resources and skills more useful to the study of tax problems. There is every indication, especially in the report of the Survey and Planning Committee, that the Section realizes it must free itself from the minutiae in which it has so long been trapped. We are all aware of the organizational and other difficulties involved. But the task is important, for so much is at stake. There is much to be done to improve our tax system and there is much that this Section can contribute. This being so, we must work together to see that as an organization and as a profession we meet our share of the responsibility for progress in the field of taxation.

August 7, 1961

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, August 8, 1961.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated May 11, 1961, and the other series to be dated August 10, 1961, which were offered on August 2, were opened at the Federal Reserve Banks on August 7. Tenders were invited for $1,100,000,000, or thereabouts, of 91-day bills and for $600,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing November 9, 1961		:	182-day Treasury bills maturing February 8, 1962	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.411	2.330%	:	98.686 a/	2.599%
Low	99.398	2.382%	:	98.673	2.625%
Average	99.402	2.366% 1/	:	98.677	2.617% 1/

a/ Excepting one tender of $100,000.
1 percent of the amount of 91-day bills bid for at the low price was accepted
48 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 29,254,000	$ 15,254,000	:	$ 3,120,000	$ 3,120,000
New York	1,450,122,000	694,682,000	:	885,836,000	471,236,000
Philadelphia	24,733,000	9,733,000	:	6,410,000	1,410,000
Cleveland	25,318,000	20,368,000	:	24,851,000	24,851,000
Richmond	10,781,000	10,781,000	:	1,156,000	1,156,000
Atlanta	23,527,000	22,827,000	:	5,070,000	4,670,000
Chicago	251,723,000	187,833,000	:	113,696,000	61,096,000
St. Louis	22,973,000	18,973,000	:	4,011,000	3,011,000
Minneapolis	22,006,000	18,810,000	:	5,060,000	3,560,000
Kansas City	46,824,000	30,894,000	:	20,404,000	14,204,000
Dallas	23,282,000	18,282,000	:	12,628,000	2,628,000
San Francisco	72,671,000	51,756,000	:	11,236,000	9,211,000
TOTALS	$2,003,214,000	$1,100,193,000 b/		$1,093,478,000	$600,153,000 c/

b/ Includes $222,487,000 noncompetitive tenders accepted at the average price of 99.402
c/ Includes $39,540,000 noncompetitive tenders accepted at the average price of 98.677
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.41%, for the 91-day bills, and 2.69%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

D-194

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 7, 1961

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, August 8, 1961.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated May 11, 1961, and the other series to be dated August 10, 1961, which were offered on August 2, were opened at the Federal Reserve Banks on August 7. Tenders were invited for $1,100,000,000, or thereabouts, of 91-day bills and for $600,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing November 9, 1961		:	182-day Treasury bills maturing February 8, 1962	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.411	2.330%	:	98.686 a/	2.599%
Low	99.398	2.382%	:	98.673	2.625%
Average	99.402	2.366% 1/	:	98.677	2.617% 1/

a/ Excepting one tender of $100,000
1 percent of the amount of 91-day bills bid for at the low price was accepted
48 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 29,254,000	$ 15,254,000	:	$ 3,120,000	$ 3,120,000
New York	1,450,122,000	694,682,000	:	885,836,000	471,236,000
Philadelphia	24,733,000	9,733,000	:	6,410,000	1,410,000
Cleveland	25,318,000	20,368,000	:	24,851,000	24,851,000
Richmond	10,781,000	10,781,000	:	1,156,000	1,156,000
Atlanta	23,527,000	22,827,000	:	5,070,000	4,670,000
Chicago	251,723,000	187,833,000	:	113,696,000	61,096,000
St. Louis	22,973,000	18,973,000	:	4,011,000	3,011,000
Minneapolis	22,006,000	18,810,000	:	5,060,000	3,560,000
Kansas City	46,824,000	30,894,000	:	20,404,000	14,204,000
Dallas	23,282,000	18,282,000	:	12,628,000	2,628,000
San Francisco	72,671,000	51,756,000	:	11,236,000	9,211,000
TOTALS	$2,003,214,000	$1,100,193,000 b/		$1,093,478,000	$600,153,000 c/

b/ Includes $222,487,000 noncompetitive tenders accepted at the average price of 99.402
c/ Includes $39,540,000 noncompetitive tenders accepted at the average price of 98.677
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.41%, for the 91-day bills, and 2.69%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

-194

TREASURY DEPARTMENT
Washington

FOR RELEASE: 4:00 P.M., EDT
MONDAY, AUGUST 7, 1961

Following is the text of the speech delivered today by the Honorable Douglas Dillon, Secretary of the Treasury and Chairman of the United States Delegation to the Special Meeting of the Inter-American Economic and Social Council, Punta del Este, Uruguay:

It was a great American -- Jose Marti -- who reminded us that "We Americans are one in origin, in hope and in danger".

We meet today in fulfillment of that concept -- brought together by our common origin, fired by our common hopes, determined to conquer our common dangers.

We assemble here at Punta del Este to chart the future course of our Hemisphere. Upon our deliberations and decisions rest the hopes of Americans yet to come. What we are able to accomplish here may well determine whether the most cherished values of our civilization -- the freedom and the dignity of man -- are to be strengthened and expanded.

This is a revolutionary task. But we are no strangers to revolution. From the shores of the Americas almost 200 years ago, went forth the call to freedom and national independence which today guides men's actions in all the turbulent continents of the world.

It was our Hemisphere which first proved that men could rule themselves, that colonial shackles could be cast off, and that governments could be the instruments of man's liberty.

This was the spirit of our revolution and of the revolutions it has inspired. It is the spirit which has shaped our Hemisphere. It is the spirit of our continuing struggle against the despotism which is as ancient as the Pharaohs -- no matter what new form it may assume and it is that spirit -- the legacy of Artígas and San Martin, of Bolívar and Washington, of O'Higgins and Jose Bonifacto -- which guides our actions here today.

But the fruits of the American revolution have not yet been extended to all our people. Throughout the Hemisphere millions still live with hunger, poverty and despair. They have been denied access to the benefits of modern knowledge and technology. And they now demand those benefits for themselves and for their children.

We cannot rest content until these just demands are met. And it is our profound conviction that they can be met only be free men working within a framework of free institutions.

That is what the Alliance for Progress is about. It is a bold and massive effort to bring meaning and dignity into the lives of all our people to demonstrate to the world that freedom and progress walk hand in hand.

To accomplish this, we must dedicate ourselves to the proposition that the decade of the sixties will be a decade of democratic progress -- a period which will witness great forward strides in the development of Latin America -- a period in which all our nations will greatly advance the standard of living of their peoples.

Underlying

Underlying the effort we must make are certain basic principles:

First, no developing nation can progress unless it makes heroic efforts to summon its people to the task of development, unless it dedicates a larger proportion of domestic resources to the common effort, and unless it calls upon all groups in the society to make fresh and larger contributions to the cause of national progress.

Second, developing countries need national programs of economic and social development -- programs which set forth goals and priorities and ensure that available resources are used in the most effective manner. Long-term development plans can greatly speed the process of growth.

Third, national development programs must recognize the right of all the people to share fully in the fruits of progress. For there is no place in our democratic life for institutions which benefit the few while denying the needs of the many.

We welcome the revolution of rising expectations among our peoples; and we intend to transform it into a revolution of rising satisfactions.

To carry out these principles will often require difficult and far-reaching changes. It will require a strengthening of tax systems so that would-be evaders will know they face strict penalties, and so that taxes are assessed in accordance with ability to pay. It will require land reform so that under-utilized soil is put to full use and so that farmers can own their own land. It will require lower interest rates on loans to small farmers and small business. It will require greatly increased programs of education, housing and health. And for the United States it will require a clear acceptance of further responsibilities to aid our sister republics.

-- We can press forward with industrialization to help modernize our economies and provide employment for our rapidly growing urban populations.

-- We can establish a society in which no man wants for food, and all have access to education.

-- We can clear away city slums and wipe out disease by making full use of the wonders of modern medicine.

-- We can eliminate the poverty which burdens our farmers, and make it possible for every man to own the land he works.

-- We can do away with the social and economic injustice which undermines free political institutions.

All this and more is within our power if we dedicate the creative energies of free men to the cause of progress.

This is what President Kennedy meant by his call for an Alliance for Progress.

Mr. Chairman: Here at Punta del Este there lies before us the opportunity to create a solid framework of Inter-American cooperation to carry forward the Alliance for Progress. To build that framework we must, here and now, chart the course we are determined to follow in the decade of the sixties.

-- Let us

-- Let us establish the economic and social goals we shall pursue in the next ten years.

-- Let us determine to prepare, as rapidly as possible, comprehensive, long-term national development programs, meanwhile going ahead at full speed with urgent development projects and measures that are ready for consideration.

-- Let us greatly strengthen our inter-American machinery for economic and social progress, harnessing our best talents in the service of developments.

-- Let us concert our policies to expand world markets for our exports and to bring greater stability to our foreign exchange earnings.

-- Let us move ahead with economic integration in Latin America, releasing the powerful stimulus which this movement can give to the development process.

-- Let us also build a great common market of intellectual, cultural and scientific interchange. For this will forge indissoluble ties among our peoples to their mutual enrichment.

My delegation is prepared to discuss in detail these essentials of the Alliance for Progress. Meanwhile, I wish to make certain observations on some of the more important of them:

It has been suggested by the group of experts that a major goal of national development programming should be the achievement of a substantial and sustained increase in per capital growth rates, the target for any Latin American country to be set at not less than 2 1/2 per cent per year, which means an average overall growth rate of better than 5 per cent.

My government is in agreement with this concept. Moreover, we believe that this goal is attainable. Growth rates have not been adequate in the past; we can and must do better.

But this requires the will to devote adequate internal resources to development and to do so wisely in accordance with well conceived plans and programs. If this is done the vital supplement of external resources will be available.

In his message to this conference on Saturday, President Kennedy pledged the full support of the United States and pointed out that public assistance from United States to Latin America has already been increased to an annual rate of more than one billion dollars -- three times last year's amount.

This is a measure of our continuing devotion to the concepts of the Alliance for Progress. Furthermore, it is our intention that future development loans made by our new aid agency will be on a long-term basis running where appropriate up to fifty years. We also intend to make the bulk of these loans at very low or zero rates of interests.

Looking to the years ahead, and to all sources of external financing -- from international institutions, from Europe and Japan as well as from North America, from new private investment as well as from public funds -- Latin America, if it takes the necessary internal

measures,

measures, can reasonably expect its own efforts to be matched by an inflow of capital during the next decade amounting to at least twenty billion dollars. And most of this will come from public sources. The problem, I am convinced, will no longer lie in shortages of external capital, but in organizing effective development programs so that both domestic and foreign capital can be put to work rapidly, wisely, and well.

In these programs education must receive a high priority. Our goal must be to insure that a decade from now every Latin American youngster who reaches the age of 12 is able to read, write and do simple arithmetic. These tools will give him access to the great storehouse of human knowledge and will open the road to self-improvement.

It therefore behooves all nations in the hemisphere -- even, and perhaps especially, the poorest - to enlarge the share of national income devoted to education.

Along with greater financial support, our educational institutions require far-reaching reforms -- and I include those of my own country. Curriculums must be brought up to date, and techniques of teaching and learning must likewise be modernized.

A task force on education should be created immediately. Such a task force can be the needed catalyst to rapid progress on the education front. It can clarify the educational needs of each country including manpower requirements. It can establish priorities for meeting these needs.

In addition to education, our agenda, in item I (E), looks toward the formulation of detailed policies and recommendations in a number of other specialized fields, including investment programming, industrialization, agricultural improvement, and public health. I hope that this conference will call upon the Secretary-General of the OAS to promptly establish task forces to consider these problems.

I believe it is especially urgent to set up a task force on land reform. Such a task force could recommend the measures required to bring about the great increase in agricultural productivity which we must have -- while at the same time assuring that the benefits of this productivity are available to all who work the land. This may often mean not only the settlement of public lands but also the redistribution of under-used latifundia. It will also mean a whole host of new techniques, including expanded credit facilities, the promotion of cooperatives, and provision of effective extension services.

The United States is prepared to finance inter-American task forces in these various fields to elaborate the specific and concerted actions which countries need to consider in drawing up their programs.

In the vitally important fields of tax administration and tax structure, two conferences have already been arranged for this fall and next spring under the auspices of the OAS and ECLA. We believe that this meeting should endorse the purposes of these conferences. Their results could prove to be of enormous help in mobilizing the resources required for economic and social progress.

Low cost housing is another vital ingredient of the Alliance for Progress. We congratulate the Inter-American Development Bank for its prompt action in utilizing funds from the social progress trust fund to finance housing projects in Panama and Venezuela, as well as for the loan just announced to help small farmers in El Salvador. The United States believes that an immediate and large-scale program -- perhaps as much as 100 million dollars -- for aided self-help housing would be a wise investment of the funds provided to the IDB by the United States under the social progress trust agreement.

Enlarged expenditures for economic and social progress call for the reduction of needless or luxurious expenditures for other purposes. It is time we brought these considerations to bear on military expenditures in considering the competing demands of development and inter-American defense. As ministers of finance or economy we need to encourage those responsible for our common defense to engage in the critical review required to avoid imbalances between military and other expenditures. The Inter-American Defense Board can give invaluable assistance in identifying essential requirements for defense against both direct and indirect aggression.

One important element in the proposed new structure of inter-American cooperation is the Committee on Development Plans first suggested by the expert group on topic I of our agenda. A special committee of highly qualified and experienced experts could review national development programs in close consultation with the governments concerned and provide independent evaluations which would be helpful in enlisting the support of other governments and international institutions.

Such a committee would not interfere with the responsibility of each national government to formulate its own targets, priorities, and measures for national development. But it would be an instrument of great value in facilitating the systematic and sustained provision of outside assistance for soundly conceived progress. The details of its membership, staffing, location, relations with the Inter-American Development Bank, and other such matters, are all matters for our working committees to settle.

If a body of highly qualified and impartial experts is established, my own government would expect its recommendations to be of great importance in determining the allocation of our own resources to Latin America for development purposes. We would also expect other friendly governments which are potential suppliers of capital, together with the international institutions in which we participate, to accept these expert recommendations as a major factor in their decisions on aid for Latin America.

Continued and steady economic growth demands a solid basis in expanding trade. The development of measures to stabilize, strengthen and enlarge the markets for Latin American exports must therefore be an integral part of the Alliance for Progress. The United States is ready to cooperate in seeking workable solutions for commodity problems and to give its support to the activities of the various international bodies in this field.

The most urgent and important commodity problem confronting the countries of Latin America is that of coffee. A solution to this problem must be found. The current coffee situation results in a needless drain on resources and is a threat to the economic well-being and stability of 14 nations of the Hemisphere.

The weakness of the existing coffee agreement is twofold:

Its membership has been limited to exporters only.

And it has not been possible to make its export quotas fully effective.

We believe that an entirely new agreement is needed. For if export earnings of the coffee producing countries are to be safeguarded, quotas must be geared to actual consumption and must be enforceable. The United States is prepared to join a workable coffee agreement, to use its good offices to urge the participation of other consuming countries, and to help in the enforcement of export quotas through the use of import controls. We all know that any lasting stabilization of prices will also require courageous programs to deal effectively with overproduction.

When the coffee study group meets in September, the United States will propose that a new agreement be drafted to achieve these ends.

Tin is another commodity of importance to this Hemisphere. In order to strengthen and support the international tin agreement we plan to discuss with the Tin Council, at an early date, the terms of possible United States accession to the agreement.

We also believe that the proposal in the report of the group of experts for an export receipts stabilization fund is worthy of careful study. It offers promising possibilities even though there are many technical and policy issues regarding the scope, functions and financing of the suggested fund which must be carefully weighed. In the third committee my delegation will propose the appointment of a task force to meet promptly after this conference to explore the plan in detail and make appropriate recommendations.

I turn now to the economic integration of Latin America. Four countries of Central America have agreed upon a full customs union with internal free trade for substantially all their production. Their bold and decisive action commands our admiration. We are confident that it will open the way to their accelerated development.

The ratification of the Montevideo Treaty establishing the Latin American Free Trade Association is another significant milestone along the road to a Latin American common market. It is our hope that its members will find it possible to expand rapidly the list of products which are to be traded freely so that the full benefits of integration can be realized.

The United States is deeply conscious of the concern in many Latin American countries for the future of their export markets in the European Economic Community. That Community has committed itself to a liberal commercial policy. All of us in the Western Hemisphere have the right to expect that this commitment will be honored. In addition to protecting our own commercial interests, the United States will continue to urge upon the Community the importance of fair treatment for exports of special interest to Latin America and other developing areas. I think this conference should know that in recent weeks the United States has proposed to the community the adoption of a program to eliminate the tariff preferences on tropical products now accorded the Associated Overseas Territories. Furthermore, we have informed the Community that we are prepared to give financial support to such a program. We will continue to press this proposal.

Mr. President, we are met here at an eastern outpost of a great and rich continent. Across that continent live millions of people struggling to break the bonds which chain them to lives of endless toil, of disease, and hunger and hopeless poverty. We are here to help them break those bonds -- to build the foundations on which will rise a new hemisphere -- a hemisphere where human freedom flourishes in lands of hope and progress.

We approach this task with full knowledge of its vast dimensions -- of the enormity of the struggle which lies ahead. But we also approach it with sure confidence in the unconquerable powers of free men -- and with faith in the God who has guided us so surely through the dangers of the past.

Working together -- with His help -- I am confident we will succeed.

* * *

The most urgent and important commodity problem confronting the countries of Latin America is that of coffee. A solution to this problem must be found. The current coffee situation results in a needless drain on resources and is a threat to the economic well-being and stability of 14 nations of the Hemisphere.

The weakness of the existing coffee agreement is twofold:

Its membership has been limited to exporters only.

And it has not been possible to make its export quotas fully effective.

We believe that an entirely new agreement is needed. For if export earnings of the coffee producing countries are to be safeguarded, quotas must be geared to actual consumption and must be enforceable. The United States is prepared to join a workable coffee agreement, to use its good offices to urge the participation of other consuming countries, and to help in the enforcement of export quotas through the use of import controls. We all know that any lasting stabilization of prices will also require courageous programs to deal effectively with overproduction.

When the coffee study group meets in September, the United States will propose that a new agreement be drafted to achieve these ends.

Tin is another commodity of importance to this Hemisphere. In order to strengthen and support the international tin agreement we plan to discuss with the Tin Council, at an early date, the terms of possible United States accession to the agreement.

We also believe that the proposal in the report of the group of experts for an export receipts stabilization fund is worthy of careful study. It offers promising possibilities even though there are many technical and policy issues regarding the scope, functions and financing of the suggested fund which must be carefully weighed. In the third committee my delegation will propose the appointment of a task force to meet promptly after this conference to explore the plan in detail and make appropriate recommendations.

I turn now to the economic integration of Latin America. Four countries of Central America have agreed upon a full customs union with internal free trade for substantially all their production. Their bold and decisive action commands our admiration. We are confident that it will open the way to their accelerated development.

The ratification of the Montevideo Treaty establishing the Latin American Free Trade Association is another significant milestone along the road to a Latin American common market. It is our hope that its members will find it possible to expand rapidly the list of products which are to be traded freely so that the full benefits of integration can be realized.

The United States is deeply conscious of the concern in many Latin American countries for the future of their export markets in the European Economic Community. That Community has committed itself to a liberal commercial policy. All of us in the Western Hemisphere have the right to expect that this commitment will be honored. In addition to protecting our own commercial interests, the United States will continue to urge upon the Community the importance of fair treatment for exports of special interest to Latin America and other developing areas. I think this conference should know that in recent weeks the United States has proposed to the community the adoption of a program to eliminate the tariff preferences on tropical products now accorded the Associated Overseas Territories. Furthermore, we have informed the Community that we are prepared to give financial support to such a program. We will continue to press this proposal.

Mr. President, we are met here at an eastern outpost of a great and rich continent. Across that continent live millions of people struggling to break the bonds which chain them to lives of endless toil, of disease, and hunger and hopeless poverty. We are here to help them break those bonds -- to build the foundations on which will rise a new hemisphere -- a hemisphere where human freedom flourishes in lands of hope and progress.

We approach this task with full knowledge of its vast dimensions -- of the enormity of the struggle which lies ahead. But we also approach it with sure confidence in the unconquerable powers of free men -- and with faith in the God who has guided us so surely through the dangers of the past.

Working together -- with His help -- I am confident we will succeed.

* * *

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 8, 1961

FOR IMMEDIATE RELEASE

TREASURY DECISION ON RAYON STAPLE FIBER
UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that rayon staple fiber from Spain is not being, nor likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act. Notice of the determination will be published in the Federal Register.

There have been no importations of rayon staple fiber from Spain since June 1960.

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 8, 1961

FOR IMMEDIATE RELEASE

TREASURY DECISION ON RAYON STAPLE FIBER UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that rayon staple fiber from Spain is not being, nor likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act. Notice of the determination will be published in the Federal Register.

There have been no importations of rayon staple fiber from Spain since June 1960.

from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

45

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated May 18, 1961, (91 days remaining until maturity date on November 16, 1961) and noncompetitive tenders for $100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 17, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 17, 1961. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any ~~exemption,~~ as such, and loss

48

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, August 9, 1961

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 17, 1961, in the amount of $1,700,558,000, as follows:

91-day bills (to maturity date) to be issued August 17, 1961, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated May 18, 1961, and to mature November 16, 1961, originally issued in the amount of $600,832,000 (Including $100,104,000 issued June 14, 1961), the additional and original bills to be freely interchangeable.

182-day bills, for $600,000,000, or thereabouts, to be dated August 17, 1961, and to mature February 15, 1962.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern Daylight Saving time, Monday, August 14, 1961. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three

7-196

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 9, 1961

FOR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 17, 1961, in the amount of $1,700,558,000, as follows:

91-day bills (to maturity date) to be issued August 17, 1961, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated May 18, 1961, and to mature November 16, 1961, originally issued in the amount of $600,832,000 (including $100,104,000 issued June 14, 1961), the additional and original bills to be freely interchangeable.

182-day bills, for $600,000,000, or thereabouts, to be dated August 17, 1961, and to mature February 15, 1962.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern Daylight Saving time, Monday, August 14, 1961. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Departmment of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated May 18, 1961, (91-days remaining until maturity date on November 16, 1961) and noncompetitive tenders for $100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 17, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 17, 1961. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

oOo

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
WEDNESDAY, AUGUST 9, 1961 D-197

The Bureau of Customs announced today the following preliminary figures showing the imports for consumption from January 1, 1961, to July 29, 1961, inclusive, of commodities for which quotas were established pursuant to the Philippine Trade Agreement Revision Act of 1955:

Commodity	Established Annual Quota Quantity	Unit of Quantity	Imports as of July 29, 1961
Buttons..............	765,000	Gross	205,258
Cigars...............	180,000,000	Number	3,352,930
Coconut oil..........	403,200,000	Pound	72,937,530
Cordage..............	6,000,000	Pound	2,882,547
Tobacco..............	5,850,000	Pound	5,958,105

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
WEDNESDAY, AUGUST 9, 1961 D-197

The Bureau of Customs announced today the following preliminary figures showing the imports for consumption from January 1, 1961, to July 29, 1961, inclusive, of commodities for which quotas were established pursuant to the Philippine Trade Agreement Revision Act of 1955:

Commodity	Established Annual Quota Quantity	Unit of Quantity	Imports as of July 29, 1961
Buttons..............	765,000	Gross	205,258
Cigars...............	180,000,000	Number	3,352,930
Coconut oil..........	403,200,000	Pound	72,937,530
Cordage..............	6,000,000	Pound	2,882,547
Tobacco..............	5,850,000	Pound	5,958,105

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
WEDNESDAY, AUGUST 9, 1961

D-198

PRELIMINARY DATA ON IMPORTS FOR CONSUMPTION OF UNMANUFACTURED LEAD AND ZINC CHARGEABLE TO THE QUOTAS ESTABLISHED BY PRESIDENTIAL PROCLAMATION NO. 3257 OF SEPTEMBER 22, 1958

QUARTERLY QUOTA PERIOD - July 1, 1961 - September 30, 1961

IMPORTS - July 1, 1961 - August 7, 1961

Country of Production	ITEM 391: Lead-bearing ores, flue dust, and mattes		ITEM 392: Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, all alloys or combinations of lead n.s.p.f.		ITEM 393: Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		ITEM 394: Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead (Pounds)	Imports	Quarterly Quota Dutiable Lead (Pounds)	Imports	Quarterly Quota Dutiable Zinc (Pounds)	Imports	Quarterly Quota By Weight (Pounds)	Imports
Australia	10,080,000	8,225,725	23,680,000	10,174,940	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	4,078,584
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	655,318
Bolivia	5,040,000	5,040,000	-	-	-	-	-	-
Canada	13,440,000	13,440,000	15,920,000	6,433,983	66,480,000	21,930,886	37,840,000	10,100,533
Italy	-	-	-		-		3,600,000	661,380
Mexico	-	-	36,880,000	22,437,996	70,480,000	25,945,563	6,320,000	1,799,368
Peru	16,160,000	10,975,093	12,880,000	-	35,120,000	7,546,724	3,760,000	277,965
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslovia	-	-	15,760,000	10,352,592	-	-	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	6,080,000

PREPARED IN THE BUREAU OF CUSTOMS

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
WEDNESDAY, AUGUST 9, 1961

51 D-198

PRELIMINARY DATA ON IMPORTS FOR CONSUMPTION OF UNMANUFACTURED LEAD AND ZINC CHARGEABLE TO THE QUOTAS ESTABLISHED BY PRESIDENTIAL PROCLAMATION NO. 3257 OF SEPTEMBER 22, 1958

QUARTERLY QUOTA PERIOD - July 1, 1961 - September 30, 1961

IMPORTS - July 1, 1961 - August 7, 1961

Country of Production	ITEM 391: Lead-bearing ores, flue dust, and mattes		ITEM 392: Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, all alloys or combinations of lead n.s.p.f.		ITEM 393: Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		ITEM 394: Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead	Imports	Quarterly Quota Dutiable Lead	Imports	Quarterly Quota Dutiable Zinc	Imports	Quarterly Quota By Weight	Imports
	(Pounds)		(Pounds)		(Pounds)		(Pounds)	
Australia	10,080,000	8,225,725	23,680,000	10,174,940	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	4,078,584
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	655,318
Bolivia	5,040,000	5,040,000	-	-	-	-	-	-
Canada	13,440,000	13,440,000	15,920,000	6,433,983	66,480,000	21,930,886	37,840,000	10,100,533
Italy	-	-	-		-		3,600,000	661,380
Mexico	-	-	36,880,000	22,437,996	70,480,000	25,945,563	6,320,000	1,799,368
Peru	16,160,000	10,975,093	12,880,000	-	35,120,000	7,546,724	3,760,000	277,965
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	10,352,592	-	-	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	6,080,000

PREPARED IN THE BUREAU OF CUSTOMS

52

COTTON WASTES
(In pounds)

COTTON CARD STRIPS made from cotton having a staple of less than 1-3/16 inches in length, COMBER WASTE, LAP WASTE, SLIVER WASTE, AND ROVING WASTE, WHETHER OR NOT MANUFACTURED OR OTHERWISE ADVANCED IN VALUE: Provided, however, that not more than 33-1/3 percent of the quotas shall be filled by cotton wastes other than comber wastes made from cottons of 1-3/16 inches or more in staple length in the case of the following countries: United Kingdom, France, Netherlands, Switzerland, Belgium, Germany, and Italy:

Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 19 , to August 7, 1961	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 19 to August 7, 1961
United Kingdom	4,323,457	1,810,874	1,441,152	1,441,152
Canada	239,690	239,690	-	-
France	227,420	42,782	75,807	42,782
British India	69,627	58,512	-	-
Netherlands	68,240	21,442	22,747	21,442
Switzerland	44,388	-	14,796	
Belgium	38,559	3,068	12,853	3,068
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	50,646	25,443	9,937
Italy	21,263	-	7,088	-
	5,482,509	2,227,014	1,599,886	1,518,381

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington, D. C.

53

D-199

IMMEDIATE RELEASE
WEDNESDAY, AUGUST 9, 1961

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by the President's Proclamation of September 5, 1939, as amended

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports September 20, 1960 - August 7, 1961

Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	-
Peru	247,952	50,569
British India	2,003,483	-
China	1,370,791	-
Mexico	8,883,259	8,883,259
Brazil	618,723	618,721
Union of Soviet Socialist Republics ...	475,124	-
Argentina	5,203	-
Haiti	237	-
Ecuador	9,333	-
Honduras	752	-
Paraguay	871	-
Colombia	124	-
Iraq	195	-
British East Africa ...	2,240	681
Netherlands E. Indies .	71,388	-
Barbados	-	-
1/Other British W. Indies	21,321	-
Nigeria	5,377	-
2/Other British W. Africa	16,004	-
3/Other French Africa ...	689	-
Algeria and Tunisia ...	-	-

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.

Cotton 1-1/8" or more
Imports August 1, 1961 - August 7, 1961

Established Quota (Global) - 45,656,420 Lbs.

Staple Length	Allocation	Imports
1-3/8" or more	39,590,778	39,590,778
1-5/32" or more and under 1-3/8" (Tanguis)	1,500,000	461,020
1-1/8" or more and under 1-3/8"	4,565,642	4,565,642

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
WEDNESDAY, AUGUST 9, 1961

D-199

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by the President's Proclamation of September 5, 1939, as amended

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports September 20, 1960 - August 7, 1961

Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	-
Peru	247,952	50,569
British India	2,003,483	-
China	1,370,791	-
Mexico	8,883,259	8,883,259
Brazil	618,723	618,721
Union of Soviet Socialist Republics ...	475,124	-
Argentina	5,203	-
Haiti	237	-
Ecuador	9,333	-

Country of Origin	Established Quota	Imports
Honduras	752	-
Paraguay	871	-
Colombia	124	-
Iraq	195	-
British East Africa ...	2,240	681
Netherlands E. Indies .	71,388	-
Barbados	-	-
1/Other British W. Indies	21,321	-
Nigeria	5,377	-
2/Other British W. Africa	16,004	-
3/Other French Africa ...	689	-
Algeria and Tunisia ...	-	-

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.

Cotton 1-1/8" or more
Imports August 1, 1961 - August 7, 1961

Established Quota (Global) - 45,656,420 Lbs.

Staple Length	Allocation	Imports
1-3/8" or more	39,590,778	39,590,778
1-5/32" or more and under 1-3/8" (Tanguis)	1,500,000	461,020
1-1/8" or more and under		

COTTON WASTES
(In pounds)

COTTON CARD STRIPS made from cotton having a staple of less than 1-3/16 inches in length, COMBER WASTE, LAP WASTE, SLIVER WASTE, AND ROVING WASTE, WHETHER OR NOT MANUFACTURED OR OTHERWISE ADVANCED IN VALUE: Provided, however, that not more than 33-1/3 percent of the quotas shall be filled by cotton wastes other than comber wastes made from cottons of 1-3/16 inches or more in staple length in the case of the following countries: United Kingdom, France, Netherlands, Switzerland, Belgium, Germany, and Italy:

Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 19 , to August 7, 1961	Established 33-1/3% of Total Quota	Imports Sept. 20, 19 to August 7, 1961 1/
United Kingdom	4,323,457	1,810,874	1,441,152	1,441,152
Canada	239,690	239,690	-	-
France	227,420	42,782	75,807	42,782
British India	69,627	58,512	-	-
Netherlands	68,240	21,442	22,747	21,442
Switzerland	44,388	-	14,796	
Belgium	38,559	3,068	12,853	3,068
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	50,646	25,443	9,937
Italy	21,263	-	7,088	-
	5,482,509	2,227,014	1,599,886	1,518,381

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

Commodity	Period and Quantity		Unit of Quantity	Imports as of July 29, 196
Absolute Quotas				
Peanuts, shelled, unshelled, blanched, salted, prepared or preserved (incl. roasted peanuts but not peanut butter).....	12 mos. from Aug. 1, 1960	1,709,000	Pound	623,860
	12 mos. from Aug. 1, 1961	1,709,000	Pound	8,400
Butter substitutes, including butter oil, containing 45% or more butterfat.................	Calendar Year	1,200,000	Pound	Quota Filled
Tung Oil........................	Feb. 1, 1961-Oct. 31, 1961			
	Argentina	18,770,577	Pound	12,702,664*
	Paraguay	2,230,313	Pound	Quota Filled
	Other Countries	711,188	Pound	551,150*

* Imports through August 8, 1961.

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
WEDNESDAY, AUGUST 9, 1961 D-200

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to July 29, 1961, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of July 29, 1961
Tariff-Rate Quotas:				
Cream, fresh or sour.............	Calendar Year	1,500,000	Gallon	255
Whole milk, fresh or sour........	Calendar Year	3,000,000	Gallon	50
Cattle, 700 lbs. or more each (other than dairy cows).........	July 1, 1961- Sept. 30, 1961	120,000	Head	14,989
Cattle less than 200 lbs. each...	12 mos. from April 1, 1961	200,000	Head	29,372
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish.........	Calendar Year	32,600,645	Pound	23,007,240 1/
Tuna fish........................	Calendar Year	57,114,714	Pound	27,898,898
White or Irish potatoes:				
Certified seed..................	12 mos. from	114,000,000	Pound	64,444,705
Other...........................	Sept. 15, 1960	36,000,000	Pound	8,831,212
Walnuts..........................	Calendar Year	5,000,000	Pound	Quota Filled
Stainless steel table flatware (table knives, table forks, table spoons)..................	Nov. 1, 1960- Oct. 31, 1961	69,000,000	Pieces	Quota Filled

1/ Imports for consumption at the quota rate are limited to 24,450,483 pounds during the first nine months of the calendar year.

(over)

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
WEDNESDAY, AUGUST 9, 1961

D-200

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to July 29, 1961, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of July 29, 1961
Tariff-Rate Quotas:				
Cream, fresh or sour............	Calendar Year	1,500,000	Gallon	255
Whole milk, fresh or sour........	Calendar Year	3,000,000	Gallon	50
Cattle, 700 lbs. or more each (other than dairy cows).........	July 1, 1961-Sept. 30, 1961	120,000	Head	14,989
Cattle less than 200 lbs. each...	12 mos. from April 1, 1961	200,000	Head	29,372
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish.........	Calendar Year	32,600,645	Pound	23,007,240 1/
Tuna fish......................	Calendar Year	57,114,714	Pound	27,898,898
White or Irish potatoes:				
Certified seed.................	12 mos. from	114,000,000	Pound	64,444,705
Other..........................	Sept. 15, 1960	36,000,000	Pound	8,831,212
Walnuts........................	Calendar Year	5,000,000	Pound	Quota Filled
Stainless steel table flatware (table knives, table forks, table spoons)..................	Nov. 1, 1960-Oct. 31, 1961	69,000,000	Pieces	Quota Filled

1/ Imports for consumption at the quota rate are limited to 24,450,483 pounds during the first nine months of the calendar year.

(over)

Commodity	Period and Quantity		Unit of Quantity	Imports as of July 29, 1961
Absolute Quotas				
Peanuts, shelled, unshelled, blanched, salted, prepared or preserved (incl. roasted peanuts but not peanut butter).....	12 mos. from Aug. 1, 1960	1,709,000	Pound	623,860
	12 mos. from Aug. 1, 1961	1,709,000	Pound	8,400*
Butter substitutes, including butter oil, containing 45% or more butterfat.................	Calendar Year	1,200,000	Pound	Quota Filled
Tung Oil........................	Feb. 1, 1961-Oct. 31, 1961			
	Argentina	18,770,577	Pound	12,702,664
	Paraguay	2,230,313	Pound	Quota Filled
	Other Countries	711,188	Pound	551,150

* Imports through August 8, 1961.

United States Savings Bonds Issued and Redeemed Through July 31, 1961
(Dollar amounts in millions - rounded and will not necessarily add to totals)

	Amount Issued 1/	Amount Redeemed 1/	Amount Outstanding 2/	% Outstanding of Amount Issued
TURED				
eries A-1935 - D-1941	$ 5,003	$ 4,985	$ 18	.36
eries F & G-1941 - 1948	24,364	24,148	216	.89
MATURED				
eries E: 3/				
1941	1,802	1,453	349	19.37
1942	7,960	6,494	1,465	18.40
1943	12,822	10,545	2,277	17.76
1944	14,936	12,170	2,767	18.53
1945	11,683	9,292	2,391	20.47
1946	5,235	3,916	1,319	25.20
1947	4,917	3,478	1,440	29.29
1948	5,061	3,452	1,610	31.81
1949	4,966	3,281	1,685	33.93
1950	4,318	2,731	1,587	36.75
1951	3,733	2,254	1,479	39.62
1952	3,881	2,296	1,585	40.84
1953	4,393	2,527	1,866	42.48
1954	4,448	2,486	1,962	44.11
1955	4,613	2,521	2,092	45.35
1956	4,433	2,410	2,022	45.61
1957	4,149	2,121	2,028	48.88
1958	3,997	1,861	2,136	53.44
1959	3,726	1,604	2,122	56.95
1960	3,697	1,263	2,434	65.84
1961	1,604	221	1,383	86.22
nclassified	275	401	-127	-
Total Series E	116,647	78,777	37,871	32.47
ries H-1952 - 1961	7,470	1,418	6,052	81.02
Total Series E and H	124,117	80,195	43,922	35.39
ries F and G:				
1949	1,718	1,389	4/ 329	19.15
1950	2,422	1,441	981	40.50
1951	790	394	396	50.13
1952	211	97	114	54.03
nclassified	-	67	-67	-
Total Series F and G	5,141	3,390	1,751	34.06
ries J and K-1952 - 1957	3,666	1,765	1,901	51.85
Total Series F, G, J and K	8,807	5,155	3,652	41.47
Series: Total matured	29,367	29,133	234	.80
Series: Total unmatured	132,924	85,350	47,574	35.79
Series: Grand total	162,291	114,483	47,808	29.46

Includes accrued discount.
Current redemption value.
At option of owner bonds may be held and will earn interest for additional periods after original maturity dates.
Includes matured bonds which have not been presented for redemption.

OFFICE OF FISCAL ASSISTANT SECRETARY

FISCAL SERVICE
OFFICE OF
FISCAL ASST. SECRETARY

1961 AUG 9 PM 5 13

TREASURY DEPARTMENT

STATUTORY DEBT LIMITATION

As of July 31, 1961 August 10, 1961

Section 21 of Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), "shall not exceed in the aggregate $285,000,000,000 (Act of June 30, 1959; U. S. C., title 31, sec. 757b), outstanding at any one time. For purposes of this section the current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder shall be considered as its face amount." The Act of June 30, 1961 (P. L. 87-69 87th Congress) provides that during the period beginning on July 1, 1961 and ending June 30, 1962, the above limitation ($285,000,000,000) shall be temporarily increased by $13,000,000,000.

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$298,000,000,000
Outstanding -			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$40,827,905,000		
Certificates of indebtedness	13,337,993,000		
Treasury notes	56,294,980,000	110,460,878,000	
Bonds -			
Treasury	80,814,324,150		
*Savings (current redemp. value)	47,574,232,067		
Depositary	138,149,500		
R. E. A. series	19,943,000		
Investment series	5,792,335,000	134,338,983,717	
Special Funds -			
Certificates of indebtedness	5,852,028,000		
Treasury notes	8,128,111,000		
Treasury bonds	30,217,837,000	44,197,976,000	
Total interest-bearing		288,997,837,717	
Matured, interest-ceased		311,244,044	
Bearing no interest:			
United States Savings Stamps	51,517,768		
Excess profits tax refund bonds	749,616		
Special notes of the United States:			
Internat'l Monetary Fund series	2,541,000,000		
Internat'l Develop. Ass'n.	57,652,200	2,650,919,584	
Total		291,960,001,345	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	237,405,200		
Matured, interest-ceased	1,223,275	238,628,475	
Grand total outstanding			292,198,629,820
Balance face amount of obligations issuable under above authority			5,801,370,180

Reconcilement with Statement of the Public Debt July 31, 1961
(Date)

(Daily Statement of the United States Treasury, July 31, 1961)
(Date)

Outstanding -	
Total gross public debt	292,404,093,291
Guaranteed obligations not owned by the Treasury	238,628,475
Total gross public debt and guaranteed obligations	292,642,721,766
Deduct - other outstanding public debt obligations not subject to debt limitation	444,091,946
	292,198,629,820

D-201

STATUTORY DEBT LIMITATION

As of July 31, 1961 — August 10, 1961

Section 21 of Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), "shall not exceed in the aggregate $285,000,000,000 (Act of June 30, 1959; U. S. C., title 31, sec. 757b), outstanding at any one time. For purposes of this section the current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder shall be considered as its face amount." The Act of June 30, 1961 (P. L. 87-69 87th Congress) provides that during the period beginning on July 1, 1961 and ending June 30, 1962, the above limitation ($285,000,000,000) shall be temporarily increased by $13,000,000,000.

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$298,000,000,000
Outstanding -			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$40,827,905,000		
Certificates of indebtedness	13,337,993,000		
Treasury notes	56,294,980,000	110,460,878,000	
Bonds -			
Treasury	80,814,324,150		
*Savings (current redemp. value)	47,574,232,067		
Depositary	138,149,500		
R. E. A. series	19,943,000		
Investment series	5,792,335,000	134,338,983,717	
Special Funds -			
Certificates of indebtedness	5,852,028,000		
Treasury notes	8,128,111,000		
Treasury bonds	30,217,837,000	44,197,976,000	
Total interest-bearing		288,997,837,717	
Matured, interest-ceased		311,244,044	
Bearing no interest:			
United States Savings Stamps	51,517,768		
Excess profits tax refund bonds	749,616		
Special notes of the United States:			
Internat'l Monetary Fund series	2,541,000,000		
Internat'l Develop. Ass'n.	57,652,200	2,650,919,584	
Total		291,960,001,345	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	237,405,200		
Matured, interest-ceased	1,223,275	238,628,475	
Grand total outstanding			292,198,629,820
Balance face amount of obligations issuable under above authority			5,801,370,180

Reconcilement with Statement of the Public Debt July 31, 1961 (Date)

(Daily Statement of the United States Treasury, July 31, 1961 (Date))

Outstanding -	
Total gross public debt	292,404,093,291
Guaranteed obligations not owned by the Treasury	238,628,475
Total gross public debt and guaranteed obligations	292,642,721,766
Deduct - other outstanding public debt obligations not subject to debt limitation	444,091,946
	292,198,629,820

D-201

81 Highest since March

August 14, 1961

FOR RELEASE A. M. NEWSPAPERS, Tuesday, August 15, 1961.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated May 18, 1961, and the other series to be dated August 17, 1961, which were offered on August 9, were opened at the Federal Reserve Banks on August 14. Tenders were invited for $1,100,000, or thereabouts, of 91-day bills and for $600,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing November 16, 1961		182-day Treasury bills maturing February 15, 1962	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.369 a/	2.496%	98.616 b/	2.738%
Low	99.360	2.532%	98.594	2.781%
Average	99.363	2.519% 1/	98.602	2.765% 1/

a/ Excepting 3 tenders totaling $401,000
b/ Excepting one tender of $100,000
54 percent of the amount of 91-day bills bid for at the low price was accepted
83 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 36,079,000	$ 20,883,000	$ 4,614,000	$ 4,614,000
New York	1,507,170,000	683,976,000	804,358,000	452,788,000
Philadelphia	39,236,000	14,236,000	11,134,000	6,134,000
Cleveland	70,426,000	43,126,000	33,143,000	27,803,000
Richmond	13,785,000	13,785,000	2,490,000	2,490,000
Atlanta	24,627,000	23,927,000	5,084,000	4,884,000
Chicago	200,085,000	115,625,000	87,957,000	51,957,000
St. Louis	21,892,000	17,892,000	7,515,000	7,015,000
Minneapolis	22,042,000	15,612,000	6,207,000	4,622,000
Kansas City	52,690,000	42,690,000	11,589,000	6,589,000
Dallas	19,923,000	14,923,000	8,029,000	5,029,000
San Francisco	113,599,000	94,079,000	27,387,000	26,302,000
TOTALS	$2,121,554,000	$1,100,754,000 c/	$1,009,507,000	$600,227,000 d/

c/ Includes $246,291,000 noncompetitive tenders accepted at the average price of 99.363
d/ Includes $45,911,000 noncompetitive tenders accepted at the average price of 98.602
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.57%, for the 91-day bills, and 2.84%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

D-202

TREASURY DEPARTMENT

WASHINGTON, D.C.
August 14, 1961

R RELEASE A. M. NEWSPAPERS, Tuesday, August 15, 1961.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of easury bills, one series to be an additional issue of the bills dated May 18, 1961, d the other series to be dated August 17, 1961, which were offered on August 9, were ened at the Federal Reserve Banks on August 14. Tenders were invited for $1,100,000,000, thereabouts, of 91-day bills and for $600,000,000, or thereabouts, of 182-day bills. e details of the two series are as follows:

NGE OF ACCEPTED MPETITIVE BIDS:	91-day Treasury bills maturing November 16, 1961		:	182-day Treasury bills maturing February 15, 1962	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.369 a/	2.496%	:	98.616 b/	2.738%
Low	99.360	2.532%	:	98.594	2.781%
Average	99.363	2.519% 1/	:	98.602	2.765% 1/

a/ Excepting 3 tenders totaling $401,000
b/ Excepting one tender of $100,000
54 percent of the amount of 91-day bills bid for at the low price was accepted
83 percent of the amount of 182-day bills bid for at the low price was accepted

AL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

istrict	Applied For	Accepted	:	Applied For	Accepted
oston	$ 36,079,000	$ 20,883,000	:	$ 4,614,000	$ 4,614,000
ew York	1,507,170,000	683,976,000	:	804,358,000	452,788,000
hiladelphia	39,236,000	14,236,000	:	11,134,000	6,134,000
leveland	70,426,000	43,126,000	:	33,143,000	27,803,000
ichmond	13,785,000	13,785,000	:	2,490,000	2,490,000
tlanta	24,627,000	23,927,000	:	5,084,000	4,884,000
hicago	200,085,000	115,625,000	:	87,957,000	51,957,000
t. Louis	21,892,000	17,892,000	:	7,515,000	7,015,000
inneapolis	22,042,000	15,612,000	:	6,207,000	4,622,000
ansas City	52,690,000	42,690,000	:	11,589,000	6,589,000
allas	19,923,000	14,923,000	:	8,029,000	5,029,000
an Francisco	113,599,000	94,079,000	:	27,387,000	26,302,000
TOTALS	$2,121,554,000	$1,100,754,000 c/		$1,009,507,000	$600,227,000 d/

ncludes $246,291,000 noncompetitive tenders accepted at the average price of 99.363
ncludes $45,911,000 noncompetitive tenders accepted at the average price of 98.602
n a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.57%, for the 91-day bills, and 2.84%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

63

Dr. Brazer is the author of numerous publications in the fields of taxation and finance, covering both state and federal levels. He is a member of the American Economic Association, the National Tax Association, Tax Institute, Royal Economic Society, Canadian Political Science Association, and the American Association of University Professors.

Dr. Brazer is married to Marjorie Cahn. They have ~~two~~ three children, Karen, Mara and David, and ~~they~~ will reside at 704 Chatham Rd, Chevy Ch

oOo

64

He taught economics at Wayne State University in Detroit, Michigan, from 1950 to 1957. During this same period, Dr. Brazer also directed and carried out research for tax study committees of the State governments of Minnesota and Michigan.

Dr. Brazer was an instructor in finance at Lehigh University, Bethlehem, Pennsylvania, from 1948 to 1950, following one year's service as an instructor in economics at Rutgers University. In addition, Dr. Brazer has served as consultant to various non-partisan and non-profit agencies concerned with tax policy, and has conducted research in broad areas of public finance.

Born in Montreal, Canada, on October 18, 1922, Dr. Brazer received his early education at Strathcona Academy, Outremont, Quebec, Canada. He received a Bachelor of Commerce degree from McGill University in Canada, in 1943, and Master of Arts and Doctor of Philosophy degrees from Columbia University, New York City, in 1947 and 1951, respectively. He served with the Canadian Army from 1943 to 1946. He obtained U. S. citizenship ~~on~~ in 1951.

Appd. by: S.S.S. - H.H.F. + H.E.B.

~~DRAFT 8-14-61~~

65

August ~~14~~ 15, 1961

FOR Immediate RELEASE:

DR. HARVEY E. BRAZER NAMED DIRECTOR OF TREASURY'S OFFICE OF TAX ANALYSIS

Acting Secretary Henry H. Fowler today announced the appointment of Dr. Harvey E. Brazer, Professor of Economics at the University of Michigan, as Director of the Treasury's Office of Tax Analysis.

Dr. Brazer has been a consultant to the Treasury since May 23 of this year, and will assume his new duties on September 1.

As Director of the Office of Tax Analysis, Dr. Brazer will be the ~~Secretary's~~ Treasury Department's principal economic adviser on tax policy matters and will be responsible for the direction of a technical staff engaged in relating economic data to tax plans and programs. He will serve under the direction of Assistant Secretary Stanley S. Surrey.

For the past ~~three~~ four years, Dr. Brazer has been Professor of Economics and Research Associate at the University of Michigan.

A-203

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 15, 1961

FOR IMMEDIATE RELEASE

DR. HARVEY E. BRAZER NAMED DIRECTOR OF TREASURY'S OFFICE OF TAX ANALYSIS

Acting Secretary Henry H. Fowler today announced the appointment of Dr. Harvey E. Brazer, Professor of Economics at the University of Michigan, as Director of the Treasury's Office of Tax Analysis.

Dr. Brazer has been a consultant to the Treasury since May 23 of this year, and will assume his new duties on September 1.

As Director of the Office of Tax Analysis, Dr. Brazer will be the Treasury Department's principal economic adviser on tax policy matters and will be responsible for the direction of a technical staff engaged in relating economic data to tax plans and programs. He will serve under the direction of Assistant Secretary Stanley S. Surrey.

For the past four years, Dr. Brazer has been Professor of Economics and Research Associate at the University of Michigan. He taught economics at Wayne State University in Detroit, Michigan, from 1950 to 1957. During this same period, Dr. Brazer also directed and carried out research for tax study committees of the State governments of Minnesota and Michigan.

Dr. Brazer was an instructor in finance at Lehigh University, Bethlehem, Pennsylvania, from 1948 to 1950, following one year's service as an instructor in economics at Rutgers University. In addition, Dr. Brazer has served as consultant to various non-partisan and non-profit agencies concerned with tax policy, and has conducted research in broad areas of public finance.

Born in Montreal, Canada, on October 18, 1922, Dr. Brazer received his early education at Strathcona Academy, Outremont, Quebec, Canada. He received a Bachelor of Commerce degree from McGill University in Canada, in 1943, and Master of Arts and Doctor of Philosophy degrees from Columbia University, New York City, in 1947 and 1951, respectively. He served with the Canadian Army from 1943 to 1946. He obtained U. S. citizenship in 1951.

Dr. Brazer is the author of numerous publications in the fields of taxation and finance, covering both state and federal levels. He is a member of the American Economic Association, the National Tax Association, Tax Institute, Royal Economic Society, Canadian Political Science Association, and the American Association of University Professors.

Dr. Brazer is married to Marjorie Cahn. They have three children, Karen, Mara and David, and will reside at 7704 Chatham Road, Chevy Chase, Maryland.

oOo

D-203

67 AUG 4 1961

MEMORANDUM TO MR. MARTIN L. MOORE:

The following transactions were made in direct and guaranteed securities of the government for Treasury Investment and other accounts during the month of July:

Purchases...............	$ 50,983,000.00
Sales...................	25,397,100.00
Net Purchases......	$ 25,585,900.00

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 15
~~July 14~~, 1961

IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN ~~JUNE~~ July

During ~~June~~ July 1961, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net purchases by the Treasury Department of $~~15,351,000.~~ 25,555,900.

oOo

D-204
D-~~171~~

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 15, 1961

IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN JULY

During July 1961, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net purchases by the Treasury Department of $25,585,900.

oOo

D-204

~~KKTXXXXMØØXFXKK~~

from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated May 25, 1961, (92 days remaining until maturity date on November 24, 1961) and noncompetitive tenders for $100,000 or less for the 183 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 24, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 24, 1961. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does ~~not have any exemption~~, as such, and loss

~~XXXXXXXXXXX~~

~~XXXXXXXXXXXXXXX~~

72

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, ~~XXXXXXXXXX~~ August 16, 1961

~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $ 1,700,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing August 24, 1961 , in the amount of $ 1,700,601,000 , as follows:

92 -day bills (to maturity date) to be issued August 24, 1961 , in the amount of $1,100,000,000 , or thereabouts, representing an additional amount of bills dated May 25, 1961 , and to mature November 24, 1961 , originally issued in the amount of $600,255,000 (including $100,104,000 issued June 14, 1961), the additional and original bills to be freely interchangeable.

183 -day bills, for $600,000,000 , or thereabouts, to be dated August 24, 1961 , and to mature February 23, 1962 .

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern Daylight Saving ~~XXXXXXXX~~ time, Monday, August 21, 1961 . Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 16, 1961

FOR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 24, 1961, in the amount of $1,700,601,000, as follows:

92-day bills (to maturity date) to be issued August 24, 1961, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated May 25, 1961, and to mature November 24, 1961, originally issued in the amount of $600,255,000 (including $100,104,000 issued June 14, 1961), the additional and original bills to be freely interchangeable.

183-day bills, for $600,000,000, or thereabouts, to be dated August 24, 1961, and to mature February 23, 1962.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern Daylight Saving time, Monday, August 21, 1961. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Departmment of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated May 25, 1961, (92-days remaining until maturity date on November 24, 1961) and noncompetitive tenders for $100,000 or less for the 183-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 24, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 24, 1961. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

oOo

August 21, 1961

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, August 22, 1961.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated May 25, 1961, and the other series to be dated August 24, 1961, which were offered on August 16, were opened at the Federal Reserve Banks on August 21. Tenders were invited for $1,100,000,000, or thereabouts, of 92-day bills and for $600,000,000, or thereabouts, of 183-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	92-day Treasury bills maturing November 24, 1961		:	183-day Treasury bills maturing February 23, 1962	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.368 a/	2.473%	:	98.596	2.762%
Low	99.356	2.520%	:	98.578	2.797%
Average	99.360	2.503% 1/	:	98.580	2.793% 1/

a/ Excepting one tender of $300,000
35 percent of the amount of 92-day bills bid for at the low price was accepted
57 percent of the amount of 183-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 31,816,000	$ 17,816,000	:	$ 11,098,000	$ 3,243,000
New York	1,376,130,000	664,080,000	:	1,116,554,000	525,658,000
Philadelphia	30,404,000	15,404,000	:	6,453,000	1,353,000
Cleveland	35,131,000	35,131,000	:	21,662,000	11,662,000
Richmond	21,756,000	21,756,000	:	1,593,000	1,593,000
Atlanta	19,739,000	18,259,000	:	3,044,000	2,794,000
Chicago	221,920,000	152,020,000	:	75,554,000	26,154,000
St. Louis	23,810,000	21,560,000	:	4,213,000	3,141,000
Minneapolis	23,204,000	19,354,000	:	6,916,000	4,416,000
Kansas City	49,915,000	45,915,000	:	13,288,000	6,002,000
Dallas	16,496,000	14,846,000	:	8,593,000	3,483,000
San Francisco	88,953,000	74,353,000	:	25,824,000	10,903,000
TOTALS	$1,939,274,000	$1,100,494,000 b/		$1,294,792,000	$600,402,000

b/ Includes $228,961,000 noncompetitive tenders accepted at the average price of 99.360
c/ Includes $43,094,000 noncompetitive tenders accepted at the average price of 98.580
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.55%, for the 92-day bills, and 2.87%, for the 183-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

75

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 21, 1961

R RELEASE A. M. NEWSPAPERS,
esday, August 22, 1961.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of easury bills, one series to be an additional issue of the bills dated May 25, 1961, and e other series to be dated August 24, 1961, which were offered on August 16, were opened the Federal Reserve Banks on August 21. Tenders were invited for $1,100,000,000, or ereabouts, of 92-day bills and for $600,000,000, or thereabouts, of 183-day bills. The tails of the two series are as follows:

NGE OF ACCEPTED MPETITIVE BIDS:	92-day Treasury bills maturing November 24, 1961		:	183-day Treasury bills maturing February 23, 1962	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.368 a/	2.473%	:	98.596	2.762%
Low	99.356	2.520%	:	98.578	2.797%
Average	99.360	2.503% 1/	:	98.580	2.793% 1/

a/ Excepting one tender of $300,000
35 percent of the amount of 92-day bills bid for at the low price was accepted
57 percent of the amount of 183-day bills bid for at the low price was accepted

TAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 31,816,000	$ 17,816,000	:	$ 11,098,000	$ 3,243,000
New York	1,376,130,000	664,080,000	:	1,116,554,000	525,658,000
Philadelphia	30,404,000	15,404,000	:	6,453,000	1,353,000
Cleveland	35,131,000	35,131,000	:	21,662,000	11,662,000
Richmond	21,756,000	21,756,000	:	1,593,000	1,593,000
Atlanta	19,739,000	18,259,000	:	3,044,000	2,794,000
Chicago	221,920,000	152,020,000	:	75,554,000	26,154,000
St. Louis	23,810,000	21,560,000	:	4,213,000	3,141,000
Minneapolis	23,204,000	19,354,000	:	6,916,000	4,416,000
Kansas City	49,915,000	45,915,000	:	13,288,000	6,002,000
Dallas	16,496,000	14,846,000	:	8,593,000	3,483,000
San Francisco	88,953,000	74,353,000	:	25,824,000	10,903,000
TOTALS	$1,939,274,000	$1,100,494,000 b/		$1,294,792,000	$600,402,000 c/

Includes $228,961,000 noncompetitive tenders accepted at the average price of 99.360
Includes $43,094,000 noncompetitive tenders accepted at the average price of 98.580
On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.55%, for the 92-day bills, and 2.87%, for the 183-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

206

logical assurance of continuity in their programming. En route home, I also read these same questions in the Latin American press.

It is imperative, therefore, that we of the United States demonstrate our support for the Charter of Punta del Este -- that we fulfill our irrevocable commitment to the Alliance for Progress -- by helping to accelerate Latin America's sweeping surge toward a better life in freedom for all of its citizens with adequate, long-term foreign aid legislation.

As President Kennedy said in welcoming the United States Delegation home from Punta del Este on Saturday:

"This is a partnership; there is work in it for all of us, and the United States must surely do its full share."

I now ~~welcome~~ INVITE your questions.

oOo

in open sessions
77

We must recognize that questions about the future of the Alliance for Progress are not our prerogative alone. They are also being asked in Latin America about us -- about our intentions and our capacity to help make the Alliance for Progress a success. These questions were raised at Punta del Este by ~~our foes of~~ the representatives of the Castro regime, ~~Fidel Castro's regime,~~ who boasted that only their monolithic form of statism could produce progress, who ~~suggested that~~ DERIDED the honest differences of opinion that characterize ~~our~~ the democratic governmental process, and who predicted that because of our democratic form of government our pledges at Punta del Este could not be relied upon. ~~would not be supported by our performance here in Washington.~~

~~These questions were also raised by~~ Some of our staunchest LATIN AMERICAN friends, also ~~who~~ told me that latent doubts about our intentions will not be resolved until we demonstrate our determination to help bring their impoverished peoples into the Twentieth Century by providing adequate financial and technical assistance on a long-term basis ~~that will permit them to~~ so that they may plan their own national efforts with some

They are well ~~aware~~ that to achieve the goals they have set themselves, at least 80% of the funds required must be raised in Latin America.

determined to bring increasingly more abundant and more meaningful 78 lives to all of their citizens within frameworks of free institutions. The Charter we signed at Punta del Este -- in truth, an economic Magna Carta for the Americas -- fully attests to their intentions.

As for the second part of the question, let me say with complete candor that their capacity to fulfill the spirit of Punta del Este depends in ~~very~~ large measure upon what we do here in Washington -- and within the next few days. No matter how good their intentions, no matter how much national effort is brought to bear upon their enormous problems, the leaders of Latin America cannot translate their ambitious plans and the dreams of their peoples into reality without ~~adequate~~ financial and technical assistance from us -- and on the long-term basis which is indispensable to sound programming.

~~You will undoubtedly have detailed questions to ask about these and other provisions of the Charter, which I shall be pleased to answer as time permits.~~

~~Before I do, however, let me speak quite frankly on an admittedly sensitive, but crucially important, subject:~~

Since my return from Punta del Este, I have been asked whether the leaders of Latin America have both the intention and the capacity to undertake internal reforms and other measures of self-help which must be pressed forward if the Alliance for Progress is to succeed. The same question has appeared in our press.

Recalling the spirit of dedicated drive and cooperation that prevailed at Punta del Este during the closing days of the Conference, I can answer the first part of that question with an unqualified, yes! The representatives of the other ~~democratic~~ American Republics demonstrated at Punta del Este that they are in Latin America -- for tax reform and land reform, for self-help measures in education, health and housing, for the mobilization of domestic resources with the full participation of private enterprise.

It also provides for the establishment by the Latin American countries of comprehensive, long-term programs for economic and social development, with strong inter-American machinery to assist in the formulation of these programs, evaluate their adequacy and follow their progress and execution. Such programs are essential to the intelligent use of economic resources in the development process.

The Charter also provides for foreign assistance to Latin America from the United States, from international financial institutions, and from other friendly countries.

FOR RELEASE: UPON DELIVERY 81

~~FIRST DRAFT~~ ~~AUGUST 21, 1961~~

STATEMENT OF DOUGLAS DILLON, SECRETARY OF THE TREASURY,
AT JOINT PRESS CONFERENCE WITH SECRETARY OF STATE DEAN RUSK,
DEPARTMENT OF STATE AUDITORIUM, WASHINGTON, D. C.
TUESDAY, AUGUST 22, 1961, 4:30 P. M.

I can say without reservation that the Conference of Punta del Este was a complete success. The Charter produced there establishing an Alliance for Progress marks an important turning point in the history of our relations with Latin America. We must now work together with the democratic leaders of Latin America to ensure that the great purposes of the Charter will be accomplished, and TO ENSURE that its SHINING promise will become reality for the millions in Latin America who urgently seek a better life.

~~Copies of the Charter have been made available to you.~~

~~You will note that it~~ The Charter provides in full measure for those principles of self-help which are essential to economic and social progress

-207

TREASURY DEPARTMENT
Washington

August 22, 1961

FOR RELEASE: UPON DELIVERY

STATEMENT OF DOUGLAS DILLON, SECRETARY OF THE TREASURY, AT JOINT PRESS CONFERENCE WITH SECRETARY OF STATE DEAN RUSK, DEPARTMENT OF STATE AUDITORIUM, WASHINGTON, D. C. TUESDAY, AUGUST 22, 1961, 4:30 P.M.

I can say without reservation that the Conference of Punta del Este was a complete success. The Charter produced there establishing an Alliance for Progress marks an important turning point in the history of our relations with Latin America. We must now work together with the democratic leaders of Latin America to ensure that the great purposes of the Charter will be accomplished, and to ensure that its shining promise will become reality for the millions in Latin America who urgently seek a better life.

The Charter provides in full measure for those principles of self-help which are essential to economic and social progress in Latin America -- for tax reform and land reform, for self-help measures in education, health and housing, for the mobilization of domestic resources with the full participation of private enterprise.

It also provides for the establishment by the Latin American countries of comprehensive, long-term programs for economic and social development, with strong inter-American machinery to assist in the formulation of these programs, evaluate their adequacy and follow their progress and execution. Such programs are essential to the intelligent use of economic resources in the development process.

The Charter also provides for foreign assistance to Latin America from the United States, from international financial institutions, and from other friendly countries.

Since my return from Punta del Este, I have been asked whether the leaders of Latin America have both the intention and the capacity to undertake internal reforms and other measures of self-help which must be pressed forward if the Alliance for Progress is to succeed. The same question has appeared in our press.

Recalling the spirit of dedicated drive and cooperation that prevailed at Punta del Este during the closing days of the Conference, I can answer the first part of that question with an unqualified: Yes! The representatives of the other American Republics demonstrated at Punta del Este that they are determined to bring increasingly more abundant and more meaningful lives to all of their citizens within frameworks of free institutions. They are well aware that to achieve the goals they have set themselves, at least 80% of the funds required must be raised in Latin America. The Charter we signed at Punta del Este -- in truth, an economic Magna Carta for the Americas -- fully attests to their intentions.

As for the second part of the question, let me say with complete candor that their capacity to fulfill the spirit of Punta del Este depends in large measure upon what we do here in Washington -- and within the next few days. No matter how good their intentions, no matter how much national effort is brought to bear upon their enormous problems, the leaders of Latin America cannot translate their ambitious plans and the dreams of their peoples into reality without financial and technical assistance from us -- and on the long-term basis which is indispensable to sound programming.

We must recognize that questions about the future of the Alliance for Progress are not our prerogative alone. They are also being asked in Latin America about <u>us</u> -- about <u>our</u> intentions and <u>our</u> capacity to help make the Alliance for Progress a success. These questions were raised in open meeting at Punta del Este by the representative of the Castro regime, who boasted that only their monolithic form of statism could produce progress, who derided the honest differences of opinion that characterize the democratic governmental process, and who predicted that because of our democratic form of government, our pledges at Punta del Este could not be relied upon. Some of our staunchest Latin American friends also told me that latent doubts about our intentions will not be resolved until we demonstrate our determination to help bring their improverished peoples into the Twentieth Century by providing financial and technical assistance on a long-term basis so that they may plan their own national efforts with some logical assurance of continuity in their programming. En route home, I also read these same questions in the Latin American press.

It is imperative, therefore, that we of the United States demonstrate our support for the Charter of Punta del Este -- that we fulfill our irrevocable commitment to the Alliance for Progress -- by helping to accelerate Latin America's sweeping surge toward a better life in freedom for all of its citizens with adequate, long-term foreign aid legislation.

As President Kennedy said in welcoming the United States Delegation home from Punta del Este on Saturday:

"This is a partnership; there is work in it for all of us, and the United States must surely do its full share."

oOo

In closing, Mr. Chairman, I wish to add a word about the effect of these commitments on our balance-of-payments. I am satisfied that our payments situation will be amply protected and will not be worsened. The major part of the funds to be provided by the United States is already being extended by methods which assure their expenditure in the United States, as is the case with Export-Import Bank loans and P.L. 480, and with a substantial part of the funds under the new aid legislation. Due to the nature of expenditures under the Social Progress Fund, a somewhat larger part of the over-all aid total may be spent for local costs in Latin America than is the case with other aid programs, but in any event these expenditures will enhance the ability of Latin America to buy goods and services from their normal United States suppliers.

envisaged in this Chapter. Such assistance will be allocated to both social and economic development, and, where appropriate, will take the form of grants or loans on flexible terms and conditions. The participating countries will request the assistance of other capital-exporting countries and international institutions so that they may provide assistance for the attainment of these objectives."

This provision is an over-all promise by the United States that if the Latin American countries do their part, and if our friends and allies in other industrialized countries will also participate, we the United States stand ready to do our part also. This mutual dedication to our common goals is the heart of the Alliance for Progress

The third provision in the Charter relating to U. S. financial assistance is based upon President Kennedy's address of March 13, 1961. It states in paragraph 2 of Chapter IV, that:

> "2. The United States will assist those participating countries whose Development Programs establish self-help measures, economic policies and programs consistent with the goals and principles of this Charter. To supplement the domestic efforts of such countries, the United States is prepared to allocate resources which, along with those anticipated from other external sources, will be of a scope and magnitude adequate to realize the goals

States stands ready to take prompt action on applications for such assistance. Applications relating to existing situations should be submitted within the next 60 days.

"3. The United States will assist in the realization of these short-term measures with a view to achieving concrete results from the Alliance for Progress at the earliest possible moment. In connection with the measures set forth above, and in accordance with the statement of President Kennedy, the United States will provide assistance under the Alliance, including assistance for the financing of short-term measures, totaling more than ~~one~~ $1 billion ~~dollars~~ in the year ending March 1962."

The reference to U. S. public assistance of more than ~~one~~ $1 billion ~~dollars~~ during the year ending March 1962 was based upon President Kennedy's message to the conference and my opening speech. It includes U. S. assistance in all forms for the 12 months ending next March -- increased Export-Import Bank loans, anticipated expenditures from the Social Progress fund already appropriated by the Congress, P.L. 480, and both development lending and contingency assistance provided for in the foreign aid bill now before the Congress. This, again, is a minimum estimate of the funds which should be obligated by the U. S. for Latin America if the Alliance for Progress is to get off to a good start.

The second provision of the Charter relating to external assistance, Title II, Chapter III, deals with emergency and short-term measures, including the completion of development projects already under way, measures to assist distressed areas and relieve unemployment and the beginning steps which must be taken now to formulate long-term development programs within a reasonable time. Paragraphs 1 and 3 of this Chapter, dealing with United States assistance read as follows:

"1. Recognizing that a number of Latin American countries, despite their best efforts, may require emergency financial assistance, the United States will provide assistance from the funds which are or may be established for such purposes. The United

90

The estimate of \$20 billion ~~dollars~~ in capital assistance to Latin America over the next 10 years from all external sources, public and private, including the international institutions and other industrialized countries as well as the U. S. is in my judgment a minimum estimate from the viewpoint of Latin American needs and a conservative estimate from the viewpoint of the ability of the outside world to supply it. Given adequate self-help measures a supply of outside capital of about \$2 billion ~~dollars~~ a year would still mean that 80% or more of total resources for development in Latin America must be provided by the Latin Americans themselves. This they fully realize and they are prepared to undertake the necessary self-help efforts that will be involved. purposes. The United

While at Punta del Este I followed closely the reports on the Conference which appeared in the American press. Some of these reports, having been filed during the uncertainties and confusions which inevitably surround the progress of an important international conference, were erroneous with respect to U. S. commitments for foreign assistance. I would like therefore to clarify this matter for the information of the Committee.

There are three sections of the Charter which relate to the provision of external capital to Latin America to support Latin America's own development efforts.

The first of these three sections appears in Title II, Chapter I of the Charter setting forth the basic requirements for development. Paragraph 4 of this Chapter states that, in order to achieve development goals, it will be

As you know, I have just returned from Punta del Este, Uruguay, where I led the Delegation of the United States to the Special Meeting at Ministerial Level of the Inter-American Economic and Social Council.

At this meeting, agreement was reached on the Charter of Punta del Este, establishing an Alliance for Progress among the American Republics.

The Charter of Punta del Este will become a landmark in the history of the Western Hemisphere. It provides in full measure for those principles of self-help which are essential to economic and social progress in Latin America -- for tax reform and land reform, for self-help measures in education, health and housing, for the mobilization of domestic resources with the full participation of private enterprise.

It is not in every case practicable or even desirable to require that foreign assistance funds be limited exclusively to the procurement of United States goods and services. In some cases, particular commodities financed by aid dollars are not available in the United States, or may not be available here in the time required. Also, there are certain situations that sometimes require the transfer of aid through cash grants, a part of which is ultimately spent for the goods of other countries. Nevertheless, through our procurement policy we will hold to a minimum any adverse effect of aid spending on our balance of payments situation. I am satisfied that the present directives are adequate to assure this result.

States. Such expenditures -- which are accompanied by this American exports -- have no adverse impact on our balance of payments. The fact that foreign assistance has been largely accompanied by an outflow of American exports is not well understood by those who seek to cure our balance of payments deficit by curtailing foreign economic assistance.

For as long as our international payments situation requires, in administering the Act for International Development, insofar as the procurement of goods and services is involved, our objective will be to reserve between seventy-five and eighty percent of the available funds for procurement of United States goods and services. Because of earlier commitments, this goal cannot be achieved immediately, but our efforts in this direction will have an increasingly favorable effect on our balance of payments position.

are expected to increase substantially and we anticipate that a balanced budget can be achieved without a tax increase.

Now, you may well ask, what is the relationship of the foreign economic assistance program to our balance of payments? This is a matter that especially interests me as Secretary of the Treasury. The program proposed is consistent with our efforts to achieve and sustain over-all balance in our international payments. I wish to emphasize that it is the form in which aid is extended -- rather than the amount to be provided -- that is most relevant to this question. Under the new program -- as at present -- we will continue to place primary emphasis on the purchase of United States goods and services by aid recipients. The preponderant bulk of foreign aid expenditures will be made in the United

ensuing years will, of course, be taken into account in the presentation of the budgets for those years.

On the revenue side of our budget, income in the current fiscal year will still substantially reflect the recession level earnings of the first half of calendar 1961. Principally because of increased defense expenditures and reduced recession revenues, an excess of expenditures over receipts amounting to over ~~five~~ $5 billion ~~dollars~~ has been estimated for Fiscal 1962. Parenthetically, I might say that this is not at all unusual in the year immediately following a period of recession. Moreover, our unused plant capacity and our excessive unemployment will prevent the budget deficit we face in the current fiscal year from having inflationary results. Looking forward to Fiscal Year 1963, our revenues

I am only too well aware that there are some who single out this program and seek to attribute to it alone the prospective excess of expenditures over receipts in the over-all budget for Fiscal Year 1962. This, of course, is not the case.

For as this Committee knows, only a fraction of the new request for funds will result in expenditures during Fiscal Year 1962. Estimated expenditures under this and previous foreign economic aid programs in 1962 are $1,950 ~~one billion nine hundred fifty~~ million ~~dollars~~. Together with military aid expenditures this means a total of $3,650 ~~three billion six hundred fifty~~ million ~~dollars~~ -- approximately the same as the estimate contained in the budget presented to the Congress by President Eisenhower. Expenditures in

100

~~dollars~~, excluding funds carried over from previous years' appropriations. The total cost of the program amounted to less than one percent of our gross national product -- a figure well within the capacity of our economy.

The Senate has voted to reduce the authorization for the Act for International Development by slightly more than

$350

~~three hundred fifty~~ million ~~dollars~~, and also to curtail

$335

military assistance by ~~three hundred thirty-five~~ million ~~dollars~~. The total authorized by the Senate bill for the

$4,076,500,000,

fiscal year 1962 is ~~four billion seventy-six and a half million dollars~~, nearly

$700

~~seven hundred~~ ~~million dollars~~ below the amount requested by the President. This substantially reduced amount is even more clearly within the capacity of our economy.

that I hope my belief that an adequate and soundly conceived foreign economic assistance program merits high priority as one of our most pressing national needs will carry some weight with this Committee. The program which forms the basis of the appropriations request is soundly conceived. It is responsive to our national need for an adequate foreign aid program. It is essential to our own security and well-being and that of the entire Free World.

Moreover, it is a program the United States can afford. The President requested a total of $2,878 ~~two billion eight hundred seventy-eight~~ million ~~dollars~~ in Fiscal 1962 for the Act for International Development. In addition, the military assistance request for 1962 amounted to $1,885 ~~one billion eight hundred eighty-five~~ million ~~dollars~~. This made up an over-all program of $4,763 ~~four billion seven hundred sixty-three~~ million,

Statement of the Honorable Douglas Dillon,
Secretary of the Treasury,
Before the
Committee on Appropriations,
United States Senate,
in Support of the President's Foreign Aid Program
Wednesday, August 23, 1961
10:30 a.m., EDT

It is a privilege to appear before this Committee in behalf of the appropriations requested by the President under the foreign aid legislation submitted by him to the Congress. I wish to report on the recent Alliance for Progress meeting at Punta del Este, but first I would like to comment on the major financial aspects of the economic aid program, which are my responsibility as Secretary of the Treasury and Chairman of the National Advisory Council on International Monetary and Financial Problems. As Secretary of the Treasury, I have the responsibility for financing approved Government programs.

It is precisely because of this heavy responsibility

208

TREASURY DEPARTMENT
Washington

August 23, 1961

FOR RELEASE: UPON DELIVERY

STATEMENT OF THE HONORABLE DOUGLAS DILLON,
SECRETARY OF THE TREASURY,
BEFORE THE
COMMITTEE ON APPROPRIATIONS,
UNITED STATES SENATE,
IN SUPPORT OF THE PRESIDENT'S FOREIGN AID PROGRAM
WEDNESDAY, AUGUST 23, 1961
10:30 A.M., EDT

It is a privilege to appear before this Committee in behalf of the appropriations requested by the President under the foreign aid legislation submitted by him to the Congress. I wish to report on the recent Alliance for Progress meeting at Punta del Este, but first I would like to comment on the major financial aspects of the economic aid program, which are my responsibility as Secretary of the Treasury and Chairman of the National Advisory Council on International Monetary and Financial Problems. As Secretary of the Treasury, I have the responsibility for financing approved Government programs.

It is precisely because of this heavy responsibility that I hope my belief that an adequate and soundly conceived foreign economic assistance program merits high priority as one of our most pressing national needs will carry some weight with this Committee. The program which forms the basis of the appropriations request is soundly conceived. It is responsive to our national need for an adequate foreign aid program. It is essential to our own security and well-being and that of the entire Free World.

Moreover, it is a program the United States can afford. The President requested a total of $2,878 million in Fiscal 1962 for the Act for International Development. In addition, the military assistance request for 1962 amounted to $1,885 million. This made up an over-all program of $4,763 million, excluding funds carried over from previous years' appropriations. The total cost of the program amounted to less than one percent of our gross national product -- a figure well within the capacity of our economy.

The Senate has voted to reduce the authorization for the Act for International Development by slightly more than $350 million, and also to curtail military assistance by $335 million. The total authorized by the Senate bill for the fiscal year 1962 is $4,076,500,000, nearly $700 million below the amount requested by the President. This substantially reduced amount is even more clearly within the capacity of our economy.

I am only too well aware that there are some who single out this program and seek to attribute to it alone the prospective excess of expenditures over receipts in the over-all budget for Fiscal Year 1962. This, of course, is not the case.

For as this Committee knows, only a fraction of the new request for funds will result in expenditures during Fiscal Year 1962. Estimated expenditures under this and previous foreign economic aid programs in 1962 are $1,950 million. Together with military aid expenditures this means a total of $3,650 million -- approximately the same as the estimate contained in the budget presented to the Congress by President Eisenhower. Expenditures in ensuing years will, of course, be taken into account in the presentation of the budgets for those years.

On the revenue side of our budget, income in the current fiscal year will still substantially reflect the recession level earnings of the first half of calendar 1961. Principally because of increased defense expenditures and reduced recession revenues, an excess of expenditures over receipts amounting to over $5 billion has been estimated for Fiscal 1962. Parenthetically, I might say that this is not at all unusual in the year immediately following a period of recession. Moreover, our unused plant capacity and our excessive unemployment will prevent the budget deficit we face in the current fiscal year from having inflationary results. Looking forward to Fiscal Year 1963, our revenues are expected to increase substantially and we anticipate that a balanced budget can be achieved without a tax increase.

Now, you may well ask, what is the relationship of the foreign economic assistance program to our balance of payments? This is a matter that especially interests me as Secretary of the Treasury. The program proposed is consistent with our efforts to achieve and sustain over-all balance in our international payments. I wish to emphasize that it is the form in which aid is extended -- rather than the amount to be provided -- that is most relevant to this question. Under the new program -- as at present -- we will continue to place primary emphasis on the purchase of United States goods and services by aid recipients. The preponderant bulk of foreign aid expenditures will be made in the United States. Such expenditures -- which are accompanied by American exports -- have no adverse impact on our balance of payments. The fact that foreign assistance has been largely accompanied by an outflow of American exports is not well understood by those who seek to cure our balance of payments deficit by curtailing foreign economic assistance.

For as long as our international payments situation requires, in administering the Act for International Development, insofar as the procurement of goods and services is involved, our objective will be to reserve between 75 and 80 percent of the available funds for procurement of United States goods and services. Because of earlier commitments, this goal cannot be achieved immediately, but our efforts in this direction will have an increasingly favorable effect on our balance of payments position.

It is not in every case practicable or even desirable to require that foreign assistance funds be limited exclusively to the procurement of United States goods and services. In some cases, particular commodities financed by aid dollars are not available in the United States, or may not be available here in the time required. Also, there are certain situations that sometimes require the transfer of aid through cash grants, a part of which is ultimately spent for the goods of other countries. Nevertheless, through our procurement policy we will hold to a minimum any adverse effect of aid spending on our balance of payments situation. I am satisfied that the present directives are adequate to assure this result.

As you know, I have just returned from Punta del Este, Uruguay, where I led the Delegation of the United States to the Special Meeting at Ministerial Level of the Inter-American Economic and Social Council.

At this meeting, agreement was reached on the Charter of Punta del Este, establishing an Alliance for Progress among the American Republics.

The Charter of Punta del Este will become a landmark in the history of the Western Hemisphere. It provides in full measure for those principles of self-help which are essential to economic and social progress in Latin America -- for tax reform and land reform, for self-help measures in education, health and housing, for the mobilization of domestic resources with the full participation of private enterprise.

It also provides for the establishment by the Latin American countries of comprehensive, long-term programs for economic and social development, with strong inter-American machinery to assist in the formulation of these programs, evaluate their adequacy and follow their progress and execution. Such programs are essential to the intelligent use of economic resources in the development process.

The Charter also makes provision for foreign assistance to Latin America from the United States, from the international financial institutions and from other friendly countries.

Copies of the Charter and the related Declaration have been made available to members of the Committee for their examination.

While at Punta del Este I followed closely the reports on the Conference which appeared in the American press. Some of these reports, having been filed during the uncertainties and confusions which inevitably surround the progress of an important international conference, were erroneous with respect to U. S. commitments for foreign assistance. I would like therefore to clarify this matter for the information of the Committee.

There are three sections of the Charter which relate to the provision of external capital to Latin America to support Latin America's own development efforts.

The first of these three sections appears in Title II, Chapter I of the Charter setting forth the basic requirements for development. Paragraph 4 of this Chapter states that, in order to achieve development goals, it will be necessary:

> "That the Latin American countries obtain sufficient external financial assistance, a substantial portion of which should be extended on flexible conditions with respect to periods and terms of repayment and forms of utilization, in order to supplement domestic capital formation and reinforce their import capacity; and that, in support of well-conceived programs, including the necessary structural reforms and measures for the mobilization of internal resources, a supply of capital from all external sources during the coming ten years of at least $20 billion be made available to the Latin American countries, with priority to the relatively less developed countries. The greater part of this sum should be in public funds."

The estimate of $20 billion in capital assistance to Latin America over the next 10 years from all external sources, public and private, including the international institutions and other industrialized countries as well as the U. S. is in my judgment a minimum estimate from the viewpoint of Latin American needs and a conservative estimate from the viewpoint of the ability of the outside world to supply it. Given adequate self-help measures a supply of outside capital of about $2 billion a year would still mean that 80% or more of total resources for development in Latin America must be provided by the Latin Americans themselves. This they fully realize and they are prepared to undertake the necessary self-help efforts that will be involved.

The second provision of the Charter relating to external assistance, Title II, Chapter III, deals with emergency and short-term measures, including the completion of development projects already under way, measures to assist distressed areas and relieve unemployment and the beginning steps which must be taken now to formulate long-term development programs within a reasonable time. Paragraphs 1 and 3 of this Chapter, dealing with United States assistance reads as follows:

> "1. Recognizing that a number of Latin American countries, despite their best efforts, may require emergency financial assistance, the United States will provide assistance from the funds which are or may be established for such purposes. The United States stands

ready to take prompt action on applications for such assistance. Applications relating to existing situations should be submitted within the next 60 days.

> "3. The United States will assist in the realization of these short-term measures with a view to achieving concrete results from the Alliance for Progress at the earliest possible moment. In connection with the measures set forth above, and in accordance with the statement of President Kennedy, the United States will provide assistance under the Alliance, including assistance for the financing of short-term measures, totaling more than $1 billion in the year ending March 1962."

The reference to U. S. public assistance of more than $1 billion during the year ending March 1962 was based upon President Kennedy's message to the conference and my opening speech. It includes U. S. assistance in all forms for the 12 months ending next March -- increased Export-Import Bank loans, anticipated expenditures from the Social Progress fund already appropriated by the Congress, P.L. 480, and both development lending and contingency assistance provided for in the foreign aid bill now before the Congress. This, again, is a minimum estimate of the funds which should be obligated by the U. S. for Latin America if the Alliance for Progress is to get off to a good start.

The third provision in the Charter relating to U. S. financial assistance is based upon President Kennedy's address of March 13, 1961. It states in paragraph 2 of Chapter IV, that:

> "2. The United States will assist those participating countries whose Development Programs establish self-help measures, economic policies and programs consistent with the goals and principles of this Charter. To supplement the domestic efforts of such countries, the United States is prepared to allocate resources which, along with those anticipated from other external sources, will be of a scope and magnitude adequate to realize the goals envisaged in this Chapter. Such assistance will be allocated to both social and economic development, and, where appropriate, will take the form of grants or loans on flexible terms and conditions. The participating countries will request the assistance of other capital-exporting countries and international institutions so that they may provide assistance for the attainment of these objectives."

This provision is an over-all promise by the United States that if the Latin American countries do their part, and if our friends and allies in other industrialized countries will also participate, we the United States stand ready to do our part also. This mutual dedication to our common goals is the heart of the Alliance for Progress.

In closing, Mr. Chairman, I wish to add a word about the effect of these commitments on our balance-of-payments. I am satisfied that our payments situation will be amply protected and will not be worsened. The major part of the funds to be provided by the United States is already being extended by methods which assure their expenditure in the United States, as is the case with Export-Import Bank loans and P.L. 480, and with a substantial part of the funds under the new aid legislation. Due to the nature of expenditures under the Social Progress Fund, a somewhat larger part of the over-all aid total may be spent for local costs in Latin America than is the case with other aid programs, but in any event these expenditures will enhance the ability of Latin America to buy goods and services from their normal United States suppliers.

oOo

 109

~~[illegible]~~

from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

110

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated June 1, 1961 , (91 days remaining until maturity date on November 30, 1961) and noncompetitive tenders for $ 100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 31, 1961 , in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 31, 1961 . Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE   August 23, 1961

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 31, 1961, in the amount of $1,601,174,000, as follows:

91-day bills (to maturity date) to be issued August 31, 1961, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated June 1, 1961, and to mature November 30, 1961, originally issued in the amount of $600,372,000 / (including $100,104,000 issued June 14, 1961), the additional and original bills to be freely interchangeable.

182-day bills, for $600,000,000, or thereabouts, to be dated August 31, 1961, and to mature March 1, 1962.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern ~~Standard~~ Daylight Saving time, Monday, August 28, 1961. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three

D-209

August 23, 1961

FOR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing August 31, 1961, in the amount of $1,601,174,000, as follows:

91-day bills (to maturity date) to be issued August 31, 1961, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated June 1, 1961, and to mature November 30, 1961, originally issued in the amount of $600,372,000 (including $100,104,000 issued June 14, 1961), the additional and original bills to be freely interchangeable.

182-day bills, for $600,000,000, or thereabouts, to be dated August 31, 1961, and to mature March 1, 1962.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern Daylight Saving time, Monday, August 28, 1961. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Departmment of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated June 1, 1961, (91-days remaining until maturity date on November 30, 1961) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on August 31, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing August 31, 1961. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

oOo

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 23, 1961

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON
RAYON GARMENT LABELS

The Treasury Department is instructing customs field officers to withhold appraisement of rayon garment labels from Japan pending a determination as to whether this merchandise is being sold in the United States at less than fair value. Notice to this effect is being published in the Federal Register.

Under the Antidumping Act, determination of sales in the United States at less than fair value would require reference of the case to the Tariff Commission, which would consider whether American industry was being injured. Both dumping price and injury must be shown to justify a finding of dumping under the law.

The complaint by Artex Woven Label Co., Inc., was received on January 17, 1961. While exact figures as to imports of rayon garment labels from Japan are not available, it is believed that the annual dollar value is between 30 and 40 million dollars.

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 23, 1961

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON
RAYON GARMENT LABELS

The Treasury Department is instructing customs field officers to withhold appraisement of rayon garment labels from Japan pending a determination as to whether this merchandise is being sold in the United States at less than fair value. Notice to this effect is being published in the Federal Register.

Under the Antidumping Act, determination of sales in the United States at less than fair value would require reference of the case to the Tariff Commission, which would consider whether American industry was being injured. Both dumping price and injury must be shown to justify a finding of dumping under the law.

The complaint by Artex Woven Label Co., Inc., was received on January 17, 1961. While exact figures as to imports of rayon garment labels from Japan are not available, it is believed that the annual dollar value is between 30 and 40 million dollars.

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 23, 1961

FOR IMMEDIATE RELEASE

TREASURY DECISION ON RAYON STAPLE FIBER
UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that rayon staple fiber from Yugoslavia is not being, nor likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act. Notice of the determination will be published in the Federal Register.

There have been no importations of rayon staple fiber from Yugoslavia since June 1960.

August 23, 1961

FOR IMMEDIATE RELEASE

TREASURY DECISION ON RAYON STAPLE FIBER
UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that rayon staple fiber from Yugoslavia is not being, nor likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act. Notice of the determination will be published in the Federal Register.

There have been no importations of rayon staple fiber from Yugoslavia since June 1960.

127

on any such estimate might prove extremely hazardous.

The difficulties in arriving at reliable tax revenue estimates and in forecasting the impact of divestiture under present law led the Treasury Department to take a neutral position with regard to the desirability of the Mason bill. However, if the Committee feels that the relief proposed is necessary or desirable under all the circumstances and if it can be established to the satisfaction of this Committee that the du Pont contentions are substantially correct as to market impact and as to the similarity of revenue return to the United States under either present law or the Mason bill, the Secretary of the Treasury has authorized me to say that he would have no objection to the passage of the Mason bill, amended along the lines we have suggested. In so stating, we are aware that the Mason bill is designed not as a private relief bill but to apply to divestitures generally. In this connection, the discretion left to the court under the terms of the bill would seem to us to provide a safeguard against windfalls to future taxpayers affected by anti-trust divestitures. If in the future a situation should arise which would belie this assumption, we assume that the Congress will take appropriate legislative action to protect the interest of the United States in the light of the facts pertaining in such case, and, indeed, we shall so recommend.

from the du Pont Company to the shareholders who acquired their shares prior to 1949 when du Pont stock last sold at a price below the current market price of the General Motors shares to be distributed. Despite these considerations, however, it must be conceded that if the du Pont assumptions may be taken as factual, the revenue payable to the United States as a practical matter will be approximately the same whichever tax law is made applicable to the divestiture. If the Committee is satisfied that this practical result will in fact obtain, this would remove a principal concern which the Secretary of the Treasury had at the time our report was rendered to this Committee.

Also, at the time of rendering our report, we had no independently-derived source of information which would tend to support the du Pont contentions with regard to the impact on the market of divestiture under present law. Since that time we have received advice from the Securities and Exchange Commission which would lend some support to the claim that divestiture under existing Internal Revenue laws could have an adverse impact on the market. However, the Securities and Exchange Commission was careful to point out that there were many factors bearing upon this question which cannot be presently evaluated, such as the general trend of the market over the period of divestiture, the opportunities open to du Pont to minimize the impact, etc. Accordingly, they cautioned that reliance of normal cash dividends. They have estimated that such a distribution under the Mason bill would result in the payment of Federal taxes in the amount of roughly $350 million* of additional revenue resulting from the divestiture. This sum would be payable over a period of three rather than ten years if the Treasury suggestion with regard to the period of divestiture is adopted. Such a distribution of General Motors stock in addition to normal cash dividends would under present law result in the payment of Federal income taxes in an amount roughly in the neighborhood of $1 billion as described in the Treasury Department's reports of July 18 and August 1 to this Committee. Thus, according to the representations made by the du Pont representatives to the Treasury Department, the effect of the Mason bill would be to change the pattern of distribution, to increase the control or choice of action of the shareholders with respect to the assets in question,** and to shift the tax burden

---

*This figure presumably ignores possible actions which shareholders can take to minimize their tax burdens. It also seems to ignore potential losses of revenue that could arise from the ability of low basis du Pont shareholders to sell General Motors stock, currently represented by low basis du Pont stock, at market prices without gain.

**E.g., du Pont shareholders will be able to obtain at reduced capital gains rates full control of the General Motors shares and may thereafter obtain tax free the proceeds of any sales of such stock. Following the du Pont plan under present law would leave the proceeds after taxes from such a sale in the du Pont Company, and if distributed, such proceeds would be subject to ordinary income taxes on the shareholders.

in lieu of cash dividends; and, lastly, (d) a sale of the General Motors shares remaining after the foregoing transactions had taken place. The du Pont Company has estimated that the Federal income taxes payable under the plan would amount roughly to slightly less than $330 million* of additional revenue resulting from the divestiture, and such revenue would flow only from the sale by the Company of the 37 million shares of General Motors stock. Taking as fact the assumptions which the Company has presented to us, we have no particular quarrel with their estimates.** Under this plan, the $330 million of additional revenue payable under the present tax law would be paid to the United States over a period of 10 years on the assumption that the court in the du Pont antitrust case would permit divestiture to take place over that period.

The du Pont officials have indicated that if the Mason bill is passed, du Pont would in all probability abandon the 4-part plan and would distribute the bulk of its 63 million shares of General Motors stock to its stockholders, in addition to rather than in lieu

---

* We are advised that this figure assumes reinvestment by du Pont of the cash proceeds of the sale of General Motors stock in a diversified portfolio of securities in lieu of distribution of such proceeds to shareholders.

**No Internal Revenue ruling was either requested by or given to the du Pont representatives, nor has du Pont furnished or been asked for any undertaking that the plan or the assumptions supporting it will become fact under any given circumstances. The revenue figure presumably ignores any revenue losses which du Pont contends would flow from the adverse impact on the market caused by such a plan of divestiture.

As the pending du Pont antitrust divestiture case would be immediately affected by the Mason bill, we included in our report rough estimates as to the differences in tax consequences that flow from the application of the present law and from application of the Mason bill.

However, the figures contained in the report were based on the assumption that du Pont would distribute its General Motors shares while continuing to pay its normal cash dividends. In other words, we assumed that du Pont did not intend to substitute General Motors shares for any portion of its normal cash dividends to shareholders. This assumption was based upon an earlier statement of du Pont Company representatives on the basis of a plan then before the Chicago court. Since rendering our report, du Pont representatives have informally presented to the Treasury Department tentative plans which would considerably change the estimates contained in our report. Briefly, they presented a 4-part plan which they indicate du Pont would follow to comply with a divestiture order under prevailing tax law. The plan provides for (a) an offer to exchange General Motors shares for du Pont common at a ratio which would provide a premium to the exchanging stockholders; (b) a separate offer to exchange General Motors shares for du Pont preferred at a ratio in which the market value of General Motors stock would equal the call price of the preferred; (c) a distribution of a portion of the General Motors shares the period for distribution pursuant to a divestiture order. This appears to us to be possible without adversely affecting the objectives that we believe the proponents of the bill seek to achieve. It might be accomplished by specifying in the bill that, to qualify for the relief, the divestiture must take place within three years. On the other hand, you may find it wiser to leave the period of divestiture up to the court which, under the terms of the bill, must find that granting the relief is required to afford an equitable antitrust order. If the latter alternative is chosen, the bill might be amended to direct the court to condition its finding of need for relief upon the acceptance by the defendants of the shortest divestiture period found to be feasible by the court.

The other major amendment we suggested in our report is an improvement in the intercorporate dividend tax. H. R. 8190, the new Mason bill, in substance incorporates our intercorporate dividend suggestion. Briefly, this amendment requires the assessment of the intercorporate dividend tax against the fair market value of intercorporate distributions rather than the cost basis to distributors as is now the case. We believe certain minor technical refinements in the present proposal are desirable, and I understand that our technical people are working with your staff and Mr. Stam's staff in arriving at the best possible provision from a technical standpoint along these lines.

23

and profits of the distributing corporation shall not be diminished by reason of any distribution of divested stock which is treated as a return of capital.

Additionally, H. R. 8190 would amend Section 301 of the Code relating to taxation of intercorporate dividends. Other provisions of the bill relate generally to criteria and procedures for applying the relief provisions of the bill in particular cases.

The Treasury Department on July 18 advised you of its views on this subject in a report on an earlier version of H. R. 8190 (i.e., H. R. 7349). This report was supplemented by an additional report dated August 1 following upon the introduction of H. R. 8190. In brief, the reports point out that we believe that the principal factors involved in determining whether relief should be granted are matters beyond the purview of our own responsibilities, and as a consequence we have expressed neither support nor objection to the bill.

The factors we mentioned are: Any impact on the market resulting from taxing divestiture distributions under the present tax laws; equity to shareholders in such cases; and the effect on enforcement of the antitrust laws.

We also reported that if this Committee should decide to approve the bill, we hoped that you would incorporate certain amendments. One of the principal amendments we have suggested would be to shorten

-214

-23

TREASURY DEPARTMENT
WASHINGTON

FOR RELEASE: UPON DELIVERY AUGUST 24, 1961

STATEMENT OF ROBERT H. KNIGHT, GENERAL COUNSEL OF THE TREASURY, BEFORE THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES, ON H. R. 8190, THURSDAY, AUGUST 24, 1961, 10:00 A.M., EDT

Mr. Chairman, I am delighted to accept your invitation today to discuss H. R. 8190, introduced by Congressman Mason, which would provide tax relief to individual stockholders receiving distributions of stock as a result of antitrust divestiture orders.

H. R. 8190 would add a new section 1111 to the Internal Revenue Code which would provide special tax treatment for individual shareholders who receive divested stock pursuant to an antitrust order. Proposed section 1111 would treat a distribution of divested stock to such shareholders as a return of capital which would be received tax free except to the extent that the fair market value of the divested stock exceeds the shareholders' cost basis for the underlying stock with respect to which the distribution is made. The fair market value of the divested stock would be applied against and reduce the adjusted cost basis of the underlying stock and any excess of fair market value over such cost basis would be treated as a taxable capital gain from the sale or exchange of property.

The tax treatment which would be accorded by the bill is similar to the tax treatment now provided by section 301 of the Code to a corporate distribution which is in excess of the corporation's earnings and profits. The proposed section 1111 provides that the earnings

D-210

TREASURY DEPARTMENT
Washington

August 24, 1961

FOR RELEASE: UPON DELIVERY

STATEMENT BY ROBERT H. KNIGHT, GENERAL COUNSEL OF THE TREASURY, BEFORE THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES, ON H. R. 8190, THURSDAY, AUGUST 24, 1961, 10:00 A.M., EDT

Mr. Chairman, I am delighted to accept your invitation today to discuss H. R. 8190, introduced by Congressman Mason, which would provide tax relief to individual stockholders receiving distributions of stock as a result of antitrust divestiture orders.

H. R. 8190 would add a new section 1111 to the Internal Revenue Code which would provide special tax treatment for individual shareholders who receive divested stock pursuant to an antitrust order. Proposed section 1111 would treat a distribution of divested stock to such shareholders as a return of capital which would be received tax free except to the extent that the fair market value of the divested stock exceeds the shareholders' cost basis for the underlying stock with respect to which the distribution is made. The fair market value of the divested stock would be applied against and reduce the adjusted cost basis of the underlying stock and any excess of fair market value over such cost basis would be treated as a taxable capital gain from the sale or exchange of property.

The tax treatment which would be accorded by the bill is similar to the tax treatment now provided by section 301 of the Code to a corporate distribution which is in excess of the corporation's earnings and profits. The proposed section 1111 provides that the earnings and profits of the distributing corporation shall not be diminished by reason of any distribution of divested stock which is treated as a return of capital.

Additionally, H. R. 8190 would amend Section 301 of the Code relating to taxation of intercorporate dividends. Other provisions of the bill relate generally to criteria and procedures for applying the relief provisions of the bill in particular cases.

The Treasury Department on July 18 advised you of its views on this subject in a report on an earlier version of H. R. 8190 (i.e., H. R. 7349). This report was supplemented by an additional report dated August 1 following upon the introduction of H. R. 8190. In brief, the reports point out that we believe that the principal factors involved in determining whether relief should be granted are matters beyond the purview of our own responsibilities, and as a consequence we have expressed neither support nor objection to the bill.

The factors we mentioned are: Any impact on the market resulting from taxing divestiture distributions under the present tax laws; equity to shareholders in such cases; and the effect on enforcement of the antitrust laws.

We also reported that if this Committee should decide to approve the bill, we hoped that you would incorporate certain amendments. One of the principal amendments we have suggested would be to shorten the period for distribution pursuant to a divestiture order. This appears to us to be possible without adversely affecting the objectives that we believe the proponents of the bill seek to achieve. It might be accomplished by specifying in the bill that, to qualify for the relief, the divestiture must take place within three years. On the other hand, you may find it wiser to leave the period of divestiture up to the court which, under the terms of the bill, must find that granting the relief is required to afford an equitable antitrust order. If the latter alternative is chosen the bill might be amended to direct the court to condition its finding of need for relief upon the acceptance by the defendants of the shortest divestiture period found to be feasible by the court.

The other major amendment we suggested in our report is an improvement in the intercorporate dividend tax. H. R. 8190, the new Mason bill, in substance incorporate our intercorporate dividend suggestion. Briefly, this amendment requires the assessment of the intercorporate dividend tax against the fair market value of intercorporate distributions rather than the cost basis to distributors as is now the case. We believe certain minor technical refinements in the present proposal are desirable, and I understand that our technical people are working with your staff and Mr. Stam's staff in arriving at the best possible provision from a technical standpoint along these lines.

As the pending du Pont antitrust divestiture case would be immediately affected by the Mason bill, we included in our report rough estimates as to the differences in tax consequences that flow from the application of the present law and from application of the Mason bill.

However, the figures contained in the report were based on the assumption that du Pont would distribute its General Motors shares while continuing to pay its normal cash dividends. In other words, we assumed that du Pont did not intend to substitute General Motors shares for any portion of its normal cash dividends to shareholders. This assumption was based upon an earlier statement of du Pont Company representatives on the basis of a plan then before the Chicago court. Since rendering our report, du Pont representatives have informally presented to the Treasury Department tentative plans which would considerably change the estimates contained in our report. Briefly, they presented a 4-part plan which they indicate du Pont would follow to comply with a divestiture order under prevailing tax law.

The plan provides for (a) an offer to exchange General Motors shares for du Pont common at a ratio which would provide a premium to the exchanging stockholders; (b) a separate offer to exchange General Motors shares for du Pont preferred at a ratio in which the market value of General Motors stock would equal the call price of the preferred; (c) a distribution of a portion of the General Motors shares in lieu of cash dividends; and, lastly, (d) a sale of the General Motors shares remaining after the foregoing transactions had taken place. The du Pont Company has estimated that the Federal income taxes payable under the plan would amount roughly to slightly less than $330 million* of additional revenue resulting from the divestiture, and such revenue would flow only from the sale by the Company of the 37 million shares of General Motors stock. Taking as fact the assumptions which the Company has presented to us, we have no particular quarrel with their estimates.** Under this plan, the $330 million of additional revenue payable under the present tax law would be paid to the United States over a period of 10 years on the assumption that the court in the du Pont antitrust case would permit divestiture to take place over that period.

The du Pont officials have indicated that if the Mason bill is passed, du Pont would in all probability abandon the 4-part plan and would distribute the bulk of its 63 million shares of General Motors stock to its stockholders, in addition to rather than in lieu of normal cash dividends. They have estimated that such a distribution under the Mason bill would result in the payment of Federal taxes in the amount of roughly $350 million***of additional revenue resulting from the divestiture. This sum would be payable over a period of three rather than ten years if the Treasury suggestion with regard to the period of divestiture is adopted. Such a distribution of

---

* We are advised that this figure assumes reinvestment by du Pont of the cash proceeds of the sale of General Motors stock in a diversified portfolio of securities in lieu of distribution of such proceeds to shareholders.

** No Internal Revenue ruling was either requested by or given to the du Pont representatives, nor has du Pont furnished or been asked for any undertaking that the plan or the assumptions supporting it will become fact under any given circumstances. The revenue figure presumably ignores any revenue losses which du Pont contends would flow from the adverse impact on the market caused by such a plan of divestiture.

** This figure presumably ignores possible actions which shareholders can take to minimize their tax burdens. It also seems to ignore potential losses of revenue that could arise from the ability of low basis du Pont shareholders to sell General Motors stock, currently represented by low basis du Pont stock, at market prices without gain.

General Motors stock in addition to normal cash dividends would under present law result in the payment of Federal income taxes in an amount roughly in the neighborhood of $1 billion as described in the Treasury Department's reports of July 18 and August 1 to this Committee. Thus, according to the representations made by the du Pont representatives to the Treasury Department, the effect of the Mason bill would be to change the pattern of distribution, to increase the control or choice of action of the shareholders with respect to the assets in question, * and to shift the tax burden from the du Pont Company to the shareholders who acquired their shares prior to 1949 when du Point stock last sold at a price below the current market price of the General Motors shares to be distributed. Despite these considerations, however, it must be conceded that if the du Pont assumptions may be taken as factual, the revenue payable to the United States as a practical matter will be approximately the same whichever tax law is made applicable to the divestiture. If the Committee is satisfied that this practical result will in fact obtain, this would remove a principal concern which the Secretary of the Treasury had at the time our report was rendered to this Committee.

Also, at the time of rendering our report, we had no indepently-derived source of information which would tend to support the du Pont contentions with regard to the impact on the market of divestiture under present law. Since that time we have received advice from the Securities and Exchange Commission which would lend some support to the claim that divestiture under existing Internal Revenue laws could have an adverse impact on the market. However, the Securities and Exchange Commission was careful to point out that there were many factors bearing upon this question which cannot be presently evaluated, such as the general trend of the market over the period of divestiture, the opportunities open to du Pont to minimize the impact, etc. Accordingly, they cautioned that reliance on any such estimate might prove extremely hazardous.

The difficulties in arriving at reliable tax revenue estimates and in forecasting the impact of divestiture under present law led the Treasury Department to take a neutral position with regard to the desirability of the Mason bill. However, if the Committee feels that the relief proposed is necessary or desirable under all the circumstances and if it can be established to the satisfaction of this Committee that the du Pont contentions are substantially correct as to market impact and as to the similarity of revenue return to the United States under either present law or the Mason bill, the Secretary of the Treasury has authorized me to say that he would

---

* E.g., du Pont shareholders will be able to obtain at reduced capital gains rates full control of the General Motors shares and may thereafter obtain tax free the proceeds of any sales of such stock. Following the du Pont plan under present law would leave the proceeds after taxes from such a sale in the du Pont Company, and if distributed, such proceeds would be subject to ordinary income taxes on the shareholders.

have no objection to the passage of the Mason bill, amended along the lines we have suggested. In so stating, we are aware that the Mason bill is designed not as a private relief bill but to apply to divestitures generally. In this connection, the discretion left to the court under the terms of the bill would seem to us to provide a safeguard against windfalls to future taxpayers affected by antitrust divestitures. If in the future a situation should arise which would belie this assumption, we assume that the Congress will take appropriate legislative action to protect the interest of the United States in the light of the facts pertaining in such case, and, indeed, we shall so recommend.

oOo

SERIES H SAVINGS BONDS OUTSTANDING: JUNE 1952 THROUGH MAY 1961

ISSUED FROM JUNE 1952 THROUGH JANUARY 1957:

1952 -------------------	$119.5	
1953 -------------------	315.6	
1954 -------------------	603.4	
1955 -------------------	826.5	
1956 -------------------	675.7	
1957 -------------------	51.0	$ 2, 591.7

These bonds have maturity length of 9 years and 8 months. Interest is paid by check each six months and at maturity. Bonds originally yielded 3 percent on a graduated scale if held to maturity. Effective June 1, 1959, interest was increased so as to bring final yields to maturity up to rates ranging from 3.12 percent to 3.36 percent.

ISSUED FROM FEBRUARY 1957 THROUGH MAY 1959:

1957 -------------------	$479.6	
1958 -------------------	764.9	
1959 -------------------	327.8	$ 1,572.3

These bonds have maturity length of ten years. Interest is paid by check each six months and at maturity. Bonds originally yielded 3.25 percent on a graduated scale if held to maturity. Effective June 1, 1959, interest was increased so as to bring final yields to maturity up to rates ranging from 3.61 percent to 3.72 percent.

ISSUED FROM JUNE 1959 THROUGH MAY 1961:

1959 -------------------	$343.1	
1960 -------------------	989.0	
1961 -------------------	401.0	$ 1,733.1

These bonds, as well as bonds currently sold, have a maturity length of ten years. Interest is payable semi-annually on a graduated scale so as to yield 3.75 percent if held to maturity.

Unclassified --------------------------------------	29.0
Total	$ 5,926.1

fluctuations and would possess the same safety features and guaranteed interest rate as the popular Series E Bond. There are now close to one and one-half million H bond accounts with an investment of some six billion dollars. Nearly 160,000 new accounts are opened yearly. Annual H Bond sales are close to the billion dollar mark and ARE increasing rapidly.

# # #

~~This is~~

~~In recommending these new regulations, the first time in Treasury financing that a current income bond has been given an extension privilege, Secretary Dillon noted that a large number of savers have kept their money invested with the United States for nearly ten years since H Bonds were first offered in June, 1952.~~

Series H Savings Bonds issued from June, 1952 through January, 1957 have a maturity period of nine years and eight months. Their interest rate was originally three percent if held to maturity. Effective June 1, 1959, the rate was increased so as to bring the final yields to maturity up to a range of 3.12 percent to 3.36 percent.

The bonds being extended will mature from February, 1962, through September, 1966. Other outstanding Series H Bonds issued since February, 1957, will begin maturing in February, 1967. Regulations affecting possible extension of these bonds will be announced prior to October, 1966, at which time consideration will be given to the terms and conditions, including interest rates, of any extension that might be warranted at that time.

The Series H Bond, when introduced in June, 1952, was custom-made to satisfy the needs of Americans who wanted a current-income bond which would be free from market dollars currently outstanding in Series H Savings Bonds will be affected by this action.

Secretary Dillon said: "This new extension option for Serires H Bonds is a well-deserved reward for those citizens who have held these securities for their full term. The purchase of U. S. Savings Bonds by every family is important to the economic strength of our nation, and is thus a contribution to the cause of peace and freedom around the world. I hope that the new extension terms and rates, which are equal to the recently approved rate of a straight three and three-fourths percent interest for the second extension of Series E Bonds, will encourage increased savings on the part of millions of Americans."

SP-1000
BdB
2nd 357

~~DRAFT~~

August 24, 1961

For Inquiries:
Mr. Reese - WO 4-5775

FOR RELEASE: Sunday Newspapers, August 27, 1961

TREASURY ANNOUNCES 10-YEAR EXTENSION
OF MATURING SERIES H SAVINGS BONDS

Treasury Secretary Douglas Dillon today announced new regulations that will benefit more than a half million Americans who own Series H Savings Bonds issued from June, 1952 through January, 1957. This is the first time in Treasury financing that a current-income bond has been given an extension privilege.

Under the new regulations, these bonds -- the first of which will mature in February, 1962 -- may now be held for an additional ten years and earn a full 3 3/4 percent interest a year, payable semi-annually by Treasury check. Over two and one-half billion of the more than six billion

D-211

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 24, 1961

For Inquiries:
Mr. Reese - WO 4-5775

FOR RELEASE: Sunday Newspapers, August 27, 1961

TREASURY ANNOUNCES 10-YEAR EXTENSION OF MATURING SERIES H SAVINGS BONDS

Treasury Secretary Douglas Dillon today announced new regulations that will benefit more than a half-million Americans who own Series H Savings Bonds issued from June, 1952 through January, 1957. This is the first time in Treasury financing that a current-income bond has been given an extension privilege.

Under the new regulations, these bonds -- the first of which will mature in February, 1962 -- may now be held for an additional ten years and earn a full 3-3/4 percent interest a year, payable semi-annually by Treasury check. Over two and one-half billion of the more than six billion dollars currently outstanding in Series H Savings Bonds will be affected by this action.

Secretary Dillon said: "This new extension option for Series H Bonds is a well-deserved reward for those citizens who have held these securities for their full term. The purchase of U. S. Savings Bonds by every family is important to the economic strength of our nation, and is thus a contribution to the cause of peace and freedom around the world. I hope that the new extension terms and rates, which are equal to the recently approved rate of a straight three and three-fourths percent interest for the second extension of Series E Bonds, will encourage increased savings on the part of millions of Americans."

Series H Savings Bonds issued from June, 1952 through January, 1957 have a maturity period of nine years and eight months. Their interest rate was originally three percent if held to maturity. Effective June 1, 1959, the rate was increased so as to bring the final yields to maturity up to a range of 3.12 percent to 3.36 percent.

The bonds being extended will mature from February, 1962, through September, 1966. Other outstanding Series H Bonds issued since February, 1957, will begin maturing in February, 1967. Regulations affecting possible extension of these bonds will be announced prior to October, 1966, at which time consideration will be given to the terms and conditions, including interest rates, of any extension that might be warranted at that time.

The Series H Bond, when introduced in June, 1952, was custom-made to satisfy the needs of Americans who wanted a current-income bond which would be free from market fluctuations and would possess the same safety features and guaranteed interest rate as the popular Series E Bond. There are now close to one and one-half million H bond accounts with an investment of some six billion dollars. Nearly 160,000 new accounts are opened yearly. Annual H Bond sales are close to the billion dollar mark and are increasing rapidly.

Attachment: Sales of Series H Savings Bonds, June 1952 through May 1961.

SERIES H SAVINGS BONDS OUTSTANDING: JUNE 1952 THROUGH MAY 1961

ISSUED FROM JUNE 1952 THROUGH JANUARY 1957:

1952	$119.5	
1953	315.6	
1954	603.4	
1955	826.5	
1956	675.7	
1957	51.0	$ 2, 591.7

These bonds have maturity length of 9 years and 8 months. Interest is paid by check each six months and at maturity. Bonds originally yielded 3 percent on a graduated scale if held to maturity. Effective June 1, 1959, interest was increased so as to bring final yields to maturity up to rates ranging from 3.12 percent to 3.36 percent.

ISSUED FROM FEBRUARY 1957 THROUGH MAY 1959:

1957	$479.6	
1958	764.9	
1959	327.8	$ 1,572.3

These bonds have maturity length of ten years. Interest is paid by check each six months and at maturity. Bonds originally yielded 3.25 percent on a graduated scale if held to maturity. Effective June 1, 1959, interest was increased so as to bring final yields to maturity up to rates ranging from 3.61 percent to 3.72 percent.

ISSUED FROM JUNE 1959 THROUGH MAY 1961:

1959	$343.1	
1960	989.0	
1961	401.0	$ 1,733.1

These bonds, as well as bonds currently sold, have a maturity length of ten years. Interest is payable semi-annually on a graduated scale so as to yield 3.75 percent if held to maturity.

Unclassified	29.0
Total	$ 5,926.1

TREASURY DEPARTMENT
Washington

FOR RELEASE: UPON DELIVERY

REMARKS OF JOSEPH W. BARR, ASSISTANT TO THE SECRETARY OF THE TREASURY, TO THE AMERICAN SOYBEAN ASSOCIATION MEETING CLAYPOOL HOTEL, INDIANAPOLIS, INDIANA MONDAY AFTERNOON, AUGUST 28, 1961

SOYBEANS AND THEIR IMPORTANCE TO OUR INTERNATIONAL BALANCE OF PAYMENTS

The paper which I have just distributed is not marked "confidential" or "top secret" but it is a state paper of vital importance to the President and to the Government of the United States. Most of the state papers which carry these ominous classification warnings at the top of the page contain information which relates to our ability to maintain our military and diplomatic posture in these rather turbulent times.

This fairly innocent-looking piece of paper provides strong clues to our ability to deploy U. S. troops around the world, and to assist the underdeveloped nations struggle up to a level of economic decency. In short, this paper entitled "United States Balance of Payments" gives a running history of our economic ability to meet the threat of the communist challenge in the world today. There are few, if any, more important documents in the United States, no matter what their security classification.

At the risk of explaining to you something that you already know, I believe that it would be useful to run through this document and make sure that we all understand it thoroughly.

Lines 2 through 7 detail U. S. payments to the rest of the world.

Line 2 shows the amounts we pay for the goods we buy abroad.

Line 3, the amount we pay out for services (shipping and U. S. tourists traveling abroad are heavy components in this item).

Line 4 shows the amount we pay to maintain our troops around the world.

Line 5 details the amounts that U. S. business invests in the rest of the world.

Line 6 shows the amounts we are paying out in our various aid programs.

Line 7 shows the amounts we pay out to pensioners living abroad and the amounts sent from this country to relatives and others living in foreign countries.

The totals of these 6 lines add up to our basic payments to the rest of the world and, as you can see from Line 1, totaled $27.4 billion in 1958, $29.7 billion in 1959, and $30.1 billion in 1960. For the first quarter of this year, the total of our basic payments came to $7.2 billion.

Lines 9 through 14 set forth the receipts we get from the rest of the world.

Line 9 indicates our receipts from the goods sold to the rest of the world.

Line 10 shows the return on U. S. investments in the world, and the rather confusing word "Other" in Line 11 is made up mostly of the amounts we receive from shipping, bank fees, insurance premiums, and foreign tourists visiting the United States.

Line 12 shows our sales of military equipment.

Line 13 sets forth foreign investment in the United States.

Line 14 shows repayments to our government of loans made under various programs.

Line 8, showing our total basic receipts, indicates that they totaled \$23.9 billion in 1958, \$25.3 billion in 1959, \$28.2 billion in 1960, and \$7.3 billion in the first quarter of this year. The difference between Lines 1 and 8 shows our basic deficit or surplus position which is indicated in Line 15.

You can see that we ran a basic deficit of \$3.6 billion in 1958, \$4.3 billion in 1959, and \$1.9 billion in 1960, and a surplus of \$200 million for the first quarter of 1961.

In addition to these basic components we get into the so-called "hot money" question in Lines 16 and 17.

Line 16 shows the short-term movement of money into and out of the country.

Line 17, entitled "unrecorded inflow or outflow," is the statistical remainder which we think is mostly the flow of short-term capital.

On this assumption, you can see that we had a net inflow of short-term money into the country in 1958 in the amount of $100 million, an inflow of $400 million in 1959, a net outflow in 1960 of $1.9 billion, and a net outflow of $400 million in the first quarter of 1961.

When you combine the basic components (Lines 1 through 15) with the short-term capital movements in Lines 16 and 17, you come up with the over-all balance figure on Line 18, which indicates an over-all deficit of $3.5 billion in 1958, $3.9 billion in 1959, $3.8 billion in 1960, and $300 million in the first quarter of this year.

These deficits can be financed in one of two ways. Foreigners can increase their bank deposits or holdings of U. S. obligations in this country or these debts can be channeled into central banks or governments, and these organizations can ask that their claims be paid off in gold.

If we run a surplus in our accounts, we can reverse the above procedure and either increase our foreign holdings or ask to be paid off in gold.

This is a rough outline of the rules of the game as it is currently being played. Probably the best title for this system is the "gold-exchange standard". It is a system under which gold plus the dollar and sterling, plus other currencies to a limited amount, are used as the reserves of the Free World and as a means of settling accounts. In other words, the U. S. dollar and gold are the principal underpinnings of the financial systems of the Free World.

Until very recently no one in this country had much reason to be concerned about the question of balance of payments. We had enormous gold reserves and our competitive position in the world markets was almost unchallenged. But, starting in 1958, we were jarred awake to the fact that we were now living in a fiercely competitive world and that the claims against our gold reserves had grown uncomfortably large and were increasing.

We lost $2.3 billion in gold in 1958, $700 million in 1959, and $1.7 billion in 1960. In the first three weeks of 1961 we were losing gold at a rate of about $4 billion a year.

President Kennedy was advised by President Eisenhower that this was a problem of absolutely top priority. It involved the financial stability of the Free World and the ability of this Nation to stand up to and meet the pressure of world-wide communist forces.

It is apparent from the document I have given you that the problem breaks down into two parts. To meet the problem of the basic deficit we had to step up our efforts to capture world markets. But the flow of short-term funds involved other approaches. In the fall of 1960 and the early weeks of 1961, it was this "hot money" problem that was the most acute and required immediate attention. Concern about the international situation, rumors about changes in the price of gold, and speculation created an atmosphere in which about $2 billion of U. S. dollars was drawn out of the United States by foreigners and U. S. citizens mainly during the second half of 1960. The outflow continued strong in the early weeks of 1961.

Obviously, this hemorrhage in our reserves could not be allowed to continue. President Kennedy stated flatly that we <u>did not</u> intend to devalue our dollar. We then entered into various cooperative moves with our Allies in the Free World and by early March had halted the gold outflow, and since that time have reversed the picture and have had a net inflow of gold amounting to $214 million.

At the moment, we are on top of the problem of the flows of short-term capital, but we are not claiming by any means that it is solved. We are increasing our efforts to contain "hot money"movements through international financial cooperation supplemented by the resources of the International Monetary Fund. But in these times of tension, we will need strong nerves to carry us through periodic crises.

We are now turning our attention to means of strengthening our position in the basic sector of the balance-of-payments accounts -- namely, we are stepping up our efforts to sell more to the rest of the world. This is where soybeans come into the picture! Perhaps it is difficult for you to think of the humble soybean as a major international weapon of this country. But this is just what it is becoming.

This year we will sell into the world market for dollars soybeans to the amount of about $500 million. If you want to look at it another way, consider these facts: It costs this Nation about $250 million in tax money and somewhere near the same amount in international exchange to maintain one division of troops in Germany for a year. One can then argue that soybean exports are providing the needed exchange to support two divisions in Germany. Looked at in this light, you can understand my statement that the soybean is a mighty international weapon of this Nation.

As we struggle to increase the exports of the United States in an attempt to close out the balance-of-payments deficit that has plagued us for three years, it is only natural for us to look closely at soybean export prospects. In merchandising parlance: "soybeans are one of our hottest sales items."

The trend in the exports of soybeans and derivatives is astounding. From 1950 to 1953, exports averaged $134 million a year. By 1957, the export market jumped to $344 million, slumped a bit to $343 million in 1958, moved up to $424 million in 1959, to $481 million in 1960, and preliminary estimates show that we will sell a total of $535 million in world trade in 1961. This is an increase of 400 percent in 10 years. Tentative figures indicate that in the next 5 years, by 1966, the export of soybeans can jump another 80 percent and push the total value exported up near the billion dollar mark.

This soaring trend line is amazing and is not apparent in our other agricultural exports. We exported wheat to the value of $986 million in 1951, and $1,026 million in 1960. The figures for cotton are $1,138 million in 1951 and $980 million in 1960. For tobacco, the figures are $326 million in 1951 and $378 million for 1960.

Last year soybeans (plus derived products) nudged tobacco out of third place in the scale of our agricultural exports. And if the present trends continue, soybeans will be pushing wheat and cotton for first place by 1966.

When we look at the total export picture - not just agriculture, we find that our sales in world trade come from the following industries which I am listing in order of importance: agriculture, machinery, chemicals, automobiles, nonferrous ores, iron and steel mill products, petroleum, textiles, metal manufactures, pulp and paper products, rubber and manufactures, coal, and iron-and-steel-making raw materials.

As one looks down this list, it can be seen that we face fierce world-wide competition in nearly every one of these areas. The booming industrial nations of Western Europe and Japan will give us a good "run for our money," in machinery, chemicals, automobiles, iron and steel products, textiles, and metal manufactures. There seems to be a world-wide oversupply of petroleum and metals, and there is no visible shortage of pulp or paper products.

Reasonable men could probably agree that it will take all our production ingenuity and sales ability to increase our export markets in these areas. I do not believe that any of these fields can realistically hope to match the potential 80-percent growth of soybean exports in the next five years. This is the reason why we in Treasury look with especial attention at soybeans, probably our "hottest national sales item."

I know that you gentlemen will pardon me for taking a bit of special pride in the fact that my State -- Indiana -- will produce about 80 million bushels this year and will rank third after Illinois and Iowa.

When I asked the Department of Agriculture how this export record in soybeans had been achieved, they told me that it was the result of a huge world-wide demand, an improvement in the ability of foreign nations to buy, and a very intelligent world sales effort sponsored jointly by the American Soybean Association and the U. S. Department of Agriculture.

There is not much doubt about the demand. For the hundreds of millions of people living in the underdeveloped areas of the world, the oil and protein that soybeans can furnish to their diet mean the difference between a healthy life and slow starvation, on a diet mainly limited to carbohydrates. As these nations gradually gain some ability to pay, they literally spend their first money on edible oil.

The joint marketing and sales promotion efforts of the Soybean Association and the Department of Agriculture have already resulted in working relationships with 52 nations. When these nations work themselves into a position where they can afford to buy, they find that this sales and educational effort has already established soybeans as a cheap and efficient source of oil and protein.

The Department of Commerce today is engaged in a vigorous attempt to make American business export-oriented. In Treasury, we wish them every success because this is the proper way to cure the basic deficit in our balance-of-payments accounts. In your efforts we have available a working model of export promotion. I will infringe on the domain of Commerce just a bit to recommend a study of your export success to the rest of American business.

There are other ways that we can cure our balance-of-payments problem. We can pull back our troops from around the world; we can give up our attempts to help underdeveloped nations; and we can abandon the world to the push of communism. We could then raise our tariff walls higher and higher and forget about world competition. It would not be necessary for us to earn foreign exchange to support our commitments to the Free World.

I know of no national leader who suggests that we abandon our efforts to help free men. However, next year in the Congress a serious drive will be made to strike down the Reciprocal Trade Act and to tighten up our tariff protection. From the viewpoint of President Kennedy, Secretary of the Treasury Dillon and the entire Administration, this is the wrong approach. The logical approach is to compete -- just the way you people compete in the markets of the world.

I should also warn you that if the Reciprocal Trade Act is not extended next year, then the rest of the world will not be able to earn the dollars they need to buy your soybeans. They must sell to us to be able to buy our products.

You have done a magnificent job in pushing soybean exports up to a position where your success is a matter of deep national concern -- to a point where your exports are a truly significant item in our arsenal of international weapons. We in Treasury wish you every success in the future. And I leave with you a request: Come to Washington next year to join with us in extending the reasonable trade policies laid down in the Reciprocal Trade Act.

SPECIAL MEETING OF THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL AT THE MINISTERIAL LEVEL
Uruguay, August, 1961

DECLARATION TO THE PEOPLES OF AMERICA

Assembled in Punta del Este, inspired by the principles consecrated in the Charter of the Organization of American States, in Operation Pan America and in the Act of Bogota, the representatives of the American Republics hereby agree to establish an Alliance for Progress: a vast effort to bring a better life to all the peoples of the Continent.

This Alliance is established on the basic principle that free men working through the institution of representative democracy can best satisfy man's aspirations, including those for work, home and land, health and schools. No system can guarantee true progress unless it affirms the dignity of the individual which is the foundation of our civilization.

Therefore the countries signing this declaration in the exercise of their sovereignty have agreed to work toward the following goals during the coming years:

To improve and strengthen democratic institutions through application of the principle of self-determination by the people.

To accelerate economic and social development, thus rapidly bringing about a substantial and steady increase in the average income in order to narrow the gap between the standard of living in Latin American countries and that enjoyed in the industrialized countries.

To carry out urban and rural housing programs to provide decent homes for all our people.

To encourage, in accordance with the characteristics of each country, programs of comprehensive agrarian reform, leading to the effective transformation, where required, of unjust structures and systems of land tenure and use; with a view to replacing latifundia and dwarf holdings by an equitable system of property so that, supplemented by timely and adequate credit, technical assistance and improved marketing arrangements, the land will become for the man who works it the basis of his economic stability, the foundation of his increasing welfare, and the guarantee of his freedom and dignity.

To wipe out illiteracy; to extend, as quickly as possible, the benefits of primary education to all Latin Americans; and to provide broader facilities, on a vast scale, for secondary and technical training and for higher education.

To press forward with programs of health and sanitation in order to prevent sickness, combat contagious disease, and strengthen our human potential.

To assure fair wages and satisfactory working conditions to all our workers; to establish effective systems of labor-management relations and procedures for consultation and cooperation among government authorities, employers' associations, and trade unions in the interests of social and economic development.

To reform tax laws, demanding more from those who have most, to punish tax evasion severely, and to redistribute the national income in order to benefit those who are most in need, while, at the same time, promoting savings and investment and reinvestment of capital.

To maintain monetary and fiscal policies which, while avoiding the disastrous effects of inflation or deflation, will protect the purchasing power of the many, guarantee the greatest possible price stability, and form an adequate basis for economic development.

To stimulate private enterprise in order to encourage the development of Latin American countries at a rate which will help them to provide jobs for their growing populations, to eliminate unemployment, and to take their place among the modern industrialized nations of the world.

To find a quick and lasting solution to the grave problem created by excessive price fluctuations in the basic exports of Latin American countries on which their prosperity so heavily depends.

To accelerate the integration of Latin America so as to stimulate the economic and social development of the Continent. This process has already begun through the General Treaty of Economic Integration of Central America and, in other countries, through the Latin American Free Trade Association.

This declaration expresses the conviction of the nations of Latin America that these profound economic, social, and cultural changes can come about only through the self-help efforts of each country. Nonetheless, in order to achieve the goals which have been established with the necessary speed, domestic efforts must be reinforced by essential contributions of external assistance.

The United States, for its part, pledges its efforts to supply financial and technical cooperation in order to achieve the aims of the Alliance for Progress. To this end, the United States will provide a major part of the minimum of 20 billion dollars, principally in public funds, which Latin America will require over the next 10 years from all external sources in order to supplement its own efforts.

The United States will provide from public funds, as an immediate contribution to the economic and social progress of Latin America, more than one billion dollars during the twelve months which began on March 13, 1961, when the Alliance for Progress was announced.

The United States intends to furnish development loans on a long-term basis, where appropriate running up to fifty years and at very low or zero rates of interest.

For their part, the countries of Latin America agree to devote a steadily increasing share of their own resources to economic and social development, and to make the reforms necessary to assure that all share fully in the fruits of the Alliance for Progress.

Further, in carrying forward the Alliance for Progress, each of the countries of Latin America will formulate comprehensive and well-conceived national programs for the development of their own economies.

Independent and highly qualified experts will be made available to Latin American countries in order to assist in formulating and examining national development plans.

Conscious of the overriding importance of this declaration, the signatory countries declare that the inter-American community is now beginning a new era --- when it will supplement its institutional, legal, cultural and social accomplishments with immediate and concrete actions to secure a better life, under freedom, for the present and future generations.

Special Meeting of the
Inter-American Economic and Social Council
at the Ministerial Level
Uruguay, August, 1961

CHARTER OF PUNTA DEL ESTE

Establishing the Alliance for Progress Within the Framework of Operation Pan America

CONTENTS

Provisional English Text

THE CHARTER OF PUNTA DEL ESTE ESTABLISHING THE ALLIANCE FOR PROGRESS WITHIN THE FRAMEWORK OF OPERATION PAN AMERICA

Preamble

We, the American Republics, hereby proclaim our decision to unite in a common effort to bring our people accelerated economic progress and broader social justice within the framework of personal dignity and political liberty.

Almost two hundred years ago we began in this Hemisphere the long struggle for freedom which now inspires people in all parts of the world. Today, in ancient lands, men moved to hope by the revolutions of our young nations search for liberty. Now we must give a new meaning to that revolutionary heritage. For America stands at a turning point in history. The men and women of our Hemisphere are reaching for the better life which today's skills have placed within their grasp. They are determined for themselves and their children to have decent and ever more abundant lives, to gain access to knowledge and equal opportunity for all, to end those conditions which benefit the few at the expense of the needs and dignity of the many. It is our inescapable task to fulfill these just desires — to demonstrate to the poor and forsaken of our countries, and of all lands, that the creative powers of free men hold the key to their progress and to the progress of future generations. And our certainty of ultimate success rests not alone on our faith in ourselves and in our nations but on the indomitable spirit of free man which has been the heritage of American civilization.

Inspired by these principles, and by the principles of Operation Pan America and the Act of Bogotá, the American Republics hereby resolve to adopt the following program of action to establish and carry forward an Alliance for Progress.

TITLE I
OBJECTIVES OF THE ALLIANCE FOR PROGRESS

It is the purpose of the Alliance for Progress to enlist the full energies of the peoples and governments of the American republics in a great cooperative effort to accelerate the economic and social development of the participating countries of Latin America, so that they may achieve maximum levels of well-being, with equal opportunities for all, in democratic societies adapted to their own needs and desires.

The American republics agree to work toward the achievement of the following fundamental goals in the present decade:

1. To achieve in the participating Latin American countries a substantial and sustained growth of per capita incomes at a rate designed to attain, at the earliest possible date, levels of income capable of assuring self-sustaining development, and sufficient to make Latin American income levels constantly larger in relation to the levels of the more industrialized nations. In this way the gap between the living standards of Latin America and those of the more developed countries can be narrowed. Similarly, presently existing differences in income levels among the Latin American countries will be reduced by accelerating the development of the relatively less developed countries and granting them maximum priority in the distribution of resources and in international cooperation in general. In evaluating the degree of relative development, account will be taken not only of average levels of real

income and gross product per capita, but also of indices of infant mortality, illiteracy, and per capita daily caloric intake.

It is recognized that, in order to reach these objectives within a reasonable time, the rate of economic growth in any country of Latin America should be not less than 2.5 per cent per capita per year, and that each participating country should determine its own growth target in the light of its stage of social and economic evolution, resource endowment, and ability to mobilize national efforts for development.

2. To make the benefits of economic progress available to all citizens of all economic and social groups through a more equitable distribution of national income, raising more rapidly the income and standard of living of the needier sectors of the population, at the same time that a higher proportion of the national product is devoted ~~elevated~~ to investment.

3. To achieve balanced diversification in national economic structures, both regional and functional, making them increasingly free from dependence on the export of a limited number of primary products and the importation of capital goods while seeking to attain stability in the prices of exports or in income derived from exports.

4. To accelerate the process of rational industrialization so as to increase the productivity of the economy as a whole, taking full advantage of the talents and energies of both the private and public sectors, utilizing the natural resources of the country and

providing productive and remunerative employment for unemployed or part-time workers. Within this process of industrialization, special attention should be given to the establishment and development of capital-goods industries.

5. To raise greatly the level of agricultural productivity and output and to improve related storage, transportation, and marketing services.

6. To encourage, in accordance with the characteristics of each country, programs of comprehensive agrarian reform leading to the effective transformation, where required, of unjust structures and systems of land tenure and use, with a view to replacing latifundia and dwarf-holdings by an equitable system of land tenure so that, with the help of timely and adequate credit, technical assistance and facilities for the marketing and distribution of products, the land will become for the man who works it the basis of his economic stability, the foundation of his increasing welfare, and the guarantee of his freedom and dignity.

7. To eliminate adult illiteracy and by 1970 to assure, as a minimum, access to six years of primary education for each school-age child in Latin America; to modernize and expand vocational, secondary and higher educational and training facilities, to strengthen the capacity for basic and applied research, and to provide the competent personnel required in rapidly-growing societies.

8. To increase life expectancy at birth by a minimum of five years, and to increase the ability to learn and produce, by improving individual and public health. To attain this goal it will be necessary,

among other measures, to provide adequate potable water supply and drainage to not less than 70 per cent of the urban and 50 per cent of the rural population; to reduce the mortality rate of children less than five years of age to at least one-half of the present rate; to control the more serious transmissible diseases, according to their importance as a cause of sickness and death; to eradicate those illnesses, especially malaria, for which effective cures are known; to improve nutrition; to train medical and health personnel to meet at least minimum standards of competence; to improve basic health services at national and local levels; to intensify scientific research and apply its results more fully and effectively to the prevention and cure of illness.

9. To increase the construction of low-cost houses for low-income families in order to replace inadequate and deficient housing and to reduce housing shortages; and to provide necessary public services to both urban and rural centers of population.

10. To maintain stable price levels, avoiding inflation or deflation and the consequent social hardships and maldistribution of resources, bearing always in mind the necessity of maintaining an adequate rate of economic growth.

11. To strengthen existing agreements on economic integration, with a view to the ultimate fulfillment of aspirations for a Latin American common market that will expand and diversify trade among the Latin American countries and thus contribute to the economic growth of the region.

12. To develop cooperative programs designed to prevent the harmful effects of excessive fluctuations in the foreign exchange earnings derived from exports of primary products, which are of vital importance to economic and social development; and to adopt the measures necessary to facilitate the access of Latin American exports to international markets.

TITLE II

ECONOMIC AND SOCIAL DEVELOPMENT

Chapter I. Basic Requirements for Economic and Social Development

The American republics recognize that to achieve the foregoing goals it will be necessary:

1. That comprehensive and well-conceived national programs of economic and social development, aimed at the achievement of self-sustaining growth, be carried out in accordance with democratic principles.

2. That national programs of economic and social development be based on the principle of self-help -- as established in the Act of Bogotá -- and the maximum use of domestic resources, taking into account the special conditions of each country.

3. That in the preparation and execution of plans for economic and social development, women should be placed on an equal footing with men.

4. That the Latin American countries obtain sufficient external financial assistance, a substantial portion of which should be extended on flexible conditions with respect to periods and terms of repayment and forms of utilization, in order to supplement domestic capital formation and reinforce their import capacity; and that, in support of well-conceived programs, including the necessary structural reforms and measures for the mobilization of internal resources, a supply of capital from all external sources during the coming ten years of at least 20 billion dollars

be made available to the Latin American countries, with priority to the relatively less developed countries. The greater part of this sum should be in public funds.

5. That institutions in both the public and private sectors, including labor, cooperative, commercial, industrial, and financial institutions, be strengthened and improved for increasingly effective use of domestic resources, and that the necessary social reforms be effected to permit a fair distribution of the fruits of economic and social progress.

Chapter II. National Development Programs

1. Participating Latin American countries agree to introduce or strengthen systems for the preparation, execution and periodic revision of national programs for economic and social development consistent with the principles, objectives and requirements contained in this document. Participating Latin American countries should formulate, if possible within the next eighteen months, long-term development programs. Such programs should embrace, according to the characteristics of each country, the elements outlined in the Appendix.

2. National development programs should incorporate self-help efforts directed to:

a. The improvement of human resources and widening of opportunities through raising general standards of education and health; improving and extending technical education and the training of professionals, with emphasis on science and technology; providing adequate remuneration for work performed; encouraging managerial, entrepreneurial, and salaried talent; providing more productive employment for underemployed manpower; establishing effective systems of labor relations, and procedures for consultation and collaboration among public authorities, employer associations, and labor organizations; promoting local institutions for basic and applied research; and improving the standards of public administration.

b. The wider development and more efficient use of natural resources, especially those which are now idle or underutilized, including measures for the processing of raw materials.

c. The strengthening of the agricultural base, progressively extending the benefits of the land to those who work it, and ensuring in countries with Indian populations the integration of these populations into the economic, social, and cultural processes of modern life. To carry out these aims, measures should be adopted, among others, to establish or improve, as the case may be, the following services: extension, credit, technical assistance, agricultural research and mechanization; health and education; storage and distribution; cooperatives and farmers' associations; and community development.

d. The more effective, rational and equitable mobilization and use of financial resources through the reform of tax structures, including fair and adequate taxation of large incomes and real estate, and the strict application of measures to improve fiscal administration. Development programs should include the adaptation of budget expenditures to development needs, measures for the maintenance of price stability, the creation of essential credit facilities at reasonable rates of interest, and the encouragement of private savings.

e. The promotion through appropriate measures, including the signing of agreements for the purpose of reducing or eliminating double taxation, of conditions that will encourage the flow of foreign investments and help to increase the capital resources of participating countries in need of capital.

f. The improvement of systems of distribution and sales in order to make markets more competitive and prevent monopolistic practices.

Chapter III. Immediate and Short-Term Action Measures

1. Recognizing that a number of Latin American countries, despite their best efforts, may require emergency financial assistance, the United States will provide assistance from the funds which are or may be established for such purposes. The United States stands ready to take prompt action on applications for such assistance. Applications relating to existing situations should be submitted within the next 60 days.

2. Participating Latin American countries should immediately increase their efforts to accelerate their development, giving special emphasis (in addition to the creation or strengthening of machinery for long-term development programming) to the following objectives:

a. The completion of projects already under way and the initiation of projects for which the basic studies have been made in order to accelerate their financing and execution.

b. The implementation of new projects which are designed:

i. To meet the most pressing social needs and benefit directly the greatest number of people;

ii. To concentrate efforts within each country in the less developed or more depressed areas in which particularly serious social problems exist;

iii. To utilize idle capacity or resources, particularly under-employed manpower;

iv. To survey and assess natural resources.

c. The facilitation of the preparation and execution of longterm programs through measures designed:

i. To train teachers, technicians, and specialists;

ii. To provide accelerated training to workers and farmers;

iii. To improve basic statistics;

iv. To establish needed credit and marketing facilities;

v. To improve services and administration.

3. The United States will assist in the realization of these short-term measures with a view to achieving concrete results from the Alliance for Progress at the earliest possible moment. In connection with the measures set forth above, and in accordance with the statement of President Kennedy, the United States will provide assistance under the Alliance, including assistance for the financing of short-term measures, totalling more than one billion dollars in the year ending March 1962.

Chapter IV. External Assistance in Support of National Development Programs

1. The economic and social development of Latin America will require large public and private financial assistance on the part of capital-exporting countries, including the members of the Development

Assistance Group and international lending agencies. The measures provided for in the Act of Bogotá and the new measures provided for in this Charter, are designed to create a framework within which such additional assistance can be provided and effectively utilized.

2. The United States will assist those participating countries whose Development Programs establish self-help measures, economic policies and programs consistent with the goals and principles of this Charter. To supplement the domestic efforts of such countries, the United States is prepared to allocate resources which, along with those anticipated from other external sources, will be of a scope and magnitude adequate to realize the goals envisaged in this Charter. Such assistance will be allocated to both social and economic development and, where appropriate, will take the form of grants or loans on flexible terms and conditions. The participating countries will request the assistance of other capital-exporting countries and international institutions so that they may provide assistance for the attainment of these objectives.

3. The United States will assist in the financing of technical assistance projects proposed by a participating country or by the Secretariat of the Organization of American States for the purpose of; a) contracting, in agreement with governments, for experts to assist the governments, including the preparation of specific investment projects and the strengthening of national mechanisms for preparing projects, using specialized engineering firms where appropriate; b) carrying out, pursuant to cooperative agreements existing among the Secretariat of the Organization of American States, the Economic Commission for Latin America, and the Inter-American Development Bank, field investigations and studies, including those relating to development

problems, the organization of national planning agencies and the preparation of development programs, agrarian reform and rural development, health, cooperatives, housing, education and professional training, and taxation and tax administration; and c) convening meetings of experts and officials on development and related problems.

The governments or above-mentioned organizations should, when appropriate, seek the cooperation of the United Nations and its Specialized Agencies in the execution of these activities.

4. The participating Latin American countries recognize that each has in varying degree a capacity to assist fellow republics by providing external technical and financial assistance. They recognize that this capacity will increase as their economies grow. They affirm therefore their intention to assist fellow republics increasingly as their individual circumstances permit.

Chapter V. Organization and Procedures

1. In order to provide technical assistance for the formulation of development programs, as may be requested by participating nations, the Organization of American States, the Economic Commission for Latin America, and the Inter-American Development Bank will continue and strengthen their agreements for coordination in this field, in order to have available a group of programming experts whose service can be used to facilitate the implementation of this Charter. The participating countries will also seek an intensification of technical assistance from the Specialized Agencies of the United Nations for the same purpose.

2. The Inter-American Economic and Social Council, on the joint nomination of the Secretary General of the Organization of American States, the President

of the Inter-American Development Bank, and the Executive Secretary of the United Nations Economic Commission for Latin America, will appoint a panel of nine high-level experts, exclusively on the basis of their experience, technical ability, and competence in the various aspects of economic and social development. The experts may be of any nationality, though if of Latin American origin an appropriate geographical distribution will be sought. They will be attached to the Inter-American Economic and Social Council, but will nevertheless enjoy complete autonomy in the performance of their duties. They may not hold any other remunerative position. The appointment of these experts will be for a period of three years, and may be renewed.

3. Each government, if it so wishes, may present its program for economic and social development for consideration by an ad hoc committee, composed of no more than three members drawn from the panel of experts referred to in the preceding paragraph together with an equal number of experts not on the panel. The experts who compose the ad hoc Committee will be appointed by the Secretary General of the Organization of American States at the request of the interested government and with its consent.

4. The Committee will study the development program, exchange opinions with the interested government as to possible modifications and, with the consent of the government, report its conclusions to the Inter-American Development Bank and to other governments and institutions that may be prepared to extend external financial and technical assistance in connection with the execution of the program.

5. In considering a development program presented to it, the ad hoc Committee will examine the consistency of the program with the principles of

the Act of Bogotá and of this Charter, taking into account the elements in the Appendix.

6. The General Secretariat of the Organization of American States will provide the personnel needed by the experts referred to in paragraphs 2 and 3 of this Chapter in order to fulfill their tasks. Such personnel may be employed specifically for this purpose or may be made available from the permanent staffs of the Organization of American States, the Economic Commission for Latin America, and the Inter-American Development Bank, in accordance with the present liaison arrangements between the three organizations. The General Secretariat of the Organization of American States may seek arrangements with the United Nations Secretariat, its Specialized Agencies and the Inter-American Specialized Organizations, for the temporary assignment of necessary personnel.

7. A government whose development program has been the object of recommendations made by the ad hoc Committee with respect to external financing requirements may submit the program to the Inter-American Development Bank so that the Bank may undertake the negotiations required to obtain such financing, including the organization of a consortium of credit institutions and governments disposed to contribute to the continuing and systematic financing, on appropriate terms, of the development program. However, the government will have full freedom to resort through any other channels to all sources of financing, for the purpose of obtaining, in full or in part, the required resources.

The ad hoc Committee shall not interfere with the right of each government to formulate its own goals, priorities, and reforms in its national development programs.

The recommendations of the ad hoc Committee will be of great importance in determining the distribution of public funds under the Alliance for Progress which contribute to the external financing of such programs. These recommendations shall give special consideration to Title I. 1.

The participating governments will also use their good offices to the end that these recommendations may be accepted as a factor of great importance in the decisions taken, for the same purpose, by inter-American credit institutions, other international credit agencies, and other friendly governments which may be potential sources of capital.

8. The Inter-American Economic and Social Council will review annually the progress achieved in the formulation, national implementation, and international financing of development programs; and will submit to the Council of the Organization of American States such recommendations as it deems pertinent.

APPENDIX

Elements of National Development Programs

1. The establishment of mutually consistent targets to be sought over the program period in expanding productive capacity in industry, agriculture, mining, transport, power and communications, and in improving conditions of urban and rural life, including better housing, education and health.

2. The assignment of priorities and the description of methods to achieve the targets, including specific measures and major projects. Specific development projects should be justified in terms of their relative costs and benefits, including their contribution to social productivity.

3. The measures which will be adopted to direct the operations of the public sector and to encourage private action in support of the development program.

4. The estimated cost, in national and foreign currency, of major projects and of the development program as a whole, year by year over the program period.

5. The internal resources, public and private, estimated to become available for the execution of the program.

6. The direct and indirect effects of the program on the balance of payments, and the external financing, public and private, estimated to be required for the execution of the program.

7. The basic fiscal and monetary policies to be followed in order to permit implementation of the program within a framework of price stability.

8. The machinery of public administration--including relationships with local governments, decentralized agencies and non-governmental organizations, such as labor organizations, cooperatives, business and industrial organizations--to be used in carrying out the program, adapting it to changing circumstances and evaluating the progress made.

TITLE III

ECONOMIC INTEGRATION OF LATIN AMERICA

The American republics consider that the broadening of present national markets in Latin America is essential to accelerate the process of economic development in the Hemisphere. It is also an appropriate means for obtaining greater productivity through specialized and complementary industrial production which will, in turn, facilitate the attainment of greater social benefits for the inhabitants of the various regions of Latin America. The broadening of markets will also make possible the better use of resources under the Alliance for Progress. Consequently, the American Republics recognize that:

1. The Montevideo Treaty (because of its flexibility and because adherence to it is available to all of the Latin American nations) and the Central American Treaty on Economic Integration are appropriate instruments for the attainment of these objectives, as was recognized in Resolution No. 11 (III) of the Ninth Session of the Economic Commission for Latin America.

2. The integration process can be intensified and accelerated not only by the specialization resulting from the broadening of markets through the liberalization of trade but also through the use of such instruments as the agreements for complementary production within economic sectors provided for in the Montevideo Treaty.

3. In order to insure the balanced and complementary economic expansion of all of the countries involved, the integration process should take into account, on a flexible basis, the condition of countries at a relatively less advanced stage of economic development, permitting them to be granted special, fair, and equitable treatment.

4. In order to facilitate economic integration in Latin America, it is advisable to establish effective relationships

173

between the Latin American Free Trade Association and the group of countries adhering to the Central American Economic Integration Treaty, as well as between either of these groups and other Latin American countries. These arrangements should be established within the limits determined by these instruments.

5. The Latin American countries should coordinate their actions to meet the unfavorable treatment accorded to their foreign trade in world markets, particularly that resulting from certain restrictive and discriminatory policies of extra-continental countries and economic groups.

6. In the application of resources under the Alliance for Progress, special attention should be given not only to investments for multinational projects that will contribute to strengthening the integration process in all its aspects, but also to the indispensable financing of industrial production, and to the growing expansion of trade in industrial products within Latin America.

7. In order to facilitate the participation of countries at a relatively lower stage of economic development in multinational Latin American economic cooperation programs, and in order to promote the balanced and harmonious development of the Latin American integration process, special attention should be given to the needs of these countries in the administration of financial resources provided under the Alliance for Progress, particularly in connection with infrastructure programs and the promotion of new lines of production.

8. The economic integration process implies a need for additional investment in various fields of economic activity and funds provided under the Alliance for Progress should cover these needs as well as those required for the financing of national development programs.

9. When groups of Latin American countries have their own institutions for financing economic integration, the financing referred to in the preceding paragraph should

preferably be channeled through these institutions. With respect to regional financing designed to further the purposes of existing regional integration instruments, the cooperation of the Inter-American Development Bank should be sought in channeling extra-regional contributions which may be granted for these purposes.

10. One of the possible means for making effective a policy for the financing of Latin American integration would be to approach the International Monetary Fund and other financial sources with a view to providing a means for solving temporary balance-of-payments problems that may occur in countries participating in economic integration arrangements.

11. The promotion and coordination of transportation and communications systems is an effective way to accelerate the integration process. In order to counteract abusive practices in relation to freight rates and tariffs, it is advisable to encourage the establishment of multinational transport and communication enterprises in the Latin American countries, or to find other appropriate solutions.

12. In working toward economic integration and complementary economies, efforts should be made to achieve an appropriate coordination of national plans, or to engage in joint planning for various economies through the existing regional integration organizations. Efforts should also be made to promote an investment policy directed to the progressive elimination of unequal growth rates in the different geographic areas, particularly in the case of countries which are relatively less developed.

13. It is necessary to promote the development of national Latin American enterprises, in order that they may compete on an equal footing with foreign enterprises.

14. The active participation of the private sector is essential to economic integration and development, and except

in those countries in which free enterprise does not exist, development planning by the pertinent national public agencies, far from hindering such participation, can facilitate and guide it, thus opening new perspectives for the benefit of the community.

15. As the countries of the Hemisphere still under colonial domination achieve their independence, they should be invited to participate in Latin American economic integration programs.

TITLE IV

BASIC EXPORT COMMODITIES

The American Republics recognize that the economic development of Latin America requires expansion of its trade, a simultaneous and corresponding increase in foreign exchange incomes received from exports, a lessening of cyclical or seasonal fluctuations in the incomes of those countries that still depend heavily on the export of raw materials, and the correction of the secular deterioration in their terms of trade.

They therefore agree that the following measures should be taken:

I. <u>National Measures</u>

National measures affecting commerce in primary products should be directed and applied in order to:

1. Avoid undue obstacles to the expansion of trade in these products;

2. Avoid market instability;

3. Improve the efficiency of international plans and mechanisms for stabilization;

4. Increase their present markets and expand their area of trade at a rate compatible with rapid development.

Therefore:

A. Importing member countries should reduce and if possible eliminate, as soon as feasible, all restrictions and discriminatory practices affecting the consumption and importation of primary products, including those with the highest possible degree of processing in the country of origin, except when these restrictions are imposed temporarily for purposes of economic diversification, to hasten the economic development of less developed nations, or to establish basic national reserves. Importing countries should also be ready to support, by adequate regulations, stabilization programs for primary products that may be agreed upon with producing countries.

B. Industrialized countries should give special attention to the need for hastening economic development of less developed countries. Therefore, they should make maximum efforts to create conditions, compatible with their international obligations, through which they may extend advantages to less developed countries so as to permit the rapid expansion of their markets. In view of the great need for this rapid development, industrialized countries should also study ways in which to modify, wherever possible, international commitments which prevent the achievement of this objective.

C. Producing member countries should formulate their plans for production and export, taking account of their effect on world markets and of the necessity of supporting and improving the effectiveness of international stabilization programs and mechanisms. Similarly they should try to avoid increasing the uneconomic production of goods which can be obtained under better conditions in the less developed countries of the Continent and which are an important source of employment.

D. Member countries should adopt all necessary measures to direct technological studies toward finding new uses and by-products of those primary commodities that are most important to their economies.

E. Member countries should try to reduce, and, if possible, eliminate within a reasonable time export subsidies and other measures which cause instability in the markets for basic commodities and excessive fluctuations in prices and income.

II. International Cooperation Measures

1. Member countries should make coordinated, and if possible, joint, efforts designed:

    a. To eliminate as soon as possible undue protection of the production of primary products;

    b. To eliminate internal taxes and reduce excessive domestic prices which discourage the consumption of imported primary products;

    c. To seek to end preferential agreements and other measures which limit world consumption of Latin American primary products and their access to international markets, especially the markets of Western European countries in process of economic integration, and of countries with centrally planned economies.

    d. To adopt the necessary consultation mechanisms so that their marketing policies will not have damaging effects on the stability of the markets of basic commodities.

2. Industrialized countries should give maximum cooperation to less developed countries so that their raw material exports will have the greatest degree of processing that is economic.

3. Through their representation in international financial organizations, member countries should suggest that these organizations, when considering loans for the promotion of production for export, take into account the effect of such loans on products which are in surplus in world markets.

4. Member countries should support the efforts being made by international commodity study groups and

by the Commission on International Commodity Trade of the United Nations. In this connection, it should be considered that producing and consuming nations bear a joint responsibility for taking national and international steps to reduce market instability.

5. The Secretary General of the Organization of American States shall convene a group of experts appointed by their respective Governments to meet before November 30, 1961 and to report, not later than March 31, 1962 on measures to provide an adequate and effective means of offsetting the effects of fluctuations in the volume and prices of exports of basic products. The Government experts shall:

   a. Consider the questions regarding compensatory financing raised during the present meeting;

   b. Analyze the proposal for establishing an international fund for the stabilization of export receipts submitted in the Report of the Group of Experts to the Special Meeting of the IA-ECOSOC as well as any other alternative proposals;

   c. Prepare a draft plan for the creation of mechanisms for compensatory financing. This draft plan should be circulated among the member Governments and their opinions obtained well in advance of the next meeting of the Commission on International Commodity Trade.

6. Member countries should support the efforts under way to improve and strengthen international commodity agreements and should be prepared to cooperate in the solution of specific commodity problems. Furthermore, they should endeavor to

adopt adequate solutions for the short-and long-term problems affecting markets for primary products so that the economic interests of producers and consumers are equally safeguarded.

7. Member countries should request the cooperation of other producer and consumer countries in stabilization programs, bearing in mind that the raw materials of the Western Hemisphere are also produced and consumed in other parts of the world.

8. Member countries recognize that the disposal of accumulated reserves and surpluses can be a source for achieving the goals outlined in the first part of this Title, so that, together with the generation of local resources, the consumption of essential products in the receiving countries may be simultaneously increased. The disposal of surpluses and reserves should be carried out in an orderly manner, in order to:

    a. Avoid disturbing existing commercial markets in member countries, and

    b. Expand the sale of their products to other markets.

However, it is recognized that:

a. The disposal of surpluses should not displace commercial sales of identical products traditionally carried out by other countries; and

b. Such sales should not substitute for large scale financial and technical assistance programs.

IN WITNESS WHEREOF this Charter is signed, in Punta del Este, Uruguay, on the seventeenth day of August, ninteen hundred sixty-one.

The original texts shall be deposited in the archives of the Pan American Union, through the Secretary General of the Special Meeting, in order that certified copies may be sent to the Governments of the Member States of the Organization of American States.

The records of the Conference include a statement that the only authoritative text of agreements reached during the Conference is contained in the Charter of Punta del Este and in the specific resolutions passed by the Conference.

August 28, 1961

OR RELEASE A. M. NEWSPAPERS,
uesday, August 29, 1961.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of reasury bills, one series to be an additional issue of the bills dated June 1, 1961, and he other series to be dated August 31, 1961, which were offered on August 23, were opened t the Federal Reserve Banks on August 28. Tenders were invited for $1,100,000,000, or hereabouts, of 91-day bills and for 600,000,000, or thereabouts, of 182-day bills. The etails of the two series are as follows:

ANGE OF ACCEPTED OMPETITIVE BIDS:	91-day Treasury bills maturing November 30, 1961		:	182-day Treasury bills maturing March 1, 1962	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.425	2.275%	:	98.691	2.589%
Low	99.407	2.346%	:	98.663	2.645%
Average	99.413	2.321% 1/	:	98.677	2.617% 1/

90 percent of the amount of 91-day bills bid for at the low price was accepted
80 percent of the amount of 182-day bills bid for at the low price was accepted

OTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 28,214,000	$ 15,814,000	:	$ 5,783,000	$ 5,783,000
New York	1,322,200,000	718,700,000	:	750,688,000	460,688,000
Philadelphia	24,234,000	9,234,000	:	7,828,000	2,828,000
Cleveland	21,440,000	21,440,000	:	17,627,000	17,627,000
Richmond	9,499,000	9,499,000	:	1,039,000	1,039,000
Atlanta	24,580,000	22,375,000	:	3,624,000	3,424,000
Chicago	236,474,000	177,674,000	:	92,928,000	57,028,000
St. Louis	24,802,000	20,702,000	:	4,146,000	3,896,000
Minneapolis	23,556,000	23,556,000	:	7,466,000	7,466,000
Kansas City	33,591,000	23,091,000	:	5,250,000	5,250,000
Dallas	23,485,000	16,085,000	:	9,218,000	7,118,000
San Francisco	48,530,000	42,030,000	:	27,859,000	27,859,000
TOTALS	$1,820,605,000	$1,100,200,000 a/		$933,456,000	$600,006,000

a/ Includes $199,284,000 noncompetitive tenders accepted at the average price of 99.413
b/ Includes $43,721,000 noncompetitive tenders accepted at the average price of 98.677
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.37%, for the 91-day bills, and 2.69%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

D-212 WM W.T.H.

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 28, 1961

R RELEASE A. M. NEWSPAPERS,
esday, August 29, 1961.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of easury bills, one series to be an additional issue of the bills dated June 1, 1961, and e other series to be dated August 31, 1961, which were offered on August 23, were opened the Federal Reserve Banks on August 28. Tenders were invited for $1,100,000,000, or ereabouts, of 91-day bills and for $600,000,000, or thereabouts, of 182-day bills. The tails of the two series are as follows:

NGE OF ACCEPTED MPETITIVE BIDS:	91-day Treasury bills maturing November 30, 1961		182-day Treasury bills maturing March 1, 1962	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.425	2.275%	98.691	2.589%
Low	99.407	2.346%	98.663	2.645%
Average	99.413	2.321% 1/	98.677	2.617% 1/

90 percent of the amount of 91-day bills bid for at the low price was accepted
80 percent of the amount of 182-day bills bid for at the low price was accepted

TAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 28,214,000	$ 15,814,000	$ 5,783,000	$ 5,783,000
New York	1,322,200,000	718,700,000	750,688,000	460,688,000
Philadelphia	24,234,000	9,234,000	7,828,000	2,828,000
Cleveland	21,440,000	21,440,000	17,627,000	17,627,000
Richmond	9,499,000	9,499,000	1,039,000	1,039,000
Atlanta	24,580,000	22,375,000	3,624,000	3,424,000
Chicago	236,474,000	177,674,000	92,928,000	57,028,000
St. Louis	24,802,000	20,702,000	4,146,000	3,896,000
Minneapolis	23,556,000	23,556,000	7,466,000	7,466,000
Kansas City	33,591,000	23,091,000	5,250,000	5,250,000
Dallas	23,485,000	16,085,000	9,218,000	7,118,000
San Francisco	48,530,000	42,030,000	27,859,000	27,859,000
TOTALS	$1,820,605,000	$1,100,200,000 a/	$933,456,000	$600,006,000 b/

Includes $199,284,000 noncompetitive tenders accepted at the average price of 99.413
Includes $43,721,000 noncompetitive tenders accepted at the average price of 98.677
On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.37%, for the 91-day bills, and 2.69%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

BETA - MODIFIED

from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated June 8, 1961, (91 days remaining until maturity date on December 7, 1961) and noncompetitive tenders for $ 100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 7, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 7, 1961. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not ~~have any exemption,~~ as such, and loss

~~XXXXXXXXXX~~

~~XXXXXXXXXXXXX~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, ~~XXXXXXXXX~~ August 28, 1961

~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,700,000,000 (X2X), or thereabouts, for cash and in exchange for Treasury bills maturing September 7, 1961 (X3X), in the amount of $1,701,021,000 (X4X), as follows:

91 (X5X) -day bills (to maturity date) to be issued September 7, 1961 (X6X), in the amount of $1,100,000,000 (X7X), or thereabouts, representing an additional amount of bills dated June 8, 1961 (X8X), and to mature December 7, 1961 (X9X), originally issued in the amount of $500,354,000 (X10X), the additional and original bills to be freely interchangeable.

182 (X11X) -day bills, for $600,000,000 (X12X), or thereabouts, to be dated September 7, 1961 (X13X), and to mature March 8, 1962 (X14X).

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern Daylight Saving ~~Standard~~ time, Friday, September 1, 1961 (X15X). Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three

D-213

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 28, 1961

FOR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $ 1,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing September 7, 1961, in the amount of $1,701,021,000, as follows:

91-day bills (to maturity date) to be issued September 7, 1961, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated June 8, 1961, and to mature December 7, 1961, originally issued in the amount of $500,354,000, the additional and original bills to be freely interchangeable.

182-day bills, for $600,000,000, or thereabouts, to be dated September 7, 1962, and to mature March 8, 1962.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern Daylight Saving time, Friday, September 1, 1961 . Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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.

D-213

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Departmment of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $ 200,000 or less for the additional bills dated June 8, 1961, (91-days remaining until maturity date on December 7, 1961) and noncompetitive tenders for $ 100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 7, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 7, 1961. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

oOo

TREASURY DEPARTMENT 188

WASHINGTON, D.C.

August 31, 1961

FOR IMMEDIATE RELEASE

TREASURY DECISION ON PIG IRON
UNDER ANTIDUMPING ACT

The Treasury Department has determined that pig iron from West Germany is not being, nor likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act. Notice of the determination will be published in the Federal Register.

Appraising officers are being instructed to proceed with appraisement of this merchandise from West Germany without regard to any question of dumping.

The dollar value of imports of pig iron from West Germany received during 1960 was approximately $19,000.

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 31, 1961

FOR IMMEDIATE RELEASE

TREASURY DECISION ON PIG IRON UNDER ANTIDUMPING ACT

The Treasury Department has determined that pig iron from West Germany is not being, nor likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act. Notice of the determination will be published in the Federal Register.

Appraising officers are being instructed to proceed with appraisement of this merchandise from West Germany without regard to any question of dumping.

The dollar value of imports of pig iron from West Germany received during 1960 was approximately $19,000.

190

TREASURY DEPARTMENT

WASHINGTON, D.C.

August 31, 1961

FOR IMMEDIATE RELEASE

TREASURY DECISION ON HARDBOARD
UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that hardboard from Brazil is not being, nor likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act. Notice of the determination will be published in the Federal Register.

Appraising officers are being instructed to proceed with the appraisement of this merchandise from Brazil without regard to any question of dumping.

The dollar value of imports of hardboard from Brazil received during 1960 was approximately $200,000.

TREASURY DEPARTMENT

19

WASHINGTON, D.C.

August 31, 1961

FOR IMMEDIATE RELEASE

TREASURY DECISION ON HARDBOARD
UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that hardboard from Brazil is not being, nor likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act. Notice of the determination will be published in the Federal Register.

Appraising officers are being instructed to proceed with the appraisement of this merchandise from Brazil without regard to any question of dumping.

The dollar value of imports of hardboard from Brazil received during 1960 was approximately $200,000.

192

September 1, 1961

FOR RELEASE A. M. NEWSPAPERS, Saturday, September 2, 1961.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated June 8, 1961, and the other series to be dated September 7, 1961, which were offered on August 28, were opened at the Federal Reserve Banks on September 1. Tenders were invited for $1,100,000,000, or thereabouts, of 91-day bills and for $600,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 7, 1961		:	182-day Treasury bills maturing March 8, 1962	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.402 a/	2.366%	:	98.650	2.670%
Low	99.393	2.401%	:	98.633	2.704%
Average	99.395	2.392% 1/	:	98.639	2.692% 1/

a/ Excepting one tender of $300,000
65 percent of the amount of 91-day bills bid for at the low price was accepted
91 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 24,745,000	$ 20,745,000	:	$ 10,550,000	$ 10,550,000
New York	1,668,890,000	745,340,000	:	915,006,000	473,683,000
Philadelphia	24,749,000	9,514,000	:	7,841,000	2,609,000
Cleveland	30,742,000	28,525,000	:	27,064,000	26,964,000
Richmond	16,305,000	13,955,000	:	2,052,000	2,052,000
Atlanta	17,432,000	15,180,000	:	3,062,000	2,862,000
Chicago	253,528,000	148,028,000	:	73,974,000	32,424,000
St. Louis	19,744,000	14,394,000	:	4,275,000	3,275,000
Minneapolis	20,448,000	14,598,000	:	7,193,000	2,693,000
Kansas City	35,601,000	24,601,000	:	10,943,000	10,743,000
Dallas	16,387,000	12,037,000	:	7,146,000	4,056,000
San Francisco	85,294,000	54,170,000	:	38,261,000	28,261,000
TOTALS	$2,213,865,000	$1,101,087,000 b/		$1,107,367,000	$660,178,000 c/

b/ Includes $186,967,000 noncompetitive tenders accepted at the average price of 99.395
c/ Includes $37,861,000 noncompetitive tenders accepted at the average price of 98.639
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.44%, for the 91-day bills, and 2.77%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

Rbh D-214

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 1, 1961

93

FOR RELEASE A. M. NEWSPAPERS, Saturday, September 2, 1961.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated June 8, 1961, and the other series to be dated September 7, 1961, which were offered on August 28, were opened at the Federal Reserve Banks on September 1. Tenders were invited for $1,100,000,000, or thereabouts, of 91-day bills and for $600,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 7, 1961		182-day Treasury bills maturing March 8, 1962	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.402 a/	2.366%	98.650	2.670%
Low	99.393	2.401%	98.633	2.704%
Average	99.395	2.392% 1/	98.639	2.692% 1/

a/ Excepting one tender of $300,000
65 percent of the amount of 91-day bills bid for at the low price was accepted
91 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 24,745,000	$ 20,745,000	$ 10,550,000	$ 10,550,000
New York	1,668,890,000	745,340,000	915,006,000	473,683,000
Philadelphia	24,749,000	9,514,000	7,841,000	2,609,000
Cleveland	30,742,000	28,525,000	27,064,000	26,964,000
Richmond	16,305,000	13,955,000	2,052,000	2,052,000
Atlanta	17,432,000	15,180,000	3,062,000	2,862,000
Chicago	253,528,000	148,028,000	73,974,000	32,424,000
St. Louis	19,744,000	14,394,000	4,275,000	3,275,000
Minneapolis	20,448,000	14,598,000	7,193,000	2,693,000
Kansas City	35,601,000	24,601,000	10,943,000	10,743,000
Dallas	16,387,000	12,037,000	7,146,000	4,056,000
San Francisco	85,294,000	54,170,000	38,261,000	28,261,000
TOTALS	$2,213,865,000	$1,101,087,000 b/	$1,107,367,000	$600,172,000 c/

b/ Includes $186,967,000 noncompetitive tenders accepted at the average price of 99.395
c/ Includes $37,861,000 noncompetitive tenders accepted at the average price of 98.639
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.44%, for the 91-day bills, and 2.77%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

D-214

1462

1485

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 7, 1961

FOR IMMEDIATE RELEASE

UNITED STATES AND COSTA RICA SIGN
EXCHANGE AGREEMENT

The United States and Costa Rica today concluded a six million dollar Exchange Agreement designed to assist Costa Rica's efforts to simplify its foreign exchange rate structure and to achieve an exchange system free of restrictions.

The agreement was signed by U. S. Treasury Secretary Douglas Dillon, Manuel Escalante, Ambassador of Costa Rica, and Dr. Alvaro Vargas, Assistant Manager of the Central Bank of Costa Rica.

The Exchange agreement with the U. S. Treasury will be in effect for one year. It supplements a $15 million stand-by arrangement with the International Monetary Fund, which was announced yesterday.

oOo

D-215

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 6, 1961

FOR IMMEDIATE RELEASE

UNITED STATES AND COSTA RICA SIGN
EXCHANGE AGREEMENT

The United States and Costa Rica today concluded a six million dollar Exchange Agreement designed to assist Costa Rica's efforts to simplify its foreign exchange rate structure and to achieve an exchange system free of restrictions.

The agreement was signed by U. S. Treasury Secretary Douglas Dillon, Manuel Escalante, Ambassador of Costa Rica, and Dr. Alvaro Vargas, Assistant Manager of the Central Bank of Costa Rica.

The Exchange agreement with the U. S. Treasury will be in effect for one year. It supplements a $15 million stand-by arrangement with the International Monetary Fund, which was also announced today.

oOo

D-215

from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated June 15, 1961, (91 days remaining until maturity date on December 14, 1961) and noncompetitive tenders for $100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 14, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 14, 1961. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss

XXXXXXXXXXXX

XXXXXXXXXXXXXXXX

198

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE~~xxxx00xPxMxx~~ September 6, 1961

~~xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx~~
x(1x)

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,700,000,000 x(2x), or thereabouts, for cash and in exchange for Treasury bills maturing September 14, 1961 x(3x), in the amount of $ 1,700,712,000 x(4x), as follows:

91 x(5x) -day bills (to maturity date) to be issued September 14, 1961 x(6x), in the amount of $1,100,000,000 x(7x), or thereabouts, representing an additional amount of bills dated June 15, 1961 x(8x), and to mature December 14, 1961 x(9x), originally issued in the amount of $ 500,368,000 x(10x), the additional and original bills to be freely interchangeable.

182 x(11x) -day bills, for $ 600,000,000 x(12x), or thereabouts, to be dated September 14, 1961 x(13x), and to mature March 15, 1962 x(14x).

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern Daylight Saving ~~Standard~~ time, Monday, September 11, 1961 x(15x). Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three

D-16

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 6, 1961

FOR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing September 14,1961,in the amount of $1,700,712,000, as follows:

91-day bills (to maturity date) to be issued September 14, 1961, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated June 15, 1961, and to mature December 14, 1961,originally issued in the amount of $500,368,000, the additional and original bills to be freely interchangeable.

182-day bills, for $600,000,000, or thereabouts, to be dated September 14,1961,and to mature March 15, 1962.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern Daylight Saving time, Monday, September 11, 1961. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Departmment of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated June 15, 1961, (91-days remaining until maturity date on December 14, 1961) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 14, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 14,1961.Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

oOo

TREASURY DEPARTMENT
Washington

September 8, 1961

FOR RELEASE: UPON DELIVERY

ADDRESS OF THE HONORABLE DOUGLAS DILLON,
SECRETARY OF THE TREASURY,
BEFORE THE COMMONWEALTH CLUB OF CALIFORNIA,
HOTEL SHERATON-PALACE, SAN FRANCISCO,
SEPTEMBER 8, 1961, 12:30 PM, PDT, (3:30 PM, EDT)

"OUR INSEPARABLE DOMESTIC AND FOREIGN ECONOMIC POLICIES"

Although the world's attention is focussed on Berlin, I want to talk to you today about two inseparable problems that may be less dramatic than Berlin, but are no less important:

The state of our economy and its relative strength as reflected in our international balance of payments.

Make no mistake about the importance of these problems. Unless we achieve steady and rapid economic growth with price stability and full employment -- unless we attain reasonable equilibrium in our balance of payments -- we shall not have the capacity to cope effectively with other Berlins or to meet our urgent national needs here at home. The strength of our economy has a profound effect upon our future. Our place in the world of tomorrow depends upon the efforts we make today.

Let's take a look at some of our recent efforts and where we stand now:

Last January, we were in a recession, unemployment was high, and production was falling off.

Our first duty as a new Administration was to use the powers of government to stem the decline, encourage the natural forces of recovery and re-establish the basic vitality of our economy.

This we did. The Administration acted promptly in a number of areas:

As in 1958, temporary unemployment benefits were extended to those out of work more than six months -- thereby putting half a billion dollars into the hands of purchasers who needed it most.

Defense construction and procurement programs were accelerated. Special dividends were paid in advance on government life insurance. Highway payments to the states were made earlier than scheduled. These and many similar actions helped to bring the Nation promptly out of recession and into a strong recovery. They stimulated the basic forces of our private economy which took hold and carried the Gross National Product from a first quarter low of $501 billion to a rate of $516 billion in the second quarter.

The recovery has been widespread and rapid -- in fact, the fastest on record. We achieved a new all time high in industrial production last July, just five months after the recession low of February. Personal income also reached a record high of $419 billion in July -- a four percent rise from February's low. Most important, the improvement has covered a broad spectrum of our economy and has not been accompanied by price increases or other signs of inflation.

The steady advance of our economy, unaccompanied by speculative buying, is evidence of its underlying strength. It should give us confidence for the future. Manufacturers' new orders for durable goods are up. Inventories are in good shape. Personal savings are at a high level. In short the business outlook is decidedly promising.

Because of this we can now look forward to a Gross National Product of about $540 billion in the coming quarter, increasing to around $565 billion in the second quarter of next year. And for the year 1961 as a whole, we now expect our Gross National Product to exceed $520 billion -- a three and a half percent increase over 1960.

Despite our recovery, unemployment has remained just under 7 percent -- an intolerably high level. Indications are, however, that gradual improvement is about to begin, and we expect it to be reflected in September's employment figures. If the anticipated rate of growth materializes, unemployment should fall to 6 percent or less by Christmas and possibly to 5 percent by the middle of 1962. A year from now, if all goes well, unemployment should be gradually approaching four and a half percent .... on its way to the 4 percent level presently considered to be reasonably full employment.

But even this heartening prospect is not good enough. We simply cannot continue to rely on increasing levels of production to provide adequate employment for all who are ready and willing to work. Rapidly advancing technology has brought with it a real need to train and retrain workers in the skills demanded by new techniques.

It was to meet this problem that President Kennedy last spring requested a stepped-up training program to help those who lose their jobs because of changes in industrial methods. This problem has also been recognized by a group of Republican Congressmen who have been closely studying unemployment and who recently called for better retraining facilities. I hope this means that the program requested by the President, which has already been approved by the Senate, will soon become law.

Inevitably, the improvement in our economy has had its cost. There was a deficit of $3.9 billion in the year ending this past June, and a still larger deficit is in prospect for the current fiscal year. No one, of course, likes deficits -- and least of all, those of us in the Treasury, who must find the money to meet them. But the fact is that we would still have had a sizable deficit last June even if we had done absolutely nothing to stimulate the economy and had callously ignored the more than a million unemployed who had exhausted their benefits.

For our tax revenues reflecting the impact of the recession fell by a billion and a half dollars from the estimate made by President Eisenhower in January while continuing normal expenditures, chiefly in the defense area, ran upwards of half a billion dollars above the same estimate, thus converting an estimated $77 million surplus into a deficit of something over $2 billion. It is true that additional expenditures under President Kennedy's programs further increased the deficit to the $3.9 billion figure which I have mentioned but we should not forget that without the stimulus of these measures, our economy would certainly not be where it is today.

For the current fiscal year ending June 30, 1962, we face another sizable deficit. There are three basic reasons for this prospect:

First, our revenues for this fiscal year will be based mainly upon income and profits for the calendar year 1961, which includes the very bottom of the recession. Accordingly, our receipts will be reduced since they will to a large extent reflect recession-level earnings.

Second, our expenditures will be unavoidably increased by the Berlin crisis, which this year will add about two-and-three-quarter billion dollars to our defense bill. The additional defense burden has been heavy. Indeed, more than 60 percent of the increase in fiscal 1962 expenditures is due to defense needs. Despite this, our over-all federal expenditures will not be historically high in comparison to Gross National Product. Quite the contrary. They are expected to amount to some 16 percent of our GNP -- a proportion that has been exceeded in eight of the past ten fiscal years.

Finally, it now appears that the Congress may once more fail to enact the long overdue increase in postal rates requested by both Presidents Eisenhower and Kennedy to meet the mounting costs of delivering the mail. Should the Congress again fail to accept these Executive recommendations an undesirable and wholly unnecessary three-quarters of a billion dollars would be added to this year's deficit. Thus, instead of the $5.3 billion estimated in July, the deficit would be in the $6 billion range. I cannot be more specific at this time. However, in a few weeks, after the Congress has completed its work, the Budget Bureau will publish its regular mid-year review containing new and complete estimates taking into account all Congressional actions. Meanwhile, I can state categorically that any exaggerated speculation you may have heard about a considerably larger deficit is simply not in accordance with the facts.

There has been talk that our current deficit will contribute to inflation. I disagree. In view of our high rate of unemployment and the unused plant capacity in nearly every industry, I see no present danger of inflation in the classic pattern of too many dollars chasing too few goods. Naturally, I do not maintain that large or continuing deficits would not be inflationary. Of course they would be. But in our present economic situation, a deficit of the size envisaged for this year should not be inflationary.

If this year's deficit were to be followed by another substantial deficit in fiscal 1963, then there would certainly be cause for concern. But there is no reason to expect a deficit in 1963. The President has made it emphatically clear that he intends to submit a balanced budget for fiscal 1963 to Congress next January. If the international situation should further deteriorate, necessitating still larger defense outlays, the President will not hesitate to ask for tax increases should they be needed to balance the budget. New taxes, however, will not be needed to cover our present programs. For revenues for fiscal 1963 -- the year that begins next July -- will be based upon the earnings of calendar year 1962, which we have every reason to believe will be a very good one.

1962 will also be the first full year following a recession. The last such year -- 1959 -- saw sharply increased earnings, reflecting the return of prosperity, which led to a $10 billion rise in revenues for fiscal 1960. There is no reason why fiscal 1963 should not repeat this pattern which would mean receipts of over $90 billion.

There is another kind of inflation, however, over which government has little or no control. This is so-called "cost-push" inflation, resulting from unjustified price increases or from wage settlements that exceed productivity gains. These patterns must be avoided if we are to prevent an inflation that would harm not only management and labor, but the consumer, our economy, and our Nation. The exercise of self-restraint at this time by both management and labor is a public service of the first order.

So much for our domestic economy. The outlook for accelerating prosperity is good, and substantial improvement is now in sight for the two most persistent reminders of the recession: the budgetary deficit and unemployment.

Let me turn now to the complex subject of our international balance of payments. Only in recent years has our general public become aware of this problem. Yet it is a highly important aspect of our over-all economic situation -- and it will continue to be.

Our balance of payments position first became acute in 1958. During that year and the two following, $11 billion more flowed out of the United States than came in. Last fall, speculation, always present in limited amounts, suddenly became a major factor in the international market. Fed by international unrest, unfounded rumors of a gold price change, and by the lure of higher interest rates in money centers abroad, a total of $2.0 billion in short-term capital was drawn out of the United States. This outflow of short-term assets led to the loss of $1.6 billion in gold during the last part of 1960. The peak rate of the gold outflow was reached in late 1960 and early 1961. Had that rate been permitted to continue, it would have drained nearly $4 billion worth of gold from the United States during the current year -- approximately one quarter of our gold supply.

Immediately after his inauguration, the President met the situation with a flat assurance that there would be no devaluation of the dollar, and no change in the price of gold. This removed the basis for speculation. Other nations cooperated to limit inducements to the flow of short-term capital. The gold outflow was halted.

Since February, our gold stocks have actually increased. But the improvement in our gold situation does not mean that our balance of payments problems have blown away with the wind. Far from it. We have, however, gained time to set our house in order. This we must do, and ways to do so are a constant and major preoccupation of the Treasury. Fundamental to success in this effort is a Federal budget in reasonable balance throughout the business cycle. This is one of the major reasons why the Administration is determined to achieve a balance in the budget to be presented next January.

The Administration also intends to press forward with other steps that have been taken since last January to ease the balance of payments problem. We shall continue to restrict overseas purchases with defense and foreign aid dollars, emphasizing the purchase of our own products; to reduce spending by United States military dependents abroad; to ship more goods in American vessels; to encourage foreign tourists to visit the United States; and to limit the amount of goods our own tourists may bring home duty-free. We are also continuing to work closely with other member nations of the International Monetary Fund in order to increase its capacity to moderate short-term capital flows.

Most important, we will intensify our efforts to increase United States exports. In addition to important improvements in the servicing of our exporters by the Departments of Commerce and State, the Export-Import Bank has been developing a program to give our exporters for the first time insurance facilities equal to those available in other industrialized countries. This new program should be in full operation before the end of the year and should do much to stimulate our exports.

But no matter what facilities we provide our exporters, and no matter how hard they work to increase sales, our export drive will not succeed unless the broad gamut of our export goods are competitive in price. I don't mean that our goods have to be the cheapest. I do mean that when quality is taken into account, their price must be competitive.

The achievement and maintenance of a truly competitive position will demand constant effort. It will require the most rapid possible acquisition by industry of new equipment and the employment of cost-cutting production methods. The record shows that over the past decade we have not been modernizing our capital equipment as rapidly as our competitors in Europe and Japan. It was to increase our rate of modernization that the President proposed a tax incentive for the purchase of new equipment by business.

I am pleased that a solid majority of the House Committee on Ways and Means, which has been holding hearings on the President's tax proposals, has now publicly supported the incentive idea and stated that it will bring a bill containing the tax incentive to the floor of the House early in February. Thus the prospects are good for this vitally needed continuing stimulus to our productivity.

In addition to rapid technological improvement in our industrial plants, it is important that pricing decisions and wage settlements take full account of our national need to maintain the lowest possible prices for our goods in world markets.

We must recognize as a Nation that our export markets are an essential element of our national security. We must work at preserving and increasing them every day of the year. But even this will not be enough to guarantee a favorable balance in our international accounts. While our security and that of the whole free world requires that we keep substantial military forces overseas, we must, without weakening our defenses or defaulting on our commitments, find every possible way to reduce the dollar drain of these forces on our balance of payments -- a drain which came to $3 billion last year. This requires not only a persistent search on our part for savings in dollar expenditures abroad, but the full cooperation of our allies as well.

I have not mentioned foreign aid in connection with our balance of payments because we now require that the great bulk of aid expenditures be made here in the United States. These aid dollars are not being spent abroad where they would give foreigners a claim upon our gold stocks. When we ship machinery and equipment bought in this country to developing lands, there is no balance of payments effect. I hope that the Congress will bear this in mind as it prepares to take final action on the President's request for an adequate foreign aid appropriation. Balance of payments considerations are no longer a valid excuse for cutting foreign aid, which is as indispensable to maintaining the free world's security as outlays for our own defense establishment.

While our balance of payments problems are still with us, we can look forward to a very much smaller deficit this year. But we cannot relax until this deficit is eliminated. For a chronic deficit in the balance of payments is no more tolerable than a chronic deficit in the National Budget.

At the outset of my remarks, I said that our goal was a steadily expanding economy, operating as close to full employment as possible, with a steady price level and a reasonable balance of payments position.

We must achieve this goal if we are to meet the responsibilities we will surely face in the future.

We must achieve it if we are to contain the forces of aggressive imperialism that threaten us.

We must achieve it if we are to meet the increasing needs of our own citizens for better housing, for better schools, for freedom from unnecessary hardship, and for better opportunities for their children.

We must achieve it because we have an obligation and an opportunity to help the third of the world's peoples who now live in desperate want to achieve the better life they seek in freedom. We dare not forfeit this opportunity to the Communists, who see in misery the road to empire. In particular we must vigorously carry forward the great concept of partnership with our friends in Latin America that is the Alliance for Progress.

Our goal of a steadily expanding economy must not be just a dream. For the world of today -- and even more, for the world of tomorrow -- we must make of it a reality.

oOo

TREASURY DEPARTMENT

208

WASHINGTON, D.C.

September 7, 1961

FOR IMMEDIATE RELEASE

TREASURY ANNOUNCES ADVANCE REFUNDING AND CASH BORROWING PLANS

The Treasury announced today its first public debt offering designed especially to enlist long-term investors in the Government's current financing program. At the same time, it outlined plans to borrow $5 billion in new cash later in September and during October.

Holders of $7.6 billion of two issues of World War II Treasury bonds will be given an opportunity to exchange them for additional amounts of other outstanding bonds, all bearing coupons of 3-1/2 percent, which mature in 1980, 1990, and 1998.

This advance refunding offer is available to all holders of the 2-1/2 percent bonds of March 1965-70 and March 1966-71. Holdings of these particular bonds are concentrated largely in insurance companies, savings banks, and private individuals (many of them original World War II subscribers).

The Treasury is making it possible for investors to gain additional income by extending the maturity of their holdings, as they choose, for additional periods of roughly 10 to 29 years. In order to equal the terms of this offering, holders of the 1965-70 and 1966-71 bonds would otherwise have to reinvest the proceeds of their bonds on maturity in comparable securities at interest rates ranging from 4.28 percent to 4.36 percent.

To the extent that investors choose to extend the maturity of their existing holdings, the Treasury will have accomplished some needed restructuring of its outstanding debt, without diverting from productive purposes in other sectors of economy the new savings currently flowing into the long-term capital markets. Books will be open for subscriptions beginning Monday, September 11, and will remain open through September 15. In addition, individuals will be allowed to subscribe for a further period through September 20.

The Treasury will meet its estimated cash needs of roughly $5 billion over the next two months in three steps. On September 20 it will offer at auction $2-1/2 billion of Tax Anticipation Bills due June 22, 1962, for payment on September 27. Commercial banks may pay for such bills through their Tax and Loan accounts. Near the end of September the Treasury plans to announce the terms for an early October offering of approximately $2 billion in a Treasury note maturing in the spring of 1963. On October 10, the Treasury will auction, without Tax and Loan account credit, $2 billion of one-year Treasury bills, to replace $1-1/2 billion of outstanding one-year bills which mature on October 16.

Recent increases in projected Defense programs have not necessitated any revision in the Treasury's cash requirements for the months immediately ahead. Added expenditures will affect the seasonal cash surplus that normally occurs toward the end of the fiscal year. For that reason, the Treasury has reduced the extent of its reliance on a June Tax Anticipation Bill, in comparison with the uses made of similar instruments in recent years. The Treasury is scheduling the maturity of part of its borrowings for the spring of 1963, when the return to a balanced budget for the fiscal year will again assure a seasonal cash surplus of substantial size.

oOo

TREASURY DEPARTMENT

220

WASHINGTON, D.C.
September 7, 1961

FOR IMMEDIATE RELEASE

ADVANCE REFUNDING OFFER

The Treasury is offering holders of $4.7 billion 2-1/2% Bonds of March 15, 1965-1970, and $2.9 billion 2-1/2% Bonds of March 15, 1966-1971, which were issued during the war-loan drives in 1944, the right to exchange them for any of the following outstanding bonds:

3-1/2% Bonds due November 15, 1980;
3-1/2% Bonds due February 15, 1990;
3-1/2% Bonds due November 15, 1998.

The exchanges will be made on the basis of par for par, as of September 15, 1961, with payments by the holders to the Treasury (or by the Treasury to the holders) and with accrued interest to September 15, 1961, on the 3-1/2% Bonds, to be paid by the investors, as indicated in paragraph No. 3, hereunder.

The offering provides an immediate increase in interest to investors who accept a security of longer maturity. By making this conversion, holders will obtain somewhat higher yields than could be obtained by purchasing any of the affected issues in the market at current prices. Holders of the 1965-70 and 1966-71 bonds would otherwise have to reinvest their proceeds on maturity in Treasury Bonds of equal maturity at rates of 4.28 to 4.36 percent, to equal the terms of this offering. The exchange of old for new securities will not be treated as a sale and purchase for tax purposes, thereby avoiding immediate recording of book gains or losses on the securities being accepted by the Treasury in exchange for the new issues.

D-219

Terms and Conditions of the Advance Refunding Offer

. To all holders owning $500, or more, of the following outstanding Treasury bonds:

escription of bonds	Issue date	Final maturity date	Remaining term to final maturity (Yrs. - Mos.)	Amount outstanding (in billions)
-1/2% bonds 1965-70	Feb. 1, 1944	March 15, 1970	8 - 6	$4.7
-1/2% bonds 1966-71	Dec. 1, 1944	March 15, 1971	9 - 6	2.9

. New bonds to be issued: (additional amounts of outstanding issues)

Description of bonds	Issue date	Amount outstanding (in billions)	Interest starts 1/	Interest payable
-1/2% bonds of Nov. 15, 1980	Oct. 3, 1960	$ .6	Sept. 15, 1961	May 15 & Nov.1
-1/2% bonds of Feb. 15, 1990	Feb. 14, 1958	2.7	Sept. 15, 1961	Feb.15 & Aug.1
-1/2% bonds of Nov. 15, 1998	Oct. 3, 1960	2.3	Sept. 15, 1961	May 15 & Nov.1

/ Interest on the bonds surrendered stops on September 15, 1961.

. Terms of the exchange:

xchanges will be made on the basis of par for par, with payments by and to the Treasury, nd with adjustments of accrued interest to September 15, 1961, on the 3-1/2% bonds to be ssued, (per $100 face amount) as indicated below:

Bonds to be exchanged	Bonds to be issued	Amount of purchase price of 3½% bonds: To be paid to subscriber	Amount of purchase price of 3½% bonds: To be collected from subscriber	Accrued interest to be paid by subscriber	Net amount: To be paid to subscriber	Net amount: To be collected from subscriber	Extension of maturity Yrs.-Mos.
½% 1965-70	3½% 1980	-	$2.25	$1.170	-	$3.420	10 - 8
	3½% 1990	$1.00	-	0.295	$0.705	-	19 - 11
	3½% 1998	2.00	-	1.170	0.830	-	28 - 8
½% 1966-71	3½% 1980	-	3.50	1.170	-	4.670	9 - 8
	3½% 1990	-	.25	0.295	-	0.545	18 - 11
	3½% 1998	1.00	-	1.170	-	0.170	27 - 8

Coupons dated September 15, 1961, on the 2½% bonds in bearer form should be detached y holders and cashed when due. Interest on the bonds in registered form will be paid by heck on September 15, 1961, by the Treasury in regular course to holders of record on ugust 15, 1961.

4. Limitation on amount of bonds to be issued:

The amount of the 3-1/2% bonds to be issued under this offering will be limited to the amount of the eligible 2-1/2% bonds tendered in exchange and accepted.

5. Books open for subscriptions for the 3-1/2% bonds:

The books will be open for the receipt of subscriptions from ALL classes of subscribers from Monday, September 11, through Friday, September 15. In addition, the books will also be open for the receipt of subscriptions from individuals through Wednesday, September 20. For this purpose, individuals are defined as natural persons in their own right. Subscriptions placed in the mail by midnight of the respective closing dates, addressed to the Treasurer, U.S., Washington 25,D.C., or any Federal Reserve Bank or Branch, will be considered as timely. The use of registered mail is recommended for bondholders' protection in submitting bonds to be exchanged. The new bonds will be delivered to subscribers on September 29, 1961.

6. Requirements applicable to subscriptions:

Subscriptions will be received at Federal Reserve Banks and Branches and at the Office of the Treasurer of the United States, Washington 25, D. C. Banking institutions generally may submit subscriptions for account of customers, provided the names of the customers are set forth in such subscriptions.

7. Denominations and other characteristics of the 3-1/2% bonds:

$500, $1,000, $5,000, $10,000, $100,000, and $1,000,000 in coupon and registered forms. They will be acceptable to secure deposits of public moneys.

8. Nonrecognition of gain or loss for Federal income tax purposes:

(a) Where the exchange is solely of the 2-1/2% Bonds for the 3-1/2% Bonds -- the Secretary of the Treasury has declared pursuant to section 1037(a) of the Internal Revenue Code that no gain or loss shall be recognized for Federal income tax purposes; however, section 1031(b) of the Code requires recognition of any gain realized on the exchange to the extent that money (other than interest) is received by the bondholder in connection with the exchange as indicated in (b).

(b) Where the 3-1/2% Bonds are offered by the Treasury with a payment to the investor -- if the fair market value 1/ of the 3-1/2% Bonds plus the amount paid to the investor (discount) exceeds the cost basis of the 2-1/2% Bonds to the investor, such gain (but not to exceed the amount of the payment) must be recognized and accounted for as gain for the taxable year of exchange. He will carry the 3-1/2% Bonds on his

---

1/ The mean of the bid and asked quotations on date subscriptions are submitted.

books at the same amount as he is now carrying the 2-1/2% Bonds except that he will reduce the cost basis by the amount of the payment and increase it by the amount of the gain recognized. If the fair market value of the 3-1/2% Bonds plus the amount of the payment does not exceed the cost basis of the 2-1/2% Bonds, the basis in the 3-1/2% Bonds will be the cost basis in the 2-1/2% Bonds reduced by the amount of the payment.

(c) Where premium is paid by the subscriber -- if a premium is paid by the subscriber no gain or loss will be recognized; but his tax basis in the 3-1/2% Bonds will be his cost basis in the 2-1/2% Bonds increased by the amount of the premium.

(d) Gain to the extent not recognized under (b) (or loss), if any, upon the 2-1/2% Bonds surrendered in exchange will be taken into account upon the disposition or redemption of the 3-1/2% Bonds.

9. Federal estate tax option on the 3-1/2% Bonds -- the 3-1/2% Treasury Bonds of 1980, 1990, and 1998 will be redeemable at par and accrued interest prior to maturity for the purpose of using the proceeds in payment of Federal estate taxes but only if they are owned by the decedent at the time of his death and thereupon constitute part of his estate. Accordingly, estates of decedents to which the similar option in the 2-1/2% Treasury Bonds of 1965-70 and 1966-71 has accrued at the date of exchange cannot make the exchange, with the expectation of using the proceeds of redemption of the 3-1/2% Bonds prior to maturity in payment of estate taxes because such 3-1/2% Bonds were not owned by the decedent at the time of his death.

10. Book value of new bonds to banking institutions -- the Comptroller of the Currency, Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation have indicated to the Treasury that banks under their supervision may place the new bonds received in exchange on their books

(a) at an amount not greater than the amount at which the eligible bonds surrendered by them are carried on their books plus the amount of premium, if any, paid on the new bonds; or

(b) at the amount at which the eligible bonds surrendered are carried on their books, reduced by the amount of discount, if any, received by the subscriber and increased by the amount of gain, if any, which will be recognized as indicated in paragraph 8 (b).

They will so advise their examiners.

11. Computation of reinvestment rate for the extension of maturity -- a holder of the outstanding eligible 2-1/2% Bonds has the option of accepting the Treasury's exchange offer or of holding the bonds to maturity. Consequently, he can compare the interest he will receive

resulting from exchanging now with the interest that he might obtain by reinvesting the proceeds of the 2-1/2% Bonds at maturity.

The interest income before tax for making the extension now through exchange will be the coupon rate on the new issue. If a holder of the eligible 2-1/2% Bonds does not make the exchange, he would receive only the 2-1/2% rate to their maturity and would have to reinvest at that time at a rate equal to that indicated in section 12 below for the remaining term of the issue now offered, in order to equal the interest he would receive by accepting the exchange offer. For example, if the 2-1/2% Bonds of 1965-70 are exchanged for the 3-1/2% Bonds of 1990, the rate for the entire twenty-eight years and five months will be 3-1/2%. If the exchange is not made, a 2-1/2% rate will be received until March 15, 1970, requiring reinvestment of the proceeds of the 2-1/2's at that time at a rate of at least 4.36% for the remaining nineteen years and eleven months, all at compound interest, to average out to a 3-1/2% rate for twenty-eight years and five months. This minimum reinvestment rate for the extension period is shown in the table under section 12. The minimum reinvestment rates for the other issues included in the exchange are also shown in the table under section 12.

12. Investment rates on the 3-1/2% bonds offered in exchange, to holders of the eligible 2-1/2% bonds:

Eligible bonds	2-1/2% March 15, 1965-70			2-1/2% March 15, 1966-71		
Bonds offered in exchange ------	3-1/2% Nov. 15, 1980	3-1/2% Feb. 15, 1990	3-1/2% Nov. 15, 1998	3-1/2% Nov. 15, 1980	3-1/2% Feb. 15, 1990	3-1/2% Nov. 15, 1998
Payments on account of $100 issue price:						
By subscriber -------------	$2.25			$3.50	$0.25	
To subscriber -------------		$1.00	$2.00			$1.00
Approximate investment yield from exchange date (9/15/61) to maturity of 3-1/2% bonds based on prices of eligible 2-1/2% bond 1/ ---------------	4.16%	4.23%	4.19%	4.15%	4.21%	4.19%
Approximate minimum reinvestment rate for the extension period 2/ ------------------	4.31	4.36	4.28	4.30	4.36	4.30

1/ Yield to nontaxable holder or before tax. Based on mean of bid and ask prices (adjusted for payments on account of issue price) at noon September 6, 1961.

2/ Rate for nontaxable holder or before tax. For explanation see paragraph 11 above.

They understand President Kennedy when he says, "this is a partnership; there is work in it for all of us, and the United States must surely do its full share."

The promise of Punta del Este is bright. The whole Hemisphere stands on the threshold of a new era of hope. Let us remember that hope and promise lead nowhere unless the responsibility they engender is properly and honorably assumed -- and by all concerned.

~~Thank you.~~

o0o

~~which will enable us to finance~~ task forces on education, health, land reform, and other self-help measures relative to the success of the Alliance ~~which can make a great contribution to the Alliance~~.

~~These and other~~ our efforts to support the Alliance ~~were given~~ recently great impetus ~~recently~~ when the United States Congress authorized President Kennedy to make long-term commitments for ~~on~~ development loans and credits. Without such authority, we could not have provided financial aid on the long-term basis needed by the democratic leaders of Latin America so that they may ~~if they are to~~ plan their own national efforts with some logical assurance of continuity in their programming.

~~So~~ We are well launched on our Alliance, and already good progress has been made.

Our friends in Latin America are aware that we have now given the highest priority to the development of our own hemisphere.

They understand

that applications for emergency financial assistance -- especially from smaller countries -- are given full attention ~~and acted upon without delay.~~

We have informed the Inter-American Bank that we will strongly

the hundred million dollar
support ~~the large-scale,~~ self-help housing program

now being considered
~~which~~ the Bank's staff ~~is now considering,~~ with ~~as much as a hundred million dollars.~~

~~Meanwhile, we stand ready to render any assistance we can to the Secretary-General of the Organization of American States, the President of the Inter-American Development Bank, and the Executive Secretary of the United Nation's Economic Commission for Latin America in composing a list of experts to help participating countries in evaluating and making recommendations on their long-term development programs.~~

Meanwhile, we are working
~~We also stand ready to work~~ with the Secretary-General of the

on the financing of
Organization of American States ~~in reaching an overall agreement~~

a ~~which~~

218

These loans went to finance a steel mill, electric power facilities, roads, land settlement, airport construction, housing, farm credit, water supply systems, oil well equipment, trucks, tractors, ~~and~~ an iron ore plant, television equipment, bottling equipment, street sweepers, water purification equipment, locomotives and other tools of development.

Since our return from Punta del Este, we have ~~moved quickly~~ been moving ~~and~~ energetically to ensure that the Alliance will not lose momentum.

We are seeking additional personnel of the highest possible qualifications to direct our participation in the Alliance.

We are instructing our missions in Latin America to work closely with the governments to which they are accredited, in achieving particularly in meeting emergency and short-term needs.

We have established an inter-agency group in Washington to assure continuing high level attention to the Alliance and to see

that applications

the past six months, nearly every country in Latin America has undertaken programs to improve housing. Several are establishing savings and loan associations or housing banks with the aid of government funds.

The Alliance, ~~is~~ then, is moving forward in Latin America. There, it is already a living thing.

I can assure you that we in Washington have likewise not been idle. Between President Kennedy's announcement of the Alliance on March 13 and the end of last month, the United States loaned more than seven hundred million dollars to Latin America. This is exclusive of grants and technical assistance, and does not include credits to Brazil for more than five hundred million dollars from the ~~U.S.~~ Export-Import Bank to refinance purchases made in the United States. There were eighty-two separate loans to sixteen of our nineteen fellow members of the Alliance.

These loans

coming decade.

But we cannot do the job alone. The leaders of the Hemisphere are fully aware of this. They know that well over eighty percent of the total resources for development must come from within Latin America itself. And they recognize that the heart of the Alliance is the concept of help for self-help.

Even before the Charter was signed, self-help measures were well under way. Reforms in tax and land laws -- the most urgent areas for improvement -- are moving ahead in a dozen countries. [~~Particularly significant progress in solving one or both of these problems is being made in Argentina, El Salvador, Brazil, Uruguay, and Venezuela.~~]

Improved tax enforcement, which has ~~recently~~ helped Argentina to double the tax receipts, [~~had notable success in Argentina~~], will be given further impetus at an Inter-American conference on taxation next month in Buenos Aires.

Great progress is also being made in low cost housing. Within

221

program.

So our public commitment to Latin America before Punta del Este, even with the very low Development Loan Fund ~~amount~~ Figure, totaled nine hundred and fifty million dollars a year.

When you add to this, three hundred million dollars a year in private investments by our citizens -- a conservative projection of present trends -- you already account for more than sixty percent of the ~~minimum~~ minimum Latin American [illegible] need ~~of the Alliance~~ for ~~outside~~ capital. ~~That sixty percent, by the way, is higher than we have pledged ourselves to contribute.~~ The rest of the needed ~~remaining forty percent in~~ outside capital ~~would be made up by~~ will come from international financing agencies such as the World Bank, and the Inter American Bank, ~~and through~~ from both public loans and private investment by Western Europe and Japan.

Thus, it is clear that we as a ~~National~~ nation can easily meet the pledge to supply "a major part" of the minimum of twenty billion dollars of outside assistance required by Latin America over the coming decade.

Four hundred million dollars a year from the Export-Import Bank. This is a conservative estimate, substantially less than the Bank loaned this year.

Two hundred and fifty million dollars as our annual contribution to a long-range program of social development agreed to last summer at Bogota. The Congress ~~has~~ last Spring appropriated funds for the first two years of the program.

One hundred and fifty million dollars from our Food for Peace Program, which has recently ~~been~~ accelerated.

Seventy-five million dollars from the Development Loan Fund -- another a very modest figure ~~reflecting~~ which still reflects our former policy of low priority for Latin America. This amount can be expected to increase sharply from its present level -- which is a mere fifteen percent of total Development Loan Fund lending.

Seventy five million dollars from our technical assistance program.

and technical assistance from ~~outside~~ Latin America, but internal reforms as well -- reforms that in many cases will involve profound changes in attitudes and ways of life that are centuries old.

The Latin American members of the Alliance have promised to make needed reforms. We, in turn, have promised support for their efforts.

At Punta del Este, we agreed that Latin America will, over the next ten years, require at least twenty billion dollars in both public and private help from outside sources if the goals of the Alliance are to be achieved. A major share of these funds is expected to come from the United States.

Some of our fellow citizens have said that ~~Americans say~~ we will have difficulty in meeting this commitment. They are mistaken, for ~~W~~we are already providing from public funds ~~almost~~ a billion dollars a year in aid to Latin America -- a reflection of the high priority we are now giving to hemisphere development.

Here is a breakdown of aid that can be expected, based upon our present pattern:

Four hundred

control of inflation, a Common Market, and commodity stabilization to prevent extreme price fluctuations of the ~~for~~ basic exports on which so many Latin American countries depend.

Second, to reform tax systems which weigh too heavily on low and middle income wage earners, while billions of dollars in revenue are lost through tax evasion.

Third, to create a more equitable distribution of land and to increase its productivity. At present, five percent of Latin American land~~owners hold~~ (stet) seventy percent of all arable land, but only a quarter of it is under cultivation.

Fourth, to improve public health, housing and education, controlling disease and increasing life expentancy, developing low cost housing, eliminating adult illiteracy and assuring each child a minimum of six years of schooling. ~~by 1970.~~

To achieve these goals will require not only money ~~from~~

and technical

225

children. At Punta del Este, we welcomed the revolution of rising expectations and we pledged to work with the democratic leaders of the Hemisphere to transform it into a revolution of rising satisfacti

That is what the Alliance for Progress is all about. Its purpos are set forth clearly in the Charter of Punta del Este, which lists these major goals for a ten-year program of social and economic progress:

First, to foster economic growth in each country at a minimum annual rate ~~for each country~~ of two and a half percent per person. Allowing for population expansion, this will require an overall growth rate of at least five percent ~~in each country~~. During the last ten years, only three nations -- Brazil, Mexico and Venezuela -- have attained this minimum goal. Achieving this objective throughout Latin America will involve industrialization with the aid of both public and private resources, diversification of one-commodity economies,

control

In Latin America, the average annual individual income is well under ~~less than~~ ~~three hundred dollars~~ a year -- dropping to as low as ~~fifty dollars~~ in some areas.

In Latin America, nearly half the adult population cannot read or write.

In Latin America, there are areas where hunger and disease are common. Chronic hunger imperils the health and shortens the ~~life~~ LIVES of millions, ~~Periodic droughts in such areas as Northeastern Brazil leave hundreds~~ dead of starvation. ~~In some areas,~~ and as many as twenty percent of the children die before they reach the age of four.

Such conditions have bred apathy and despair for ~~two~~ TOO long in Latin America. But today, the Latin peoples are caught up in the revolution of rising expectations. They are demanding the fruits of modern knowledge and technology for themselves and for their

children

227

to satisfy the basic needs of the American people for homes, work and land, health and schools."

The conference last month at Punta del Este, Uruguay, where I had the privilege of heading the United States Delegation, was called to define the aims of the Alliance and to begin the tremendous task of achieving them in the years ahead.

By initiating and helping to forge the Alliance, the United States has become a full partner in a great enterprise: a relentless war on poverty, disease, ignorance, and despair.

In this war, the only war we seek, all the American governments -- save one -- the Soviet Satellite Regime of Fidel Castro -- have declared themselves allies against the common foes of economic underdevelopment and social injustice.

These (twin) two problems are both formidable and widespread. Although many of you are familiar with Latin America, let me recall a few facts to emphasize the enormity of the task ahead:

In Latin America,

Nevertheless, we failed to make the extra effort required to ~~meet~~ to the crying needs of our 200 million Latin American neighbors.

~~American~~ Our policy began to change after the Buenos Aires Economic Conference in the summer of 1957, which clearly ~~the~~ reflected the rising discontent of ~~among~~ the Latin American peoples. That year, the United States broke its strong tradition of ~~opposition~~ antagonism to international commodity agreements and supported the formation of a Latin American producers' group to bolster the world market price of coffee. In 1958, we announced our willingness to join in establishing the Inter-American Development Bank, which began operations Last ~~in~~ October ~~1960.~~ Just a year ago ~~That year~~, at Bogota, we agreed to establish a ~~five hundred~~ million ~~dollar~~ Fund for Social Progress through self-help measures, to be administered in large part by the newly-established Inter-American Bank. Finally, with the announcement by President Kennedy on March 13 of the Alliance for Progress, we invited Latin American participation in a "vast co-operative effort, unparalleled in magnitude and nobility of purpose, to satisfy

Thus, in the Preamble to the historic Charter of Punta del Este, the United States and 19 of the 20 other American states set forth the goals of the Alliance for Progress.

That Alliance marks ~~opens~~ a new era in our relations with Latin America. Since World War II, we have been preoccupied with the problems of other areas -- first Europe, then Asia, then Africa. We were deaf to Latin Americans when they asked for help with their serious commodity problems, when they wanted us to join with them in creating an Inter-American Bank, when they sought adequate public capital for needed housing, education, sanitation, and agricultural reform. We were accused of neglecting Latin America because we were concentrating on problems in other parts of the world. This accusation, unfortunately, was justified. The urgent need to help reconstruct Europe after the war could not have be ignored. Neither could the needs of the newly-emerging nations of Asia and Africa.

Nevertheless

Treas. Dept

For Release: Upon Delivery ~~September 7,~~ 1961

ADDRESS OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE LOS ANGELES WORLD AFFAIRS COUNCIL
BILTMORE HOTEL, LOS ANGELES, CALIFORNIA
SEPTEMBER 11, 1961, 12:30 P.M.

I will begin by reading from a revolutionary document. It is a statement of hope, a statement of determination, and it presents to us a challenge without parallel in our history. I quote:

"The men and women of our Hemisphere are reaching for the better life which today's skills have placed within their grasp. They are determined for themselves and their children to have decent and ever more abundant lives, to gain access to knowledge and equal opportunity for all, to end those conditions which benefit the few at the expense of the needs and dignity of the many. It is our inescapable task to fulfill these just desires -- to demonstrate to the poor and forsaken of our countries, and of all lands, that the creative powers of free men hold the key to their progress and to the progress of future generations."

D-220

Thus in the

TREASURY DEPARTMENT
Washington

September 11,1961

FOR RELEASE: UPON DELIVERY

ADDRESS OF THE HONORABLE DOUGLAS DILLON
SECRETARY OF THE TREASURY
BEFORE THE LOS ANGELES WORLD AFFAIRS COUNCIL
BILTMORE HOTEL, LOS ANGELES, CALIFORNIA
SEPTEMBER 11, 1961, 12:30 PM, PDT, (3:30 PM, EDT)

I will begin by reading from a revolutionary document. It is a statement of hope -- a statement of determination -- and it presents to us a challenge without parallel in our history. I quote:

"The men and women of our Hemisphere are reaching for the better life which today's skills have placed within their grasp. They are determined for themselves and their children to have decent and ever more abundant lives, to gain access to knowledge and equal opportunity for all, to end those conditions which benefit the few at the expense of the needs and dignity of the many. It is our inescapable task to fulfill these just desires -- to demonstrate to the poor and forsaken of our countries, and of all lands, that the creative powers of free men hold the key to their progress and to the progress of future generations."

Thus, in the Preamble to the historic Charter of Punta del Este, the United States and 19 of the 20 other American states set forth the goals of the Alliance for Progress.

That Alliance marks a new era in our relations with Latin America. Since World War II, we have been preoccupied with the problems of other areas -- first Europe -- then Asia -- then Africa. We were deaf to Latin Americans when they asked for help with their serious commodity problems -- when they wanted us to join with them in creating an Inter-American Bank -- when they sought adequate public capital for needed housing, education, sanitation, and agricultural reform. We were accused of neglecting Latin America because we were concentrating on problems in other parts of the world. This accusation, unfortunately, was justified. The urgent need to help reconstruct Europe after the war could not have been ignored. Neither could the needs of the newly-emerging nations of Asia and Africa. Nevertheless, until recent years, our response to the crying needs of our 200 million Latin American neighbors was clearly inadequate.

Our policy began to change shortley after the Buenos Aires Economic onference in the summer of 1957, which clearly reflected the rising iscontent of the Latin American peoples. Later that year, the United tates broke its strong tradition of antagonism to international ommodity agreements and supported the formation of a Latin American roducers' group to bolster the world market price of coffee. In 958, once again reversing our previous policy, we announced our illingness to join in establishing the Inter-American Development ank, which began operations last October. Just a year ago at Bogota, e agreed to establish a five hundred million dollar Fund for Social rogress through self-help measures, to be administered in large part y the newly-established Inter-American Bank. Finally, with the nnouncement by President Kennedy on March 13 of the Alliance for rogress, we invited Latin American participation in a "vast ooperative effort, unparalleled in magnitude and nobility of purpose o satisfy the basic needs of the American people for homes, work and and, health and schools."

The conference last month at Punta del Este, Uruguay, where I ad the privilege of heading the United States Delegation, was alled to define the aims of the Alliance and to begin the tremendous ask of achieving them in the years ahead.

By initiating and helping to forge the Alliance, the United tates has become a full partner in a great enterprise: a relentless ar on poverty, disease, ignorance, and despair.

In this war, the only war we seek, all the American governments, ave one -- the Soviet Satellite Regime of Fidel Castro -- have eclared themselves allies against the common foes of economic nderdevelopment and social injustice.

These twin problems are both formidable and widespread. Although any of you are familiar with Latin America, let me recall a few acts to emphasize the enormity of the task ahead:

In Latin America, the average annual individual income is well nder three hundred dollars a year -- dropping to as low as fifty in ome areas.

In Latin America, nearly half the adult population cannot read r write.

In Latin America, there are areas where chronic hunger imperils he health and shortens the lives of millions, and as many as twenty ercent of the children die before they reach the age of four.

Such conditions have bred apathy and despair for too long in atin America. But today, the Latin peoples are caught up in the evolution of rising expectations. They are demanding the fruits f modern knowledge and technology for themselves and for their hildren. At Punta del Este, we welcomed the revolution of rising xpectations and we pledged to work with the democratic leaders of he Hemisphere to transform it into a revolution of rising satisfactions.

233

That is what the Alliance for Progress is all about. Its purposes are clearly set forth in the Charter of Punta del Este, which lists these major goals for a ten-year program of social and economic progress:

First, to foster economic growth in each country at a minimum annual rate of two and a half percent per person. Allowing for population expansion, this will require an over-all growth rate of at least five percent. During the last ten years, only three nations -- Brazil, Mexico and Venezuela -- have attained this minimum goal. Achieving this objective throughout Latin America will involve industrialization with the aid of both public and private resources, diversification of one-commodity economies, control of inflation, a Common Market, and commodity stabilization to prevent extreme price fluctuations of the basic exports on which so many Latin American countries depend.

Second, to reform tax systems which weigh too heavily on low and middle income wage earners, while billions of dollars in revenue are lost through tax evasion.

Third, to create a more equitable distribution of land and to increase its productivity. At present, five percent of Latin American landowners hold seventy percent of all arable land, but only a quarter of it is under cultivation.

Fourth, to improve public health, housing and education, controlling disease and increasing life expectancy, developing low cost housing, eliminating adult illiteracy and assuring each child a minimum of six years of schooling.

To achieve these goals will require not only money and technical assistance from outside Latin America, but internal reforms as well -- reforms that in many cases will involve profound changes in attitudes and ways of life that are centuries old.

The Latin American members of the Alliance have promised to make needed reforms. We, in turn, have promised support for their efforts.

At Punta del Este, we agreed that Latin America will, over the next ten years, require at least twenty billion dollars in both public and private help from outside sources if the goals of the Alliance are to be achieved. A major share of these funds is expected to come from the United States.

Some of our fellow citizens have said that we will have difficulty in meeting this commitment. They are mistaken for we are already providing from public funds almost a billion dollars a year in aid to Latin America -- a reflection of the high priority we are now giving to hemisphere development.

Here is a breakdown of aid that can be expected, based upon our present pattern:

Four hundred million dollars a year from the Export-Import Bank. This is a conservative estimate, substantially less than the Bank loaned this year.

Two hundred and fifty million dollars as our annual contribution to a long-range program of social development agreed to last summer at Bogota. The Congress last spring appropriated funds for the first two years of this program.

One hundred and fifty million dollars from our Food for Peace Program, which has recently been accelerated.

Seventy five million dollars from our technical assistance program.

Another seventy-five million dollars from the Development Loan Fund -- a very modest figure which still reflects our former policy of low priority for Latin America. This amount can be expected to increase sharply from its present level -- which is a mere fifteen percent of total Development Loan Fund lending.

So our public commitment to Latin America before Punta del Este, even with the very low Development Loan Fund figure, totalled nine hundred and fifty million dollars a year.

When you add to this, three hundred million dollars a year in private investments by our citizens -- a conservative projection of present trends -- you already account for more than sixty percent of the minimal Latin American need for foreign capital. The rest of the needed outside capital will come from international financing agencies such as the World Bank, and the Inter-American Bank, and from both public loans and private investment by Western Europe and Japan.

Thus, it is clear that we as a Nation can easily meet the pledge to supply "a major part" of the minimum of twenty billion dollars of outside assistance required by Latin America over the coming decade.

But we cannot do the job alone. The leaders of the Hemisphere are fully aware of this. They know that well over eighty percent of the total resources for development must come from within Latin America itself. And they recognize that the heart of the Alliance is the concept of help for self-help.

Even before the Charter was signed, self-help measures were well under way. Reforms in tax and land laws -- the most urgent areas for improvement -- are moving ahead in a dozen countries.

Improved tax enforcement, which has recently helped Argentina to double its tax receipts, will be given further impetus at an Inter-American conference on taxation next month in Buenos Aires.

Great progress is also being made in low cost housing. Within the past six months, nearly every country in Latin America has undertaken programs to improve housing. Several are establishing savings and loan associations or housing banks with the aid of government funds.

The Alliance, then is moving forward in Latin America. There, it is already a living thing.

I can assure you that we in Washington have likewise not been idle. Between President Kennedy's announcement of the Alliance on March 13 and the end of last month, the United States loaned more than seven hundred million dollars to Latin America. This is exclusive of grants and technical assistance, and does not include credits to Brazil for more than five hundred million dollars from the Export-Import Bank to refinance purchases made in the United States. There were eighty-two separate loans to sixteen of our nineteen fellow members of the Alliance.

These loans went to finance a steel mill, electric power facilities, roads, land settlement, airport construction, housing, farm credit, water supply systems, oil well equipment, trucks, tractors, an iron ore plant, television equipment, bottling equipment, street sweepers, water purification equipment, locomotives, and other tools of development.

Since our return from Punta del Este, we have been moving energetically to ensure that the Alliance will not lose momentum:

We are seeking additional personnel of the highest possible qualifications to direct our participation in the Alliance.

We are instructing our missions in Latin America to work closely with the governments to which they are accredited, particularly in meeting emergency and short-term needs.

We have informed the Inter-American Bank that we will strongly support the hundred million dollar self-help housing program now being considered by the Bank's staff.

Meanwhile, we are working with the Secretary-General of the Organization of American States on the financing of task forces on education, health, land reform, and other self-help measures essential to the success of the Alliance.

Our efforts to support the Alliance were recently given great impetus when the United States Congress authorized President Kennedy to make long-term commitments for development loans and credits. Without such authority, we could not have provided financial aid on the long-term basis needed by democratic leaders of Latin America so that they may plan their own national efforts with some logical assurance of continuity in their programming.

We we are well launched on our Alliance, and already good progress has been made.

Our friends in Latin America are aware that we have now given the highest priority to the development of our own Hemisphere. They understand President Kennedy when he says, "this is a partnership; there is work in it for all of us, and the United States must surely do its full share."

The promise of Punta del Este is bright. The whole Hemisphere stands on the threshold of a new era of hope. Let us remember that hope and promise lead nowhere unless the responsibility they engender is properly and honorably assumed -- and by all concerned.

oOo

237

9/1/61

U.S.-PORTUGAL INCOME TAX CONVENTION
TO BE DISCUSSED

Representatives of the Treasury Department and the State Department expect to hold discussions later in the year with representatives of the Government of Portugal to consider an income tax convention for the elimination of double taxation. ~~It is anticipated that~~ The convention ~~will~~ is expected to be similar in scope to that of most of the other twenty-one U.S. income tax conventions now in effect.

Interested persons in the United States who desire to submit comments or suggestions with respect to such a tax treaty are invited to submit their views. Communications should be addressed to the Assistant Secretary of the Treasury, Mr. Stanley S. Surrey, Treasury Department, Washington 25, D. C. ~~To receive adequate consideration,~~ Comments and suggestions should be submitted as promptly as possible but not later than October 15, 1961.

D-221

September 11, 1961

FOR IMMEDIATE RELEASE

U.S.-PORTUGAL INCOME TAX CONVENTION TO BE DISCUSSED

Representatives of the Treasury Department and the State Department expect to hold discussions later in the year with representatives of the Government of Portugal to consider an income tax convention for the elimination of double taxation.

The convention is expected to be similar in scope to that of most of the other twenty-one U.S. income tax conventions now in effect.

Interested persons in the United States who desire to submit comments or suggestions with respect to such a tax treaty are invited to submit their views. Communications should be addressed to the Assistant Secretary of the Treasury, Mr. Stanley S. Surrey, Treasury Department, Washington 25, D.C.

Comments and suggestions should be submitted as promptly as possible but not later than October 15, 1961.

oOo

239

September 11, 1961

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, September 12, 1961.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated June 15, 1961, and the other series to be dated September 14, 1961, which were offered on September 6, were opened at the Federal Reserve Banks on September 11. Tenders were invited for $1,100,000,000, or thereabouts, of 91-day bills and for $600,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 14, 1961		:	182-day Treasury bills maturing March 15, 1962	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.418 a/	2.302%	:	98.654	2.662%
Low	99.408	2.342%	:	98.636	2.698%
Average	99.412	2.328% 1/	:	98.643	2.685%

a/ Excepting one tender of $75,000
38 percent of the amount of 91-day bills bid for at the low price was accepted
89 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 32,579,000	$ 22,704,000	:	$ 2,874,000	$ 1,811,000
New York	1,553,773,000	714,893,000	:	909,701,000	505,459,000
Philadelphia	38,746,000	14,581,000	:	7,971,000	2,580,000
Cleveland	35,996,000	28,323,000	:	18,809,000	18,648,000
Richmond	16,514,000	14,514,000	:	3,757,000	3,757,000
Atlanta	24,800,000	19,411,000	:	4,186,000	3,446,000
Chicago	244,432,000	170,317,000	:	78,599,000	38,449,000
St. Louis	25,240,000	18,102,000	:	4,746,000	3,691,000
Minneapolis	24,517,000	19,517,000	:	5,676,000	3,126,000
Kansas City	47,640,000	34,310,000	:	6,878,000	6,723,000
Dallas	13,083,000	12,783,000	:	3,361,000	3,261,000
San Francisco	78,771,000	31,481,000	:	28,899,000	9,571,000
	$2,136,091,000	$1,100,936,000 b/		$1,075,407,000	$600,522,000 c/

b/ Includes $248,531,000 noncompetitive tenders accepted at the average price of 99.412
c/ Includes $49,808,000 noncompetitive tenders accepted at the average price of 98.643
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.37%, for the 91-day bills, and 2.76%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

D-222

TREASURY DEPARTMENT

240

WASHINGTON, D.C.

September 11, 1961

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, September 12, 1961.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated June 15, 1961, and the other series to be dated September 14, 1961, which were offered on September 6, were opened at the Federal Reserve Banks on September 11. Tenders were invited for $1,100,000,000, or thereabouts, of 91-day bills and for $600,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 14, 1961		182-day Treasury bills maturing March 15, 1962	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.418 a/	2.302%	98.654	2.662%
Low	99.408	2.342%	98.636	2.698%
Average	99.412	2.328% 1/	98.643	2.685%

a/ Excepting one tender of $75,000
38 percent of the amount of 91-day bills bid for at the low price was accepted
89 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 32,579,000	$ 22,704,000	$ 2,874,000	$ 1,811,000
New York	1,553,773,000	714,893,000	909,701,000	505,459,000
Philadelphia	38,746,000	14,581,000	7,971,000	2,580,000
Cleveland	35,996,000	28,323,000	18,809,000	18,648,000
Richmond	16,514,000	14,514,000	3,757,000	3,757,000
Atlanta	24,800,000	19,411,000	4,186,000	3,446,000
Chicago	244,432,000	170,317,000	78,599,000	38,449,000
St. Louis	25,240,000	18,102,000	4,746,000	3,691,000
Minneapolis	24,517,000	19,517,000	5,626,000	3,126,000
Kansas City	47,640,000	34,310,000	6,878,000	6,723,000
Dallas	13,083,000	12,783,000	3,361,000	3,261,000
San Francisco	78,771,000	31,481,000	28,899,000	9,571,000
	$2,136,091,000	$1,100,936,000 b/	$1,075,407,000	$600,522,000 c/

b/ Includes $248,531,000 noncompetitive tenders accepted at the average price of 99.412
c/ Includes $49,808,000 noncompetitive tenders accepted at the average price of 98.643
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.37%, for the 91-day bills, and 2.76%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period with semiannual compounding if more than one coupon period is involved.

D-222

~~XXXXXXXXXX~~

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

242

on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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.

All bidders are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any bills of this issue, until after one-thirty o'clock p.m., Eastern Daylight Saving time, Wednesday, September 20, 1961.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $400,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on September 27, 1961, provided, however, any qualified depositary will be permitted to make payment by credit in its Treasury tax and loan account for Treasury bills 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.

~~XXXXXXXXX~~

~~XXXXXXX-XXXXX~~

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~

September 12, 1961

~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~

TREASURY ANNOUNCES AUCTION OF TAX ANTICIPATION BILLS

The Treasury Department, by this public notice, invites tenders for $2,500,000,000, or thereabouts, of 268-day Treasury bills, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be designated Tax Anticipation Series, they will be dated September 27, 1961, and they will mature June 22, 1962. They will be accepted at face value in payment of income and profits taxes due on June 15, 1962, and to the extent they are not presented for this purpose the face amount of these bills will be payable without interest at maturity. Taxpayers desiring to apply these bills in payment of June 15, 1962, income and profits taxes have the privilege of surrendering them to any Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States, Washington, not more than fifteen days before June 15, 1962, and receiving receipts therefor showing the face amount of the bills so surrendered. These receipts may be submitted in lieu of the bills on or before June 15, 1962, to the District Director of Internal Revenue for the District in which such taxes are payable. The bills will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern Daylight Saving ~~XXXXXXXX~~ time, Wednesday, September 20, 1961. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 12, 1961

FOR IMMEDIATE RELEASE

TREASURY ANNOUNCES AUCTION OF TAX ANTICIPATION BILLS

The Treasury Department, by this public notice, invites tenders for $2,500,000,000, or thereabouts, of 268-day Treasury bills, to be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided. The bills of this series will be designated Tax Anticipation Series, they will be dated September 27,1961, and they will mature June 22, 1962. They will be accepted at face value in payment of income and profits taxes due on June 15, 1962, and to the extent they are not presented for this purpose the face amount of these bills will be payable without interest at maturity. Taxpayers desiring to apply these bills in payment of June 15, 1962, income and profits taxes have the privilege of surrendering them to any Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States, Washington, not more than fifteen days before June 15, 1962, and receiving receipts therefor showing the face amount of the bills so surrendered. These receipts may be submitted in lieu of the bills on or before June 15, 1962, to the District Director of Internal Revenue for the District in which such taxes are payable. The bills will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern Daylight Saving time, Wednesday, September 20, 1961. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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.

All bidders are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of any bills of this issue, until after one-thirty o'clock p.m., Eastern Daylight Saving time, Wednesday, September 20, 1961

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $400,000 or less without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on September 27, 1961, provided, however, any qualified depositary will be permitted to make payment by credit in its Treasury tax and loan account for Treasury bills allotted to it for itself and its customers up to 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.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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 Federa Reserve Bank or Branch.

oOo

the desirability of the Boggs bill. However, if the Committee feels that the relief proposed is necessary or desirable under all the circumstances and if it can be established to the satisfaction of this Committee that the du Pont contentions are substantially correct as to market impact and as to the similarity of revenue return to the United States under either present law or the Boggs bill, the Secretary of the Treasury has authorized me to say that he would have no objection to its passage. In so stating, we are aware that the Boggs bill is designed not as a private relief bill but to apply to divestitures generally. In this connection, the discretion left to the court under the terms of the bill would seem to us to provide a safeguard against windfalls to future taxpayers affected by antitrust divestitures. If in the future a situation should arise which would belie this assumption, we assume that the Congress will take appropriate legislative action to protect the interest of the United States in the light of the facts pertaining in such case, and, indeed, we shall so recommend.

assets in question,* and to shift the tax burden from the du Pont Company to the shareholders who acquired their shares prior to 1949 when du Pont stock last sold at a price below the current market price of the General Motors shares to be distributed. In this connection, I should point out that du Pont very recently filed in the antitrust suit in the Chicago Court, a proposed final judgment which would permit du Pont to divest itself of General Motors stock "by distribution to its stockholders or by such other means as it may select......" If du Pont prevails, Christiana would not be legally bound to redistribute any General Motors stock it receives and its failure to do so would reduce the taxes payable by roughly $136 million. Despite these considerations, however, it must be conceded that if the du Pont assumptions may be taken as factual, the revenue payable to the United States as a practical matter will be approximately the same whichever tax law is made applicable to the divestiture. If the Committee is satisfied that this practical result will in fact obtain, this would remove a principal concern which the Secretary of the Treasury had at the time our report was prepared.

Also, at the time of preparing our report, we had no independently-derived source of information which would tend to support the du Pont contentions with regard to the impact on the market of divestiture under present law. Since that time we have received advice from the Securities and Exchange Commission which would lend some support to the claim that divestiture under existing Internal Revenue laws could have an adverse impact on the market. However, the Securities and Exchange Commission was careful to point out that there were many factors bearing upon this question which cannot be presently evaluated, such as the general trend of the market over the period of divestiture, the opportunities open to du Pont to minimize the impact, etc. Accordingly, they cautioned that reliance on any such estimate might prove extremely hazardous.

The difficulties in arriving at reliable tax revenue estimates and in forecasting the impact of divestiture under present law led the Treasury Department to take a neutral position with regard to

---

* E.g., du Pont shareholders will be able to obtain at reduced capital gains rates full control of the General Motors shares and may thereafter obtain tax free the proceeds of any sales of such stock. Following the du Pont plan under present law would leave the proceeds after taxes from such a sale in the du Pont Company, and if distributed, such proceeds would be subject to ordinary income taxes on the shareholders.

Taking as fact the assumptions which the Company has presented to us, we have no particular quarrel with their estimates.* Under these plans, the additional revenue payable under the present tax law would be paid to the United States over a period of 10 years on the assumption that the court in the du Pont antitrust case would permit divestiture to take place over that period.

The du Pont officials have indicated that if the Boggs bill is passed, du Pont would in all probability abandon the 4-part plan and would distribute the bulk of its 63 million shares of General Motors stock to its stockholders, in addition to rather than in lieu of normal cash dividends. They have estimated that such a distribution under the Boggs bill would result in the payment of Federal taxes in the amount of roughly $350 million** of additional revenue resulting from the divestiture. This sum would be payable over a shorter period of time if the court adheres to the admonition contained in section 1 of the bill with regard to limiting the period of divestiture. Indeed, Assistant Attorney General Oberdorfer has testified that the Department of Justice feels that if the bill is passed the divestiture could be appropriately completed in two years. It should be pointed out, however, that du Pont's plan for distribution under the Boggs bill would, if made under present law, result in the payment of Federal income taxes in an amount roughly in the neighborhood of $1 billion as described in the Treasury Department's report to this Committee. Thus, according to the representations made by the du Pont representatives to the Treasury Department, the effect of the Boggs bill would be to change the pattern of distribution, to increase the control or choice of action of the shareholders with respect to the

---

* No Internal Revenue ruling was either requested by or given to the du Pont representatives, nor has du Pont furnished or been asked for any undertaking that the plan or the assumptions supporting it will become fact under any given circumstances. The revenue figure presumably ignores any revenue losses which du Pont contends would flow from the adverse impact on the market caused by such a plan of divestiture.

** This figure presumably ignores possible actions which shareholders can take to minimize their tax burdens. It also seems to ignore potential losses of revenue that could arise from the ability of low basis du Pont shareholders to sell General Motors stock, currently represented by low basis du Pont stock, at market prices without gain. The figure assumes that Christiana will in turn distribute the stock it receives to its shareholders.

As the pending du Pont antitrust divestiture case would be immediately affected by the Boggs bill, we included in our report rough estimates as to the differences in tax consequences that flow from the application of the present law and from application of the Boggs bill.

However, the figures contained in the report were based on the assumption that du Pont would distribute its General Motors shares while continuing to pay its normal cash dividends. In other words, we assumed that du Pont did not intend to substitute General Motors shares for any portion of its normal cash dividends to shareholders. This assumption was based upon an earlier statement of du Pont Company representatives on the basis of a plan then before the Chicago court. After preparing our report, du Pont representatives informally presented to the Treasury Department tentative plans which could considerably change the estimates contained in our report. Briefly, they presented a 4-part plan which they indicate du Pont would follow to comply with a divestiture order under prevailing tax law. The plan provides for (a) an offer to exchange General Motors shares for du Pont common at a ratio which would provide a premium to the exchanging stockholders; (b) a separate offer to exchange General Motors shares for du Pont preferred at a ratio in which the market value of General Motors stock would equal the call price of the preferred; (c) a distribution of a portion of the General Motors shares in lieu of cash dividends; and, lastly, (d) a sale of the General Motors shares remaining after the foregoing transactions had taken place. The du Pont Company has estimated that the Federal income taxes payable under the plan would amount roughly to slightly less than $330 million* of additional revenue resulting from the divestiture, and such revenue would flow primarily from the sale by the Company of the 37 million shares of General Motors stock. Indeed, under an alternative plan submitted by du Pont representatives at a later date, the resulting revenue would, if the plan were successfully executed, amount to only $133 million.

---

* We are advised that this figure assumes reinvestment by du Pont of the cash proceeds of the sale of General Motors stock in a diversified portfolio of securities in lieu of distribution of such proceeds to shareholders.

entire appreciation in value of the property escapes the intercorporate-dividend tax. The new rule, contained in section 2 of the bill, provides that the amount of dividend income resulting from the receipt of antitrust stock, and the amount of the dividends-received deduction, will be measured by the fair market value of the stock distributed. However, the basis of the stock in the hands of the recipient corporation will be partially stepped-up in recognition of the fact that a portion of the appreciation in value has been taxed to the recipient corporation at the ordinary corporate rate after application of the intercorporate-dividends-received deduction.

Section 3 of H. R. 8847 would add to the Code various technical amendments required by the new rule relating to intercorporate dividends. One of the amendments provides for a special adjustment to earnings and profits when a corporation disposes of antitrust stock. The other amendments all involve various sections in Subchapter G of the 1954 Code, relating to corporations used to avoid income tax on shareholders. These amendments are in general designed to avoid an undue adverse impact upon the shareholders of personal holding companies receiving divested stock.

The Treasury Department has advised you of its views on this subject in a report on an earlier version of H. R. 8847 introduced by Senator Williams of Delaware (i.e., S. 2266). In brief, the report points out that we believe that the principal factors involved in determining whether relief should be granted are matters beyond the purview of our own responsibilities, and as a consequence we expressed neither support nor objection to the bill.

The factors we mentioned are: Any impact on the market resulting from taxing divestiture distributions under the present tax laws; equity to shareholders in such cases; and the effect on enforcement of the antitrust laws.

We also reported that if this Committee should decide to approve the bill, we hoped that you would incorporate certain amendments. The amendments which we suggested have been substantially incorporated in H. R. 8847, except that we urged that our proposed amendment to the intercorporate tax provisions be applied generally as a needed reform rather than confined to antitrust divestiture cases. However, we did indicate to the House Ways and Means Committee that we would not object to the limited amendment incorporated in H. R. 8847 as reported. If the bill in its present form should be passed by Congress, we strongly recommend that the Congress consider applying the intercorporate-dividend amendment generally in the near future.

TREASURY DEPARTMENT
WASHINGTON

FOR RELEASE: UPON DELIVERY SEPTEMBER 13, 1961

STATEMENT OF ROBERT H. KNIGHT, GENERAL COUNSEL OF THE TREASURY, BEFORE THE SENATE FINANCE COMMITTEE ON H. R. 8847, WEDNESDAY, SEPTEMBER 13, 1961, 10:00 A.M., EDT

Mr. Chairman, I am delighted to accept your invitation today to discuss H. R. 8847, introduced by Congressman Boggs, and reported favorably by the House Ways and Means Committee on September 7, 1961. The bill would provide tax relief to individual stockholders receiving distributions of stock as a result of antitrust divestiture orders.

Section 1 of H. R. 8847 would add a new section 1111 to the Internal Revenue Code which would provide special tax treatment for individual shareholders who receive divested stock pursuant to an antitrust order. Proposed section 1111 would treat a distribution of divested stock to such shareholders as a return of capital which would be received tax free except to the extent that the fair market value of the divested stock exceeds the shareholders' cost basis for the underlying stock with respect to which the distribution is made. The fair market value of the divested stock would be applied against and reduce the adjusted cost basis of the underlying stock, and any excess of fair market value over such cost basis would be treated as a taxable capital gain from the sale or exchange of property.

The tax treatment which would be accorded by the bill is similar to the tax treatment now provided by section 301 of the Code to a corporate distribution which is in excess of the corporation's earnings and profits. The proposed section 1111 provides that the earnings and profits of the distributing corporation shall not be diminished by reason of any distribution of divested stock which is treated as a return of capital.

Section 2 of H. R. 8847 would amend section 301 of the Code, relating to the taxation of intercorporate dividends, to provide a new tax treatment to corporate shareholders receiving antitrust stock which has appreciated in value in the hands of the distributor. Under existing law, a corporate recipient of a dividend of appreciated property includes in gross income only an amount equal to the cost basis of such property in the hands of the distributor, and then generally is entitled to an 85 per cent dividends-received deduction to reduce the amount subject to tax. Thus, under existing law the

TREASURY DEPARTMENT
WASHINGTON

FOR RELEASE: UPON DELIVERY SEPTEMBER 13, 1961

STATEMENT OF ROBERT H. KNIGHT, GENERAL COUNSEL
OF THE TREASURY, BEFORE THE SENATE FINANCE COMMITTEE
ON H. R. 8847, WEDNESDAY, SEPTEMBER 13, 1961, 10:00 A.M., EDT

Mr. Chairman, I am delighted to accept your invitation today to discuss H. R. 8847, introduced by Congressman Boggs, and reported favorably by the House Ways and Means Committee on September 7, 1961. The bill would provide tax relief to individual stockholders receiving distributions of stock as a result of antitrust divestiture orders.

Section 1 of H. R. 8847 would add a new section 1111 to the Internal Revenue Code which would provide special tax treatment for individual shareholders who receive divested stock pursuant to an antitrust order. Proposed section 1111 would treat a distribution of divested stock to such shareholders as a return of capital which would be received tax free except to the extent that the fair market value of the divested stock exceeds the shareholders' cost basis for the underlying stock with respect to which the distribution is made. The fair market value of the divested stock would be applied against and reduce the adjusted cost basis of the underlying stock, and any excess of fair market value over such cost basis would be treated as a taxable capital gain from the sale or exchange of property.

The tax treatment which would be accorded by the bill is similar to the tax treatment now provided by section 301 of the Code to a corporate distribution which is in excess of the corporation's earnings and profits. The proposed section 1111 provides that the earnings and profits of the distributing corporation shall not be diminished by reason of any distribution of divested stock which is treated as a return of capital.

Section 2 of H. R. 8847 would amend section 301 of the Code, relating to the taxation of intercorporate dividends, to provide a new tax treatment to corporate shareholders receiving antitrust stock which has appreciated in value in the hands of the distributor. Under existing law, a corporate recipient of a dividend of appreciated property includes in gross income only an amount equal to the cost basis of such property in the hands of the distributor, and then generally is entitled to an 85 per cent dividends-received deduction to reduce the amount subject to tax. Thus, under existing law the

D-224

entire appreciation in value of the property escapes the intercorporate-dividend tax. The new rule, contained in section 2 of the bill, provides that the amount of dividend income resulting from the receipt of antitrust stock, and the amount of the dividends-received deduction, will be measured by the fair market value of the stock distributed. However, the basis of the stock in the hands of the recipient corporation will be partially stepped-up in recognition of the fact that a portion of the appreciation in value has been taxed to the recipient corporation at the ordinary corporate rate after application of the intercorporate-dividends-received deduction.

Section 3 of H. R. 8847 would add to the Code various technical amendments required by the new rule relating to intercorporate dividends. One of the amendments provides for a special adjustment to earnings and profits when a corporation disposes of antitrust stock. The other amendments all involve various sections in Subchapter G of the 1954 Code, relating to corporations used to avoid income tax on shareholders. These amendments are in general designed to avoid an undue adverse impact upon the shareholders of personal holding companies receiving divested stock.

The Treasury Department has advised you of its views on this subject in a report on an earlier version of H. R. 8847 introduced by Senator Williams of Delaware (i.e., S. 2266). In brief, the report points out that we believe that the principal factors involved in determining whether relief should be granted are matters beyond the purview of our own responsibilities, and as a consequence we expressed neither support nor objection to the bill.

The factors we mentioned are: Any impact on the market resulting from taxing divestiture distributions under the present tax laws; equity to shareholders in such cases; and the effect on enforcement of the antitrust laws.

We also reported that if this Committee should decide to approve the bill, we hoped that you would incorporate certain amendments. The amendments which we suggested have been substantially incorporated in H. R. 8847, except that we urged that our proposed amendment to the intercorporate tax provisions be applied generally as a needed reform rather than confined to antitrust divestiture cases. However, we did indicate to the House Ways and Means Committee that we would not object to the limited amendment incorporated in H. R. 8847 as reported. If the bill in its present form should be passed by Congress, we strongly recommend that the Congress consider applying the intercorporate-dividend amendment generally in the near future.

As the pending du Pont antitrust divestiture case would be immediately affected by the Boggs bill, we included in our report rough estimates as to the differences in tax consequences that flow from the application of the present law and from application of the Boggs bill.

However, the figures contained in the report were based on the assumption that du Pont would distribute its General Motors shares while continuing to pay its normal cash dividends. In other words, we assumed that du Pont did not intend to substitute General Motors shares for any portion of its normal cash dividends to shareholders. This assumption was based upon an earlier statement of du Pont Company representatives on the basis of a plan then before the Chicago court. After preparing our report, du Pont representatives informally presented to the Treasury Department tentative plans which could considerably change the estimates contained in our report. Briefly, they presented a 4-part plan which they indicate du Pont would follow to comply with a divestiture order under prevailing tax law. The plan provides for (a) an offer to exchange General Motors shares for du Pont common at a ratio which would provide a premium to the exchanging stockholders; (b) a separate offer to exchange General Motors shares for du Pont preferred at a ratio in which the market value of General Motors stock would equal the call price of the preferred; (c) a distribution of a portion of the General Motors shares in lieu of cash dividends; and, lastly, (d) a sale of the General Motors shares remaining after the foregoing transactions had taken place. The du Pont Company has estimated that the Federal income taxes payable under the plan would amount roughly to slightly less than $330 million* of additional revenue resulting from the divestiture, and such revenue would flow primarily from the sale by the Company of the 37 million shares of General Motors stock. Indeed, under an alternative plan submitted by du Pont representatives at a later date, the resulting revenue would, if the plan were successfully executed, amount to only $133 million.

---

* We are advised that this figure assumes reinvestment by du Pont of the cash proceeds of the sale of General Motors stock in a diversified portfolio of securities in lieu of distribution of such proceeds to shareholders.

Taking as fact the assumptions which the Company has presented to us, we have no particular quarrel with their estimates.* Under these plans, the additional revenue payable under the present tax law would be paid to the United States over a period of 10 years on the assumption that the court in the du Pont antitrust case would permit divestiture to take place over that period.

The du Pont officials have indicated that if the Boggs bill is passed, du Pont would in all probability abandon the 4-part plan and would distribute the bulk of its 63 million shares of General Motors stock to its stockholders, in addition to rather than in lieu of normal cash dividends. They have estimated that such a distribution under the Boggs bill would result in the payment of Federal taxes in the amount of roughly $350 million** of additional revenue resulting from the divestiture. This sum would be payable over a shorter period of time if the court adheres to the admonition contained in section 1 of the bill with regard to limiting the period of divestiture. Indeed, Assistant Attorney General Oberdorfer has testified that the Department of Justice feels that if the bill is passed the divestiture could be appropriately completed in two years. It should be pointed out, however, that du Pont's plan for distribution under the Boggs bill would, if made under present law, result in the payment of Federal income taxes in an amount roughly in the neighborhood of $1 billion as described in the Treasury Department's report to this Committee. Thus, according to the representations made by the du Pont representatives to the Treasury Department, the effect of the Boggs bill would be to change the pattern of distribution, to increase the control or choice of action of the shareholders with respect to the

---

* No Internal Revenue ruling was either requested by or given to the du Pont representatives, nor has du Pont furnished or been asked for any undertaking that the plan or the assumptions supporting it will become fact under any given circumstances. The revenue figure presumably ignores any revenue losses which du Pont contends would flow from the adverse impact on the market caused by such a plan of divestiture.

** This figure presumably ignores possible actions which shareholders can take to minimize their tax burdens. It also seems to ignore potential losses of revenue that could arise from the ability of low basis du Pont shareholders to sell General Motors stock, currently represented by low basis du Pont stock, at market prices without gain. The figure assumes that Christiana will in turn distribute the stock it receives to its shareholders.

assets in question,* and to shift the tax burden from the du Pont Company to the shareholders who acquired their shares prior to 1949 when du Pont stock last sold at a price below the current market price of the General Motors shares to be distributed. In this connection, I should point out that du Pont very recently filed in the antitrust suit in the Chicago Court, a proposed final judgment which would permit du Pont to divest itself of General Motors stock "by distribution to its stockholders or by such other means as it may select......" If du Pont prevails, Christiana would not be legally bound to redistribute any General Motors stock it receives and its failure to do so would reduce the taxes payable by roughly $136 million. Despite these considerations, however, it must be conceded that if the du Pont assumptions may be taken as factual, the revenue payable to the United States as a practical matter will be approximately the same whichever tax law is made applicable to the divestiture. If the Committee is satisfied that this practical result will in fact obtain, this would remove a principal concern which the Secretary of the Treasury had at the time our report was prepared.

Also, at the time of preparing our report, we had no independently-derived source of information which would tend to support the du Pont contentions with regard to the impact on the market of divestiture under present law. Since that time we have received advice from the Securities and Exchange Commission which would lend some support to the claim that divestiture under existing Internal Revenue laws could have an adverse impact on the market. However, the Securities and Exchange Commission was careful to point out that there were many factors bearing upon this question which cannot be presently evaluated, such as the general trend of the market over the period of divestiture, the opportunities open to du Pont to minimize the impact, etc. Accordingly, they cautioned that reliance on any such estimate might prove extremely hazardous.

The difficulties in arriving at reliable tax revenue estimates and in forecasting the impact of divestiture under present law led the Treasury Department to take a neutral position with regard to

---

* <u>E.g.</u>, du Pont shareholders will be able to obtain at reduced capital gains rates full control of the General Motors shares and may thereafter obtain tax free the proceeds of any sales of such stock. Following the du Pont plan under present law would leave the proceeds after taxes from such a sale in the du Pont Company, and if distributed, such proceeds would be subject to ordinary income taxes on the shareholders.

the desirability of the Boggs bill. However, if the Committee feels that the relief proposed is necessary or desirable under all the circumstances and if it can be established to the satisfaction of this Committee that the du Pont contentions are substantially correct as to market impact and as to the similarity of revenue return to the United States under either present law or the Boggs bill, the Secretary of the Treasury has authorized me to say that he would have no objection to its passage. In so stating, we are aware that the Boggs bill is designed not as a private relief bill but to apply to divestitures generally. In this connection, the discretion left to the court under the terms of the bill would seem to us to provide a safeguard against windfalls to future taxpayers affected by antitrust divestitures. If in the future a situation should arise which would belie this assumption, we assume that the Congress will take appropriate legislative action to protect the interest of the United States in the light of the facts pertaining in such case, and, indeed, we shall so recommend.

from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated June 23, 1961, (91 days remaining until maturity date on December 21, 1961) and noncompetitive tenders for $100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 21, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 21, 1961. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not ~~have any exemption,~~ as such, and loss

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE — September 13, 1961

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing September 21, 1961, in the amount of $1,701,237,000, as follows:

91-day bills (to maturity date) to be issued September 21, 1961, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated June 23, 1961, and to mature December 21, 1961, originally issued in the amount of $500,767,000, the additional and original bills to be freely interchangeable.

182-day bills, for $600,000,000, or thereabouts, to be dated September 21, 1961, and to mature March 22, 1962.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern Daylight Saving ~~Standard~~ time, Monday, September 18, 1961. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three

D-225

257

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 13,1961

FOR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing September 21,1961,in the amount of $1,701,237,000, as follows:

91-day bills (to maturity date) to be issued September 21, 1961, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated June 23, 1961, and to mature December 21,1961, originally issued in the amount of $500,767,000, the additional and original bills to be freely interchangeable.

182-day bills, for $600,000,000, or thereabouts, to be dated September 21,1961,and to mature March 22, 1962.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, one-thirty o'clock p.m., Eastern Daylight Saving time, Monday, September 18, 1961. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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.

D-225

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Departmment of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated June 23, 1961, (91-days remaining until maturity date on December 21, 1961) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 21, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 21, 1961. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

oOo

258 SEP 6 1961

MEMORANDUM TO MR. MARTIN L. MOORE:

The following transactions were made in direct and guaranteed securities of the government for Treasury Investment and other accounts during the month of August:

Purchases	$65,963,000.00
Sales	48,643,500.00
Net Purchases	$17,319,500.00

MM

TREASURY DEPARTMENT

WASHINGTON, D.C.

Sept. 13
~~August 15,~~ 1961

IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN ~~JULY~~ August

During ~~July~~ August 1961, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net purchases by the Treasury Department of $~~25,585,900.~~ 17,319,500.

oOo

D-~~204~~

D-226

260

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 13, 1961

IMMEDIATE RELEASE

TREASURY MARKET TRANSACTIONS IN AUGUST

During August 1961, market transactions in direct and guaranteed securities of the government for Treasury investment and other accounts resulted in net purchases by the Treasury Department of $17,319,500.

oOo

D-226

261

Advisers Con't.

Charles Coombs
Vice President
Federal Reserve Bank of New York

Dixon Donnelley
~~Special~~ Assistant to the Secretary of the Treasury

Theodore Eliot, Jr.
Special Assistant to the Secretary of the Treasury

E. Jay Finkel,
Office of International Finance, Treasury Department

Isaiah Frank
Director
Office of International Financial and Development Affairs,
Department of State

Mortimer D. Goldstein
Office of International Financial and Development Affairs,
Department of State

Fred B. Smith
Assistant General Counsel, Treasury Department

George S. Springsteen
Special Assistant to the Under Secretary of State
for Economic Affairs

James Tobin
Member, Council of Economic Advisers

George H. Willis
Director, Office of International Finance, Treasury
Department

John S. Hooker
U.S Alternate Executive Director
International Monetary Fund

Senator Prescott Bush and Representative Henry S. Reuss are accompanying the group as observers.

Delegates Con't.

Frank A. Southard, Jr.
Special Assistant to the Secretary of the Treasury, and
U.S. Executive Director of the International Monetary Fund

Advisers:

Abraham J. Multer
Member, Committee on Banking and Currency
U. S. House of Representatives

Clarence Kilburn
Member, Committee on Banking and Currency
U. S. House of Representatives

William McC. Martin, Jr.
Chairman, Board of Governors, Federal Reserve System

Harold F. Linder
President, Export-Import Bank of Washington

Walter Heller
Chairman, Council of Economic Advisers

Rowland Burnstan
Assistant Secretary for International Affairs
Department of Commerce

Alfred Hayes
President, Federal Reserve Bank of New York

Dwight J. Porter
Charge d'Affaires, American Embassy, Vienna

~~JohnxSxxHookex~~

Joseph W. Barr
Assistant to the Secretary of the Treasury

Henry J. Bittermann
Sr. Financial Adviser
Office of International Finance, Treasury Department

Earle Cocke, Jr.
U.S. Alternate Executive Director
International Bank for Reconstruction and Development

DRAFT

Sept. 13, 1961

FOR RELEASE: THURSDAY AM'S
September 14, 1961

DILLON HEADING UNITED STATES DELEGATION TO
WORLD BANK AND FUND MEETING IN VIENNA

A United States delegation headed by Secretary of the Treasury Douglas Dillon will leave for Vienna, Austria, Tomorrow at 9:00 A. M. from Andrews Air Force Base to attend the Annual Meetings of the Boards of Governors of the International Bank and its affiliates, and of the International Monetary Fund.

The meetings open on Monday, September 18, and end September 22. The DELEGATION will return to ~~party is due back in~~ Washington on September 24, at 4:45 p.m.

Other members of the U. S. delegation include:

Delegates:

George W. Ball
Under Secretary of State for Economic Affairs

Robert V. Roosa
Under Secretary of the Treasury for Monetary Affairs

John M. Leddy
Assistant Secretary of the Treasury

D-227

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 13, 1961

FOR RELEASE: THURSDAY AM'S
September 14, 1961

DILLON HEADING UNITED STATES DELEGATION TO WORLD BANK AND FUND MEETING IN VIENNA

A United States delegation headed by Secretary of the Treasury Douglas Dillon will leave for Vienna, Austria, tomorrow at 9:00 A.M. from Andrews Air Force Base to attend the Annual Meetings of the Boards of Governors of the International Bank and its affiliates, and of the International Monetary Fund.

The meetings open on Monday, September 18, and end September 22. The delegation will return to Washington on September 24, at 4:45 P.M.

Other members of the U.S. delegation include:

Delegates:

George W. Ball
Under Secretary of State for Economic Affairs

Robert V. Roosa
Under Secretary of the Treasury for Monetary Affairs

John M. Leddy
Assistant Secretary of the Treasury

Frank A. Southard, Jr.
Special Assistant to the Secretary of the Treasury, and U. S. Executive Director of the International Monetary Fund

Advisers:

Abraham J. Multer
Member, Committee on Banking and Currency
U. S. House of Representatives

Clarence Kilburn
Member, Committee on Banking and Currency
U. S. House of Representatives

William McC. Martin, Jr.
Chairman, Board of Governors, Federal Reserve System

Advisers Continued

Harold F. Linder
President, Export-Import Bank of Washington

Walter Heller
Chairman, Council of Economic Advisers

Rowland Burnstan
Assistant Secretary for International Affairs
Department of Commerce

Alfred Hayes
President, Federal Reserve Bank of New York

Dwight J. Porter
Charge d'Affaires, American Embassy, Vienna

Joseph W. Barr
Assistant to the Secretary of the Treasury

Henry J. Bittermann
Sr. Financial Adviser
Office of International Finance, Treasury

Erle Cocke, Jr.
U. S. Alternate Executive Director
International Bank for Reconstruction and Development

Charles Coombs
Vice President
Federal Reserve Bank of New York

Dixon Donnelley
Assistant to the Secretary of the Treasury

Theodore Eliot, Jr.
Special Assistant to the Secretary of the Treasury

E. Jay Finkel
Office of International Finance, Treasury Department

Isaiah Frank
Director
Office of International Financial and Development Affairs,
Department of State

Mortimer D. Goldstein
Office of International Financial and Development Affairs,
Department of State

John S. Hooker
U. S. Alternate Executive Director
International Monetary Fund

Fred B. Smith
Assistant General Counsel, Treasury Department

George S. Springsteen
Special Assistant to the Under Secretary of State for Economic Affairs

James Tobin
Member, Council of Economic Advisers

George H. Willis
Director, Office of International Finance, Treasury Department

Senator Prescott Bush and Representative Henry S. Reuss are accompanying the group as observers.

oOo

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 14, 1961

D-228

PRELIMINARY DATA ON IMPORTS FOR CONSUMPTION OF UNMANUFACTURED LEAD AND ZINC CHARGEABLE TO THE QUOTAS ESTABLISHED BY PRESIDENTIAL PROCLAMATION NO. 3257 OF SEPTEMBER 22, 1958

QUARTERLY QUOTA PERIOD - July 1, 1961 - September 30, 1961

IMPORTS - July 1, 1961 - September 11, 1961

Country of Production	ITEM 391 Lead-bearing ores, flue dust, and mattes		ITEM 392 Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, all alloys or combinations of lead n.s.p.f.		ITEM 393 Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		ITEM 394 Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead (Pounds)	Imports (Pounds)	Quarterly Quota Dutiable Lead (Pounds)	Imports (Pounds)	Quarterly Quota Dutiable Zinc (Pounds)	Imports (Pounds)	Quarterly Quota By Weight (Pounds)	Imports (Pounds)
Australia	10,080,000	10,080,000	23,680,000	14,843,743	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	4,574,749
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	3,272,279
Bolivia	5,040,000	5,040,000	-	-	-	-	-	-
Canada	13,440,000	13,440,000	15,920,000	15,355,189	66,480,000	39,829,843	37,840,000	25,887,587
Italy	-	-	-	-	-	-	3,600,000	661,380
Mexico	-	-	36,880,000	36,880,000	70,480,000	63,844,215	6,320,000	4,803,374
Peru	16,160,000	10,975,093	12,880,000	2,421,189	35,120,000	15,783,552	3,760,000	578,146
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	13,658,870	-	-	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	6,080,000

TREASURY DEPARTMENT
Washington, D. C.

268

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 14, 1961

D-228

PRELIMINARY DATA ON IMPORTS FOR CONSUMPTION OF UNMANUFACTURED LEAD AND ZINC CHARGEABLE TO THE QUOTAS ESTABLISHED BY PRESIDENTIAL PROCLAMATION NO. 3257 OF SEPTEMBER 22, 1958

QUARTERLY QUOTA PERIOD - July 1, 1961 - September 30, 1961

IMPORTS - July 1, 1961 - September 11, 1961

Country of Production	ITEM 391 Lead-bearing ores, flue dust, and mattes		ITEM 392 Lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, all alloys or combinations of lead n.s.p.f.		ITEM 393 Zinc-bearing ores of all kinds, except pyrites containing not over 3% of zinc		ITEM 394 Zinc in blocks, pigs, or slabs; old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings	
	Quarterly Quota Dutiable Lead (Pounds)	Imports	Quarterly Quota Dutiable Lead (Pounds)	Imports	Quarterly Quota Dutiable Zinc (Pounds)	Imports	Quarterly Quota By Weight (Pounds)	Imports
Australia	10,080,000	10,080,000	23,680,000	14,843,743	-	-	-	-
Belgian Congo	-	-	-	-	-	-	5,440,000	4,574,749
Belgium and Luxemburg (total)	-	-	-	-	-	-	7,520,000	3,272,279
Bolivia	5,040,000	5,040,000	-	-	-	-	-	-
Canada	13,440,000	13,440,000	15,920,000	15,355,189	66,480,000	39,829,843	37,840,000	25,887,587
Italy	-	-	-	-	-	-	3,600,000	661,380
Mexico	-	-	36,880,000	36,880,000	70,480,000	63,844,215	6,320,000	4,803,374
Peru	16,160,000	10,975,093	12,880,000	2,421,189	35,120,000	15,783,552	3,760,000	578,146
Un. So. Africa	14,880,000	14,880,000	-	-	-	-	-	-
Yugoslavia	-	-	15,760,000	13,658,870	-	-	-	-
All other foreign countries (total)	6,560,000	6,560,000	6,080,000	6,080,000	17,840,000	17,840,000	6,080,000	6,080,000

269

COTTON WASTES
(In pounds)

COTTON CARD STRIPS made from cotton having a staple of less than 1-3/16 inches in length, COMBER WASTE, LAP WASTE, SLIVER WASTE, AND ROVING WASTE, WHETHER OR NOT MANUFACTURED OR OTHERWISE ADVANCED IN VALUE: Provided, however, that not more than 33-1/3 percent of the quotas shall be filled by cotton wastes other than comber wastes made from cottons of 1-3/16 inches or more in staple length in the case of the following countries: United Kingdom, France, Netherlands, Switzerland, Belgium, Germany, and Italy:

Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 1960, to Sept. 11, 1961	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1960, to Sept. 11, 1961
United Kingdom	4,323,457	1,810,874	1,441,152	1,441,152
Canada	239,690	239,690	-	-
France	227,420	75,807	75,807	75,807
British India	69,627	58,512	-	-
Netherlands	68,240	21,442	22,747	21,442
Switzerland	44,388	-	14,796	-
Belgium	38,559	3,068	12,853	3,068
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	50,646	25,443	9,937
Italy	21,263	-	7,088	-
	5,482,509	2,260,039	1,599,886	1,551,406

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

TREASURY DEPARTMENT
Washington, D. C.

270

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 14, 1961

D-229

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by the President's Proclamation of September 5, 1939, as amended

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports September 20, 1960 - September 11, 1961

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	-	Honduras	752	-
Peru	247,952	50,569	Paraguay	871	-
British India	2,003,483	80,821	Colombia	124	-
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	8,883,259	British East Africa ...	2,240	681
Brazil	618,723	618,721	Netherlands E. Indies .	71,388	-
Union of Soviet Socialist Republics ...	475,124	-	Barbados	-	-
Argentina	5,203	-	1/Other British W. Indies	21,321	-
Haiti	237	-	Nigeria	5,377	-
Ecuador	9,333	-	2/Other British W. Africa	16,004	-
			3/Other French Africa ...	689	-
			Algeria and Tunisia ...	-	-

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.

Cotton 1-1/8" or more
Imports August 1, 1961 - September 11, 1961

Established Quota (Global) - 45,656,420 Lbs.

Staple Length	Allocation	Imports
1-3/8" or more	39,590,778	39,590,778
1-5/32" or more and under 1-3/8" (Tanguis)	1,500,000	461,020
1-1/8" or more and under 1-3/8"	4,565,642	4,565,642

TREASURY DEPARTMENT
Washington, D. C.

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 14, 1961

D-229

Preliminary data on imports for consumption of cotton and cotton waste chargeable to the quotas established by the President's Proclamation of September 5, 1939, as amended

COTTON (other than linters) (in pounds)
Cotton under 1-1/8 inches other than rough or harsh under 3/4"
Imports September 20, 1960 - September 11, 1961

Country of Origin	Established Quota	Imports	Country of Origin	Established Quota	Imports
Egypt and the Anglo-Egyptian Sudan	783,816	-	Honduras	752	-
Peru	247,952	50,569	Paraguay	871	-
British India	2,003,483	80,821	Colombia	124	-
China	1,370,791	-	Iraq	195	-
Mexico	8,883,259	8,883,259	British East Africa ...	2,240	681
Brazil	618,723	618,721	Netherlands E. Indies .	71,388	-
Union of Soviet Socialist Republics ...	475,124	-	Barbados	-	-
Argentina	5,203	-	1/Other British W. Indies	21,321	-
Haiti	237	-	Nigeria	5,377	-
Ecuador	9,333	-	2/Other British W. Africa	16,004	-
			3/Other French Africa ...	689	-
			Algeria and Tunisia ...	-	-

1/ Other than Barbados, Bermuda, Jamaica, Trinidad, and Tobago.
2/ Other than Gold Coast and Nigeria.
3/ Other than Algeria, Tunisia, and Madagascar.

Cotton 1-1/8" or more
Imports August 1, 1961 - September 11, 1961

Established Quota (Global) - 45,656,420 Lbs.

Staple Length	Allocation	Imports
1-3/8" or more	39,590,778	39,590,778
1-5/32" or more and under 1-3/8" (Tanguis)	1,500,000	461,020
1-1/8" or more and under 1-3/8"	4,565,642	[illegible]

COTTON WASTES
(In pounds)

COTTON CARD STRIPS made from cotton having a staple of less than 1-3/16 inches in length, COMBER WASTE, LAP WASTE, SLIVER WASTE, AND ROVING WASTE, WHETHER OR NOT MANUFACTURED OR OTHERWISE ADVANCED IN VALUE: Provided, however, that not more than 33-1/3 percent of the quotas shall be filled by cotton wastes other than comber wastes made from cottons of 1-3/16 inches or more in staple length in the case of the following countries: United Kingdom, France, Netherlands, Switzerland, Belgium, Germany, and Italy:

Country of Origin	Established TOTAL QUOTA	Total Imports Sept. 20, 1960, to Sept. 11, 1961	Established 33-1/3% of Total Quota	Imports 1/ Sept. 20, 1960, to Sept. 11, 1961
United Kingdom	4,323,457	1,810,874	1,441,152	1,441,152
Canada	239,690	239,690	-	-
France	227,420	75,807	75,807	75,807
British India	69,627	58,512	-	-
Netherlands	68,240	21,442	22,747	21,442
Switzerland	44,388	-	14,796	-
Belgium	38,559	3,068	12,853	3,068
Japan	341,535	-	-	-
China	17,322	-	-	-
Egypt	8,135	-	-	-
Cuba	6,544	-	-	-
Germany	76,329	50,646	25,443	9,937
Italy	21,263	-	7,088	-
	5,482,509	2,260,039	1,599,886	1,551,406

1/ Included in total imports, column 2.

Prepared in the Bureau of Customs.

Commodity	Period and Quantity		Unit of Quantity	Imports as of Sept. 2, 1961
Absolute Quotas:				
Peanuts, shelled, unshelled, blanched, salted, prepared or preserved (incl. roasted peanuts but not peanut butter)	12 mos. from Aug. 1, 1960	1,709,000	Pound	925,360*
	12 mos. from Aug. 1, 1961	1,709,000	Pound	354,900**
Butter substitutes, including butter oil, containing 45% or more butterfat	Calendar Year	1,200,000	Pound	Quota Filled
Tung Oil	Feb. 1, 1961-Oct. 31, 1961			
	Argentina	18,770,577	Pound	16,214,058**
	Paraguay	2,230,313	Pound	Quota Filled
	Other Countries	711,188	Pound	551,150**

* Imports through July 31, 1961.

** Imports through September 11, 1961.

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 14, 1961

D-230

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to September 2, 1961, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Sept. 2, 1961
Tariff-Rate Quotas:				
Cream, fresh or sour	Calendar Year	1,500,000	Gallon	268
Whole milk, fresh or sour	Calendar Year	3,000,000	Gallon	68
Cattle, 700 lbs. or more each (other than dairy cows)	July 1, 1961- Sept. 30, 1961	120,000	Head	47,016
Cattle less than 200 lbs. each	12 mos. from April 1, 1961	200,000	Head	30,153
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish ..	Calendar Year	32,600,645	Pound	Quota Filled 1/
Tuna fish	Calendar Year	57,114,714	Pound	35,537,369
White or Irish potatoes:				
Certified seed	12 mos. from	114,000,000	Pound	64,444,705
Other	Sept. 15, 1960	36,000,000	Pound	8,919,862
Walnuts	Calendar Year	5,000,000	Pound	Quota Filled
Stainless steel table flatware (table knives, table forks, table spoons)	Nov. 1, 1960- Oct. 31, 1961	69,000,000	Pieces	Quota Filled

1/ Imports for consumption at the quota rate are limited to 24,450,483 pounds during the first nine months of the calendar year.

(over)

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 14, 1961

D-230

The Bureau of Customs announced today preliminary figures showing the imports for consumption of the commodities listed below within quota limitations from the beginning of the quota periods to September 2, 1961, inclusive, as follows:

Commodity	Period and Quantity		Unit of Quantity	Imports as of Sept. 2, 1961
Tariff-Rate Quotas:				
Cream, fresh or sour	Calendar Year	1,500,000	Gallon	268
Whole milk, fresh or sour	Calendar Year	3,000,000	Gallon	68
Cattle, 700 lbs. or more each (other than dairy cows)	July 1, 1961- Sept. 30, 1961	120,000	Head	47,016
Cattle less than 200 lbs. each	12 mos. from April 1, 1961	200,000	Head	30,153
Fish, fresh or frozen, filleted, etc., cod, haddock, hake, pollock, cusk, and rosefish ..	Calendar Year	32,600,645	Pound	Quota Filled 1/
Tuna fish	Calendar Year	57,114,714	Pound	35,537,369
White or Irish potatoes:				
Certified seed	12 mos. from	114,000,000	Pound	64,444,705
Other	Sept. 15, 1960	36,000,000	Pound	8,919,862
Walnuts	Calendar Year	5,000,000	Pound	Quota Filled
Stainless steel table flatware (table knives, table forks, table spoons)	Nov. 1, 1960- Oct. 31, 1961	69,000,000	Pieces	Quota Filled

1/ Imports for consumption at the quota rate are limited to 24,450,483 pounds during the first nine months of the calendar year.

(over)

Commodity	Period and Quantity		Unit of Quantity	Imports as of Sept. 2, 1961
Absolute Quotas:				
Peanuts, shelled, unshelled, blanched, salted, prepared or preserved (incl. roasted peanuts but not peanut butter)	12 mos. from Aug. 1, 1960	1,709,000	Pound	925,360*
	12 mos. from Aug. 1, 1961	1,709,000	Pound	354,900**
Butter substitutes, including butter oil, containing 45% or more butterfat	Calendar Year	1,200,000	Pound	Quota Filled
Tung Oil	Feb. 1, 1961- Oct. 31, 1961			
	Argentina	18,770,577	Pound	16,214,058**
	Paraguay	2,230,313	Pound	Quota Filled
	Other Countries	711,188	Pound	551,150**

* Imports through July 31, 1961.

** Imports through September 11, 1961.

TREASURY DEPARTMENT
Washington

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 14, 1961

D-231

The Bureau of Customs announced today the following preliminary figures showing the imports for consumption from January 1, 1961, to September 2, 1961, inclusive, of commodities for which quotas were established pursuant to the Philippine Trade Agreement Revision Act of 1955:

Commodity	Established Annual Quota Quantity	Unit of Quantity	Imports as of Sept. 2, 1961
Buttons	765,000	Gross	168,564
Cigars	180,000,000	Number	4,236,540
Coconut oil	403,200,000	Pound	88,259,142
Cordage	6,000,000	Pound	3,432,925
Tobacco	5,850,000	Pound	5,958,105

TREASURY DEPARTMENT
Washington

TREASURY DEPARTMENT
Washington

IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 14, 1961

D-231

The Bureau of Customs announced today the following preliminary figures showing the imports for consumption from January 1, 1961, to September 2, 1961, inclusive, of commodities for which quotas were established pursuant to the Philippine Trade Agreement Revision Act of 1955:

Commodity	Established Annual Quota Quantity	Unit of Quantity	Imports as of Sept. 2, 1961
Buttons	765,000	Gross	168,564
Cigars	180,000,000	Number	4,236,540
Coconut oil	403,200,000	Pound	88,259,142
Cordage	6,000,000	Pound	3,432,925
Tobacco	5,850,000	Pound	5,958,105

upon the Fund should there be further large scale movements of short-term capital.

This is particularly true in the case of the Fund's resources in major currencies other than the dollar and the pound sterling.

no ¶ Such lines of credit would be an important supplement to the Fund's existing resources. They would give the Fund access to substantial amounts of the major currencies so it would be in a better position to handle any major balance of payments problems that might arise.

We do not expect any final decisions on this subject at Vienna. The negotiation of such an arrangement is complex and would take some time. However, the meeting at Vienna will give us the opportunity for consultations at the Ministerial level which should be helpful in moving the plan forward.

For Immediate Release September 14, 1961

STATEMENT OF TREASURY SECRETARY DOUGLAS DILLON
ON THE EVE OF HIS DEPARTURE FOR VIENNA, AUSTRIA,
TO ATTEND THE ANNUAL MEETINGS OF THE BOARDS OF
GOVERNORS OF THE INTERNATIONAL BANK AND ITS AFFILIATES
AND OF THE INTERNATIONAL MONETARY FUND

The meetings to which we are going in Vienna will offer an important opportunity for the members of the international financial community to exchange views on current problems.

We will review the operations of the International Bank and the International Monetary Fund during the past year, and devote considerable attention to the course of financial developments over the last twelve months.

Our most important discussion will center on the international payments situation. It will include consideration of establishing arrangements for special stand-by credits to the Fund by the principal industrial countries. It is now clear that the available resources of the Fund are no longer adequate to deal with all possible demands

D-232

279

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 14, 1961

FOR IMMEDIATE RELEASE

STATEMENT OF TREASURY SECRETARY DOUGLAS DILLON
ON THE EVE OF HIS DEPARTURE FOR VIENNA, AUSTRIA,
TO ATTEND THE ANNUAL MEETINGS OF THE BOARDS OF
GOVERNORS OF THE INTERNATIONAL BANK AND ITS
AFFILIATES AND OF THE INTERNATIONAL MONETARY FUND

The meetings to which we are going in Vienna will offer an important opportunity for the members of the international financial community to exchange views on current problems.

We will review the operations of the International Bank and the International Monetary Fund during the past year, and devote considerable attention to the course of financial developments over the last twelve months.

Our most important discussion will center on the international payments situation. It will include consideration of establishing arrangements for special stand-by credits to the Fund by the principal industrial countries. Such lines of credit would be an important supplement to the Fund's existing resources. They would give the Fund access to substantial amounts of the major currencies so it would be in a better position to handle any major balance of payments problems that might arise.

We do not expect final decisions on this subject at Vienna. The negotiation of such an arrangement is complex and would take some time. However, the meeting at Vienna will give us the opportunity for consultations at the Ministerial level which should be helpful in moving the plan forward.

oOo

D-232

280

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 15, 1961

FOR IMMEDIATE RELEASE

TREASURY DECISION ON CLOTHESPINS
UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that standard (round) wooden clothespins from West Germany are not being, nor likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act. Notice of the determination will be published in the Federal Register.

The dollar value of imports of the involved merchandise received during 1960 was approximately $83,000.

TREASURY DEPARTMENT

281

WASHINGTON, D.C.

September 15, 1961

FOR IMMEDIATE RELEASE

TREASURY DECISION ON CLOTHESPINS UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that standard (round) wooden clothespins from West Germany are not being, nor likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act. Notice of the determination will be published in the Federal Register.

The dollar value of imports of the involved merchandise received during 1960 was approximately $83,000.

1746

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 18, 1961

FOR IMMEDIATE RELEASE

TREASURY DECISION ON CHRISTMAS TREE ORNAMENTS UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that Christmas tree ornaments from Poland are not being, nor likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act. Notice of the determination will be published in the Federal Register.

Appraising officers are being instructed to proceed with the appraisement of this merchandise from Poland without regard to any question of dumping.

The dollar value of imports of the involved merchandise received during 1960 was approximately $500,000.

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 18, 1961

FOR IMMEDIATE RELEASE

TREASURY DECISION ON CHRISTMAS TREE ORNAMENTS UNDER THE ANTIDUMPING ACT

The Treasury Department has determined that Christmas tree ornaments from Poland are not being, nor likely to be, sold in the United States at less than fair value within the meaning of the Antidumping Act. Notice of the determination will be published in the Federal Register.

Appraising officers are being instructed to proceed with the appraisement of this merchandise from Poland without regard to any question of dumping.

The dollar value of imports of the involved merchandise received during 1960 was approximately $500,000.

JOINT STATE-TREASURY RELEASE

September 18, 1961

FOR IMMEDIATE RELEASE
MONDAY, SEPTEMBER 18, 1961

STATE-TREASURY PERSONNEL EXCHANGE PROGRAM

The State and Treasury Departments today announced a personnel exchange program designed to increase understanding of the relationship between foreign and financial policies.

The program was recommended in February of this year by the Subcommittee on National Policy Machinery of the Senate Committee on Government Operations. The recommendation was welcomed by the Secretary of State and the Secretary of the Treasury.

The first assignment of personnel between the two Departments begins today.

Robert S. Watson, of the Treasury's Office of International Finance, is assigned to the Economic Development Division of the State Department's Office of International Financial and Development Affairs. He will be concerned with the State Department's foreign policy guidance to the Export-Import Bank. He will also help coordinate the Department's position in the National Advisory Council in the area of loans, investments, surveys and certain other activities.

Edwin C. Rendall of the Bureau of Economic Affairs of the Departmen of State will be assigned to the Latin American Division of the Office of International Finance of the Treasury. He will have responsibility for financial analyses of the economies of a selected group of Latin American countries. This will require the application of basic Treasury policy to foreign financial matters.

Project assignments and training have been planned to provide maximum knowledge and understanding in areas where foreign and financial policies coincide. Particular emphasis will be given to the continued development of the exchange personnel and their potential contribution to the purpose of the program following return to their parent organizations.

Further assignments of personnel to the State-Treasury exchange program will be made later this year.

Assignments will be for one year.

oOo

JOINT STATE-TREASURY RELEASE

September 18, 1961

FOR IMMEDIATE RELEASE
MONDAY, SEPTEMBER 18, 1961

STATE-TREASURY PERSONNEL EXCHANGE PROGRAM

The State and Treasury Departments today announced a personnel exchange program designed to increase understanding of the relationship between foreign and financial policies.

The program was recommended in February of this year by the Subcommittee on National Policy Machinery of the Senate Committee on Government Operations. The recommendation was welcomed by the Secretary of State and the Secretary of the Treasury.

The first assignment of personnel between the two Departments begins today.

Robert S. Watson, of the Treasury's Office of International Finance, is assigned to the Economic Development Division of the State Department's Office of International Financial and Development Affairs. He will be concerned with the State Department's foreign policy guidance to the Export-Import Bank. He will also help coordinate the Department's position in the National Advisory Council in the area of loans, investments, surveys and certain other activities.

Edwin C. Rendall of the Bureau of Economic Affairs of the Department of State will be assigned to the Latin American Division of the Office of International Finance of the Treasury. He will have responsibility for financial analyses of the economies of a selected group of Latin American countries. This will require the application of basic Treasury policy to foreign financial matters.

Project assignments and training have been planned to provide maximum knowledge and understanding in areas where foreign and financial policies coincide. Particular emphasis will be given to the continued development of the exchange personnel and their potential contribution to the purpose of the program following return to their parent organizations.

Further assignments of personnel to the State-Treasury exchange program will be made later this year.

Assignments will be for one year.

oOo

September 18, 1961

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, September 19, 1961.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated June 23, 1961, and the other series to be dated September 21, 1961, which were offered on September 13, were opened at the Federal Reserve Banks on September 18. Tenders were invited for $1,100,000,000, or thereabouts, of 91-day bills and for $600,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 21, 1961		182-day Treasury bills maturing March 22, 1962	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.432	2.247%	98.652 a/	2.666%
Low	99.425	2.275%	98.636	2.698%
Average	99.428	2.262%	98.644	2.681% 1/

a/ Excepting one tender of $100,000
64 percent of the amount of 91-day bills bid for at the low price was accepted
51 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 34,892,000	$ 18,072,000	$ 8,949,000	$ 3,949,000
New York	1,479,895,000	670,545,000	938,051,000	463,181,000
Philadelphia	28,458,000	13,404,000	7,978,000	2,978,000
Cleveland	42,806,000	42,606,000	23,509,000	23,509,000
Richmond	15,682,000	15,272,000	3,763,000	3,518,000
Atlanta	23,720,000	20,160,000	7,376,000	7,176,000
Chicago	295,633,000	178,903,000	85,646,000	41,746,000
St. Louis	26,849,000	21,649,000	5,049,000	4,549,000
Minneapolis	24,290,000	16,570,000	6,963,000	3,463,000
Kansas City	43,843,000	31,067,000	17,015,000	10,096,000
Dallas	18,134,000	15,734,000	3,919,000	3,919,000
San Francisco	65,201,000	56,530,000	35,361,000	32,116,000
	$2,099,403,000	$1,100,512,000 b/	$1,143,579,000	$600,200,000 c/

b/ Includes $259,359,000 noncompetitive tenders accepted at the average price of 99.428
c/ Includes $52,461,000 noncompetitive tenders accepted at the average price of 98.644
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.31%, for the 91-day bills, and 2.76%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

D-233

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 18, 1961

287

FOR RELEASE A. M. NEWSPAPERS,
Tuesday, September 19, 1961.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated June 23, 1961, and the other series to be dated September 21, 1961, which were offered on September 13, were opened at the Federal Reserve Banks on September 18. Tenders were invited for $1,100,000,000, or thereabouts, of 91-day bills and for $600,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 21, 1961		182-day Treasury bills maturing March 22, 1962	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.432	2.247%	98.652 a/	2.666%
Low	99.425	2.275%	98.636	2.698%
Average	99.428	2.262%	98.644	2.681% 1/

a/ excepting one tender of $100,000
64 percent of the amount of 91-day bills bid for at the low price was accepted
51 percent of the amount of 182-day bills bid for at the low price was accepted

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 34,892,000	$ 18,072,000	$ 8,949,000	$ 3,949,000
New York	1,479,895,000	670,545,000	938,051,000	463,181,000
Philadelphia	28,458,000	13,404,000	7,978,000	2,978,000
Cleveland	42,806,000	42,606,000	23,509,000	23,509,000
Richmond	15,682,000	15,272,000	3,763,000	3,518,000
Atlanta	23,720,000	20,160,000	7,376,000	7,176,000
Chicago	295,633,000	178,903,000	85,646,000	41,746,000
St. Louis	26,849,000	21,649,000	5,049,000	4,549,000
Minneapolis	24,290,000	16,570,000	6,963,000	3,463,000
Kansas City	43,843,000	31,067,000	17,015,000	10,096,000
Dallas	18,134,000	15,734,000	3,919,000	3,919,000
San Francisco	65,201,000	56,530,000	35,361,000	32,116,000
	$2,099,403,000	$1,100,512,000 b/	$1,143,579,000	$600,200,000 c/

b/ Includes $259,359,000 noncompetitive tenders accepted at the average price of 99.428
c/ Includes $52,461,000 noncompetitive tenders accepted at the average price of 98.644
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.31%, for the 91-day bills, and 2.76%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

D-233

in 1945 and 1946. Mr. Lubick is a member of the Erie County Bar Association, The New York Bar Association, and the New York State Bar Association.

Mr. Lubick who makes his home at 61 Chatham Avenue in Buffalo, is married and has one son.

oOo

DRAFT 9-15-61

FOR IMMEDIATE RELEASE

DONALD C. LUBICK NAMED ~~or~~ TREASURY'S TAX LEGISLATIVE COUNSEL ~~DIRECTOR OF THE TREASURY'S OFFICE OF TAX LEGISLATION~~

Acting Secretary of the Treasury Henry H. Fowler today announced the appointment of Donald C. Lubick, of Buffalo, New York, as the ~~or~~ Treasury's Tax Legislative Counsel. ~~Director of the Treasury's Office of Tax Legislation.~~

Mr. Lubick, an attorney who specializes in tax matters, will serve as a legal adviser to Assistant Secretary Stanley S. Surrey on tax legislation and assist in coordinating the Department's tax legislative program. He will assume his new duties on September 25. ~~and serve under the direction of Assistant Secretary Stanley S. Surrey.~~

At the time of his Treasury appointment, Mr. Lubick was a tax specialist and partner in the Buffalo law firm of Hodgson, Russ, Andrews, Woods and Goodyear, which he joined in 1950 after a year as a teaching fellow at the Harvard Law School. Since 1950 he has also been a part-time member of the faculty of the University of Buffalo Law School teaching in a variety of fields including Federal income taxation. In 1959 he was Chairman of the Tax Revision Committee of the City of Buffalo, and has participated in the work of various bar associations, including the New York State Bar Association Section on Taxation.

Mr. Lubick, 35, was born in Buffalo. He received a B.A. degree, summa cum laude, in 1945 from the University of Buffalo, and his LL.B. degree, magna cum laude, from Harvard Law School in 1949, where he was elected a member of the Harvard Law Review and President of the Harvard Legal Aid Bureau. He served with the U.S. Army Air Force

D-234

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 18, 1961

FOR IMMEDIATE RELEASE

DONALD C. LUBICK NAMED TREASURY'S TAX LEGISLATIVE COUNSEL

Acting Secretary of the Treasury Henry H. Fowler today announced the appointment of Donald C. Lubick, of Buffalo, New York, as the Treasury's Tax Legislative Counsel.

Mr. Lubick, an attorney who specializes in tax matters, will serve as a legal adviser to Assistant Secretary Stanley S. Surrey on tax legislation and assist in coordinating the Department's tax legislative program. He will assume his new duties on September 25.

At the time of his Treasury appointment, Mr. Lubick was a tax specialist and partner in the Buffalo law firm of Hodgson, Russ, Andrews, Woods and Goodyear, which he joined in 1950 after a year as a teaching fellow at the Harvard Law School. Since 1950 he has also been a part-time member of the faculty of the University of Buffalo Law School teaching in a variety of fields including Federal income taxation. In 1959 he was Chairman of the Tax Revision Committee of the City of Buffalo, and has participated in the work of various bar associations, including the New York State Bar Association Section on Taxation.

Mr. Lubick, 35, was born in Buffalo. He received a B.A. degree, summa cum laude, in 1945 from the University of Buffalo, and his LL.B. degree, magna cum laude, from Harvard Law School in 1949, where he was elected a member of the Harvard Law Review and President of the Harvard Legal Aid Bureau. He served with the U.S. Army Air Force in 1945 and 1946. Mr. Lubick is a member of the Erie County Bar Association, The New York Bar Association, and the New York State Bar Association.

Mr. Lubick who makes his home at 61 Chatham Avenue in Buffalo, is married and has one son.

oOo

D-234

UNITED STATES NET MONETARY GOLD TRANSACTIONS WITH

FOREIGN COUNTRIES AND INTERNATIONAL INSTITUTIONS

January 1, 1961 - June 30, 1961

(In millions of dollars at $35 per fine troy ounce)

Negative figures represent net sales by the United States; positive figures, net purchases

Country	First Quarter 1961	Second Quarter 1961	Fiscal Year 1961 July 1, 1960 - June 30, 1961
Argentina	-90.0	---	-140.0
Belgium	---	---	- 90.1
BIS	-23.0	---	- 59.0
Burma	---	---	- 3.8
Cambodia	---	---	- 12.0
Chile	- 6.6	---	- 8.6
Colombia	---	---	- 6.3
Denmark	-35.0	---	- 50.0
El Salvador	---	+6.4	+ 6.4
Finland	---	---	- 3.0
France	---	---	-173.0
Germany (West)	-22.5	---	- 56.3
Ghana	---	---	- 5.6
Greece	---	---	- 47.0
Indonesia	---	---	- 24.9
International Monetary Fund	---	---	+300.0
Iraq	---	---	- 29.8
Italy	+100.0	---	+100.0
Japan	---	---	- 15.2
Kuwait	- 9.8	---	- 9.8
Laos	---	-1.9	- 1.9
Mexico	---	---	- 20.0
Morocco	---	---	- 21.0
Netherlands	---	---	-214.4
Peru	- 5.0	---	- 20.0
Saudi Arabia	-10.0	-25.0	- 35.0
Spain	-58.2	---	-171.5
Surinam	---	---	- 2.5
Switzerland	-54.9	-20.0	-399.1
Turkey	---	- 2.5	- 8.6
United Kingdom	-150.0	+224.6	-475.4
Uruguay	---	---	- 3.8
Vatican City	---	---	- 7.0
Yugoslavia	---	---	- 15.9
All Other	- 1.0	-2.8	- 6.3
Total	-366.0	+178.8	-1,730.4

The Net purchase of monetary gold by the United States during the second quarter of 1961 amounted to $178.8 million.

In the first quarter of the year, there was a net sale of gold of $366.0 million.

The Treasury's quarterly report, made public today, summarizes monetary gold transactions with foreign governments, central banks and international institutions for the second quarter of 1961.

D-235

WASHINGTON, D.C.

September 18, 1961

FOR IMMEDIATE RELEASE

UNITED STATES FOREIGN GOLD TRANSACTIONS
FOR SECOND QUARTER OF 1961

The net purchase of monetary gold by the United States during the second quarter of 1961 amounted to $178.8 million. In the first quarter of the year, there was a net sale of gold of $366.0 million.

The Treasury's quarterly report, made public today, summarizes monetary gold transactions with foreign governments, central banks and international institutions for the second quarter of 1961.

oOo

D-235

UNITED STATES NET MONETARY GOLD TRANSACTIONS WITH

FOREIGN COUNTRIES AND INTERNATIONAL INSTITUTIONS

January 1, 1961 - June 30, 1961

(In millions of dollars at $35 per fine troy ounce)

Negative figures represent net sales by the United States; positive figures, net purchases

Country	First Quarter 1961	Second Quarter 1961	Fiscal Year 1961 July 1, 1960 - June 30, 1961
Argentina	-90.0	---	-140.0
Belgium	---	---	- 90.1
BIS	-23.0	---	- 59.0
Burma	---	---	- 3.8
Cambodia	---	---	- 12.0
Chile	- 6.6	---	- 8.6
Colombia	---	---	- 6.3
Denmark	-35.0	---	- 50.0
El Salvador	---	+6.4	+ 6.4
Finland	---	---	- 3.0
France	---	---	-173.0
Germany (West)	-22.5	---	- 56.3
Ghana	---	---	- 5.6
Greece	---	---	- 47.0
Indonesia	---	---	- 24.9
International Monetary Fund	---	---	+300.0
Iraq	---	---	- 29.8
Italy	+100.0	---	+100.0
Japan	---	---	- 15.2
Kuwait	- 9.8	---	- 9.8
Laos	---	-1.9	- 1.9
Mexico	---	---	- 20.0
Morocco	---	---	- 21.0
Netherlands	---	---	-214.4
Peru	- 5.0	---	- 20.0
Saudi Arabia	-10.0	-25.0	- 35.0
Spain	-58.2	---	-171.5
Surinam	---	---	- 2.5
Switzerland	-54.9	-20.0	-399.1
Turkey	---	- 2.5	- 8.6
United Kingdom	-150.0	+224.6	-475.4
Uruguay	---	---	- 3.8
Vatican City	---	---	- 7.0
Yugoslavia	---	---	- 15.9
All Other	- 1.0	-2.8	- 6.3
Total	-366.0	+178.8	-1,730.4

from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Department of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated June 29, 1961, (91 days remaining until maturity date on December 28, 1961) and noncompetitive tenders for $100,000 or less for the 182 -day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 28, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 28, 1961. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE, September 20, 1961

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing September 28, 1961, in the amount of $1,700,237,000, as follows:

91-day bills (to maturity date) to be issued September 28, 1961, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated June 29, 1961, and to mature December 28, 1961, originally issued in the amount of $500,230,000, the additional and original bills to be freely interchangeable.

182-day bills, for $600,000,000, or thereabouts, to be dated September 28, 1961, and to mature March 29, 1962.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Daylight Saving time, Monday, September 25, 1961. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three

D-236

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE September 20, 1961

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of \$1,700,000,000 or thereabouts, for cash and in exchange for Treasury bills maturing September 28,1961, in the amount of \$1,700,237,000 as follows:

91-day bills (to maturity date) to be issued September 28, 1961, in the amount of \$1,100,000,000 or thereabouts, representing an additional amount of bills dated June 29, 1961 and to mature December 28,1961, originally issued in the amount of \$500,230,000 the additional and original bills to be freely interchangeable.

182-day bills, for \$ 600,000,000 or thereabouts, to be dated September 28,1961, and to mature March 29, 1962.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000 and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Daylight Saving time, Monday, September 25,1961 . Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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.

D-236

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Departmment of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated June 29, 1961 (91days remaining until maturity date on December 28, 1961 and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on September 28, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing September 28,1961.Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

oOo

September 20, 1961

FOR RELEASE A. M. NEWSPAPERS,
Thursday, September 21, 1961.

RESULT OF TREASURY'S $2-1/2 BILLION 268-DAY TAX ANTICIPATION BILL OFFERING

The Treasury Department announced last evening that the tenders for $2,500,000,000, or thereabouts, of Tax Anticipation Series 268-day Treasury bills to be dated September 1961, and to mature June 22, 1962, which were offered on September 12, were opened at the Federal Reserve Banks on September 20.

The details of this issue are as follows:

Total applied for - $5,120,887,000
Total accepted - 2,500,550,000 (includes $510,590,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Range of accepted competitive bids: (Excepting nine tenders totaling $1,600,000)

High	- 98.042	Equivalent rate of discount approx. 2.630% per annum	
Low	- 97.975	" " " " "	2.720% " "
Average	- 97.986	" " " " "	2.705% " " 1/

(9 percent of the amount bid for at the low price was accepted)

Federal Reserve District	Total Applied for	Total Accepted
Boston	258,165,000	133,[illegible]
New York	2,065,126,000	737,395,000
Philadelphia	216,000,000	131,[illegible],000
Cleveland	459,895,000	205,875,000
Richmond	118,506,000	70,974,000
Atlanta	218,698,000	135,[illegible]
Chicago	591,779,000	411,390,000
St. Louis	134,856,000	70,579,000
Minneapolis	181,265,000	118,155,000
Kansas City	119,200,000	93,954,000
Dallas	364,070,000	265,[illegible]
San Francisco	373,435,000	122,380,000
TOTAL	$5,120,887,000	$2,500,550,000

1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide a yield of 2.79%. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

D-237

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 20, 1961

FOR RELEASE A. M. NEWSPAPERS,
Thursday, September 21, 1961.

RESULT OF TREASURY'S $2-1/2 BILLION 268-DAY TAX ANTICIPATION BILL OFFERING

The Treasury Department announced last evening that the tenders for $2,500,000,000, or thereabouts, of Tax Anticipation Series 268-day Treasury bills to be dated September 27, 1961, and to mature June 22, 1962, which were offered on September 12, were opened at the Federal Reserve Banks on September 20.

The details of this issue are as follows:

Total applied for - $5,120,887,000
Total accepted - 2,500,550,000 (includes $510,598,000 entered on a noncompetitive basis and accepted in full at the average price shown below)

Range of accepted competitive bids: (Excepting nine tenders totaling $1,600,000)

High	- 98.042	Equivalent rate of discount approx. 2.630% per annum
Low	- 97.975	" " " " " 2.720% " "
Average	- 97.986	" " " " " 2.705% " " 1/

(9 percent of the amount bid for at the low price was accepted)

Federal Reserve District	Total Applied for	Total Accepted
Boston	$ 258,105,000	$ 138,385,000
New York	2,065,126,000	737,395,000
Philadelphia	216,000,000	131,124,000
Cleveland	459,895,000	205,875,000
Richmond	118,500,000	70,574,000
Atlanta	218,658,000	135,238,000
Chicago	591,779,000	411,350,000
St. Louis	134,854,000	70,579,000
Minneapolis	181,265,000	118,155,000
Kansas City	119,200,000	93,954,000
Dallas	364,070,000	265,541,000
San Francisco	393,435,000	122,380,000
TOTAL	$5,120,887,000	$2,500,550,000

1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide a yield of 2.79%. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

)-237

FISCAL SERVICE
OFFICE OF
FISCAL ASST. SECRETARY

1961 SEP 20 AM 11 14

TREASURY DEPARTMENT

1961 SEP 20 PM 4 09

TREASURY DEPARTMENT

1822

STATUTORY DEBT LIMITATION

As of August 31, 1961 — September 21, 1961

Section 21 of Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), "shall not exceed in the aggregate $285,000,000,000 (Act of June 30, 1959; U. S. C., title 31, sec. 757b), outstanding at any one time. For purposes of this section the current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder shall be considered as its face amount." The Act of June 30, 1961 (P. L. 87-69 87th Congress) provides that during the period beginning on July 1, 1961 and ending June 30, 1962, the above limitation ($285,000,000,000) shall be temporarily increased by $13,000,000,000.

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$298,000,000,000
Outstanding -			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$40,927,962,000		
Certificates of indebtedness	5,509,218,000		
Treasury notes	65,048,146,000	$111,485,326,000	
Bonds -			
Treasury	79,653,001,250		
*Savings (current redemp. value)	47,640,470,800		
Depositary	136,129,500		
R. E. A. series	20,402,000		
Investment series	5,700,668,000	133,150,671,550	
Cert. of Indebted.-For.Ser.	....	450,000,000	
Special Funds -			
Certificates of indebtedness	7,391,454,000		
Treasury notes	7,963,346,000		
Treasury bonds	30,217,837,000	45,572,637,000	
Total interest-bearing		290,658,634,550	
Matured, interest-ceased		433,245,843	
Bearing no interest:			
United States Savings Stamps	50,729,953		
Excess profits tax refund bonds	747,884		
Special notes of the United States:			
Internat'l Monetary Fund series	2,071,000,000		
Internat'l Develop. Ass'n.	57,652,200	2,180,130,037	
Total		293,272,010,430	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	248,424,000		
Matured, interest-ceased	804,950	249,228,950	
Grand total outstanding			293,521,239,38[illegible]
Balance face amount of obligations issuable under above authority			4,478,760,62[illegible]

Reconcilement with Statement of the Public Debt August 31, 1961
(Date)

(Daily Statement of the United States Treasury, August 31, 1961)
(Date)

Outstanding -	
Total gross public debt	293,714,454,41[illegible]
Guaranteed obligations not owned by the Treasury	249,228,95[illegible]
Total gross public debt and guaranteed obligations	293,963,683,36[illegible]
Deduct - other outstanding public debt obligations not subject to debt limitation	442,443,98[illegible]
	293,521,239,38[illegible]

D-238

300

STATUTORY DEBT LIMITATION

As of August 31, 1961

September 21, 1961

Section 21 of Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), "shall not exceed in the aggregate $285,000,000,000 (Act of June 30, 1959; U. S. C., title 31, sec. 757b), outstanding at any one time. For purposes of this section the current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder shall be considered as its face amount." The Act of June 30, 1961 (P. L. 87-69 87th Congress) provides that during the period beginning on July 1, 1961 and ending June 30, 1962, the above limitation ($285,000,000,000) shall be temporarily increased by $13,000,000,000.

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$298,000,000,000
Outstanding -			
Obligations issued under Second Liberty Bond Act, as amended			
Interest-bearing:			
Treasury bills	$40,927,962,000		
Certificates of indebtedness	5,509,218,000		
Treasury notes	65,048,146,000	$111,485,326,000	
Bonds -			
Treasury	79,653,001,250		
*Savings (current redemp. value)	47,640,470,800		
Depositary	136,129,500		
R. E. A. series	20,402,000		
Investment series	5,700,668,000	133,150,671,550	
Cert. of Indebted.-For.Ser.	....	450,000,000	
Special Funds -			
Certificates of indebtedness	7,391,454,000		
Treasury notes	7,963,346,000		
Treasury bonds	30,217,837,000	45,572,637,000	
Total interest-bearing		290,658,634,550	
Matured, interest-ceased		433,245,843	
Bearing no interest:			
United States Savings Stamps	50,729,953		
Excess profits tax refund bonds	747,884		
Special notes of the United States:			
Internat'l Monetary Fund series	2,071,000,000		
Internat'l Develop. Ass'n.	57,652,200	2,180,130,037	
Total		293,272,010,430	
Guaranteed obligations (not held by Treasury):			
Interest-bearing:			
Debentures: F. H. A. & DC Stad. Bds.	248,424,000		
Matured, interest-ceased	804,950	249,228,950	
Grand total outstanding			293,521,239,380
Balance face amount of obligations issuable under above authority			4,478,760,620

Reconcilement with Statement of the Public Debt August 31, 1961
(Date)

(Daily Statement of the United States Treasury, August 31, 1961)
(Date)

Outstanding -	
Total gross public debt	293,714,454,415
Guaranteed obligations not owned by the Treasury	249,228,950
Total gross public debt and guaranteed obligations	293,963,683,365
Deduct - other outstanding public debt obligations not subject to debt limitation	442,443,985
	293,521,239,380

D-238

TREASURY DEPARTMENT

301

WASHINGTON, D.C.

September 21, 1961

FOR IMMEDIATE RELEASE

TREASURY'S LATEST REFUNDING A SUCCESS

Acting Secretary of the Treasury Henry H. Fowler today announced that holders of one-half of the outstanding publicly held 2-1/2% bonds included in the Department's latest advance refunding operation have exchanged their holdings for 3-1/2% bonds. Subscription books for the offering were open from September 11 to 15, but subscriptions from individuals were also accepted through September 20.

"The Treasury is very pleased with the success of the advance refunding," Acting Secretary Fowler said. "It represents the accomplishment of a significant amount of debt extension, without disturbance in the market for outstanding issues and thus achieves substantial improvement in the maturity structure of the public debt."

Preliminary reports from the Federal Reserve Banks last night show that subscriptions of about $3,691 million have been received to the three issues of outstanding 3-1/2% long-term Treasury bonds included in the current offering to holders of the two issues of 2-1/2% Treasury Bonds of March 15, 1965-70, and March 15, 1966-71. These subscriptions, which include $2,761 million from public holders and $930 million from Government Investment Accounts, will be allotted in full. Delivery of the new bonds will be made on September 29, 1961.

Subscriptions are as follows (in millions of dollars):

2-1/2% Bonds Exchanged	3-1/2% Bonds Maturing in 1980	1990	1998	Total
1965-70				
Public holders ----	$ 567	$ 604	$ 448	$1,619
Govt. Inv. Accts.--	445	100	25	570
Total 1965-70 --	1,012	704	473	2,189
1966-71				
Public holders ----	213	503	426	1,142
Govt. Inv. Accts.--	35	61	264	360
Total 1966-71 --	248	564	690	1,502
TOTAL --------------	$1,260	$1,268	$1,163	$3,691

Details by Federal Reserve Banks as to subscriptions will be announced when final reports are received.

oOo

D-239

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 21, 1961

FOR IMMEDIATE RELEASE

TREASURY'S LATEST REFUNDING A SUCCESS

Acting Secretary of the Treasury Henry H. Fowler today announced that holders of one-half of the outstanding publicly held 2-1/2% bonds included in the Department's latest advance refunding operation have exchanged their holdings for 3-1/2% bonds. Subscription books for the offering were open from September 11 to 15, but subscriptions from individuals were also accepted through September 20.

"The Treasury is very pleased with the success of the advance refunding," Acting Secretary Fowler said. "It represents the accomplishment of a significant amount of debt extension, without disturbance in the market for outstanding issues, and thus achieves substantial improvement in the maturity structure of the public debt."

Preliminary reports from the Federal Reserve Banks last night show that subscriptions of about $3,691 million have been received to the three issues of outstanding 3-1/2% long-term Treasury bonds included in the current offering to holders of the two issues of 2-1/2% Treasury Bonds of March 15, 1965-70, and March 15, 1966-71. These subscriptions, which include $2,761 million from public holders and $930 million from Government Investment Accounts, will be allotted in full. Delivery of the new bonds will be made on September 29, 1961.

Subscriptions are as follows (in millions of dollars):

2-1/2% Bonds Exchanged	3-1/2% Bonds Maturing in 1980	1990	1998	Total
1965-70				
Public holders ----	$ 567	$ 604	$ 448	$1,619
Govt. Inv. Accts.--	445	100	25	570
Total 1965-70 --	1,012	704	473	2,189
1966-71				
Public holders ----	213	503	426	1,142
Govt. Inv. Accts.--	35	61	264	360
Total 1966-71 --	248	564	690	1,502
TOTAL --------------	$1,260	$1,268	$1,163	$3,691

Details by Federal Reserve Banks as to subscriptions will be announced when final reports are received.

oOo

D-239

1844

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 21, 1961

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON PORTLAND CEMENT

The Treasury Department is instructing customs field officers to withhold appraisement on Portland cement, other than white, nonstaining Portland cement, from Yugoslavia, pending a determination as to whether this merchandise is being sold in the United States at less than fair value. Notice to this effect is being published in the Federal Register.

Under the Antidumping Act, determination of sales in the United States at less than fair value would require reference of the case to the Tariff Commission, which would consider whether American industry was being injured. Both dumping price and injury must be shown to justify a finding of dumping under the law.

The complaint in this case was received on August 31, 1961, and was filed by the law firm of Covington and Burling on behalf of domestic producers whose names are listed in the notice to the Federal Register.

The dollar value of imports received during 1960 was approximately $200,000.

TREASURY DEPARTMENT

204

WASHINGTON, D.C.

September 21, 1961

FOR IMMEDIATE RELEASE

WITHHOLDING OF APPRAISEMENT ON
PORTLAND CEMENT

The Treasury Department is instructing customs field officers to withhold appraisement on Portland cement, other than white, nonstaining Portland cement, from Yugoslavia, pending a determination as to whether this merchandise is being sold in the United States at less than fair value. Notice to this effect is being published in the Federal Register.

Under the Antidumping Act, determination of sales in the United States at less than fair value would require reference of the case to the Tariff Commission, which would consider whether American industry was being injured. Both dumping price and injury must be shown to justify a finding of dumping under the law.

The complaint in this case was received on August 31, 1961, and was filed by the law firm of Covington and Burling on behalf of domestic producers whose names are listed in the notice to the Federal Register.

The dollar value of imports received during 1960 was approximately $200,000.

YEAR TO $516 BILLION ~~DOLLARS~~ IN THE SECOND QUARTER-- WILL REACH APPROXIMATELY $540 BILLION ~~DOLLARS~~ DURING THE FOURTH QUARTER. THE COURSE OF OUR ECONOMIC RECOVERY HAS BEEN PARTICULARLY ENCOURAGING SINCE PRICES HAVE REMAINED STABLE. HENCE, ALMOST THE ENTIRE RISE IN OUR GROSS NATIONAL PRODUCT HAS BEEN REAL. MOREOVER, OUR INCREASED ECONOMIC ACTIVITY HAS NOT BEEN ACCOMPANIED BY SPECULATIVE BUYING OR ABNORMAL BUILD-UP OF INVENTORIES. 30

DURING THE PAST YEAR THE MONETARY AND FISCAL POLICIES OF THE UNITED STATES HAVE BEEN DIRECTED AT LIMITING THE EXTENT OF THE DECLINE IN ECONOMIC ACTIVITY AND AT STRENGTHENING THE FORCES OF RECOVERY. PROMPT RECOGNITION BY OUR MONETARY AUTHORITIES OF THE IMPENDING DOWNTURN BROUGHT A QUICK SHIFT OF POLICY FROM MONETARY RESTRAINT TO EASE. AS EARLY AS JUNE OF LAST YEAR, THE FEDERAL RESERVE RELAXED CREDIT RESTRICTIONS BY REDUCING DISCOUNT RATES AND LOWERING THE RESERVE REQUIREMENTS OF COMMERCIAL BANKS. FEDERAL RESERVE PURCHASES OF GOVERNMENT SECURITIES PROVIDED ADDITIONAL BANK RESERVES TO COMBAT RECESSION AND FINANCE EXPANSION. REFLECTING THIS FEDERAL RESERVE POLICY, TOTAL LOANS AND INVESTMENTS OF COMMERCIAL BANKS HAVE EXPANDED BY ~~SEVEN~~ 7 PERCENT, OR $14 BILLION, ~~DOLLARS~~, DURING THE PAST 12 MONTHS. THIS LARGE INCREASE PROVIDED A MAJOR FORCE WHICH SOFTENED THE STRAINS OF RECESSION AND STIMULATED RECOVERY.

ON THE FISCAL SIDE, INCREASED UNEMPLOYMENT BENEFITS AND OTHER GOVERNMENT OUTLAYS ASSOCIATED WITH THE RECESSION-- IN CONJUNCTION WITH REDUCED INCOME TAX COLLECTIONS-- HAVE OPERATED AS IN PREVIOUS RECESSIONS TO PROVIDE AN AUTOMATIC SUPPORTING INFLUENCE. LARGELY AS A RESULT OF THESE "BUILT-IN STABILIZERS," THE TOTAL VALUE OF ALL GOODS AND SERVICES PRODUCED DURING THE ECONOMIC DOWNTURN NEVER FELL APPRECIABLY BELOW THE CORRESPONDING QUARTER OF THE PREVIOUS YEAR.

AS I NOTED EARLIER, WE ARE ESPECIALLY ENCOURAGED THAT OUR RECOVERY AND OUR ATTAINMENT OF RECORD NEW LEVELS OF PRODUCTION HAVE BEEN ACCOMPANIED BY PRICE STABILITY. OUR INDEX OF WHOLESALE PRICES HAS REMAINED FOR THREE YEARS AT VIRTUALLY THE SAME LEVEL. RETAIL COMMODITY PRICES HAVE BEEN STABLE WHILE THE OVERALL INDEX OF CONSUMER PRICES HAS INCREASED BY LESS THAN ~~ONE~~ 1 PERCENT SINCE LAST OCTOBER.

THE BUSINESS OUTLOOK FOR THE UNITED STATES DURING THE COMING YEAR IS VERY PROMISING. EXCESSIVE STOCKS HAVE BEEN LIQUIDATED. AS A RESULT OF RISING PRODUCTION AND SALES, INVENTORIES HAVE ONCE MORE BEGUN TO INCREASE MODERATELY BUT THEY ARE NOT HIGH IN RELATION TO EITHER PRESENT OR PROSPECTIVE NEEDS. CONSUMERS HAVE REDUCED THEIR DEBT AND BUILT UP THEIR SAVINGS, THUS STRENGTHENING THE OUTLOOK FOR RETAIL TRADE. NET FINANCIAL SAVINGS OF INDIVIDUALS ROSE BY $7.7 BILLION ~~DOLLARS~~ IN THE FIRST HALF OF 1961 ON TOP OF A $10 BILLION ~~DOLLARS~~ RISE IN 1960. IN CONTRAST TO 1958-59, INTEREST RATES HAVE REMAINED REMARKABLY CONSTANT DURING THE INITIAL RECOVERY PERIOD.

DRAWINGS TOTALLING MORE THAN $900 MILLION ~~DOLLARS~~. THERE ARE ALSO 20 STAND-BY ARRANGEMENTS IN EFFECT, WITH UNUSED DRAWING RIGHTS TOTALLING $1.2 BILLION ~~DOLLARS~~.

~~FUND ASSISTANCE IN THE PAST YEAR HAS BOTH STRENGTHENED THE~~ STRUCTURE OF CURRENCY CONVERTIBILITY IN THE INDUSTRIALIZED COUNTRIES AND HELPED MANY OF THE DEVELOPING COUNTRIES TO ADOPT OR MAINTAIN PROGRAMS OF FINANCIAL AND MONETARY STABILIZATION. THE FUND HAS COME TO OCCUPY A CENTRAL POSITION IN INTERNATIONAL MONETARY AFFAIRS-- A ROLE I AM CONFIDENT WILL BE OF EVER-INCREASING IMPORTANCE TO ALL OUR MEMBER COUNTRIES IN THE YEARS AHEAD. 306

A FEW YEARS AGO, ALMOST ALL DRAWINGS FROM THE FUND WERE IN DOLLARS. SINCE THE ADVENT OF CURRENCY CONVERTIBILITY IN WESTERN EUROPE, HOWEVER, THE FUND HAS MADE GREAT PROGRESS IN USING A LARGER NUMBER OF THE CURRENCIES IT HOLDS, THUS INCREASING THE PERCENTAGE OF DRAWINGS IN CURRENCIES ~~OTHER THAN UNITED STATES~~ DOLLARS. DURING THE PAST YEAR, ~~ELEVEN~~ DIFFERENT CURRENCIES WERE DRAWN FROM THE FUND, AND TWO-THIRDS OF THE TOTAL DRAWINGS WERE IN CURRENCIES OTHER THAN THE DOLLAR. THIS IS AN ENCOURAGING DEVELOPMENT. IT HAS MADE A REALITY OF THE ORIGINAL CONCEPT OF THE FUND AS A RESERVE POOL OF MANY CURRENCIES FOR THE USE OF MEMBERS.

LAST YEAR THE FUND'S ADVISORY ACTIVITIES CONTINUED ON A BROAD SCALE. WHEREVER MEMBER COUNTRIES HAVE SOUGHT TO DEAL EFFECTIVELY WITH FINANCIAL INSTABILITY-- BY STRENGTHENING THEIR FISCAL RESOURCES, BY CONTROLLING MONEY AND CREDIT, OR BY OTHERWISE IMPROVING THEIR FINANCIAL INSTITUTIONS-- THEY HAVE BEEN ABLE TO RELY ON THE STAFF OF THE FUND FOR EXPERT AND OBJECTIVE ADVICE.

THE STABILIZATION PROGRAMS MANY MEMBERS OF THE FUND HAVE WORKED OUT AND PUT INTO OPERATION-- USUALLY WITH FUND ADVICE-- HAVE AT TIMES BEEN CRITIZCIZED ON THE GROUND THAT THEY HAVE SUPPOSEDLY IMPOSED A CHOICE BETWEEN STAGNATION AND ECONOMIC GROWTH. I DO NOT BELIEVE THAT THIS IS A CORRECT APPRAISAL OF THE ROLE PLAYED BY FINANCIAL STABILIZATION IN ECONOMIC DEVELOPMENT. I AGREE WITH THE OPINION EXPRESSED BY MR. JACOBSSON IN HIS BRILLIANT OPENING STATEMENT: THAT THE AIM OF A WELL-DESIGNED STABILIZATION PROGRAM IS TO ELIMINATE INFLATION, NOT ONLY AS A SOURCE OF BALANCE OF PAYMENTS DIS-EQUILIBRIUM, BUT ALSO AS AN OBSTACLE TO ECONOMIC GROWTH. FINANCIAL STABILITY CAN THUS ASSIST ECONOMIC GROWTH WHICH, TOGETHER WITH SOCIAL PROGRESS, MUST BE THE MAJOR OBJECTIVE OF DEVELOPMENT POLICY.

OF COURSE, FINANCIAL STABILITY CANNOT OF ITSELF CURE ALL THE PROBLEMS OF ECONOMIC GROWTH THAT BESET THE DEVELOPING COUNTRIES. EFFECTIVE DEVELOPMENT PLANNING, BASIC INTERNAL RE-FORMS, AND ADEQUATE CAPITAL FROM BOTH EXTERNAL AND INTERNAL SOURCES-- ALL ARE NECESSARY. THIS IS WELL RECOGNIZED BY THE FUND, WHICH IS, AS IT SHOULD BE, THE PARTNER OF ECONOMIC DEVELOPMENT INSTITUTIONS, NATIONAL AND NINTERNATIONAL, IN COORDINATED EFFORTS TO INCREASE THE FLOW OF EXTERNAL ASSISTANCE AND TO HELP THE DEVELOPING COUNTRIES MAKE THE BEST USE OF THEIR OWN DOMESTIC RESOURCES.

I TURN NOW TO THE ECONOMY OF THE UNITED STATES AND THE STATUS OF OUR INTERNATIONAL BALANCE OF PAYMENTS.

THE RECOVERY OF THE UNITED STATES' ECONOMY, FOLLOWING THE MILDEST OF OUR POST-WAR RECESSIONS IS WELL UNDER WAY AND MOVING STRONGLY. THE LOW POINT IN ECONOMIC ACTIVITY WAS REACHED IN THE FIRST QUARTER OF THIS YEAR. IN THE SECOND QUARTER, MAJOR ECONOMIC INDICATORS RECORDED NEW HIGHS. GROSS NATIONAL PRODUCT, PERSONAL INCOME, AND PERSONAL CONSUMPTION EXPENDITURES ALL REACHED FRESH PEAKS IN THE APRIL-JUNE PERIOD. TOTAL INDUSTRIAL PRODUCTION RECORDED A NEW HIGH IN JULY AND AGAIN IN AUGUST. WE ESTIMATE THAT GROSS NATIONAL PRODUCT-- WHICH JUMPED FROM AN ANNUAL RATE OF JUST OVER [illegible] BILLION ~~DOLLARS~~ AT THE BEGINNING OF THE

SKED 4 EUF/RTT 9/20/61 11:30 AM

307

HEREWITH EUROPEAN WIRELESS FILE NO 238 FOR SEPT 20, 1961

EUF 83

BUDGET (20)

IN SIGHT:

TEXT: DILLON SPEECH AT WORLD BANK, IMF MEETING (3200)
FORD COLUMN (640) ITEM

9/20/61 MA

EUF 84 —

TEXT: DILLON SPEECH AT WORLD BANK, IMF MEETING (3200)

VIENNA SEPT 20-- FOLLOWING IS THE TEXT OF A SPEECH PREPARED FOR DELIVERY BY U. S. TREASURY SECRETARY DOUGLAS DILLON AT THE MEETING OF THE WORLD BANK AND THE INTERNATIONAL MONETARY FUND HERE TODAY:

FIRST, LET ME SAY HOW DELIGHTED I AM TO BE ONCE AGAIN IN THE GRACIOUS AND STORIED CITY OF VIENNA. SINCE MY LAST VISIT A LITTLE MORE THAN A YEAR AGO, I HAVE SEEN FRESH EVIDENCE OF GROWTH AND CHANGE-- CHANGE THAT REFLECTS THE INDUSTRY, THE IMAGINATION, AND THE INITIATIVE OF THE AUSTRIAN PEOPLE. THE STABILITY OF THE AUSTRIAN GOVERNMENT IN POSTWAR YEARS-- THE EXTENT OF AUSTRIA'S REMARKABLE ECONOMIC RESURGENCE-- THE UNSWERVING DEVOTION OF THE AUSTRIAN PEOPLE TO DEMOCRATIC PRINCIPLES-- ALL ARE FEATURES OF MODERN AUSTRIA THAT COMMAND OUR RESPECT. THIS SMALL NATION-- THIS REVERED CRADLE OF THOUGHT AND CULTURE-- THIS COURAGEOUS OUTPOST ON THE FRONTIERS OF FREEDOM-- HAS AROUSED THE ADMIRATION OF FREE MEN EVERYWHERE. ON BEHALF OF MY GOVERNMENT-- ON BEHALF OF THE PRESIDENT OF THE UNITED STATES, WHO RECALLS WITH PLEASURE THE WARM HOSPITALITY HE RECEIVED HERE LAST JUNE-- I WISH TO SAY THAT WE CONSIDER VIENNA TO BE A MOST AUSPICIOUS SETTING FOR THE IMPORTANT WORK UPON WHICH WE ARE EMBARKED.

DURING THE PAST YEAR THE INTERNATIONAL MONETARY FUND, UNDER THE DISTINGUISHED LEADERSHIP OF PER JACOBSSON, HAS AGAIN DEMONSTRATED ITS VITAL IMPORTANCE TO WORLD MONETARY STABILITY AND ECONOMIC GROWTH.

THE ROLE OF THE FUND IS BEING FURTHER ENHANCED AT THIS MEETING WHERE WE HAVE THE PRIVILEGE OF WELCOMING TO OUR DELIBERATIONS TEN NEW COUNTRIES-- THE LARGEST INCREASE IN A SINGLE YEAR'S OPERATIONS SINCE THE FUND'S INCEPTION. IT IS A PARTICULAR PLEASURE FOR ME TO WELCOME TO OUR MIDST OUR GOOD FRIENDS FROM CYPRUS, LAOS, LIBERIA, NEPAL, NEW ZEALAND, NIGERIA, PORTUGAL, SENEGAL, SIERRA LEONE AND TOGO.

SINCE WE MET A YEAR AGO IN WASHINGTON $ 2.4 BILLION ~~DOLLARS~~ HAS BEEN DRAWN FROM THE FUND. A MAJOR PART OF THAT WAS THE RECENT DRAWING BY THE UNITED KINGDOM. BUT 21 OTHER MEMBER COUNTRIES MADE

WE ARE WELL AWARE THAT THE POSITION OF THE DOLLAR AS A STRONG RESERVE CURRENCY DEPENDS UPON OUR SUCCESS IN MAINTAINING A REASONABLE EQUILIBRIUM OVER THE YEARS IN OUR BALANCE OF PAYMENTS. THIS WE ARE DETERMINED TO DO. AS WE SUCCEED, THE UPWARD TREND IN THE ACCUMULATION OF GOLD AND DOLLARS BY OTHER COUNTRIES TAKEN TOGETHRER WILL NECESSARILY BE SLOWED. THE ELIMINATION OF CURRENT PAYMENTS IMBALANCES CAN, OF COURSE, BE GREATLY FACILITATED BY THE COOPERATION OF SURPLUS COUNTRIES IN PURSUING LIBERAL TRADE POLICIES, IN INCREASING LONG-TERM DEVELOPMENT ASSISTANCE, AND IN SHARING EXPENDITURES FOR THE COMMON DEFENSE IN ACCORDANCE WITH THEIR CAPABILITIES.

DURING THE PAST YEAR, AS MR. JACOBSSON HAS REMINDED US, THERE HAS BEEN ACTIVE DISCUSSION AND EXAMINATION IN GOVERNMENTAL CIRCLES, AMONG ECONOMISTS, AND IN THE FINANCIAL PRESS, OF THE ADEQUACY OF EXISTING INTERNATIONAL MONETARY ARRANGEMENTS. THESE DISCUSSIONS HAVE BEEN VERY HELPFUL. MR. JACOBSSON HAS NOW PROPOSED THAT EACH OF THE PRINCIPAL INDUSTRIAL COUNTRIES COMMIT ITSELF TO LEND ITS CURRENCY TO THE FUND UP TO A STATED AMOUNT. I STRONGLY AGREE THAT AN ARRANGEMENT OF THIS SORT SHOULD BE WORKED OUT TO ENSURE THE FUND ACCESS TO THE ADDITIONAL AMOUNTS THAT WOULD BE NEEDED SHOULD BALANCE OF PAYMENTS PRESSURES INVOLVING THESE COUNTRIES EVER IMPAIR OR THREATEN TO IMPAIR THE SMOOTH FUNCTIONING OF THE WORLD PAYMENTS SYSTEM.

AT THE SAME TIME, FOR ITS REGULAR REQUIREMENTS, THE FUND CAN, AND SHOULD BE EXPECTED TO BORROW FROM ONE OR ANOTHER OF THE PARTICIPATING COUNTRIES UNDER ARTICLE VII WHENEVER ITS SUPPLY OF ANY OF THSESE PARTICULAR CURRENCIES BECOMES LOW. IT WOULD ALSO APPEAR REASONABLE TO CONSIDER THE POSSIBILITY THAT SUCH LOANS BE CREDITED AGAINST ANY COMMITMENT WHICH THE LENDING COUNTRY MAY HAVE UNDERTAKEN AS ITS PART OF THE MULTILATERAL ARRANGEMENT. THESE SPECIAL BILATERAL BORROWINGS WOULD THUS REPLENISH THE FUND'S SUPPLY OF PARTICULAR CURRENCIES IN STRONG DEMAND AND, IN THIS WAY, WOULD HELP TO AVOID UNDUE DRAINS ON ITS GOLD RESERVE.

I HAVE NO FIXED OPINIONS ON THE DETAILS OF THE MULTILATERAL BORROWING ARRANGEMENT. I AM CONFIDENT-- ON THE BASIS OF THE ENCOURAGING VIEWS I HAVE HEARD EXPRESSED IN THE PAST FEW DAYS-- THAT PRACTICAL MEANS CAN BE FOUND TO GIVE EFFECT TO THE AGREEMENT IN PRINCIPLE WHICH SO EVIDENTLY EXISTS. THERE ARE FOUR IMPORTANT ASPECTS WHICH I DO WISH TO EMPHASIZE:

FIRST, THE AGGREGATE AMOUNT THE PARTICIPATING COUNTRIES SHOULD LOOK FORWARD TO COMMITTING TO THE PROJECT SHOULD BE LARGE ENOUGH TO ADD DECISIVELY TO THE FUND'S CAPACITY TO PLAY ITS ESSENTIAL ROLE.

SECOND, TO BE EFFECTIVE, THE ADDITIONAL RESOURCES MUST BE PROMPTLY AVAILABLE IN CASE OF NEED.

THIRD, SAFEGUARDS WILL BE REQUIRED TO ENSURE THAT THERE WILL BE EFFECTIVE CONSULTATION BETWEEN THE FUND AND THE LENDERS, AND THAT THE FUND WILL ONLY ACTUALLY BORROW UNDER THE COMMITMENT ARRANGEMENTS AFTER TAKING FULL ACCOUNT OF THE CURRENT RESERVE POSITION OF THE LENDING COUNTRY. IN ADDITION, EACH COUNTRY WHICH ACTUALLY LENDS TO THE FUND SHOULD, IN CASE THE NEED DEVELOPS, BE ABLE AUTOMATICALLY TO OBTAIN REPAYMENT FROM THE FUND.

FOURTH, I CONCUR IN MR. JACOBSSON'S JUDGEMENT THAT THERE MUST BE NO WEAKENING OF THE POLICIES THAT HAVE GUIDED THE FUND IN THE USE OF ITS RESOURCES; NOR SHOULD THE NEW ARRANGEMENT CHANGE IN ANY WAY THE EXISTING RIGHTS AND DUTIES OF MEMBERS OF THE FUND, BOTH AS DRAWERS OF CURRENCIES AND AS PROVIDERS OF CURRENCIES.

THIS IS AN URGENT PROJECT. THE FUND SHOULD PUSH AHEAD PROMPTLY IN ITS CURRENT CONSULTATIONS WITH THE PROSPECTIVE LENDING COUNTRIES IN ORDER THAT THE EXECUTIVE BOARD MAY CARRY THE PROJECT TO COMPLETION SO THAT THE PARTICIPATING COUNTRIES MAY OBTAIN THE NECESSARY LEGISLATIVE AUTHORITY FROM THEIR PARLIAMENTS EARLY NEXT YEAR. WITH THIS DONE, THE MONETARY SYSTEM OF THE FREE WORLD WILL BE SUBSTANTIALLY STRENGTHENED. FOR THE FUND WILL THEN CLEARLY BE IN A POSITION TO MEET THE CHANGING NEEDS OF THE NEW WORLD OF CONVERTIBLE CURRENCIES.

SPEAKING FOR MY COUNTRY, I WANT TO SAY THAT THE UNITED STATES REGARDS THE WORK IN WHICH WE ARE ENGAGED HERE IN VIENNA AS HAVING A DIRECT AND IMPORTANT BEARING UPON THE FUTURE COURSE OF FREE WORLD GROWTH AND PROGRESS. I HAVE CONFIDENCE IN THE ULTIMATE OUTCOME OF OUR DELIBERATIONS BECAUSE I HAVE CONFIDENCE

AT A SEASONALLY ADJUSTED ANNUAL RATE OF $6 BILLION ~~DOLLARS~~.

THESE DEVELOPMENTS ARE REFLECTED BOTH IN OUR "BASIC" POSITION COMPRISIING ALL OF OUR RECORDED TRANSACTIONS EXCLUSIVE OF UNITED STATES PRIVATE SHORT-TERM CAPITAL OUTFLOW AND IN OUR OVER-ALL PAYMENTS POSITION. IN 1960 THE BASIC DEFICIT AMOUNTED TO $1.9 BILLION ~~DOLLARS~~, COMPARED WITH $4.3 BILLION ~~DOLLARS~~ IN 1959 AND $3.6 BILLION ~~DOLLARS~~ IN 1958. IN THE FIRST HALF OF 1961 THE 30 BASIC POSITION CONTINUED THE SUBSTANTIAL IMPROVEMENT SHOWN IN 1960 AND, WITHOUT COUNTING SPECIAL PREPAYMENTS OF $650 MILLION ~~DOLLARS~~ ON UNITED STATES GOVERNMENT LOANS, WAS ALMOST EXACTLY IN BALANCE. OUR OVER-ALL DEFICIT, WHICH IS MEASURED BY DECREASES IN UNITED STATES HOLDINGS OF GOLD AND CONVERTIBLE CURRENCIES PLUS INCREASES IN FOREIGN LIQUID HOLDINGS OF UNITED STATES DOLLARS--WHICH TOGETHER AMOUNTED TO ABOUT $4 BILLION ~~DOLLARS~~ IN BOTH 1959 AND 1960-- WAS RUNNING AT A SEASONALLY ADJUSTED ANNUAL RATE SOMEWHAT UNDER $1.7 BILLION ~~DOLLARS~~ IN THE FIRST HALF OF 1961. THE FIGURE OF $1.7 BILLION ~~DOLLARS~~ ALSO DOES NOT COUNT AS A RECEIPT THE SPECIAL DEBT PRE-PAYMENTS OF $650 MILLION ~~DOLLARS~~. WHILE THIS INDICATES CONTINUATION OF SUBSTANTIAL SHORT-TERM CAPITAL OUTFLOWS, THESE MOVEMENT HAVE REPRESENTED, FOR THE MOST PART, A SUBSTANTIAL ENLARGEMENT OF THE FINANCING OF WORLD TRADE BY UNITED STATES BANKING INSTITUTIONS AND HAVE NOT BEEN SPECULATIVE IN CHARACTER.

THESE ARE ENCOURAGING DEVELOPMENTS, BUT THEY DO NOT MEAN THAT THE UNITED STATES CAN RELAX ITS EFFORTS TO ACHIEVE A SATISFACTORY AND DURABLE EQUILIBRIUM IN ITS BALANCE OF PAYMENTS. WE MUST HAVE A LARGE AND GROWING EXPORT SURPLUS OF GOODS AND SERVICES BY PAY FOR MILITARY EXPENDITURES ABROAD, WHICH WE INCUR FOR THE DEFENSE OF THE FREE WORLD. WE MUST HAVE IT AS WELL ~~AS~~ FOR BOTH THAT PORTION OF OUR FOREIGN AID PROGRAM THAT IS NOT COVERED BY PROCUREMENT IN THE UNITED STATES AND FOR OUR CONTINUING LARGE OUTFLOW OF LONG-TERM PRIVATE DEVELOPMENT CAPITAL.

THE IMPROVEMENT IN OUR TRADE SURPLUS SO FAR THIS YEAR CANNOT BE EXPECTED TO CONTINUE IN THE MONTHS AHEAD, SINCE IT WAS ACCOMPLISHED MORE THROUGH A DECREASE IN IMPORTS THAN THROUGH AN INCREASE IN EXPORTS, AND NOW AS THE UNITED STATES' ECONOMY MOVES TOWARD REASONABLY FULL EMPLOYMENT OF RESOURCES, WE MUST LOOK TO A CORRESPONDING EXPANSION OF OUR IMPORTS. INDEED, THEY HAVE ALREADY STARTED TO GROW. WHILE THIS TENDS TO SHARPEN OUR PAYMENTS PROBLEM IT ALSO LEADS TO LARGER WORLD TRADE AND GREATER PROSPERITY FOR OUR TRADING PARTNERS.

ACCORDINGLY, WE MUST CONTINUE TO MAKE INTENSIVE EFFORTS TO EXPAND OUR EXPORTS. THIS MEANS FOR US, AS IT DOES FOR ANY NATION, THAT WE MUST CONSTANTLY IMPROVE THE PRODUCTIVITY IN WHICH THE ABILITY OF OUR PRODUCERS TO COMPETE IN WORLD MARKETS IS BASED. IT ALSO REQUIRES THAT WE PREVENT INCREASES IN MONEY COSTS FROM CANCELLING OUT IMPROVEMENTS IN PRODUCTIVITY. AT THE SAME TIME, OUR PRODUCERS MUST SEARCH OUT EXPORT OPPORTUNITIES WITH ENERGY AND IMAGINATION. THE DOMESTIC MARKET OF THE UNITED STATES IS A VERY LARGE ONE AND MANY OF OUR PRODUCERS HAVE TRADITIONALLY THOUGHT ALMOST EXCLUSIVELY IN TERMS OF THAT MARKET, RATHER THAN OF OPPORTUNITIES OVERSEAS.

WE BELIEVE THIS ORIENTATION CAN AND MUST BE SHIFTED, FOR THERE ARE SURELY THOUSANDS OF OUR PRODUCERS WHO CAN BE MORE SUCCESSFUL IN THE EXPORT FIELD THAN THEY HAVE BEEN IN THE PAST. IT IS FOR THIS REASON THAT OUR GOVERNMENT IS DEVOTING CONSIDERABLE EFFORT TO BRINGING MARKET OPPORTUNITIES ABROAD TO THE ATTENTION OF OUR BUSINESS COMMUNITY.

BEEN DRAWN FROM THE FUND. A MAJOR PART OF THAT WAS THE RECENT DRAWING BY THE UNITED KINGDOM. BUT 21 OTHER MEMBER COUNTRIES MADE
RATE OF JUST OVER $500 BILLION ~~DOLLARS~~ AT THE BEGINNING OF THE

AT A SEASONALLY ADJUSTED ANNUAL RATE OF $6 BILLION DOLLARS.

WE ANTICIPATE FURTHER VIGOROUS GROWTH. THE SUBSTANTIAL ROOM IN OUR ECONOMY FOR FURTHER EXPANSION SHOULD AVERT ANY INFLATIONARY PRESSURES THAT MIGHT OTHERWISE DEVELOP. FOR WE HAVE NO SHORTAGE OF PRODUCTIVE RESOURCES, NEARLY ALL OF OUR INDUSTRIES ARE OPERATING WELL BELOW CAPACITY AND THE LABOR SUPPLY IS AMPLE. CONTINUED RISES IN OUTPUT SHOULD MATERIALLY ASSIST US IN S(THE PERSISTING PROBLEM OF RELATIVELY HIGH UNEMPLOYMENT. NEVERTHELESS, WE ARE DEVELOPING WORKER RETRAINING PROGRAMS DESIGNED TO ATTACK THIS PROBLEM DIRECTLY.

FEDERAL BUDGET EXPENDITURES REMAIN WELL WITHIN OUR CAPACITY. IN FACT, THE DEFICIT FOR FISCAL YEAR 1961 AND THE PROJECTED DEFICIT FOR 1962 ARE TOGETHER MUCH SMALLER THAN THE DEFICITS DURING THE LAST COMPARABLE RECESSION AND RECOVERY IN 1958-1959. AFTER TAKING INTO ACCOUNT ALL PRESENTLY SCHEDULED EXPENDITURES, INCLUDING THE SUBSTANTIALLY INCREASED OUTLAYS FOR DEFENSE REQUESTED BY PRESIDENT KENNEDY IN JULY, OUR ESTIMATES POINT TO A DEFICIT THIS YEAR (FISCAL 1962) THAT WILL AMOUNT TO ABOUT HALF THE DEFICIT FOR FISCAL 1959. IN ADDITION, OUR GROSS NATIONAL PRODUCT WILL RUN SOME 17 PERCENT HIGHER THAN IN FISCAL YEAR 1959, AND OUR TAX REVENUES WILL BE ABOUT 21 PERCENT GREATER. HENCE, THE ECONOMIC IMPACT OF THE CURRENT DEFICIT WILL BE CONSIDERABLY LESS THAN HALF THAT OF THE 1959 DEFICIT.

THE DEFICITS IN FISCAL 1961 AND 1962 ARE ESSENTIALLY A REFLECTION OF THE SHORT-FALL OF REVENUES RESULTING FROM THE RECENT RECESSION. THIS IS A CHARACTERISTIC OF OUR TAX SYSTEM, BECAUSE IT IS HEAVILY DEPENDENT UPON DIRECT TAXATION OF PERSONAL AND BUSINESS INCOME. FOR THE SAME REASON WE MAY EXPECT SHARP INCREASES IN REVENUES AS BUSINESS IMPROVES AND THE ECONOMY GROWS. THE CALENDAR YEAR 1962 GIVES EVERY PROMISE OF BEING A VERY GOOD YEAR FOR BUSINESS, AND SINCE OUR REVENUES ARE BASED UPON EARNINGS OF THE PREVIOUS YEAR, WE CAN CONFIDENTLY LOOK FORWARD TO A SUBSTANTIAL INCREASE IN OUR INCOME DURING THE FISCAL YEAR 1963, WHICH BEGINS NEXT JULY 1st. FISCAL 1963 WILL BE CLOSELY COMPARABLE IN THE BUSINESS CYCLE TO FISCAL 1960, WHEN FEDERAL REVENUES JUMPED $10 BILLION DOLLARS OVER THE PRECEDING YEAR. HENCE, UNLESS A NEED ARISES FOR FURTHER INCREASES IN DEFENSE OUTLAYS, THE BALANCED BUDGET WHICH PRESIDENT KENNEDY IS DETERMINED TO SUBMIT NEXT JANUARY CAN BE ACHIEVED WITHOUT ANY INCREASE IN TAXES. HOWEVER, SHOULD ADDITIONAL DEFENSE EXPENDITURES BECOME NECESSARY, THE PRESIDENT HAS STATED CLEARLY AND UNQUIVOCALLY THAT HE IS PREPARED TO REQUEST ADDITIONAL TAXES SHOULD THEY BE REQUIRED TO BALANCE THE BUDTET.

I WOULD LIKE TO EMPHASIZE THE FIRMNESS OF OUR DECISION TO BALANCE OUR BUDGET IN FISCAL 1963. INDEED, HAD IT NOT BEEN FOR THE INCREASE IN INTERNATIONAL TENSIONS OVER BERLIN, WHICH FORCED US TO INCREASE OUR DEFENSE EXPENDITURES SUBSTANTIALLY ABOVE THE LEVELS PREVIOUSLY PLANNED, WE COULD HAVE LOOKED FORWARD CONFIDENTLY TO A SUBSTANTIAL BUDGETARY SURPLUS IN FISCAL 1963. WE ARE RESOLUTE IN OUR DETERMINATION TO MAINTAIN BOTH A SOUND AND AN EXPANDING ECONOMY SO THAT THE UNITED STATES MAY PLAY ITS FULL PART IN THE DEFENSE AND THE DEVELOPMENT OF THE FREE WORLD AND, AT THE SAME TIME, MEET THE REQUIREMENTS OF AN INCREASING POPULATION AT HOME.

I AM GLAD TO BE ABLE TO REPORT THAT THE UNITED STATES BALANCE OF PAYMENTS HAS DEVELOPED IN A MUCH MORE SATISFACTORY MANNER THIS YEAR THAN IN 1960. THE MARKED IMPROVEMENT IN OUR MERCHANDISE ACCOUNT DURING 1960 CONTINUED INTO 1961 AND THE LARGE SPECULATIVE OUTFLOWS OF SHORT-TERM CAPITAL, WHICH SWELLED THE VOLUME OF OUR OUTPAYMENTS IN THE SECOND HALF OF 1960, HAVE CEASED. OUR MERCHANDISE TRADE SURPLUS IN 1960 AMOUNTED TO $4.7 BILLION [redacted], WHEREAS IN 1959 IT HAS BEEN LESS THAN $1 BILLION [redacted]. IN THE FIRST HALF OF 1961 OUR TRADE SURPLUS WAS RUNNING

TREASURY DEPARTMENT
Washington

September 21, 1961

Following is the text of an address of the Honorable Douglas Dillon, Secretary of the Treasury and United States Governor of the International Monetary Fund and the International Bank, at the Annual Meetings of the Boards of Governors, Vienna, ~~Austria~~ Austria, Wednesday, September 20, 1961.

D-280

TREASURY DEPARTMENT
Washington

September 21, 1961

FOLLOWING IS THE TEXT OF AN ADDRESS OF THE HONORABLE DOUGLAS DILLON, SECRETARY OF THE TREASURY AND UNITED STATES GOVERNOR OF THE INTERNATIONAL MONETARY FUND AND THE INTERNATIONAL BANK, AT THE ANNUAL MEETINGS OF THE BOARDS OF GOVERNORS, VIENNA, AUSTRIA, WEDNESDAY, SEPTEMBER 20, 1961

First, let me say how delighted I am to be once again in the gracious and storied city of Vienna. Since my last visit a little more than a year ago, I have seen fresh evidence of growth and change -- change that reflects the industry, the imagination and the initiative of the Austrian people. The stability of the Austrian Government in postwar years -- the extent of Austria's remarkable economic resurgence -- the unswerving devotion of the Austrian people to democratic principles -- all are features of modern Austria that command our respect. This small nation -- this revered cradle of thought and culture -- this courageous outpost on the frontiers of freedom -- has aroused the admiration of free men everywhere. On behalf of my government -- on behalf of the President of the United States, who recalls with pleasure the warm hospitality he received here last June -- I wish to say that we consider Vienna to be a most auspicious setting for the important work upon which we are embarked.

During the past year the International Monetary Fund, under the distinguished leadership of Per Jacobsson, has again demonstrated its vital importance to world monetary stability and economic growth.

The role of the Fund is being further enhanced at this meeting where we have the privilege of welcoming to our deliberations ten new countries -- the largest increase in a single year's operations since the Fund's inception. It is a particular pleasure for me to welcome to our midst our good friends from Cyprus, Laos, Liberia, Nepal, New Zealand, Nigeria, Portugal, Senegal, Sierra Leone and Togo.

Since we met a year ago in Washington, $2.4 billion has been drawn from the Fund. A major part of that was the recent drawing by the United Kingdom, but 21 other member countries made drawings totalling more than $900 million. There are also 20 stand-by arrangements in effect, with unused drawing rights totalling $1.2 billion.

Fund assistance in the past year has both strengthened the structure of currency convertibility in the industrialized countries and helped many of the developing countries to adopt or maintain programs of financial and monetary stabilization. The Fund has come to occupy a central position in international monetary affairs --

a role I am confident will be of ever-increasing importance to all our member countries in the years ahead.

A few years ago, almost all drawings from the Fund were in dollars. Since the advent of currency convertibility in Western Europe, however, the Fund has made great progress in using a larger number of the currencies it holds, thus increasing the percentage of drawings in currencies other than United States dollars. During the past year, 11 different currencies were drawn from the Fund, and two-thirds of the total drawings were in currencies other than the dollar. This is an encouraging development. It has made a reality of the original concept of the Fund as a reserve pool of many currencies for the use of members.

Last year the Fund's advisory activities continued on a broad scale. Wherever member countries have sought to deal effectively with financial instability -- by strengthening their fiscal resources, by controlling money and credit, or by otherwise improving their financial institutions -- they have been able to rely on the staff of the Fund for expert and objective advice.

The stabilization programs many members of the Fund have worked out and put into operation -- usually with Fund advice -- have at times been criticized on the ground that they have supposedly imposed a choice between stagnation and economic growth. I do not believe that this is a correct appraisal of the role played by financial stabilization in economic development. I agree with the opinion expressed by Mr. Jacobsson in his brilliant opening statement: that the aim of a well-designed stabilization program is to eliminate inflation, not only as a source of balance of payments disequilibrium, but also as an obstacle to economic growth. Financial stability can thus assist economic growth which, together with social progress, must be the major objective of development policy.

Of course, financial stability cannot of itself cure all the problems of economic growth that beset the developing countries. Effective development planning, basic internal reforms, and adequate capital from both external and internal sources -- all are necessary. This is well recognized by the Fund, which is, as it should be, the partner of economic development institutions, national and international, in coordinated efforts to increase the flow of external assistance and to help the developing countries make the best use of their own domestic resources.

I turn now to the economy of the United States and the status of our international balance of payments.

The recovery of the United States' economy, following the mildest of our post-war recessions is well under way and moving strongly. The low point in economic activity was reached in the first quarter of this year. In the second quarter, major economic indicators recorded new highs. Gross national product, personal income, and personal consumption expenditures all reached fresh peaks in the

April-June period. Total industrial production recorded a new high in July and again in August. We estimate that gross national product -- which jumped from an annual rate of just over $500 billion at the beginning of the year to $516 billion in the second quarter -- will reach approximately $540 billion during the fourth quarter. The course of our economic recovery has been particularly encouraging since prices have remained stable. Hence, almost the entire rise in our gross national product has been real. Moreover, our increased economic activity has not been accompanied by speculative buying or abnormal build-up of inventories.

During the past year the monetary and fiscal policies of the United States have been directed at limiting the extent of the decline in economic activity and at strengthening the forces of recovery. Prompt recognition by our monetary authorities of the impending downturn brought a quick shift of policy from monetary restraint to ease. As early as June of last year, the Federal Reserve relaxed credit restrictions by reducing discount rates and lowering the reserve requirements of commercial banks. Federal Reserve purchases of government securities provided additional bank reserves to combat recession and finance expansion. Reflecting this Federal Reserve policy, total loans and investments of commercial banks have expanded by 7 percent, or $14 billion, during the past 12 months. This large increase provided a major force which softened the strains of recession and stimulated recovery.

On the fiscal side, increased unemployment benefits and other government outlays associated with the recession -- in conjunction with reduced income tax collections -- have operated as in previous recessions to provide an automatic supporting influence. Largely as a result of these "built-in stabilizers," the total value of all goods and services produced during the economic downturn never fell appreciably below the corresponding quarter of the previous year.

As I noted earlier, we are especially encouraged that our recovery and our attainment of record new levels of production have been accompanied by price stability. Our index of wholesale prices has remained for three years at virtually the same level. Retail commodity prices have been stable while the over-all index of consumer prices has increased by less than 1 percent since last October.

The business outlook for the United States during the coming year is very promising. Excessive stocks have been liquidated. As a result of rising production and sales, inventories have once more begun to increase moderately but they are not high in relation to either present or prospective needs. Consumers have reduced their debt and built up their savings, thus strengthening the outlook for retail trade. Net financial savings of individuals rose by $7.7 billion in the first half of 1961 on top of a $10 billion rise in 1960. In contrast to 1958-59, interest rates have remained remarkably constant during the initial recovery period.

We anticipate further vigorous growth. The substantial room in our economy for further expansion should avert any inflationary pressures that might otherwise develop. For we have no shortage of productive resources, nearly all of our industries are operating well below capacity and the labor supply is ample. Continued rises in output should materially assist us in solving the persisting problem of relatively high unemployment. Nevertheless, we are developing worker retraining programs designed to attack this problem directly.

Federal budget expenditures remain well within our capacity. In fact, the deficit for fiscal year 1961 and the projected deficit for 1962 are together much smaller than the deficits during the last comparable recession and recovery in 1958-1959. After taking into account all presently scheduled expenditures, including the substantially increased outlays for defense requested by President Kennedy in July, our estimates point to a deficit this year (fiscal 1962) that will amount to about half the deficit for fiscal 1959. In addition, our gross national product will run some 17 percent higher than in fiscal year 1959, and our tax revenues will be about 21 percent greater. Hence, the economic impact of the current deficit will be considerably less than half that of the 1959 deficit.

The deficits in fiscal 1961 and 1962 are essentially a reflection of the short-fall of revenues resulting from the recent recession. This is a characteristic of our tax system because it is heavily dependent upon direct taxation of personal and business income. For the same reason we may expect sharp increases in revenues as business improves and the economy grows. The calendar year 1962 gives every promise of being a very good year for business, and since our revenues are based upon earnings of the previous year, we can confidently look forward to a substantial increase in our income during the fiscal year 1963, which beings next July. Fiscal 1963 will be closely comparable in the business cycle to fiscal 1960, when federal revenues jumped $10 billion over the preceding year. Hence, unless a need arises for further increases in defense outlays, the balanced budget which President Kennedy is determined to submit next January can be achieved without any increase in taxes. However, should additional defense expenditures become necessary, the President has stated clearly and unquivocally that he is prepared to request additional taxes should they be required to balance the budget.

I would like to emphasize the firmness of our decision to balance our budget in fiscal 1963. Indeed, had it not been for the increase in international tensions over Berlin, which forced us to increase our defense expenditures substantially above the levels previously planned, we could have looked forward confidently to a substantial budgetary surplus in fiscal 1963. We are resolute in our determination to maintain both a sound and an expanding economy so that the United States may play its full part in the defense and the development of the free world and, at the same time, meet the requirements of an increasing population at home.

I am glad to be able to report that the United States balance of payments has developed in a much more satisfactory manner this year than in 1960. The marked improvement in our merchandise account during 1960 continued into 1961 and the large speculative outflows of short-term capital, which swelled the volume of our outpayments in the second half of 1960, have ceased. Our merchandise trade surplus in 1960 amounted to $4.7 billion, whereas in 1959 it has been less than $1 billion. In the first half of 1961 our trade surplus was running at a seasonally adjusted annual rate of $6 billion.

These developments are reflected both in our "basic" position comprising all of our recorded transactions exclusive of United States private short-term capital outflow and in our over-all payments position. In 1960 the basic deficit amounted to $1.9 billion, compared with $4.3 billion in 1959 and $3.6 billion in 1958. In the first half of 1961 the basic position continued the substantial improvement shown in 1960 and, without counting special prepayments of $650 million on United States government loans, was almost exactly in balance. Our over-all deficit, which is measured by decreases in United States holdings of gold and convertible currencies plus increases in foreign liquid holdings of United States dollars -- which together amounted to about $4 billion in both 1959 and 1960 -- was running at a seasonally adjusted annual rate somewhat under $1.7 billion in the first half of 1961. The figure of $1.7 billion also does not count as a receipt the special debt prepayments of $650 million. While this indicates continuation of substantial short-term capital outflows, these movement have represented, for the most part, a substantial enlargement of the financing of world trade by United States banking institutions and have not been speculative in character.

These are encouraging developments but they do not mean that the United States can relax its efforts to achieve a satisfactory and durable equilibrium in its balance of payments. We must have a large and growing export surplus of goods and services to pay for military expenditures abroad, which we incur for the defense of the free world. We must have it as well for both that portion of our foreign aid program that is not covered by procurement in the United States and for our continuing large outflow of long-term private development capital.

The improvement in our trade surplus so far this year cannot be expected to continue in the months ahead, since it was accomplished more through a decrease in imports than through an increase in exports and now as the United States' economy moves toward reasonably full employment of resources, we must look to a corresponding expansion of our imports. Indeed, they have already started to grow. While this tends to sharpen our payments problem it also leads to larger world trade and greater prosperity for our trading partners.

Accordingly, we must continue to make intensive efforts to expand our exports. This means for us, as it does for any nation, that we must constantly improve the productivity on which the ability of our producers to compete in world markets is based. It also requires that we prevent increases in money costs from cancelling out improvements in productivity. At the same time, our producers must search out export opportunities with energy and imagination. The domestic market of the United States is a very large one and many of our producers have traditionally thought almost exclusively in terms of that market, rather than of opportunities overseas.

We believe this orientation can and must be shifted, for there are surely thousands of our producers who can be more successful in the export field than they have been in the past. It is for this reason that our government is devoting considerable effort to bringing market opportunities abroad to the attention of our business community.

We are well aware that the position of the dollar as a strong reserve currency depends upon our success in maintaining a reasonable equilibrium over the years in our balance of payments. This we are determined to do. As we succeed, the upward trend in the accumulation of gold and dollars by other countries taken together will necessarily be slowed. The elimination of current payments imbalances can, of course, be greatly facilitated by the cooperation of surplus countries in pursuing liberal trade policies, in increasing long-term development assistance, and in sharing expenditures for the common defense in accordance with their capacities.

During the past year, as Mr. Jacobsson has reminded us, there has been active discussion and examination in governmental circles, among economists, and in the financial press, of the adequacy of existing international monetary arrangements. These discussions have been very helpful. Mr. Jacobsson has now proposed that each of the principal industrial countries commit itself to lend its currency to the Fund up to a stated amount. I strongly agree that an arrangement of this sort should be worked out to ensure the Fund access to the additional amounts that would be needed should balance of payments pressures involving these countries ever impair or threaten to impair the smooth functioning of the world payments system.

At the same time, for its regular requirements, the Fund can, and should be expected to borrow from one or another of the participating countries under Article VII whenever its supply of any of these particular currencies becomes low. It would also appear reasonable to consider the possibility that such loans be credited against any commitment which the lending country may have undertaken as its part of the multilateral arrangement. These special bilateral borrowings would thus replenish the Fund's supply of particular currencies in strong demand and, in this way, would help to avoid undue drains on its gold reserve.

I have no fixed opinions on the details of the multilateral borrowing arrangement. I am confident -- on the basis of the encouraging views I have heard expressed in the past few days -- that practical means can be found to give effect to the agreement in principle which so evidently exists. There are four important aspects which I do wish to emphasize:

First, the aggregate amount the participating countries should look forward to committing to the project should be large enough to add decisively to the Fund's capacity to play its essential role.

Second, to be effective, the additional resources must be promptly available in case of need.

Third, safeguards will be required to ensure that there will be effective consultation between the Fund and the lenders, and that the Fund will only actually borrow under the commitment arrangements after taking full account of the current reserve position of the lending country. In addition, each country which actually lends to the Fund should, in case the need develops, be able automatically to obtain repayment from the Fund.

Fourth, I concur in Mr. Jacobsson's judgement that there must be no weakening of the policies that have guided the Fund in the use of its resources; nor should the new arrangement change in any way the existing rights and duties of members of the Fund, both as drawers of currencies and as providers of currencies.

This is an urgent project. The Fund should push ahead promptly in its current consultations with the prospective lending countries in order that the executive board may carry the project to completion so that the participating countries may obtain the necessary legislative authority from their parliaments early next year. With this done, the monetary system of the free world will be substantially strengthened. For the Fund will then clearly be in a position to meet the changing needs of the new world of convertible currencies.

Speaking for my country, I want to say that the United States regards the work in which we are engaged here in Vienna as having a direct and important bearing upon the future course of free world growth and progress. I have confidence in the ultimate outcome of our deliberations because I have confidence in the vitality of the free economies upon which the work of the Fund is founded. Our mutual goal is a world of expanding opportunities for every human being to pursue his legitimate aspirations in peace and freedom. The International Monetary Fund is playing an important role in helping us to achieve it.

oOo

NOW THAT THE CORPORATION HAS BEEN AUTHORIZED BY THE NEW AMENDMENT TO INVEST IN CAPITAL STOCK, INCLUDING COMMON SHARES, WE HAVE EVERY REASON TO HOPE THAT IT WILL BE ABLE TO SELL ITS PORTFOLIO MUCH MORE READILY AND THUS TRULY REVOLVE THE LIMITED CAPITAL AT ITS DISPOSAL.

THE NEW AMENDMENT, WHILE ENABLING THE CORPORATION TO INVEST IN COMMON STOCK, DOES NOT PERMIT IT TO PARTICIPATE IN THE MANAGEMENT OF PRIVATE ENTERPRISE EXCEPT TO PROTECT ITS INTERESTS IN CASES OF DEFAULT OR JEOPARDY. IT IS THE HOPE OF THE UNITED STATES THAT THE NEED FOR EXERCISING THIS PROTECTIVE POWER WILL BE RARE. WE ARE SURE THAT THE OFFICERS OF THE CORPORATION HAVE NO DESIRE OR INTENTION THAT IT INTERVENE IN OPERATIONS WHICH ARE PROPERLY WITHIN THE DOMAIN OF PRIVATE MANAGEMENT.

THE CORPORATION NOW HAS GREATER FLEXIBILITY TO TAKE FULL ADVANTAGE OF THE OPPORTUNITIES OPEN TO IT FOR STIMULATING PRIVATE INVESTMENT AND ENTERPRISE. WE ARE CONFIDENT THAT IT WILL MOVE FORWARD VIGOROUSLY IN CARRYING OUT ITS IMPORTANT TASKS.

IN CLOSING, MAY I EXTEND A WARM WELCOME TO OUR NEW MEMBERS -- WE LOOK FORWARD TO A CLOSE ASSOCIATION WITH THEM IN THE WORK OF THE CORPORATION WHICH LIES AHEAD. ~~ITEM~~

~~BT~~

2410052

FOR A TOTAL OF ALMOST #38 MILLION ~~DOLLARS~~. OF THIS TOTAL OVER #13 MILLION ~~DOLLARS~~ REPRESENTS 5 COMMITMENTS ENTERED INTO DURING THE LAST 3 MONTHS, SIGNIFYING A SHARP INCREASE IN ACTIVITY.

THE IFC IS THE ONLY INTERNATIONAL FINANCIAL INSTITUTION ESTABLISHED SOLELY FOR THE PURPOSE OF INVESTING DIRECTLY IN PRIVATE ENTERPRISE IN THE DEVELOPING COUNTRIES. AND FOR EACH DOLLAR OF IFC MONEY, SEVERAL DOLLARS OF PRIVATE MONEY HAVE GONE INTO ENTERPRISES IN WHICH THE IFC HAS INVESTED. THUS WE ESTIMATE THAT TOTAL INVESTMENT GENERATED BY THE IFC HAS BEEN IN THE NEIGHBORHOOD OF #200 MILLION ~~DOLLARS~~.

SINCE IFC'S TOTAL AUTHORIZED CAPITAL OF #100 MILLION ~~DOLLARS~~ IS RELATIVELY SMALL, IT IS ESPECIALLY IMPORTANT FOR THE IFC TO REPLENISH ITS FUNDS BY SELLING ITS INVESTMENTS IN COMPLETED PROJECTS TO PRIVATE INVESTORS. SO FAR THE CORPORATION HAS BEEN ABLE TO MAKE LITTLE PROGRESS IN THIS DIRECTION, MAINLY BECAUSE THE PROHIBITION AGAINST INVESTMENT IN CAPITAL STOCK HAS FORCED THE CORPORATION TO UTILIZE DEVICES SUCH AS CONVERTIBLE DEBENTURES, STOCK OPTIONS AND CONTINGENT INTEREST ARRANGEMENTS WHICH ARE COMPLICATED, ~~ITL~~ LITTLE KNOWN AND NOT READILY MARKETABLE IN THE DEVELOPING COUNTRIES.

~~CFN 58~~ 13 5 3 200

2186

HIS WISE LEADERSHIP WHICH GUIDED THIS NOVEL INSTITUTION THROUGH ITS CRITICAL EARLY YEARS OF EXPERIMENTATION IN AN UNTESTED FIELD.

WE ALL KNOW HOW DIFFICULT HIS TASK HAS BEEN. FROM THE BEGINNING THE IFC HAS BEEN HANDICAPPED BY THE LIMITATION IN ITS ARTICLES OF AGREEMENT PROHIBITING THE CORPORATION FROM INVESTING IN CAPITAL STOCK. HAPPILY THIS PROHIBITION HAS NOW BEEN REMOVED WITH THE APPROVAL LAST MONTH OF AN AMENDMENT TO THE ARTICLES OF AGREEMENT. THE LARGE FAVORABLE VOTE ON THE AMENDMENT, REFLECTING APPROVAL BY 88 PERCENT OF THE GOVERNORS AND 94 PERCENT OF THE TOTAL VOTING POWER, IS DUE IN NO SMALL MEASURE TO THE UNCEASING EFFORTS OF PRESIDENT GARNER TO MAKE THE IFC A VITAL AND PROGRESSIVE INSTITUTION. WE EXTEND TO HIM OUR ADMIRATION, OUR WARM THANKS AND EVERY GOOD WISH FOR THE FUTURE. TO EUGENE BLACK, THE NEW PRESIDENT, AND TO MARTIN ROSEN, WHO HOLDS THE NEWLY-CREATED OFFICE OF EXECUTIVE VICE PRESIDENT, WE OFFER OUR FULL COOPERATION AND OUR HOPES FOR EVERY SUCCESS IN STEADYILY ENLARGING THE ROLE AND INFLUENCE OF THE IFC IN FURTHERING PRIVATE ENTERPRISE IN THE DEVELOPING COUNTRIES.

DESPITE THE SERIOUS RESTRICTIONS IN ITS CHARTER, THE IFC HAS SUCCEEDED IN MAKING 45 BUSINESS INVESTMENTS IN 18 MEMBER COUNTRIES

~~CFN 88 94 45 18~~

TREASURY DEPARTMENT
Washington

Copy - Single Space

September 22, 1961

Following is the text of an address of the Honorable John M. Leddy, Assistant Secretary of the Treasury, before the Board of Governors of the International Finance Corporation at their Annual Meeting in Vienna, Austria, Thursday, September 21, 1961.

UNCLASS 210930Z FOR IPS CABLES DESK FM VIENNA INFO BRANCH

FOLLOWING IS TEXXT OF SPEECH DELIVERED THURSDAY BY JOHN M.LEDDY, U.S. ASSISTANT SECRETARY OF TREASURY, BEFORE THE BOARD OF GOVERNORS OF THE INTERNATIONAL FINANCE CORPORATION AT THEIR ANNUAL MEETING IN VIENNA.

PLEASE PASS ALSO TO STEVE MANNING IN TREASURY DEPT.

TEXT FOLLOWS:

IT GIVES ME GREAT PLEASURE TO JOIN IN PAYING TRIBUTE TO ROBERT GARNER, OUR DISTINGUISHED PRESIDENT AND GOOD FRIEND, AS HE APPROACHES HIS RETIREMENT NEXT MONTHS FROM THE PRESIDENCY OF THE INTERNATIONAL FINANCE CORPORATION. ROBERT GARNER IS THE PIONEER OF THE IFC. IT WAS

CFN 210930

TREASURY DEPARTMENT
Washington

September 22, 1961

FOLLOWING IS THE TEXT OF AN ADDRESS OF THE HONORABLE JOHN M. LEDDY, ASSISTANT SECRETARY OF THE TREASURY, BEFORE THE BOARD OF GOVERNORS OF THE INTERNATIONAL FINANCE CORPORATION AT THEIR ANNUAL MEETING IN VIENNA, AUSTRIA, THURSDAY, SEPTEMBER 21, 1961.

It gives me great pleasure to join in paying tribute to Robert Garner, our distinguished President and good friend, as he approaches his retirement next month from the Presidency of the International Finance Corporation. Robert Garner is the pioneer of the IFC. It was his wise leadership which guided this novel Institution through its critical early years of experimentation in an untested field.

We all know how difficult his task has been. From the beginning the IFC has been handicapped by the limitation in its Articles of Agreement prohibiting the Corporation from investing in capital stock. Happily this prohibition has now been removed with the approval last month of an amendment to the Articles of Agreement. The large favorable vote on the amendment, reflecting approval by 88 percent of the Governors and 94 percent of the total voting power, is due in no small measure to the unceasing efforts of President Garner to make the IFC a vital and progressive Institution. We extend to him our admiration, our warm thanks and every good wish for the future. To Eugene Black, the new President, and to Martin Rosen, who holds the newly-created office of Executive Vice President, we offer our full cooperation and our hopes for every success in steadily enlarging the role and influence of the IFC in furthering private enterprise in the developing countries.

Despite the serious restrictions in its Charter, the IFC has succeeded in making 45 business investments in 18 member countries for a total of almost $58 million. Of this total over $13 million represents 5 commitments entered into during this last 3 months, signifying a sharp increase in activity.

The IFC is the only international financial institution established solely for the purpose of investing directly in private enterprise in the developing countries. And for each dollar of IFC money, several dollars of private money have gone into enterprises in which the IFC has invested. Thus we estimate that total investment generated by the IFC has been in the neighborhood of $200 million.

Since IFC's total authorized capital of $100 million is relatively small, it is especially important for the IFC to replenish its funds by selling its investments in completed projects to private investors. So far the Corporation has been able to make little progress in this direction, mainly because the prohibition against investment in capital stock has forced the Corporation to utilize devices such as convertible debentures, stock options and contingent interest arrangements which are complicated, little known and not readily marketable in the developing countries.

Now that the Corporation has been authorized by the new amendment to invest in capital stock, including common shares, we have every reason to hope that it will be able to sell its portfolio much more readily and thus truly revolve the limited capital at its disposal.

The new amendment, while enabling the Corporation to invest in common stock, does not permit it to participate in the management of private enterprise except to protect its interests in cases of default or jeopardy. It is the hope of the United States that the need for exercising this protective power will be rare. We are sure that the officers of the Corporation have no desire or intention that it intervene in operations which are properly within the domain of private management.

The Corporation now has greater flexibility to take full advantage of the opportunities open to it for stimulating private investment and enterprise. We are confident that it will move forward vigorously in carrying out its important tasks.

In closing, may I extend a warm welcome to our new members -- we look forward to a close association with them in the work of the Corporation which lies ahead.

oOo

Mr. Desai is in the United States at the invitation of Secretary [redacted] Dillon. They are scheduled to meet in Secretary Dillon's office at 10 a.m. Tuesday to exchange views on economic and financial developments in the two countries. [redacted]

[redacted] Secretary and Mrs. Dillon will entertain the [redacted]Finance Minister at [redacted] a dinner in his honor [redacted] Wednesday evening. [redacted] During the week, Mr. Desai will [redacted] meet with other U. S. officials and will visit several leading American universities.

MEMORANDUM FOR THE PRESS: 325

21

~~DRAFT~~

September 25, 1961

~~[illegible]~~

~~[illegible]~~ SEPTEMBER 25, 1961

VISIT OF INDIAN FINANCE MINISTER ~~[illegible]~~

Treasury Secretary Douglas Dillon ~~today met~~ WILL MEET India's Minister of Finance Morarji Desai at the National Airport THIS AFTERNOON. Mr. Desai ~~flew~~ is due to arrive at 6:05 P.M. ~~to Washington~~ by commercial plane from New York. ~~where he had arrived earlier in the day~~.

Mr. Desai is in the United ~~States at the~~ invitation of Secretary Dillon THEY ARE SCHEDULED TO MEET IN SECRETARY DILLON'S OFFICE to exchange views on economic and financial developments in the two countries DURING THE WEEK. Mr. Desai will also meet with other U. S. officials and will visit several leading American universities.

~~Secretary Dillon, in greeting Mr. Desai, said: "We have always followed with particular interest and sympathy India's progress in its great national development programs to accelerate economic growth and to preserve and strengthen political democracy. You will find in your discussions here with members of the new Administration and with others, that this interest is combined with a willingness and determination to assist in the vigorous efforts to build your nation."~~

oOo

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 25, 1961

MEMORANDUM TO THE PRESS:

VISIT OF INDIAN FINANCE MINISTER

Treasury Secretary Douglas Dillon will greet India's Minister of Finance Morarji Desai at the National Airport this afternoon. Mr. Desai is due to arrive at 6:05 P.M. by commercial plane from New York.

Mr. Desai is in the United States at the invitation of Secretary Dillon. They are scheduled to meet in Secretary Dillon's office at 10:00 A.M. Tuesday to exchange views on economic and financial developments in the two countries.

Secretary and Mrs. Dillon will entertain the Finance Minister at a dinner in his honor Wednesday evening. During the week, Mr. Desai will meet with other U. S. officials and will visit several leading American universities.

oOo

September 25, 1961

FOR RELEASE A. M. NEWSPAPERS, Tuesday, September 26, 1961.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of Treasury bills, one series to be an additional issue of the bills dated June 29, 1961, a the other series to be dated September 28, 1961, which were offered on September 20, wer opened at the Federal Reserve Banks on September 25. Tenders were invited for $1,100,00 or thereabouts, of 91-day bills and for $600,000,000, or thereabouts, of 182-day bills. The details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 28, 1961		:	182-day Treasury bills maturing March 29, 1962	
	Price	Approx. Equiv. Annual Rate	:	Price	Approx. Equiv. Annual Rate
High	99.444	2.200%	:	98.644	2.682%
Low	99.429	2.259%	:	98.631	2.708%
Average	99.435	2.233% 1/	:	98.637	2.697% 1/

27 percent of the amount of 91-day bills bid for at the low price was accepted.
15 percent of the amount of 182-day bills bid for at the low price was accepted.

TOTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	:	Applied For	Accepted
Boston	$ 39,152,000	$ 27,692,000	:	$ 16,079,000	$ 3,029,000
New York	1,305,980,000	740,420,000	:	1,054,965,000	454,115,000
Philadelphia	26,483,000	11,483,000	:	8,594,000	3,594,000
Cleveland	28,306,000	28,306,000	:	26,468,000	16,468,000
Richmond	13,584,000	13,584,000	:	2,171,000	2,171,000
Atlanta	16,560,000	16,560,000	:	3,613,000	2,845,000
Chicago	214,177,000	152,617,000	:	86,477,000	69,452,000
St. Louis	19,273,000	15,543,000	:	3,871,000	3,371,000
Minneapolis	14,367,000	13,637,000	:	4,518,000	3,018,000
Kansas City	37,445,000	27,445,000	:	4,743,000	4,643,000
Dallas	15,849,000	12,549,000	:	8,797,000	3,797,000
San Francisco	43,774,000	40,274,000	:	51,542,000	33,667,000
TOTALS	$1,774,950,000	$1,100,110,000 a/		$1,271,898,000	$600,170,000 b/

a/ Includes $198,892,000 noncompetitive tenders accepted at the average price of 99.435
b/ Includes $42,672,000 noncompetitive tenders accepted at the average price of 98.637
1/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.28%, for the 91-day bills, and 2.77%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with th return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of intere on the amount invested, and relate the number of days remaining in an interest paymen period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

D-241

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 25, 1961

OR RELEASE A. M. NEWSPAPERS, Tuesday, September 26, 1961.

RESULTS OF TREASURY'S WEEKLY BILL OFFERING

The Treasury Department announced last evening that the tenders for two series of reasury bills, one series to be an additional issue of the bills dated June 29, 1961, and he other series to be dated September 28, 1961, which were offered on September 20, were pened at the Federal Reserve Banks on September 25. Tenders were invited for $1,100,000,0 r thereabouts, of 91-day bills and for $600,000,000, or thereabouts, of 182-day bills. he details of the two series are as follows:

RANGE OF ACCEPTED COMPETITIVE BIDS:	91-day Treasury bills maturing December 28, 1961		182-day Treasury bills maturing March 29, 1962	
	Price	Approx. Equiv. Annual Rate	Price	Approx. Equiv. Annual Rate
High	99.444	2.200%	98.644	2.682%
Low	99.429	2.259%	98.631	2.708%
Average	99.435	2.233% 1/	98.637	2.697% 1/

27 percent of the amount of 91-day bills bid for at the low price was accepted.
15 percent of the amount of 182-day bills bid for at the low price was accepted.

OTAL TENDERS APPLIED FOR AND ACCEPTED BY FEDERAL RESERVE DISTRICTS:

District	Applied For	Accepted	Applied For	Accepted
Boston	$ 39,152,000	$ 27,692,000	$ 16,079,000	$ 3,029,000
New York	1,305,980,000	740,420,000	1,054,965,000	454,115,000
Philadelphia	26,483,000	11,483,000	8,594,000	3,594,000
Cleveland	28,306,000	28,306,000	26,468,000	16,468,000
Richmond	13,584,000	13,584,000	2,171,000	2,171,000
Atlanta	16,560,000	16,560,000	3,613,000	2,845,000
Chicago	214,177,000	152,617,000	86,477,000	69,452,000
St. Louis	19,273,000	15,543,000	3,871,000	3,371,000
Minneapolis	14,367,000	13,637,000	4,518,000	3,018,000
Kansas City	37,445,000	27,445,000	4,743,000	4,643,000
Dallas	15,849,000	12,549,000	8,797,000	3,797,000
San Francisco	43,774,000	40,274,000	51,542,000	33,667,000
TOTALS	$1,774,950,000	$1,100,110,000 a/	$1,271,838,000	$600,170,000 b/

/ Includes $198,892,000 noncompetitive tenders accepted at the average price of 99.435
/ Includes $42,672,000 noncompetitive tenders accepted at the average price of 98.637
/ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide yields of 2.28%, for the 91-day bills, and 2.77%, for the 182-day bills. Interest rates on bills are quoted in terms of bank discount with the return related to the face amount of the bills payable at maturity rather than the amount invested and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

D-241

DEVELOPMENT ASSOCIATION, THE INTERNATIONAL MONETARY FUND, AND THE INTERNATIONAL FINANCE CORPORATION, THERE WAS DISCUSSION OF THE NEED FOR STRENGTHENING THE INTERNATIONAL MONETARY FUND TO MEET ANY POSSIBLE STRAINS ON THE WORLD MONETARY SYSTEM.

AS MR. JACOBSSON POINTED OUT IN HIS CLOSING STATEMENT, MANY GOVERNORS TOUCHED ON THIS SUBJECT DURING THEIR REMARKS, AND THEY WERE UNANIMOUS IN SUPPORTING THE CONCEPT OF ACTION TO STRENGTHEN THE INTERNATIONAL MONETARY FUND THROUGH THE NEGOTIATION OF BORROWING ARRANGEMENTS.

IT IS PARTICULARLY NOTEWORTHY THAT THE PROSPECTIVE LENDERS TO THE FUND CLEARLY DEMONSTRATED THEIR OVER-ALL SUPPORT OF THIS CONCEPT AND THEIR WILLINGNESS TO NEGOTIATE A DETAILED AGREEMENT.

AS A RESULT OF MY CONVERSATIONS HERE, I AM CONFIDENT THAT THE HOPE EXPRESSED BY MR. JACOBSSON THAT THESE NEGOTIATIONS BE COMPLETED BY THE END OF THE YEAR CAN BE REALIZED.

THIS BROAD AGREEMENT ON THE WAYS AND MEANS OF STRENGTHENING THE FUND MARKS THIS MEETING IN VIENNA AS ONE OF PARTICULAR SIGNIFICANCE AND IMPORTANCE. ONCE AGAIN -- THIS TIME IN THE MONETARY FIELD -- THE COUNTRIES OF THE FREE WORLD HAVE SHOWN THEIR CAPACITY TO JOIN TOGETHER TO FIND THE ANSWERS TO A COMMON PROBLEM. ~~ITEM~~

BT

22/1217Z

P 221200Z

FM USIS VIENNA

330

TO USINFO WASHDC

STATE GRNC

BT

UNCLASS ~~221200Z~~ FOR IPS CABLES DESK FM ~~VIENNA~~ INFO BRANCH

FOLLOWING IS STATEMENT BY THE HON. DOUGLAS DILLON, SECRETARY OF THE TREASURY AND GOVERNOR OF THE BANK AND FUND FOR THE UNITED STATES, OPENING A PRESS CONFERENCE AT THE ANNUAL DISCUSSION OF THE BANK AND FUND, 3:30 P.M., FRIDAY, SEPTEMBER 22, 1961

~~PLEASE PASS-ALSO~~ TO STEVE MANNING IN ~~TREASURY DEPT.~~

~~TEXT FOLLOWS:~~

I AM VERY SATISFIED WITH THE OUTCOME OF THIS WEEK'S DISCUSSIONS IN VIENNA.

IN ADDITION TO THE TRADITIONAL AND EXCEEDINGLY USEFUL REVIEWS OF THE ACTIVITIES OF THE INTERNATIONAL BANK, THE INTERNATIONAL

~~CFN 221200~~ 3:30 22 ~~1961~~

TREASURY DEPARTMENT
Washington

September 25, 1961

FOLLOWING IS TEXT OF STATEMENT BY THE HONORABLE DOUGLAS DILLON, SECRETARY OF THE TREASURY AND GOVERNOR OF THE BANK AND FUND FOR THE UNITED STATES, OPENING A PRESS CONFERENCE AT THE ANNUAL DISCUSSION OF THE BANK AND FUND, VIENNA, AUSTRIA, 3:30 P.M., FRIDAY, SEPTEMBER 22, 1961

I am very satisfied with the outcome of this week's discussions in Vienna.

In addition to the traditional and exceedingly useful reviews of the activities of the International Bank, the International Development Association, the International Monetary Fund, and the International Finance Corporation, there was discussion of the need for strengthening the International Monetary Fund to meet any possible strains on the world monetary system.

As Mr. Jacobsson pointed out in his closing statement, many Governors touched on this subject during their remarks, and they were unanimous in supporting the concept of action to strengthen the International Monetary Fund through the negotiation of borrowing arrangements.

It is particularly noteworthy that the prospective lenders to the Fund clearly demonstrated their over-all support of this concept and their willingness to negotiate a detailed agreement.

As a result of my conversations here, I am confident that the hope expressed by Mr. Jacobsson that these negotiations be completed by the end of the year can be realized.

This broad agreement on the ways and means of strengthening the Fund marks this meeting in Vienna as one of particular significance and importance. Once again -- this time in the monetary field -- the countries of the Free World have shown their capacity to join together to find the answers to a common problem.

oOo

Draft 9/25/61 Approved by Messrs [illegible], [illegible], Eliot and Fowler.

~~DRAFT 9/14/61~~

333 September 25, 1961 RC

FOR IMMEDIATE RELEASE

FRANK E. MORRIS NAMED DEPUTY ASSISTANT TO THE SECRETARY OF TREASURY

Treasury Secretary Douglas Dillon today announced the appointment of Frank E. Morris, Research Director for the Investment Bankers Association, as Deputy Assistant to the Secretary.

Mr. Morris will aid the Assistant to the Secretary (for Debt Management) in the development of plans and policies pertaining to debt management. He will also assist in the ~~coordination of these activities within the Department and with other Federal agencies~~ organization and staffing of a newly established Office of Financial Analysis in the Treasury Department.

For the past six years Mr. Morris has been directing research activities for the Investment Bankers Association, with offices in Washington, D. C. From January 1953 to May 1955, he served as an intelligence officer with the Central Intelligence Agency, following two years service as an economist with the Office of Price Stabilization.

Mr. Morris taught economics at the University of Michigan from September 1949 to June 1951, and served in the European Theatre with the U. S. Army Air Force during World War II. He is the author of several articles on finance, and is a member of the American Economic, Finance and Statistical Associations.

Mr. Morris, 37, was born in Detroit, Michigan, where he received ~~his early education and~~ a B.A. degree from Wayne University. He received M.A. and Ph.D. degrees from the University of Michigan. Mr. Morris married the former Geraldine Coltharp of Detroit in 1944. They have two daughters, Susan 7, and Lisa 1 month. Their home [redacted] is at 7415 Nevis Road, Bethesda 14, Maryland.

oOo

D-242

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 25, 1961

FOR IMMEDIATE RELEASE

FRANK E. MORRIS NAMED DEPUTY ASSISTANT TO THE SECRETARY OF TREASURY

Treasury Secretary Douglas Dillon today announced the appointment of Frank E. Morris, Research Director for the Investment Bankers Association, as Deputy Assistant to the Secretary.

Mr. Morris will aid the Assistant to the Secretary (for Debt Management) in the development of plans and policies pertaining to debt management. He will also assist in the organization and staffing of a newly established Office of Financial Analysis in the Treasury Department.

For the past six year Mr. Morris has been directing research activities for the Investment Bankers Association, with offices in Washington, D. C. From January 1953 to May 1955,he served as an intelligence officer with the Central Intelligence Agency, following two years service as an economist with the Office of Price Stabilization.

Mr. Morris taught economics at the University of Michigan from September 1949 to June 1951, and served in the European Theatre with the U. S. Army Air Force during World War II. He is the author of several articles on finance, and is a member of the American Economic, Finance and Statistical Associations.

Mr. Morris, 37, was born in Detroit, Michigan, where he received a B.A. degree from Wayne University. He received M.A. and Ph.D. degrees from the University of Michigan. Mr. Morris married the former Geraldine Coltharp of Detroit in 1944. They have two daughters, Susan 7, and Lisa 1 month. Their home is at 7415 Nevis Road, Bethesda 14, Maryland.

oOo

D-242

September 26, 1961

FOR IMMEDIATE RELEASE

JOINT STATEMENT BY
SECRETARY OF THE TREASURY DOUGLAS DILLON
AND
THE MINISTER OF FINANCE OF INDIA
MORARJI DESAI

Possible Joint Statement for Issuance
Following Minister Desai's Call on the Secretary
10:00 A.M., Tuesday, September 26, 1961

FOR IMMEDIATE

Finance Minister Morarji Desai of India and Treasury Secretary Douglas Dillon met today in the Secretary's office. Their discussion included a review of the status of various aspects of the development programs which India is undertaking with U. S. assistance. The Secretary gave Minister Desai a brief review of general economic developments in this country. No specific negotiations have been planned during Mr. Desai's visit to Washington, which provides him with an opportunity to meet and exchange views with officials of the new Administration.

September 26, 1961

Possible Joint Statement for Issuance
Following Minister Desai's Call on the Secretary
10:00 A.M., Tuesday, September 26, 1961

Finance Minister Morarji Desai of India and Treasury Secretary Douglas Dillon met today in the Secretary's office. Their discussion included a review of the status of various aspects of the development programs which India is undertaking with U. S. assistance. The Secretary gave Minister Desai a brief review of general economic developments in this country. No specific negotiations have been planned during Mr. Desai's visit to Washington, which provides him with an opportunity to meet and exchange views with officials of the new Administration.

D-243

September 26, 1961

FOR IMMEDIATE RELEASE

JOINT STATEMENT BY
SECRETARY OF THE TREASURY DOUGLAS DILLON
AND
THE MINISTER OF FINANCE OF INDIA
MORARJI DESAI

Finance Minister Morarji Desai of India and Treasury Secretary Douglas Dillon met today in the Secretary's office. Their discussion included a review of the status of various aspects of the development programs which India is undertaking with U. S. assistance. The Secretary gave Minister Desai a brief review of general economic developments in this country. No specific negotiations have been planned during Mr. Desai's visit to Washington, which provides him with an opportunity to meet and exchange views with officials of the new Administration.

oOo

D-243

from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE   September 27, 1961

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $ 1,700,000,000 , or thereabouts, for cash and in exchange for Treasury bills maturing October 5, 1961 , in the amount of $ 1,700,776,000 , as follows:

91 -day bills (to maturity date) to be issued October 5, 1961 , in the amount of $ 1,100,000,000 , or thereabouts, representing an additional amount of bills dated July 6, 1961 , and to mature January 4, 1962 , originally issued in the amount of $ 499,944,000 , the additional and original bills to be freely interchangeable.

182 -day bills, for $ 600,000,000 , or thereabouts, to be dated October 5, 1961 , and to mature April 5, 1962 .

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Daylight Saving time, Monday, October 2, 1961 . Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three

TREASURY DEPARTMENT

WASHINGTON, D.C.

September 27, 1961

FOR IMMEDIATE RELEASE

TREASURY'S WEEKLY BILL OFFERING

The Treasury Department, by this public notice, invites tenders for two series of Treasury bills to the aggregate amount of $1,700,000,000, or thereabouts, for cash and in exchange for Treasury bills maturing October 5, 1961, in the amount of $ 1,700,776,000, as follows:

91-day bills (to maturity date) to be issued October 5, 1961, in the amount of $1,100,000,000, or thereabouts, representing an additional amount of bills dated July 6, 1961, and to mature January 4, 1962, originally issued in the amount of $499,944,000, the additional and original bills to be freely interchangeable.

182-day bills, for $600,000,000, or thereabouts, to be dated October 5, 1961, and to mature April 5, 1962.

The bills of both series will be issued on a discount basis under competitive and noncompetitive bidding as hereinafter provided, and at maturity their face amount will be payable without interest. They will be issued in bearer form only, and in denominations of $1,000, $5,000, $10,000, $100,000, $500,000 and $1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Daylight Saving time, Monday, October 2, 1961. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of $1,000, and in the case of competitive tenders the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Others than banking institutions will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 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, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Treasury Departmment of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $200,000 or less for the additional bills dated July 6, 1961, (91-days remaining until maturity date on January 4, 1962) and noncompetitive tenders for $100,000 or less for the 182-day bills without stated price from any one bidder will be accepted in full at the average price (in three decimals) of accepted competitive bids for the respective issues. Settlement for accepted tenders in accordance with the bids must be made or completed at the Federal Reserve Bank on October 5, 1961, in cash or other immediately available funds or in a like face amount of Treasury bills maturing October 5, 1961. Cash and exchange tenders will receive equal treatment. Cash adjustments will be made for differences between the par value of maturing bills accepted in exchange and the issue price of the new bills.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, does not have any exemption, as such, and loss from the sale or other disposition of Treasury bills does not have any special treatment, as such, under the Internal Revenue Code of 1954. The bills are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States is considered to be interest. Under Sections 454 (b) and 1221 (5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is not considered to accrue until such bills are sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, Revised, 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.

oOo

SUMMARY OF AMOUNT AND NUMBER OF SUBSCRIPTIONS RECEIVED
SEPTEMBER 1961 ADVANCE REFUNDING
AS OF SEPTEMBER 27, 1961

	3¼% Bonds of 1980		3½% Bonds of 1990		3½% Bonds of 1998		Total	
	Amount	No. Sub.	Amount	No. Sub.	Amount	No. Sub.	Amount	No. Sub.
Individuals 1/	$ 34,011,000	3,601	$ 25,080,800	1,920	$ 27,108,300	1,238	$ 86,282,000	[illegible]
Commercial Banks (own account)	88,132,500	470	36,825,000	114	40,396,500	72	165,354,000	656
All Others 2/	581,978,500	1,460	1,073,959,200	984	629,635,500	472	2,547,407,500	2,916
Totals	$ 704,122,000	5,531	$1,135,865,000	3,018	$ 697,140,300	1,782	$2,537,127,300	10,331
Govt. Inv. Accts.	570,350,000		160,580,000		409,535,000		1,140,465,000	
Grand Totals	$1,274,472,000		$1,296,445,000		$1,106,675,300		$3,677,592,300	

1/ Includes partnerships and personal trust accounts.

2/ Includes insurance companies, mutual savings banks, corporations exclusive of commercial banks, private pension and retirement funds, pension, retirement and other funds of State and local governments, and dealers and brokers.

341

SUMMARY OF AMOUNT AND NUMBER OF SUBSCRIPTIONS RECEIVED
SEPTEMBER 1961 ADVANCE REFUNDING
AS OF SEPTEMBER 27, 1961

	3½% Bonds of 1980		3½% Bonds of 1990		3½% Bonds of 1998		Total	
	Amount	No.Sub.	Amount	No.Sub.	Amount	No.Sub.	Amount	No.Sub.
Individuals 1/	$ 34,017,000	3,691	$ 23,066,500	1,920	$ 27,198,500	1,238	$ 84,282,000	6,849
Commercial Banks (own account)	63,132,500	470	82,923,000	114	49,382,500	72	195,438,000	656
All Others 2/	696,972,500	1,460	1,029,875,500	984	820,559,500	472	2,547,407,500	2,916
Totals	$ 794,122,000	5,621	$1,135,865,000	3,018	$ 897,140,500	1,782	$2,827,127,500	10,421
Govt. Inv. Accts.	480,350,000		160,580,500		289,535,000		930,465,500	
Grand Totals	$1,274,472,000		$1,296,445,500		$1,186,675,500		$3,757,593,000	

1/ Includes partnerships and personal trust accounts.

2/ Includes insurance companies, mutual savings banks, corporations exclusive of commercial banks, private pension and retirement funds, pension, retirement and other funds of State and local governments, and dealers and brokers.

Attachment to

SUMMARY OF AMOUNTS OUTSTANDING AND EXCHANGED
SEPTEMBER 1961 ADVANCE REFUNDING
AS OF SEPTEMBER 27, 1961

Issues	Outstanding Aug. 31, 1961 (in millions)	Amount Exchanged (in millions)	% Exchanged
2-1/2% Bonds of 1965-70			
Publicly held	$3,351	$1,660	49.5
Federal Reserve Banks and Government Investment Accounts	1,337	570	
Total	$4,688	$2,230	
2-1/2% Bonds of 1966-71			
Publicly held	$2,180	$1,167	53.5
Federal Reserve Banks and Government Investment Accounts	747	360	
Total	$2,927	$1,527	
Grand Total	$7,615	$3,757	

FOR IMMEDIATE RELEASE September 28, 1961

BREAKDOWN OF FINAL REPORTS OF SUBSCRIPTIONS TO SEPTEMBER ADVANCE REFUNDING

The Treasury Department announced today the results of the current advance refunding offer of additional amounts of:

3-1/2% Treasury Bonds of 1980, due November 15, 1980,
3-1/2% Treasury Bonds of 1990, due February 15, 1990, and
3-1/2% Treasury Bonds of 1998, due November 15, 1998,

in exchange for:

2-1/2% Treasury Bonds of 1965-70, and
2-1/2% Treasury Bonds of 1966-71.

Total subscriptions amount to $3,757.6 million, which includes $2,827.1 million, or 31.1% of holdings, exchanged by public holders, and $930.5 million exchanged by Government Investment Accounts.

FEDERAL RESERVE DISTRICT	3-1/2% BONDS OF 1980 (Additional Issue)	3-1/2% BONDS OF 1990 (Additional Issue)	3-1/2% BONDS OF 1998 (Additional Issue)
Boston	$ 231,855,000	$ 90,558,000	$ 14,576,000
New York	359,286,500	752,229,500	645,101,000
Philadelphia	30,895,500	61,215,000	12,907,500
Cleveland	33,597,000	22,846,000	66,194,000
Richmond	11,256,000	40,220,000	5,616,000
Atlanta	5,483,000	7,931,500	7,483,000
Chicago	41,288,500	55,169,000	20,235,500
St. Louis	6,054,500	13,761,500	2,290,000
Minneapolis	5,857,000	5,822,500	1,081,000
Kansas City	7,028,000	38,526,500	34,105,000
Dallas	33,864,500	32,760,000	23,884,500
San Francisco	22,568,000	13,502,500	44,944,500
Treasury	5,088,500	1,303,000	18,722,500
Govt. Inv. Accts.	480,350,000	160,580,500	289,535,000
Totals	$1,274,472,000	$1,296,445,500	$1,186,675,500

There are attached tables showing additional data relating to subscriptions.

D-245

34

TREASURY DEPARTMENT

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE September 28, 1961

BREAKDOWN OF FINAL REPORTS OF SUBSCRIPTIONS TO SEPTEMBER ADVANCE REFUNDING

The Treasury Department announced today the results of the current advance refunding offer of additional amounts of:

3-1/2% Treasury Bonds of 1980, due November 15, 1980,
3-1/2% Treasury Bonds of 1990, due February 15, 1990, and
3-1/2% Treasury Bonds of 1998, due November 15, 1998,

in exchange for:

2-1/2% Treasury Bonds of 1965-70, and
2-1/2% Treasury Bonds of 1966-71.

Total subscriptions amount to $3,757.6 million, which includes $2,827.1 million, or 51.1% of holdings exchanged by public holders, and $930.5 million exchanged by Government Investment Accounts.

FEDERAL RESERVE DISTRICT	3-1/2% BONDS OF 1980 (Additional Issue)	3-1/2% BONDS OF 1990 (Additional Issue)	3-1/2% BONDS OF 1998 (Additional Issue)
Boston	$ 231,855,000	$ 90,558,000	$ 14,576,000
New York	359,286,500	752,229,500	645,101,000
Philadelphia	30,895,500	61,215,000	12,907,500
Cleveland	33,597,000	22,846,000	66,194,000
Richmond	11,256,000	40,220,000	5,616,000
Atlanta	5,483,000	7,931,500	7,483,000
Chicago	41,288,500	55,189,000	20,235,500
St. Louis	6,054,500	13,761,500	2,290,000
Minneapolis	5,857,000	5,822,500	1,081,000
Kansas City	7,028,000	38,526,500	34,105,000
Dallas	33,864,500	32,760,000	23,884,500
San Francisco	22,568,000	13,502,500	44,944,500
Treasury	5,088,500	1,303,000	18,722,500
Govt. Inv. Accts.	480,350,000	160,580,500	289,535,000
Totals	$1,274,472,000	$1,296,445,500	$1,186,675,500

There are attached tables showing additional data relating to subscriptions.

D-245

Attachment to

SUMMARY OF AMOUNTS OUTSTANDING AND EXCHANGED
SEPTEMBER 1961 ADVANCE REFUNDING
AS OF SEPTEMBER 27, 1961

Issues	Outstanding Aug. 31, 1961 (in millions)	Amount Exchanged (in millions)	% Exchanged
2-1/2% Bonds of 1965-70			
Publicly held	$3,351	$1,660	49.5
Federal Reserve Banks and Government Investment Accounts	1,337	570	
Total	$4,688	$2,230	
2-1/2% Bonds of 1966-71			
Publicly held	$2,180	$1,167	53.5
Federal Reserve Banks and Government Investment Accounts	747	360	
Total	$2,927	$1,527	
Grand Total	$7,615	$3,757	

Attachment to

SUMMARY OF AMOUNT AND NUMBER OF SUBSCRIPTIONS RECEIVED
SEPTEMBER 1961 ADVANCE REFUNDING
AS OF SEPTEMBER 27, 1961

	3½% Bonds of 1980		3½% Bonds of 1990		3½% Bonds of 1998		Total	
	Amount	No.Sub.	Amount	No.Sub.	Amount	No.Sub.	Amount	No.Sub.
Individuals 1/	$ 34,017,000	3,691	$ 23,066,500	1,920	$ 27,198,500	1,238	$ 84,282,000	6,849
Commercial Banks (own account)	63,132,500	470	82,923,000	114	49,382,500	72	195,438,000	656
All Others 2/	696,972,500	1,460	1,029,875,500	984	820,559,500	472	2,547,407,500	2,916
Totals	$ 794,122,000	5,621	$1,135,865,000	3,018	$ 897,140,500	1,782	$2,827,127,500	10,421
Govt. Inv. Accts.	480,350,000		160,580,500		289,535,000		930,465,500	
Grand Totals	$1,274,472,000		$1,296,445,500		$1,186,675,500		$3,757,593,000	

1/ Includes partnerships and personal trust accounts.

2/ Includes insurance companies, mutual savings banks, corporations exclusive of commercial banks, private pension and retirement funds, pension, retirement and other funds of State and local governments, and dealers and brokers.

345

Comparison of principal items of assets and liabilities of active national banks - Continued

(In thousands of dollars)

	June 30, 1961	Apr. 12, 1961	June 15, 1960	Increase or decrease since Apr. 12, 1961		Increase or decrease since June 15, 1960	
				Amount	Percent	Amount	Percent
LIABILITIES							
Deposits of individuals, partnerships, and corporations:							
Demand	59,212,875	61,274,612	59,649,364	-2,061,737	-3.36	-436,489	-.73
Time and savings	40,338,073	38,922,341	34,650,471	1,415,732	3.64	5,687,602	16.41
Deposits of U. S. Government	3,748,898	1,568,138	3,769,645	2,180,760	139.07	-20,747	-.55
Postal savings deposits	8,074	8,206	8,464	-132	-1.61	-390	-4.61
Deposits of States and political subdivisions	9,762,861	9,187,440	8,137,561	575,421	6.26	1,625,300	19.97
Deposits of banks	7,848,020	8,611,099	8,409,880	-763,079	-8.86	-561,860	-6.68
Other deposits (certified and officers' checks, etc.)	1,566,137	1,492,826	1,552,826	73,311	4.91	13,311	.86
Total deposits	122,484,938	121,064,662	116,178,211	1,420,276	1.17	6,306,727	5.43
Rediscounts and other liabilities for borrowed money	355,466	686,157	1,490,892	-330,691	-48.19	-1,135,426	-76.16
Other liabilities	3,019,538	3,003,841	3,077,909	15,697	.52	-58,371	-1.90
Total liabilities, excluding capital account	125,859,942	124,754,660	120,747,012	1,105,282	.89	5,112,930	4.23
CAPITAL ACCOUNTS							
Capital stock:							
Common	3,477,080	3,457,622	3,263,652	19,458	.56	213,428	6.54
Preferred	1,323	1,472	1,530	-149	-10.12	-207	-13.53
Total	3,478,403	3,459,094	3,265,182	19,309	.56	213,221	6.53
Surplus	5,620,169	5,572,040	5,164,562	48,129	.86	455,607	8.82
Undivided profits	2,071,321	2,047,520	2,019,267	23,801	1.16	52,054	2.58
Reserves	269,160	267,531	237,151	1,629	.61	32,009	13.50
Total surplus, profits and reserves	7,960,650	7,887,091	7,420,980	73,559	.93	539,670	7.27
Total capital accounts	11,439,053	11,346,185	10,686,162	92,868	.82	752,891	7.05
Total liabilities and capital accounts	137,298,995	136,100,845	131,433,174	1,198,150	.88	5,865,821	4.46
RATIOS:	Percent	Percent	Percent				
U.S. Gov't securities to total assets	24.42	23.77	22.29				
Loans & discounts to total assets	46.21	46.73	47.47				
Capital accounts to total deposits	9.34	9.37	9.20				

NOTE: Minus sign denotes decrease.

1332

Statement showing comparison of principal items of assets and liabilities of active national banks as of June 30, 1961, April 12, 1961 and June 15, 1960

(In thousands of dollars)

	June 30, 1961	Apr. 12, 1961	June 15, 1960	Increase or decrease since Apr. 12, 1961		Increase or decrease since June 15, 1960	
				Amount	Percent	Amount	Percent
Number of banks	4,524	4,523	4,542	1		-18	
ASSETS							
Commercial and industrial loans	23,665,552	23,629,812	23,355,540	35,740	.15	310,012	1.33
Loans on real estate	15,837,818	15,546,391	15,277,735	291,427	1.87	560,083	3.67
Loans to financial institutions	3,738,144	4,412,882	4,934,488	-674,738	-15.29	-1,196,344	-24.24
All other loans	21,546,754	21,342,176	20,056,318	204,578	.96	1,490,436	7.43
Total gross loans	64,788,268	64,931,261	63,624,081	-142,993	- .22	1,164,187	1.83
Less valuation reserves	1,348,416	1,335,382	1,226,348	13,034	.98	122,068	9.95
Net loans	63,439,852	63,595,879	62,397,733	-156,027	-.25	1,042,119	1.67
U. S. Government securities:							
Direct obligations	33,397,413	32,228,779	29,227,240	1,168,634	3.63	4,170,173	14.27
Obligations fully guaranteed	124,680	122,019	70,438	2,661	2.18	54,242	77.01
Total U. S. securities	33,522,093	32,350,798	29,297,678	1,171,295	3.62	4,224,415	14.42
Obligations of States and political subdivisions	10,123,742	9,927,654	8,984,454	196,088	1.98	1,139,288	12.68
Other bonds, notes and debentures	1,419,736	1,325,874	1,318,874	93,862	7.08	100,862	7.65
Corporate stocks, including stocks of Federal Reserve banks	337,241	333,660	310,631	3,581	1.07	26,610	8.57
Total securities	45,402,812	43,937,986	39,911,637	1,464,826	3.33	5,491,175	13.76
Total loans and securities	108,842,664	107,533,865	102,309,370	1,308,799	1.22	6,533,294	6.39
Currency and coin	1,491,071	1,855,804	1,669,619	-364,733	-19.65	-178,548	-10.69
Reserve with Federal Reserve banks	10,341,259	10,148,726	11,116,992	192,533	1.90	-775,733	-6.98
Balances with other banks	13,441,910	13,435,586	13,593,058	6,324	.05	-151,148	-1.11
Total cash, balances with other banks, including reserve balances and cash items in process of collection	25,274,240	25,440,116	26,379,669	-165,876	-.65	-1,105,429	-4.19
Other assets	3,182,091	3,126,864	2,744,135	55,227	1.77	437,956	15.96
Total assets	137,298,995	136,100,845	131,433,174	1,198,150	.88	5,865,821	4.46

1932

$151,000,000. Other loans, including loans to farmers and other loans to individuals (repair and modernization and installment cash loans, and single-payment loans) amounted to $12,924,000,000. The percentage of net loans and discounts (after deduction of valuation reserves of $1,348,416,000) to total assets on June 30, 1961 was 46.21 in comparison with 47.47 in June 1960.

Total investments of the banks in bonds, stocks, and other securities aggregated $45,403,000,000. Included in the investments were obligations of the United States Government of $33,522,000,000 ($124,680,000 of which were guaranteed obligations). These investments, representing 24.42 percent of total assets, showed an increase of $4,224,000,000 since June 15, 1960. Other bonds, stocks, and securities of $11,881,000,000, including $10,124,000,000 of obligations of States and other political subdivisions, showed an increase of $1,267,000,000.

Cash of $1,491,000,000, reserves with Federal Reserve banks of $10,341,000,000, and balances with other banks (including cash items in process of collection) of $13,442,000,000, a total of $25,274,000,000, showed a decrease of $1,105,000,000.

Rediscounts and other liabilities for borrowed money of $355,000,000 showed a decrease of $1,135,000,000 in the year.

Total capital funds of the banks on June 30, 1961 of $11,439,000,000, equal to 9.34 percent of total deposits, were $753,000,000 more than in June 1960 when they were 9.20 percent of total deposits. Included in the capital funds were capital stock of nearly $3,479,000,000, of which $1,323,000 was preferred stock; surplus of $5,620,000,000; undivided profits of $2,071,000,000 and capital reserves of $269,000,000.

1982

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

September 29, 1961

RELEASE A. M. NEWSPAPERS
MONDAY, OCTOBER 2, 1961.

COMPTROLLER OF THE CURRENCY REPORTS TOTAL ASSETS AND LIABILITIES OF ACTIVE NATIONAL BANKS ON JUNE 30, 1961

The total assets of the 4,524 active national banks in the United States and possessions on June 30, 1961 amounted to $137,300,000,000, it was announced today by Comptroller of the Currency Ray M. Gidney. The total assets showed an increase of $5,900,000,000 over the amount reported by the 4,542 banks on June 15, 1960.

The deposits of the banks on June 30, 1961 were $122,500,000,000, an increase of $6,300,000,000 in the year. Included in the deposit figures were demand deposits of individuals, partnerships, and corporations of $59,000,000,000, a decrease of $436,000,000, and time and savings deposits of individuals, partnerships, and corporations of $40,000,000,000, an increase of $5,700,000,000. Deposits of the United States Government of $3,749,000,000 decreased $20,747,000; deposits of States and political subdivisions of nearly $9,800,000,000 increased $1,625,000,000; and deposits of banks of $7,848,000,000 showed a decrease of $562,000,000. Postal savings deposits were $8,074,000 and certified and officers' checks, etc. were $1,566,000,000.

Gross loans and discounts on June 30, 1961 of $64,800,000,000 showed an increase of $1,164,000,000 over June 15, 1960. Commercial and industrial loans amounted to $23,665,000,000 and increased $310,000,000 during the year, while loans on real estate of $15,838,000,000 increased $560,000,000. Loans to financial institutions amounted to $3,738,000,000, a decrease of $1,196,000,000. Retail automobile installment loans of $4,971,000,000 showed an increase of $85,000,000. Other types of retail installment loans of $1,793,000,000 showed an increase of $199,000,000. Loans to brokers and dealers in securities and to others for the purpose of purchasing or carrying stocks, bonds, and other securities of $1,859,000,000 increased

TREASURY DEPARTMENT
Comptroller of the Currency
Washington

RELEASE A. M. NEWSPAPERS
MONDAY, OCTOBER 2, 1961.

September 29, 1961

COMPTROLLER OF THE CURRENCY REPORTS TOTAL ASSETS AND LIABILITIES OF ACTIVE NATIONAL BANKS ON JUNE 30, 1961

The total assets of the 4,524 active national banks in the United States and possessions on June 30, 1961 amounted to $137,300,000,000, it was announced today by Comptroller of the Currency Ray M. Gidney. The total assets showed an increase of $5,900,000,000 over the amount reported by the 4,542 banks on June 15, 1960.

The deposits of the banks on June 30, 1961 were $122,500,000,000, an increase of $6,300,000,000 in the year. Included in the deposit figures were demand deposits of individuals, partnerships, and corporations of $59,000,000,000, a decrease of $436,000,000, and time and savings deposits of individuals, partnerships, and corporations of $40,000,000,000, an increase of $5,700,000,000. Deposits of the United States Government of $3,749,000,000 decreased $20,747,000; deposits of States and political subdivisions of nearly $9,800,000,000 increased $1,625,000,000; and deposits of banks of $7,848,000,000 showed a decrease of $562,000,000. Postal savings deposits were $8,074,000 and certified and officers' checks, etc. were $1,566,000,000.

Gross loans and discounts on June 30, 1961 of $64,800,000,000 showed an increase of $1,164,000,000 over June 15, 1960. Commercial and industrial loans amounted to $23,665,000,000 and increased $310,000,000 during the year, while loans on real estate of $15,838,000,000 increased $560,000,000. Loans to financial institutions amounted to $3,738,000,000, a decrease of $1,196,000,000. Retail automobile installment loans of $4,971,000,000 showed an increase of $85,000,000. Other types of retail installment loans of $1,793,000,000 showed an increase of $199,000,000. Loans to brokers and dealers in securities and to others for the purpose of purchasing or carrying stocks, bonds, and other securities of $1,859,000,000 increased

$151,000,000. Other loans, including loans to farmers and other loans to individuals (repair and modernization and installment cash loans, and single-payment loans) amounted to $12,924,000,000. The percentage of net loans and discounts (after deduction of valuation reserves of $1,348,416,000) to total assets on June 30, 1961 was 46.21 in comparison with 47.47 in June 1960.

Total investments of the banks in bonds, stocks, and other securities aggregated $45,403,000,000. Included in the investments were obligations of the United States Government of $33,522,000,000 ($124,680,000 of which were guaranteed obligations). These investments, representing 24.42 percent of total assets, showed an increase of $4,224,000,000 since June 15, 1960. Other bonds, stocks, and securities of $11,881,000,000, including $10,124,000,000 of obligations of States and other political subdivisions, showed an increase of $1,267,000,000.

Cash of $1,491,000,000, reserves with Federal Reserve banks of $10,341,000,000, and balances with other banks (including cash items in process of collection) of $13,442,000,000, a total of $25,274,000,000, showed a decrease of $1,105,000,000.

Rediscounts and other liabilities for borrowed money of $355,000,000 showed a decrease of $1,135,000,000 in the year.

Total capital funds of the banks on June 30, 1961 of $11,439,000,000, equal to 9.34 percent of total deposits, were $753,000,000 more than in June 1960 when they were 9.20 percent of total deposits. Included in the capital funds were capital stock of nearly $3,479,000,000, of which $1,323,000 was preferred stock; surplus of $5,620,000,000; undivided profits of $2,071,000,000 and capital reserves of $269,000,000.

Statement showing comparison of principal items of assets and liabilities of active national banks as of June 30, 1961, April 12, 1961 and June 15, 1960

(In thousands of dollars)

	June 30, 1961	Apr. 12, 1961	June 15, 1960	Increase or decrease since Apr. 12, 1961		Increase or decrease since June 15, 1960	
				Amount	Percent	Amount	Percent
Number of banks	4,524	4,523	4,542	1		-18	
ASSETS							
Commercial and industrial loans	23,665,552	23,629,812	23,355,540	35,740	.15	310,012	1.33
Loans on real estate	15,837,818	15,546,391	15,277,735	291,427	1.87	560,083	3.67
Loans to financial institutions	3,738,144	4,412,882	4,934,488	-674,738	-15.29	-1,196,344	-24.24
All other loans	21,546,754	21,342,176	20,056,318	204,578	.96	1,490,436	7.43
Total gross loans	64,788,268	64,931,261	63,624,081	-142,993	- .22	1,164,187	1.83
Less valuation reserves	1,348,416	1,335,382	1,226,348	13,034	.98	122,068	9.95
Net loans	63,439,852	63,595,879	62,397,733	-156,027	-.25	1,042,119	1.67
U. S. Government securities:							
Direct obligations	33,397,413	32,228,779	29,227,240	1,168,634	3.63	4,170,173	14.27
Obligations fully guaranteed	124,680	122,019	70,438	2,661	2.18	54,242	77.01
Total U. S. securities	33,522,093	32,350,798	29,297,678	1,171,295	3.62	4,224,415	14.42
Obligations of States and political subdivisions	10,123,742	9,927,654	8,984,454	196,088	1.98	1,139,288	12.68
Other bonds, notes and debentures	1,419,736	1,325,874	1,318,874	93,862	7.08	100,862	7.65
Corporate stocks, including stocks of Federal Reserve banks	337,241	333,660	310,631	3,581	1.07	26,610	8.57
Total securities	45,402,812	43,937,986	39,911,637	1,464,826	3.33	5,491,175	13.76
Total loans and securities	108,842,664	107,533,865	102,309,370	1,308,799	1.22	6,533,294	6.39
Currency and coin	1,491,071	1,855,804	1,669,619	-364,733	-19.65	-178,548	-10.69
Reserve with Federal Reserve banks	10,341,259	10,148,726	11,116,992	192,533	1.90	-775,733	-6.98
Balances with other banks	13,441,910	13,435,586	13,593,058	6,324	.05	-151,148	-1.11
Total cash, balances with other banks, including reserve balances and cash items in process of collection	25,274,240	25,440,116	26,379,669	-165,876	-.65	-1,105,429	-4.19
Other assets	3,182,091	3,126,864	2,744,135	55,227	1.77	437,956	15.96
Total assets	137,298,995	136,100,845	131,433,174	1,198,150	.88	5,865,821	4.46

257

Comparison of principal items of assets and liabilities of active national banks - Continued

(In thousands of dollars)

	June 30, 1961	Apr. 12, 1961	June 15, 1960	Increase or decrease since Apr. 12, 1961		Increase or decrease since June 15, 1960	
				Amount	Percent	Amount	Percent
LIABILITIES							
Deposits of individuals, partnerships, and corporations:							
Demand	59,212,875	61,274,612	59,649,364	-2,061,737	-3.36	-436,489	-.73
Time and savings	40,338,073	38,922,341	34,650,471	1,415,732	3.64	5,687,602	16.41
Deposits of U. S. Government	3,748,898	1,568,138	3,769,645	2,180,760	139.07	-20,747	-.55
Postal savings deposits	8,074	8,206	8,464	-132	-1.61	-390	-4.61
Deposits of States and political subdivisions	9,762,861	9,187,440	8,137,561	575,421	6.26	1,625,300	19.97
Deposits of banks	7,848,020	8,611,099	8,409,880	-763,079	-8.86	-561,860	-6.68
Other deposits (certified and officers' checks, etc.)	1,566,137	1,492,826	1,552,826	73,311	4.91	13,311	.86
Total deposits	122,484,938	121,064,662	116,178,211	1,420,276	1.17	6,306,727	5.43
Rediscounts and other liabilities for borrowed money	355,466	686,157	1,490,892	-330,691	-48.19	-1,135,426	-76.16
Other liabilities	3,019,538	3,003,841	3,077,909	15,697	.52	-58,371	-1.90
Total liabilities, excluding capital account	125,859,942	124,754,660	120,747,012	1,105,282	.89	5,112,930	4.23
CAPITAL ACCOUNTS							
Capital stock:							
Common	3,477,080	3,457,622	3,263,652	19,458	.56	213,428	6.54
Preferred	1,323	1,472	1,530	-149	-10.12	-207	-13.53
Total	3,478,403	3,459,094	3,265,182	19,309	.56	213,221	6.53
Surplus	5,620,169	5,572,040	5,164,562	48,129	.86	455,607	8.82
Undivided profits	2,071,321	2,047,520	2,019,267	23,801	1.16	52,054	2.58
Reserves	269,160	267,531	237,151	1,629	.61	32,009	13.50
Total surplus, profits and reserves	7,960,650	7,887,091	7,420,980	73,559	.93	539,670	7.27
Total capital accounts	11,439,053	11,346,185	10,686,162	92,868	.82	752,891	7.05
Total liabilities and capital accounts	137,298,995	136,100,845	131,433,174	1,198,150	.88	5,865,821	4.46
RATIOS:	Percent	Percent	Percent				
U.S. Gov't securities to total assets	24.42	23.77	22.29				
Loans & discounts to total assets	46.21	46.73	47.47				
Capital accounts to total deposits	9.34	9.37	9.20				

NOTE: Minus sign denotes decrease.

FOR IMMEDIATE RELEASE September 28, 1961

TREASURY WILL BORROW $2 BILLION

As a second step in the Treasury's previously announced Autumn cash financing program, it will borrow $2 billion, or thereabouts, by the sale, at 99.875 and accrued interest from May 15, 1961, to October 11, 1961, of additional amounts of the outstanding 3-1/4% Treasury notes dated May 15, 1961, which mature May 15, 1963. The additional notes will be issued on October 11, 1961, for payment on that date. Payment for 75 percent of these notes may be made by credit in Treasury tax and loan accounts. There are $2,753 million of the 3-1/4% notes outstanding, of which approximately $850 million are held by the Federal Reserve Banks and Treasury investment accounts.

In addition to the amount of notes to be offered for subscription, the Secretary of the Treasury reserves the right to allot up to $100 million of the notes to Government investment accounts.

The subscription books for the notes will be open only on Monday, October 2, 1961. Any subscriptions for the notes addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight October 2 will be considered as timely.

Subscriptions to the 3-1/4% Treasury notes of May 15, 1963, from commercial banks for their own account will be received without deposit, but will be restricted to 50% of the combined capital, surplus, and undivided profits of the subscribing bank, and subscriptions from all others must be accompanied by payment of 2% of the amount of notes applied for, not subject to withdrawal until after allotment.

The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of notes applied for, and to make different percentage allotments to various classes of subscribers.

Commercial banks and other lenders are requested to refrain from making unsecured loans, or loans collateralized in whole or in part by the notes subscribed for, to cover the deposits required to be paid when subscriptions are entered, and banks will be required to make the usual certification to that effect.

All subscribers to the notes are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of the securities subscribed for under this offering, until after midnight October

oOo

D-247

TREASURY DEPARTMENT 353

WASHINGTON, D.C.

FOR IMMEDIATE RELEASE September 28, 1961

TREASURY WILL BORROW $2 BILLION

As a second step in the Treasury's previously announced Autumn cash financing program, it will borrow $2 billion, or thereabouts, by the sale, at 99.875 and accrued interest from May 15, 1961, to October 11, 1961, of additional amounts of the outstanding 3-1/4% Treasury notes dated May 15, 1961, which mature May 15, 1963. The additional notes will be issued on October 11, 1961, for payment on that date. Payment for 75 percent of these notes may be made by credit in Treasury tax and loan accounts. There are $2,753 million of the 3-1/4% notes outstanding, of which approximately $850 million are held by the Federal Reserve Banks and Treasury investment accounts.

In addition to the amount of notes to be offered for subscription, the Secretary of the Treasury reserves the right to allot up to $100 million of the notes to Government investment accounts.

The subscription books for the notes will be open <u>only</u> on Monday, October 2, 1961. Any subscriptions for the notes addressed to a Federal Reserve Bank or Branch, or to the Treasurer of the United States, and placed in the mail before midnight October 2 will be considered as timely.

Subscriptions to the 3-1/4% Treasury notes of May 15, 1963, from commercial banks for their own account will be received without deposit, but will be restricted to 50% of the combined capital, surplus, and undivided profits of the subscribing bank, and subscriptions from all others must be accompanied by payment of 2% of the amount of notes applied for, not subject to withdrawal until after allotment.

The Secretary of the Treasury reserves the right to reject or reduce any subscription, to allot less than the amount of notes applied for, and to make different percentage allotments to various classes of subscribers.

Commercial banks and other lenders are requested to refrain from making unsecured loans, or loans collateralized in whole or in part by the notes subscribed for, to cover the deposits required to be paid when subscriptions are entered, and banks will be required to make the usual certification to that effect.

All subscribers to the notes are required to agree not to purchase or to sell, or to make any agreements with respect to the purchase or sale or other disposition of the securities subscribed for under this offering, until after midnight October 2.

oOo

Treas.
HJ
10
.A13P4 U.S. Treasury Dept.
AUTHOR
Press Releases
TITLE
v.127

DATE LOANED	BORROWER'S NAME	PHONE NUMBER
~~7/5/20~~	~~B. [illegible]~~	~~2013~~
/		
~~4/[illegible]~~	~~[illegible]~~	